

Internal Audit Progress Report

September 2017

Hampshire Fire and Rescue Authority



**HAMPSHIRE
FIRE AND
RESCUE
SERVICE**

**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 organisations objectives.

2. Purpose of report

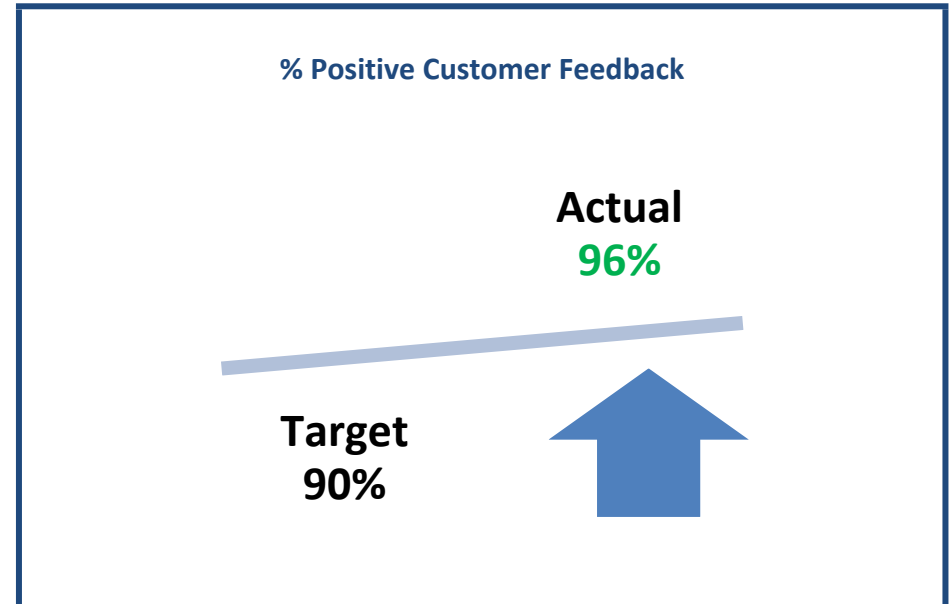
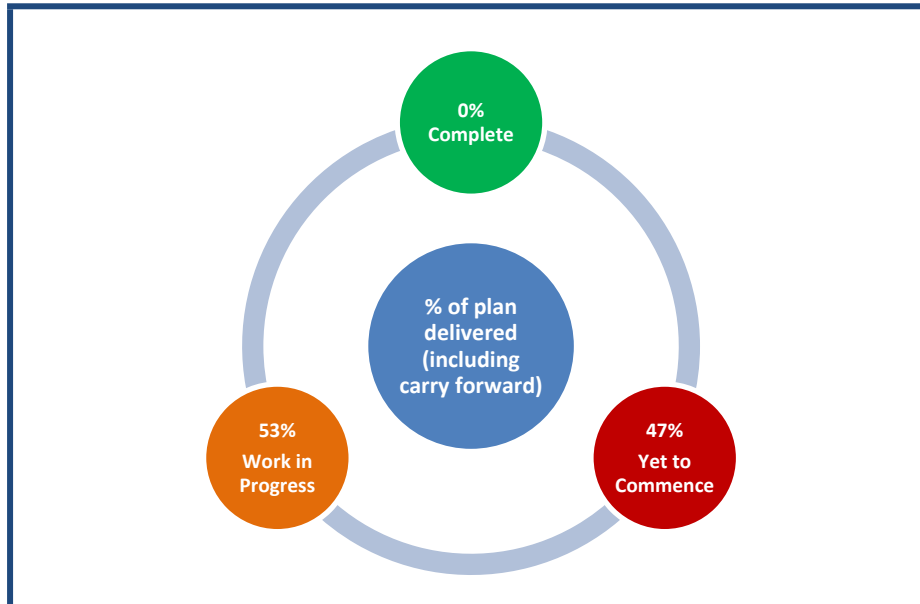
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:

