

Internal Audit Progress Report

July 2020

Hampshire Fire and Rescue Authority:
Standards and Governance Committee



**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

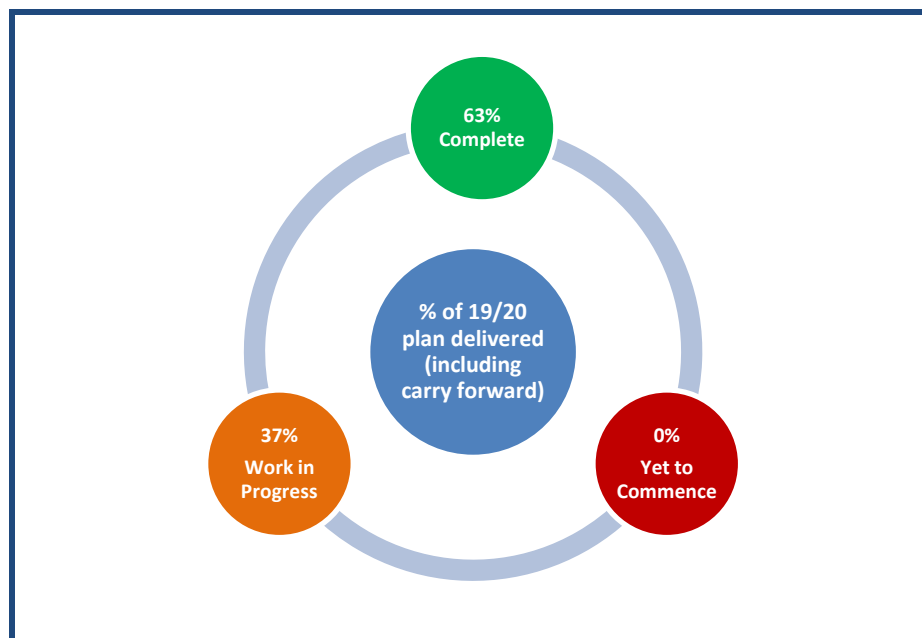
In accordance with proper internal audit practices (Public Sector Internal Audit Standards) and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:

- 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:

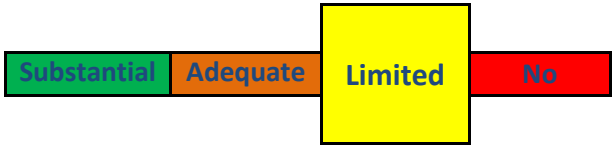
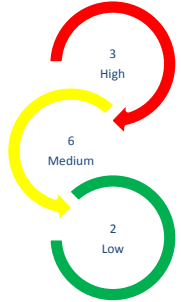
'It is our view that the Southern Internal Audit Partnership 'generally conforms' (top grading) to all of the principles contained within the International Professional Practice Framework (IPPF); Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).

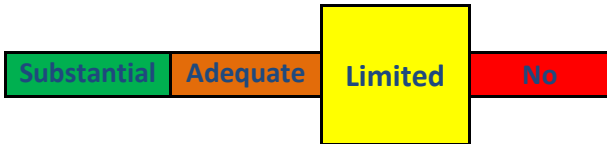
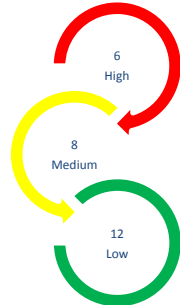
4. Status of 'Live' Reports and reports closed since our last progress report

Audit Review	Report Date	Audit Owner	Exec Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
2015/16									
Business Continuity	7.6.16	H of P&P	DCFO	Limited	12 (3)	0 (0)	0 (0)	7 (3)	5 (0)
2017/18									
Safeguarding	15.06.18	A D of O	D of O	Limited	17 (11)	0 (0)	0 (0)	17 (11)	0 (0)
2018/19									
Resource Management	16.05.19	H of P&OD	CFO	Limited	13 (8)	0 (0)	0(0)	13 (8)	0 (0)
Pay Claims	16.05.19	H of F	CFO	Limited	17 (0)	0 (0)	0 (0)	13 (0)	4 (0)
Data Quality – IT Asset Management Data	28.05.19	H of ICT	D of CS	Limited	10 (0)	0 (0)	0(0)	10 (0)	0 (0)
2019/20									
Procurement Processes	08.04.20	H of F	CFO	Limited	11 (3)	0 (0)	7 (3)	1 (0)	3 (0)
Academy Training Quality Assurance	08.04.20	H of A&OD	H of P&OD	Limited	26 (6)	0 (0)	5 (0)	21 (6)	0 (0)

Audit Review	Report Date	Audit Owner	Exec Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
IT Business Continuity and Disaster Recovery	26.06.20			Adequate	5 (2)	0 (0)	5 (2)	0 (0)	0 (0)

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

Procurement		
Audit Sponsor: Head of Finance Key Contacts: Strategic Relationship Manager	Assurance opinion: 	Management Actions: 
Summary of key observations: Whilst we consider the framework of control to be adequate, testing found a number of significant instances of non-compliance, particularly with regard to purchasing card transactions.		

Academy Training Quality Assurance		
Audit Sponsor: Head of People and Organisational Development Key Contacts: Head of Academy and Organisational Development	Assurance opinion: 	Management Actions: 
Summary of key observations: A number of issues were found relating to the management and completion of quality assessments of training taking place. This included ensuring the content of training courses reached the appropriate standard, and the completion of some training and assessments within timescales.		

6. Planning & Resourcing

The internal audit plans for 2019/20 and 2020/21 were approved by the Hampshire Fire and Rescue Service Executive Group and the Standards and Governance Committee in June 2019 and March 2020 respectively.

