

Internal Audit Progress Report

January 2019

Hampshire Fire and Rescue Authority



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards, updated in 2017, [the Standards].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

Hampshire Fire and Rescue Authority is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising Hampshire Fire and Rescue Authority that these arrangements are in place and operating effectively.

Hampshire Fire and Rescue Authority’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

2. Purpose of report

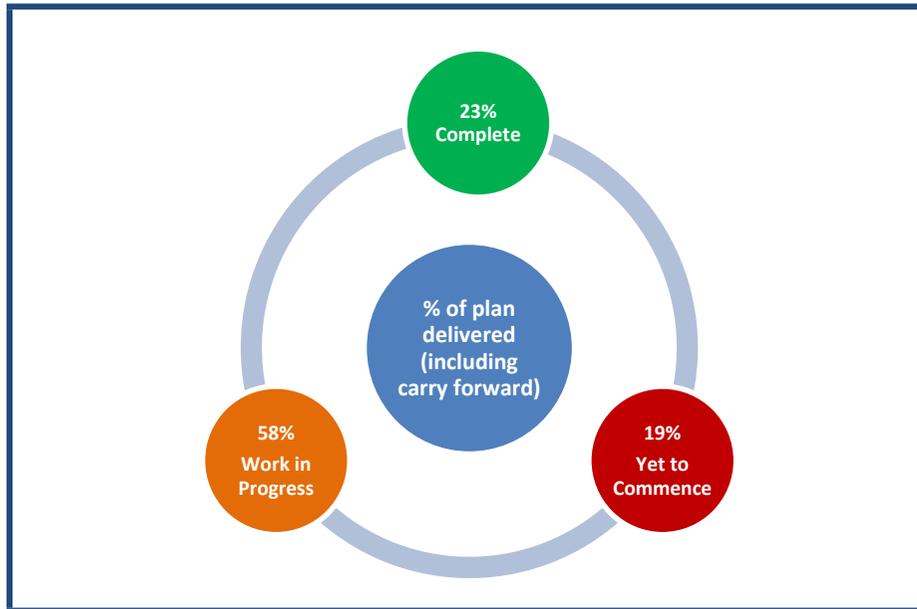
In accordance with proper internal audit practices (Public Sector Internal Audit Standards) and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:

- The status of live internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

- | | |
|--------------------|---|
| Substantial | A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified. |
| Adequate | Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified. |
| Limited | Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk. |
| No | Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives. |

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards / Local Government Application Note



An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015. The report concluded:

*'It is our view that the Southern Internal Audit Partnership 'generally conforms' (top grading) to **all** of the principles contained within the International Professional Practice Framework (IPPF); Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).*

4. Status of 'Live' Reports and reports closed since our last progress report

Audit Review	Report Date	Audit Sponsor	SMT Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
2014/15									
Partnerships and associated contracts (SCAS)	14.8.15	D o PS		Adequate	6(1)	0(0)	0(0)	6(1)	0(0)
2015/16									
Business continuity	7.6.16	D o PS	H o KM	Limited	12(3)	0(0)	0(0)	7(3)	5(0)
2016/17									
Procurement processes	22.6.17	D o PS	H o PA	Limited	9(3)	0(0)	0(0)	9(2)	0(1)
Procurement of operational equipment and vehicles	22.6.17	D o PS	H o PA	Limited – operational equipment Adequate - vehicles	10(0)	0(0)	0(0)	10(0)	(0)
2017/18									
Implementation of savings plan	29.03.18	H o F	Lead Finance BP	Adequate	5(1)	0(0)	(0)	5(1)	0(0)

Safeguarding*	15.06.18	D o CS and R	H o CS	Limited	17(11)	0(0)	0(0)	11(5)	*6(6)
Budget monitoring and financial controls	25.04.18	H o F	D o PS	Limited	38(0)	0(0)	0(0)	38(0)	0(0)
2018/19									
Contract management	10.01.19	Chief of Staff	CFO	Limited	9(3)	0(0)	9(3)	0(0)	0(0)