- 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
2013/14									
Networked control	2.7.14	Head of Response Delivery		Adequate	5(0)	0(0)	0(0)	3(0)	2(0)
2014/15									
IT-Firewatch	30.7.15	H o KM		Limited	18(0)	0(0)	0(0)	9(0)	9(0)
Partnerships and associated contracts (SCAS)	14.8.15	D o PS		Adequate	6(1)	0(0)	0(0)	4(1)	2(0)
Safeguarding	3.12.15	ACO	AM CSS	Adequate	14(3)	0(0)	0(0)	14(3)	0(0)
2015/16									
Local management of shared services processes	11.7.16	D o PS	Lead HR BP	Limited	5(2)	0(0)	0(0)	5(2)	0(0)
Business continuity	7.6.16	D o PS	H o KM	Limited	12(3)	0(0)	0(0)	7(3)	5(0)
Provided vehicles	4.7.16	D o PS	H o PA	Limited	10(3)	0(0)	0(0)	6(3)	4(0)

Audit Review	Report Date	Audit Sponsor	SMT Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
Property management – property agreements	18.8.16	D o PS	H o PA	Limited	14(1)	0(0)	2(1)	12(0)	0(0)
Risk management 2015/16	19.12.16	DoPS	HoKM	Limited	8(6)	0(0)	0(0)	7(5)	1(1)
Effectiveness of Service Delivery Redesign 2016/17	6.4.17	D o PS/ CFO	ACO	Adequate	3(0)	0(0)	3(0)	0(0)	0(0)
Procurement – supplies and stores 2016/17	8.6.17	D o PS	H o PA	Limited	13(1)	0(0)	6(1)	6(0)	1(0)
Commercial activities – income generation 2016/17	22.6.17	D o PS	H o PA	Adequate	9(0)	0(0)	7(0)	2(0)	0(0)
Procurement processes 2016/17	22.6.17	D o PS	H o PA	Limited	9(3)	0(0)	8(3)	1(0)	0(0)
Procurement of operational equipment and vehicles 2016/17	22.6.17	D o PS	H o PA	Limited – operational equipment Adequate - vehicles	10(0)	0(0)	8(0)	1(0)	1(0)
Local management of shared services - Sickness management	30.8.17	D o PS	Head of HR and	Limited	5(0)	0(0)	5(0)	0(0)	0(0)

Audit Review	Report Date	Audit Sponsor	SMT Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
			Workforce Development						

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

Four reports were issued since the last Standards and Governance Committee which resulted in Limited assurance opinions. These reviews related to 2016/17, details of which are included in the annual internal audit report.

6. Planning & Resourcing

The internal audit plan for 2017/2018 was approved by the Hampshire Fire and Rescue Authority’s Management Team and the Standards and Governance Committee in March 2017.

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.

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
Audit Plan 2016/17										
Local management of shared services (Sickness management)	D o PS	Head of HR and Workforce Development	✓	✓	✓	✓	✓	Limited		
Audit Plan 2017/18										
Implementation of savings plan	H o F	Lead Finance BP	✓	✓	✓					
Information management/security	D o PS	Head of ICT	Q3							
Safeguarding	D o CS and R	H o CS	✓	✓						
Workforce development	H of HR and Training	Lead HR BP	Q4							

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Fleet maintenance centre	D o PS	H o PA	✓	✓	✓					
IT Strategy, management and governance	D o PS	H of ICT	✓	✓	✓					
Pro-active fraud work	D o PS	H o KM								
NFI	D o PS	H o KM	N/A	N/A		N/A	N/A			
Shared services audit plan 2017/18										
Payroll			✓	✓						
Payroll support			✓	✓						
Order to Cash (OTC)			✓	✓						
Purchase to pay (P2P)			✓	✓	✓					
Main accounting system (SAP)			✓							
Treasury Management			✓	✓	✓					
Debt Collection			✓	✓						

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
BACS			✓	✓	✓	✓	✓	Adequate		
Governance arrangements			✓	✓						
Statutory Checks			✓	✓	✓					
Recruitment			✓	✓	✓					
Category Management										
Contract Management										

Key to abbreviations:	
ACO	Assistant Chief Officer
AM CSS	Area Manager – Community Safety Support
CFO	Chief Financial Officer
D o PS	Director of Professional Services

D o CS and R	Director of Community Safety and Resilience
H o CS	Head of Community Safety
H o F	Head of Finance
H o ICT	Head of ICT
H o KM	Head of Knowledge Management
H o PA	Head of Physical Assets
Lead Finance BP	Lead Finance Business Partner
Lead HR BP	Lead Human Resources Business Partner
N/A	Not applicable