Internal Audit Progress Report 2021/22

July 2021

Hampshire and Isle of Wight Fire and Rescue Authority: Standards and Governance Committee

Hampshire & Isle of Wight
FIRE & RESCUE AUTHORITY

Southern Internal
Audit Partnership

Contents:

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 and Isle of Wight 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 the Hampshire and Isle of Wight Fire and Rescue Authority that these arrangements are in place and operating effectively.

The Hampshire and Isle of Wright Fire and Rescue Service'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.
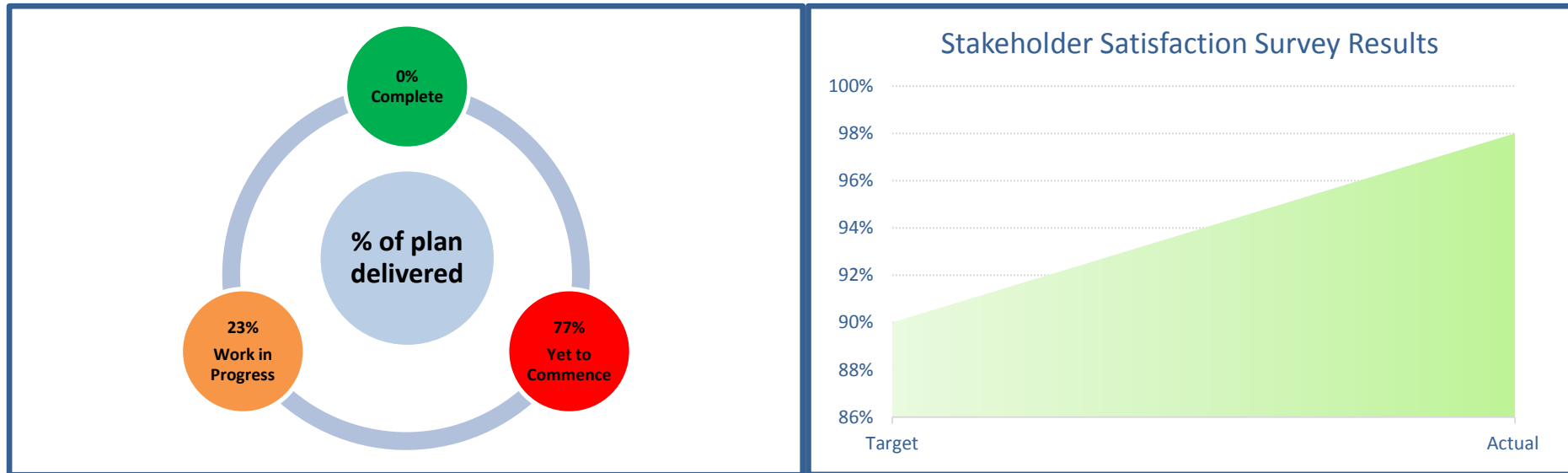
2. Purpose of report

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. The assurance opinions are categorised as follows:

Substantial   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.

Reasonable   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.

Limited   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.

No   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.

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. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)*	Not Yet Due*	Complete*	Overdue		
							L	M	H
Pay Claims	16.05.19	H of F	Limited	17 (0)	0 (0)	14 (0)		3	
Procurement Processes **	08.04.20	H of F	Limited	11 (3)	0 (0)	11 (3)			
ICT Policies and Procedures**	25.01.21	D of CS	Reasonable	4 (0)	0 (0)	4 (0)			
Local Management of Shared Services – Rejected Invoices **	23.02.21	H of F	Reasonable	2 (0)	0 (0)	2 (0)			
Total				**34 (3)**	**0 (0)**	**31 (3)**	**0**	**3**	**0**

Total number of actions (total number of high priority actions)
*** Audits where all actions have been cleared since our last report.*

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

There has been one new final report published concluding a "limited" or "no" assurance opinion since our last progress report.

Assurance of the Competence of Operational Response Capability *(Draft)*		
Audit Sponsor	**Assurance opinion**	**Management Actions**
Director of Operations	Limited	Low TBC · Medium TBC · High TBC

Summary of key observations:

The scope of our review focused on testing of a selection of grey book staff, to ensure that training has been completed in accordance with requirements. Further testing was carried out to assess whether completed training has been recorded within Firewatch to allow accurate monitoring by senior management. Testing of training records within Firewatch found incomplete training for 60% of the 24 operational personnel randomly selected. We noted that changes to an operational personnel's role or Station are not always updated in their Firewatch training record, resulting in inaccurate training requirement information and that user rights within Moodle (on-line training system) prevent accurate monitoring of work-based assessment completion for operational personnel who are also designated Teachers/Assessors as the system omits their results. While there is scrutiny at a local level, our review also highlighted a lack of central oversight around training completion resulting in incomplete training records, with expired competency expectations for some operational personnel. All of this raised a risk that operational personnel are not suitably competent in their role. For operational firefighters particularly, this could prove significantly detrimental to the individual, the Service and the Community should an issue occur whilst attending an incident.