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.


Although the challenges presented by COVID-19 have slowed our progress, we have continued to work remotely to complete the remaining 2019/20 reviews. Reviews scheduled for the latter part of the year were most affected, including follow up work and some of the Shared Services reviews as illustrated in the table below. The challenges have also had an effect on our ability to commence some of the work on the


2020/21 plan, due to the request to delay any reviews impacting on operational staff. Discussions have taken place to review the plan to ensure it remains appropriate and relevant and to assess changes that are needed to the timing of reviews or to incorporate new risks areas arising from COVID-19. The impact of delays on our own resources for the remainder of the year also continue to be assessed.


There were two variations to the 2019/20 plan. A review of Academy Training Quality Assurance Processes was added, and the Local Management of Shared Services review was deferred to 2020/21. A focused review of Risk Assessments relating to COVID-19 has also been added to the 2020/21 plan.


7. Rolling Work Programme


Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Shared Services audit plan 2018/19										
ICT – User Access Management										This review has been superseded by assurances acquired through the ISAE 3402.
Sick Pay			✓	✓	✓	✓	25.06.19	HFRS - Limited		
Commercial Waste Contract Management			✓	✓	✓	✓	31.10.19	Limited		


Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule  Delay)	Comment
Fire Audit Plan 2019/20										
Risk Management	H of P&P	D of P&P	✓	✓	✓	✓	11.06.20	Position Statement		Once fully embedded across HFRS, the proposed risk management framework will provide a robust control framework and address the risks identified in the previous audit review.
Disaster Recovery and Business Continuity	H of P&P	D of P&P	✓	✓	✓	✓	16.01.20	Position Statement		Once fully embedded across HFRS, the proposed business continuity

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule  Delay)	Comment
										framework will provide a robust control framework and address the risks identified in the previous audit review.
Health and Safety	H&S Mgr	D of P&P	✓	✓	✓	✓	30.08.19	Adequate		
Procurement Processes	SRM/FBP	H of F	✓	✓	✓	✓	08.04.20	Limited		
Academy Training	H Of A & OD	H of P&OD	✓	✓	✓	✓	08.04.20	Limited		
Proactive Fraud	Various	H of F, D of CS, and H of P&OD	✓	✓	✓	N/A	N/A			Advice on updating policies and procedures
Special Investigation	H of P&OD	H of F	✓	✓	✓	✓	5.12.19	N/A		

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule  Delay)	Comment
National Fraud Initiative	N/A	H of F	N/A	N/A	✓	N/A	N/A	N/A		
IT Disaster Recovery and Business Continuity	H of ICT	D of CS	✓	✓	✓	✓	26.06.20	Adequate		
Follow up – general and IT			✓	N/A	✓	✓				
Shared Services Audit Plan 2019/20										
Governance Arrangements			✓	✓	✓					
IR35			✓	✓	✓					
Disclosure and Barring Service			✓	✓	✓	✓				
Recruitment - Success Factors			✓	✓	✓	✓	02.07.20	Adequate		
Treasury Management			✓	✓	✓	✓	12.02.20	Substantial		
Master Data Team			✓	✓	✓	✓				

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule  Delay)	Comment
Payroll-Pensions admin			✓	✓	✓					
Procurement			✓	✓	✓	✓	13.05.20	Adequate		
Building Term Contract Management			✓	✓	✓	✓				
Fire Audit Plan 2020/21										
Health and Safety	H&S M	D of P&P								Q4
Working Time Regulations	HR BP	H of P&OD								Q4
Budgetary Control	SF BP	H of F	✓	✓	✓					Q2 – Brought forward to Q1
Disaster Recovery and Business Continuity	H of P&P	D of P&P								Q3

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule  Delay)	Comment
Local Management of Shared Service Processes	SRM	D of CS	✓							Deferred from 19/20
Health and Safety Risk Assessments (Covid)	H&S M	DCFO	✓	✓						New Review Q1
Assurance of the competence of operational response capability		D of O								Planned for Q1 Delayed due to COVID 19
Proactive fraud work		D of P&A								Q3
NFI		D of P&A								Q3
ICT Policy & Procedures	H of ICT	D of CS								Q1
ICT Contract Management	H of ICT	D of CS								Q2
ICT Strategy Follow-Up	H of ICT	D of CS								Q3

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule  Delay)	Comment
Shared Services Audit Plan 2020/21										
Governance Arrangements										Q2
Casual Staff										Q3
Recruitment - Success Factors										Q4
Pre-Employment Checks										Q3
Good Work Plan										Q3
Occupational Health – Information Management				✓						Q3
Procurement (General)										Q4

Key to abbreviations:	
CFO	Chief Fire Officer
DCFO	Deputy Chief Fire Officer
H of F	Head of Finance
D of CS	Director of Corporate Services
D of P&P	Director of Policy and Planning
H&S M	Health and Safety Manager
H of P&OD	Head of People and Organisational Development
HR BP	HR Business Partner
D of P&A	Director of Performance and Assurance
D of O	Director of Operations
A D of O	Assistant Director of Operations - Prevention, Protection, Response, Blue light collaboration
H of P	Head of Performance
FBP	Finance Business Partner
FD	Finance Director
G&CM	Governance and Compliance Manager
H of ICT	Head of ICT
H&S Mgr	Health and Safety Manager
H of P&P	Head of Policy & Planning

SF BP	Senior Finance Business Partner
SRM	Strategic Relationship Manager
H of A & OD	Head of Academy and Organisational Development
N/A	Not applicable