

CHESHIRE FIRE AUTHORITY

MEETING OF: PERFORMANCE AND OVERVIEW COMMITTEE
DATE: 28TH JUNE 2017
REPORT OF: DIRECTOR OF GOVERNANCE AND CONSTITUTION
AUTHOR: CHRIS ASTALL

SUBJECT: END OF YEAR - INTERNAL AUDIT PROGRESS
REPORT AND DIRECTOR OF AUDIT OPINION

Purpose of Report

1. To present to Members the:
Internal Audit Progress Report – Quarter 4; and
Director of Audit Opinion and Annual Report 2016/17

Recommended That:

- [1] Members of the Performance & Overview Committee review and note the attached report; and
- [2] Members highlight any specific audit findings for which they would like further detail.

Background

2. Internal audit is an assurance function that primarily provides an independent and objective opinion to the Authority on the organisation's control environment.
3. Findings and recommendations made by Mersey Internal Audit Agency (MIAA) during the course of an audit are presented formally in a report to the relevant Heads of Department. Each recommendation is prioritised as Critical, High, Medium, or Low to reflect the assessment of risk associated with any identified control weakness. It is a management responsibility to respond to the recommendations and identify actions that can be taken to address any issues.
4. The Terms of Reference (ToR) and final audit reports are reviewed by senior officers and any substantial risks identified may be referred to the Risk Management Board if considered necessary. The Performance and Overview Committee receives updates on a quarterly basis for the purpose of monitoring and scrutiny of progress against the annual audit plan and to consider notable findings from audits undertaken during the course of the year.
5. All recommendations are populated on the Service's Cheshire Planning System (CPS) so that progress in implementing the improvement actions is monitored during the year and independently assessed by MIAA during an annual 'follow-up' audit which commenced in May 2017.

Information

Internal Audit Progress Report

6. Since the last report to Performance & Overview Committee the following audits are in progress:
7. **Partnerships** – Draft report issued, awaiting response on recommendations
8. **National Fraud Initiative Exercise** – Final stage of testing in progress
9. **Site Specific Risk Information** – Draft report issued, awaiting agreement and sign off.

Director of Audit Opinion

10. In accordance with Public Sector Internal Audit Standards, the Director of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisations' risk management, control and governance processes (i.e. the organisations' systems of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Authority.

Follow Up

11. The follow-up audit commenced in May and will provide assurance regarding management implementation of agreed actions. The outcome will be presented to Performance and Overview Committee as part of the Quarter 1 progress report.

Financial Implications

12. Internal audit is an outsourced service funded from base budget. Any additional financial implications arising from internal audit recommendations are assessed individually as part of the management response to final audit reports.

Legal Implications

13. There are no specific legal implications arising from this report.

Equality & Diversity Implications

14. There are no differential impacts on any particular section of the community arising from this report.

Environmental Implications

15. There are no specific impacts on the environment arising from this report.

CONTACT: JOANNE SMITH, FIRE SERVICE HQ, WINSFORD
TEL [01606] 868804

Appendix 1 – Internal Audit Progress Report - Quarter 4

Appendix 2 – Director of Audit Opinion and Annual Report 2016/17