*Note: Target date for all open actions has been extended to 31 March 2019

5. Executive Summaries of new reports published concluding a Limited or No assurance opinion

<p>Contract Management</p> <p>Audit Sponsor: Neil Odin, Chief Fire Officer</p> <p>Key Contacts: Matt Robertson, Chief of Staff</p>		
<p>Assurance opinion:</p>	<p>Management Actions:</p>	
<p>Summary of key observations:</p> <p>Contracts may be procured via the Strategic Procurement Team (Shared Services) or locally, depending on value, and the requirements are clearly laid out in HFRS Standing Orders.</p> <p>Whilst the Strategic Procurement Team maintain a contracts dashboard of all contracts procured through them on behalf of HFRS, there is currently no contract register in place to record details of the contracts procured directly by HFRS. Reliance is therefore placed on the contract leads to monitor delivery of the contract as well as to anticipate the need to commence re-procurement activity. This limits the opportunity for strategic oversight and therefore resource planning.</p> <p>We also found the following issues that may affect the value obtained from each contract:</p> <ul style="list-style-type: none"> • Job descriptions do not consistently detail contract management responsibilities for staff who have been identified as contract leads and as a result the expectations of the role are not always clear. • There is no training in place to support contract leads in discharging their responsibilities and this has affected the consistency and robustness of contract management activity. 		

- Although contract leads have meetings with suppliers regarding the contracts in place we found that the approach to performance monitoring and management is inconsistent.

6. Planning & Resourcing

The internal audit plan for 2018/2019 was approved by the Hampshire Fire and Rescue Service Management Team and the Standards and Governance Committee in March 2018.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of Hampshire Fire and Rescue Authority. Progress against the plan is detailed within section 7. Four days have been moved from the management allocation to enable follow up work to be undertaken on the budgetary control and safeguarding reviews carried out in 2017/18. Additional work has been undertaken on a special investigation.

Following discussions with the Head of ICT, the Network and Communications review has been removed from the plan and replaced with an audit of IT Security.

7. Rolling Work Programme

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ↻ Delay)	Comment
Shared services audit plan 2017/18										
Statutory Checks			✓	✓	✓	✓	02.11.18	Limited		
Audit Plan 2018/19										
Contract Management	Chief of Staff	CFO	✓	✓	✓	✓	10.01.19	Limited		
Resource Management	D of HR	HR Business Partner	✓	✓	✓	✓			✓	
Data Quality	D of P&A	H of P	✓						✓	Q4
GDPR	D of P&A	H of P	✓						✓	Q4
Special Investigation	D of P&A	H of P	✓	✓	✓	✓	Completed	N/A		
Proactive Fraud	D of P&A	H of P	✓	✓	✓				✓	
NFI	D of P&A	H of P	N/A	N/A	N/A	N/A	N/A	N/A		

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ↻ Delay)	Comment
Firewatch	D of P&A	H of P								Removed from plan
IT Strategy, Management & Governance	D of P&A	H of P							✓	Q4
Business Continuity (IT)	D of P&A	H of ICT	✓	✓	✓	✓			✓	
Networks & Communications	D of P&A	H of ICT								Removed from plan
Follow up	D of P&A	H of P							✓	
IT Security	D of P&A	H of ICT							✓	Q4
Shared services audit plan 2018/19										
Payroll			✓	✓	✓				✓	
Order to Cash (OTC)			✓	✓	✓				✓	
Purchase to pay (P2P)			✓	✓	✓				✓	

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ↻ Delay)	Comment
Treasury Management										Audit deferred
Debt Collection			✓	✓					✓	
Governance arrangements			✓	✓	✓	✓	30.10.18	Adequate		
ICT – User Access			✓	✓	✓				✓	
Recruitment & Induction									✓	Q4
Workforce Development			✓	✓	✓	✓			✓	
Ill Health Retirement & Death in Service			✓	✓					✓	
Sick Pay			✓	✓	✓				✓	
IR35										Audit deferred
Occupational Health										Clinical review

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ↻ Delay)	Comment
Category Management									Audit deferred	
Procurement			✓	✓	✓				✓	
Master Data Team			✓						✓	

Key to abbreviations:	
CFO	Chief Fire Officer
H of F	Head of Finance
H o ICT	Head of ICT
D of P&A	Director of Performance and Assurance
H of P	Head of Performance
HR Business Partner	Human Resources Business Partner
N/A	Not applicable