

## Internal Audit Progress Report (February 2021)

### Hampshire Fire and Rescue Authority: Standards and Governance Committee



**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

**Contents:**

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	6
4.	Status of 'live' reports	7
5.	Executive summaries 'Limited' and 'No' assurance opinions	9
6.	Planning and resourcing	9
7.	Rolling work programme	10

## 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 [the Standards – updated 2017].

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.

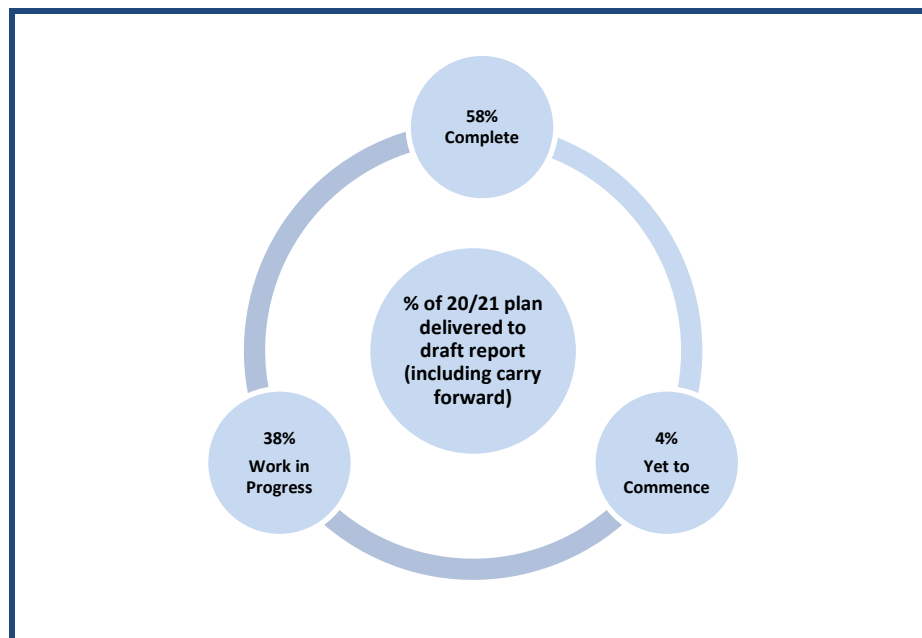
CIPFA have recently released a paper which examined the case for standardising the terminology and definitions used in internal audit engagements across the whole of the public sector and has subsequently recommended a standard set of opinions and supporting definitions for internal audit service providers to use. To ensure we continue to conform to the best practice principles, we have adopted the standard definitions for our 2020-21 work and moving forwards. The assurance opinions are categorised as follows:

**Substantial assurance** A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

<b>Reasonable assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

*\* Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 1*

### 3. Performance dashboard



#### Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

*'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.*

*It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.*

*We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).*

*We are pleased to report that SIAP conform with all relevant, associated elements.'*

#### 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
<b>2018/19</b>									
Pay Claims	16.05.19	H of F	CFO	Limited	17 (0)	0 (0)	0 (0)	13 (0)	4 (0)
<b>2019/20</b>									
Procurement Processes	08.04.20	H of F	CFO	Limited	11 (3)	0 (0)	0(0)	10 (2)	1 (1)
Academy Training Quality Assurance*	08.04.20	H of A&OD	H of P&OD	Limited	26 (6)	0 (0)	0 (0)	26 (6)	0(0)
IT Business Continuity and Disaster Recovery*	26.06.20	H of ICT	D of CS	Adequate	5 (2)	0 (0)	0 (0)	5 (2)	0 (0)
<b>2020/21</b>									
ICT Policies and Procedures	25.01.21	H of ICT	D of CS	Reasonable	4 (0)	0 (0)	4 (0)	0 (0)	0 (0)

\* Denotes audits where all actions have been completed since the last progress report.



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

No limited or no assurance reports have been issued since our last progress report.

## **6. Planning & Resourcing**

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

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, due to the request to delay any reviews impacting on operational staff in the early part of the year, we continue to work remotely to deliver the internal audit plan. The plan and progress remain under review in our regular liaison meetings with officers to ensure that audits remain appropriate and relevant and to assess the ongoing impact of COVID-19 on systems and resources. Plans are in place to complete the remaining audits in the 2020/21 plan. Variations to the plan are outlined in Annex 2.