We noted that the Firewatch system, where training records are retained, will no longer be used by the Service following a recent re-tender process. A new system has been procured and work is underway to appoint Project Manager to oversee the implementation of the new system. A deadline for implementation of the new system has been set for December 2021 to coincide with the transfer of Isle of Wight employee data following combination with the Hampshire and Isle of Wight Fire and Rescue Service. Management have confirmed that a range of assurance activity is already underway – involving various directorates – in response to this audit, and associated risks, which is being coordinated by the Organisational Assurance team. For example, they have informed us that a FireWatch data cleanse has been undertaken and central performance reports (in Power BI) are in the process of being recoded to reflect this data cleanse.

6. Planning & Resourcing

The internal audit plan for 2021-22 was presented to Executive Group and the Hampshire & Isle of Wight Fire & Rescue Authority (Shadow Authority), 10 February 2021.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Authority. Progress against the plan is detailed within section 7. There has been one variation to date; a Compliance Review of CPD Payments has been added in at client request.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Fire Audit Plan 2020/21 – carry forward								
Assurance of the Competence of Operational Response Capability	D of O	✓	✓	✓	✓			Draft issued 17.05.21. Factual accuracy agreed
ICT Contract Management	D of CS	✓	✓	✓	✓			
Follow up	D of PP&A	✓	N/A	✓	✓	✓	N/A	
Shared Services Audit Plan 2020/21 – carry forward	These are Shared Service audits with no direct Hampshire and Isle of Wight Fire and Rescue Service Audit Owner and Exec Sponsor; however overarching accountability for HIWFRS Shared Services activity sits with the HIWFRS Director of Corporate Services and Head of Strategic Relationships							
Casual Staff	Shared Services	✓	✓	✓	✓			
Fire Audit Plan 2021/22								
Referral Pathways	D of O	✓	✓					Q1
Compliant Management of Fleet	D of CS	✓	✓					Q1
Cyber Security – Patch Management	D of CS	✓						Q1
Maintenance of Competency – Prevention and Protection	D of O							Q2
GDPR and Data Protection Compliance	D of CS							Q2
ICT Project Management	D of CS							Q2

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Risk Management	D of PP&A							Q3
Business Continuity	D of PP&A							Q3
IT Change Management	D of CS							Q3
Data Quality	D of PP&A							Q3
DBS Checks	D of P&OD							Q4
IT User Access	D of CS							Q4
Property and Facilities – Statutory Compliance Works	D of CS							Q4
Proactive Pay Claims and fraud work	D of P&OD							Q4
NFI	D of PP&A							
Shared Services Audit Plan 2021/22 – carry forward	These are Shared Service audits with no direct Hampshire and Isle of Wight Fire and Rescue Service Audit Owner and Exec Sponsor; however overarching accountability for HIWFRS Shared Services activity sits with the HIWFRS Director of Corporate Services and Head of Strategic Relationships							
Recruitment (Success Factors)	Shared Services	✓	✓	✓				Q1
Procurement (General)	Shared Services							Q1
Cleaning Contract Management	Shared Services	✓	✓					Q1
Pay Review and Award Process	Shared Services							Q2
Procurement Cards	Shared Services							Q2
PCI DSS	Shared Services							Q2

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Pre-Employment Checks	Shared Services							Q3/4

Audit Sponsors			
CFO	Chief Fire Officer	H of ICT	Head of ICT
DCFO	Deputy Chief Fire Officer	H of A &	Head of Academy and Organisational Development
D of O	Director of Operations	H of P&P	Head of Policy & Planning
D of CS	Director of Corporate Services	H of OA	Head of Operational Assets
D of PP&A	Director of Policy, Planning and Assurance (the Deputy Chief Fire Officer, DCFO)	H of G&BS	Head of Governance and Business Support
D of P&OD	Director of People and Organisational Development	H of P&F	Head of Property and Facilities
AD (Pr&Pr)	Assistant Director (Prevention and Protection)	SFBP	Senior Finance Business Partner
AD (P&P)	Assistant Director (Policy and Planning)	HR BP	HR Business Partner
H of F	Head of Finance	N/A	Not applicable
H of P	Head of Performance	H of ICT	Head of ICT

8. **Adjustment to the Internal Audit Plan**

There have been the following amendments to the plan:

Plan Variations for 2021/22	
Removed from the plan	**Reason**
None to date	
Added to the plan	**Reason**
None to date	