

Internal Audit Progress Report Audit Committee (July 2023)

Cheshire Fire and Rescue Service

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Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely

implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards.

1 Introduction

This report provides an update to the Audit Committee in respect of the completion of the Internal Audit Plan for 2022/23 and the progress made against the Internal Audit Plan for 2023/24.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request. In addition, a consolidated follow up position is reported on a periodic basis to the Audit Committee.

This progress report covers the period April 2023 to July 2023.

2 Key Messages for Audit Committee Attention

Since the last meeting of the Committee, there has been focus on the following areas:

2022/23 Audit Reviews	<p>The following reviews have been issued and the 2022/23 Internal Audit Plan is now complete:</p> <ul style="list-style-type: none">• Microsoft 365 (M365) Project Rollout – (Limited Assurance) <p>Overall, the review identified that controls were not operating effectively and required improvement to ensure consistent and effective application with regards to business continuity planning, data strategy implementation, risk management, and project planning.</p> <ul style="list-style-type: none">• Station Management Framework – (Substantial Assurance) <p>Overall, we found near-full compliance with the Station Management Framework (SMF) requirements which were tested as part of the review. The SMF is well embedded at a Station level with Station Managers ensuring rigorous checks are completed on a daily, weekly and monthly basis. However, our review found that peer-reviews were inconsistent with different formats used, and only some requiring Station Managers sign off.</p>
2023/24 Audit Reviews	<p>The following reviews are in progress:</p> <ul style="list-style-type: none">• Whistleblowing and implementation of HMICFRS recommendations – Fieldwork

Follow Up	An update on progress in taking forward prior year audit recommendations was provided to the committee in April 2023.
Audit Plan Changes	<p>Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.</p> <ul style="list-style-type: none">• There are no current proposals to amend the approved audit plan.
Insights	<p>Our latest briefings/blogs are:</p> <ul style="list-style-type: none">• MIAA Audit Committee Insight – Losses and Waivers Benchmarking <p>Audit Committee Chairs Webinars</p> <p>We are continuing to hold webinars with groups of Trust and ICB Audit Committee Chairs focusing upon governance challenges and other key issues.</p> <p>Events</p> <p>All Together Fairer in 2023: A Marmot approach to reducing Health Inequalities (13th July 2023)</p> <p>Strengthening our sector – How we can harness our community assets through effective community leadership (15th September 2023)</p> <p>Events are free for MIAA clients to book a place please email Anne-marie.harrop@miaa.nhs.uk .</p>

Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that 'The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.'

Below concludes our delivery of the audit plan for 2022/23:

Audit Plan 2022/23

HOIA Opinion Area	Status	Assurance Level
Core/ Mandated Assurances		
Key Financial Controls (including Reserves)	Complete	High
Risk Based Assurances		
Risk Management Board	Q 1 - 4	N/A
Business Continuity	Complete	Substantial
Station Management Framework	Complete	Substantial
Microsoft 365 Delivery	Complete	Limited
Follow Up		
Qtr 1	Complete	N/A
Qtr 4	Complete	N/A

The Public Sector Internal Audit Standards (PSIAS) state that 'The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.'

Below sets out the Internal Audit Plan for 2023/24:

HOIA Opinion Area	Status	Assurance Level
Core / Mandated Assurances		
Key Financials Systems	Q3	
Risk Management Core Controls	Q4	
National Fraud Initiative	Q2	
Risk Based Assurances		
HR / Payroll	Q2	
Whistleblowing	Fieldwork	
I.T Asset Management	Q2	
Follow Up		
Q1	Fieldwork	
Q2	Q2	
Q3	Q3	
Q4	Q4	

Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Every Report	Green	No issues reported
Percentage of recommendations which are implemented	Twice per year	Green	Follow up reports are provided twice per year.
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff. The Senior Team delivering the Internal Audit Service are CCAB/IIA qualified.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

Appendix C: Risk Classifications and Assurance Levels

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or could have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.