

Appendix A

Lancashire Combined Fire Authority

Internal Audit Service

Monitoring report for the period ended

30 June 2019

1 Purpose of this report

- 1.1 The Internal Audit Plan for 2019/20 was approved by the Audit Committee in March 2019. This report details the progress to date in undertaking the agreed coverage and the planned schedule of audit dates for the remainder of the financial year.

2 Internal audit work undertaken

- 2.1 Work carried out during the period 1 April 2019 to 30 June 2019 was in accordance with the agreed audit plan. To date, 2 days have been spent this financial year on completion of the 2019/20 plan, equating to 3% of the total planned audit activity of 70 days. Consistent with previous years, the audit programme is scheduled for completion during the second half of the financial year.
- 2.2 Additionally, we spent a further 2 days during the first quarter of this financial year in completing and finalising reviews outstanding from the 2018/19 audit plan. The findings from these reviews are included in the 2018/19 Annual Report of the Head of Internal Audit presented alongside this report.

Overall summary and assurance provided

- 2.3 We have set out in the table on the following pages a brief summary of the position of each review during the period. This sets out the planned and actual days we have spent on each review to date.
- 2.4 We will provide a summary of the assurance we are able to provide in relation to each system or operational area of your business where work has been finalised.
- System adequacy:*** We define a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.
- System effectiveness:*** We define a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended.
- 2.5 The assurance we provide over any area of control falls into one of four categories and these are defined at Appendix 1.

Use of this report

- 2.6 This report has been prepared solely for the use of Lancashire Combined Fire Authority and it would therefore not be appropriate for it or extracts from it to be made available to third parties other than the external auditors. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it and, in particular, we expect the external auditors to determine for themselves the extent to which they choose to utilise our work.

Review area	Audit days			Assurance		Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
<i>Governance and business effectiveness</i>						
Governance and risk management arrangements	10	0	10	-	-	An overall opinion on the adequacy and effectiveness of governance and risk management arrangements will be reported as part of the 2019/20 Annual Report of the Head of Internal Audit. This work will be completed during quarter 4.
<i>Service delivery and support</i>						
Contact centre	12	0	12	-	-	Scheduled for quarter 3.
<i>Business processes</i>						
Accounts payable	7	0	7	-	-	Scheduled for quarter 3.
Accounts receivable	4	0	4	-	-	Scheduled for quarter 3.
General ledger	4	0	4	-	-	Scheduled for quarter 3.
HR and Payroll	10	0	10	-	-	Scheduled for quarter 3.
Treasury management	4	0	4	-	-	Scheduled for quarter 3.

Lancashire Combined Fire Authority
 Internal Audit Service - Monitoring report for the period ended 30 June 2019

Review area	Audit days			Assurance		Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
Pensions administration	1	0	1	-	-	Assurance will be obtained directly from the work completed by the internal auditors of the Local Pension Partnership Limited.
<i>Follow up audit activity</i>						
Assurance map Business Continuity Planning	4	0	4	N/A	N/A	Scheduled for quarter 3 and 4.
<i>Other components of the audit plan</i>						
Management activity	10	2	8	N/A	N/A	Work in the period has included: <ul style="list-style-type: none"> • Production of the 2018/19 Annual Report of the Head of Internal Audit; • Preparation of the quarterly monitoring report for Audit Committee; and • Update of the Internal Audit Charter and Engagement Letter.
National Fraud Initiative	4	0	4	N/A	N/A	Time will be incurred throughout the year.
Total days	70	2	68			

Audit assurance levels

Appendix 1

The assurance we can provide over any area of control falls into one of four categories as follows:

Substantial assurance: the framework of control is adequately designed and/ or effectively operated overall.

Moderate assurance: the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout the service, system or process.

Limited assurance: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of the service, system or process' objectives at risk.

No assurance: there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve the service, system or process' objectives.