## 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
<b>Fire Audit Plan 2019/20 carry forward</b>										
Follow up – general and IT			✓	N/A	✓	✓	05.08.20	N/A		
<b>Shared Services Audit Plan 2019/20 carry forward</b>										
These are Shared Service audits with no direct Hampshire Fire and Rescue Service Audit Owner and Exec Sponsor; however overarching accountability for HFRS Shared Services activity sits with the HFRS Director of Corporate Services and Head of Strategic Relationships										
Governance Arrangements	Shared Services		✓	✓	✓	✓	22.12.20	Substantial		
IR35	Shared Services		✓	✓	✓	✓	04.09.20	Adequate		
Disclosure and Barring Service	Shared Services		✓	✓	✓	✓	13.08.20	Adequate		
Master Data Team	Shared Services		✓	✓	✓	✓	25.08.20	Adequate		

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	Shared Services		✓	✓	✓	✓	10.12.20	Adequate		
Building Term Contract Management	Shared Services		✓	✓	✓	✓	03.09.20	Adequate		
<b>Fire Audit Plan 2020/21</b>										
Change Management Framework	D of P&A	DCFO	✓	✓	✓					Varied into plan
Budgetary Control	SFBP	H of F	✓	✓	✓	✓	28.07.20	Reasonable		
Local Management of Shared Service Processes	SRM	D of CS	✓	✓	✓	✓				Deferred from 19/20.
Health and Safety Risk Assessments (COVID)	H&S M	DCFO	✓	✓	✓	✓	05.10.20	Substantial		
Local Government Compensation Scheme	HoF	HoF	✓	✓	✓					Claim 1 reviewed and

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ⌚ Delay)	Comment
										reported on. Claim 3 to be reviewed in Q4
Assurance of the competence of operational response capability	H of A&OD	D of O	✓	✓						Planned for Q1 Delayed to Q4 due to Covid
Proactive fraud work		D of P&A	✓	N/A	N/A	N/A	N/A	N/A		Delivery of general fraud awareness training has been agreed. Training set up for Q4.  Additionally, a review of supporting Counter Fraud

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ⌚ Delay)	Comment
										procedures has been requested. This will also be undertaken in Q4.
NFI		D of P&A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Data uploads completed in line with Cabinet Office deadlines. Match reports due to be released end of January 2021.
ICT Policy & Procedures	H of ICT	D of CS	✓	✓	✓	✓	25.01.21	Reasonable		
ICT Contract Management	H of ICT	D of CS	✓	✓	✓					

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ⌚ Delay)	Comment
ICT Strategy Follow-Up	H of ICT	D of CS	✓	✓	✓					
Follow up		D of P&A								To be undertaken at the end of Q4
<b>Shared Services Audit Plan 2020/21</b>	These are Shared Service audits with no direct Hampshire Fire and Rescue Service Audit Owner and Exec Sponsor; however overarching accountability for HFRS Shared Services activity sits with the HFRS Director of Corporate Services and Head of Strategic Relationships									
Governance Arrangements	Shared Services		✓	✓	✓					Q2 – delayed due to delay in 19/20 review
Casual Staff	Shared Services		✓	✓						Q3 – scoping 14/1/21
Pre-Employment Checks	Shared Services		✓	✓	✓	✓				Q3
Good Work Plan	Shared Services		✓	✓	✓					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
Occupational Health – Information Management	Shared Services		✓	✓						Q3. Scoped and moved to 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

H of P	Head of Performance
H of ICT	Head of ICT
H&S Mgr	Health and Safety Manager
H of P&P	Head of Policy & Planning
SFBP	Senior Finance Business Partner
SRM	Strategic Relationship Manager
H of A & OD	Head of Academy and Organisational Development
N/A	Not applicable

## Annex 1

### Assurance opinions and definitions used by SIAP prior to adoption of the CIPFA standard definitions (Prior to 2020/21)

<b>Substantial</b>	A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified
<b>Adequate</b>	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
<b>Limited</b>	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
<b>No</b>	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.



**Annex 2 - Adjustments to the plan**

<b>Audit reviews added to the plan (included in rolling work programme above)</b>	
Local Government Compensation Scheme	Added at management request to provide assurance over grant claim process.
Change Management Framework	Added at management request due to significant change programme.

<b>Audit reviews removed from the plan (excluded from rolling work programme)</b>	
Disaster Recovery and Business Continuity	Moved to 2021/22 due to the impact of COVID-19. In addition, some independent work on this area has been conducted by HMICFRS
Health and Safety	Scope was to be actions arising from the Peer review. However, the review has been delayed due to COVID-19.
Shared Services Recruitment	Removed from plan as observations arising from 2019/20 audit are covered in other 2020/21 reviews.
Shared Services Procurement	Removed from the plan as the 2019/20 audit was completed in 2020. The next review of this area will be completed in 2021/22.
Working Time Regulations	Removed from plan due to on-going improvement activity in this area.