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**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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**Hampshire & Isle of Wight Fire & Rescue Authority: Standards and Governance Committee**  
**Internal Audit Progress Report 2022-23**

**July 2023**

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

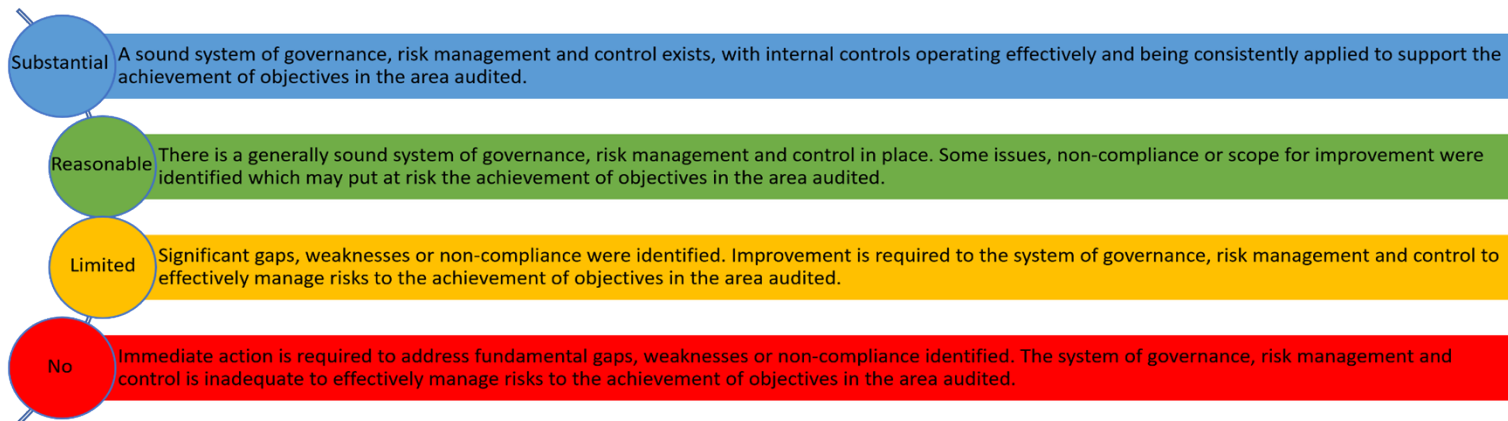
The Hampshire & Isle of Wight Fire & Rescue Service’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

## 2. Purpose of report

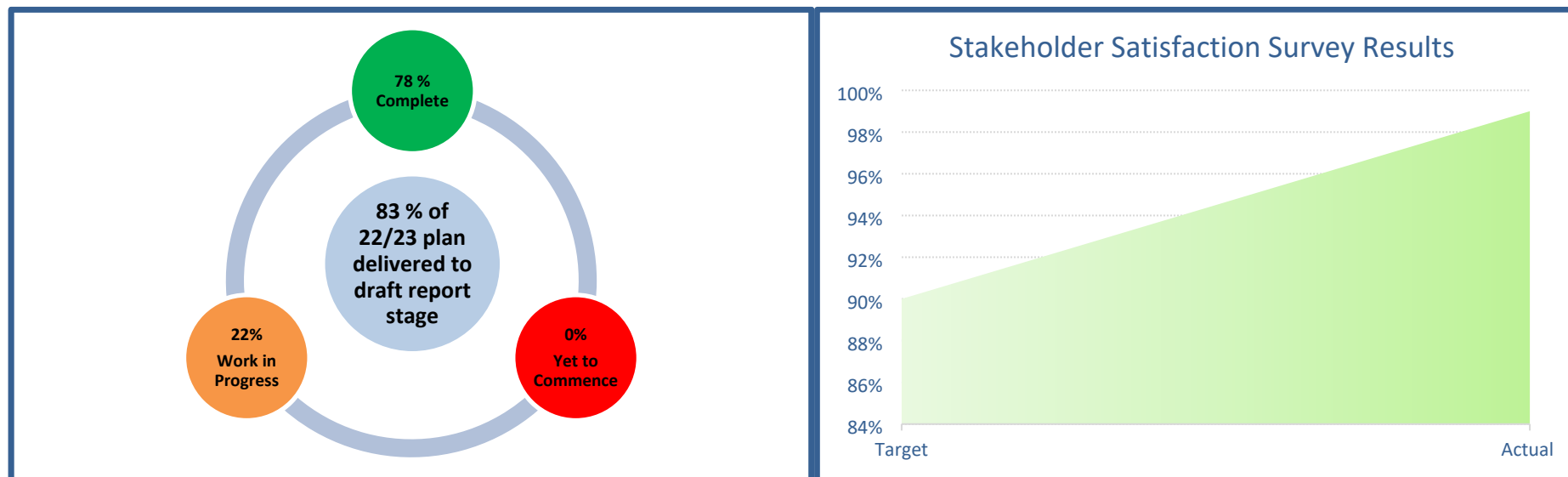
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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. The assurance opinions are categorised as follows:



### 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
Referral Pathways	16.11.21	D of O	Limited	19 (10)	0 (0)	17 (9)		1	1
Prevention and Protection	24.02.22	D of O	Reasonable	3 (0)	0 (0)	2 (0)		1	
General Data Protection Regulations (GDPR) and Data Protection Compliance**	31.03.22	D of CS	Limited	9 (5)	0 (0)	9 (5)			
ICT Change Management **	08.04.22	D of CS	Reasonable	4 (0)	0 (0)	4 (0)			
Risk Management**	08.06.22	D of PP&A	Reasonable	7 (0)	0 (0)	7 (0)			
Data Quality**	17.06.22	D of PP&A	Limited	6 (1)	0 (0)	6 (1)			
Pay Claims (Recurring Allowances)	11.07.22	D of P&OD	Reasonable	1 (0)	0 (0)	0 (0)	1		
Impact Assessments**	08.08.22	DCFO	Reasonable	4 (1)	0 (0)	4 (1)			
Modern Slavery**	15.09.22	DCFO	Reasonable	9 (0)	0 (0)	9 (0)			
Continuing Professional Development Payments **	24.11.22	D of P&OD	Limited	11 (4)	0 (0)	11 (4)			
Assurance over the competence of operational response capability	09.02.23	D of O	Limited	7 (6)	1 (1)	6 (5)			
Purchasing Cards	29.03.23	DFO	Limited	7 (6)	5 (4)	2 (2)			
Cyber security controls	05.05.23	D of CS	Reasonable	11 (3)	8 (2)	3 (1)			
<b>Total</b>				<b>98 (36)</b>	<b>14 (7)</b>	<b>80 (28)</b>	<b>1</b>	<b>2</b>	<b>1</b>

\*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” assurance opinion since our last progress report.

Purchasing Cards (P-Cards)		
Audit Sponsor	Assurance opinion	Management Actions
Head of Strategic Relationships	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 1</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 0</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 6</div> </div>

The purpose of the audit was to ensure that purchasing cards are managed in line with Hampshire & Isle of Wight Fire & Rescue Service's policies and procedures. The system used to review and approve transactions is provided through RBS as part of the Shared Services arrangements with Hampshire County Council and Hampshire & Isle of Wight Police and guidance on the system for HIWFERS users and approvers is also provided as part of the Shared Services arrangements. There was a total of 111 HIWFERS cardholders at the time of our testing, with a total expenditure between April 2022 and December 2022 of £552,745.

We found that cards are authorised and are only held by current employees, with regular monitoring reporting to management on compliance. Policies and guidance are in place, although testing found anomalies with some transactions such as split payments to circumvent transaction limits, and missing VAT receipts. We also found that receipts are being stored in various ways and held for inconsistent periods, which are not always in line with agreed retention periods. We also found non-compliance with the requirements for cardholders to review and ensure accurate recording of all transactions and for authorisers to approve all transactions each month. Although there is a process in place for suspending accounts after 3 months of non-compliance, or periods of inactivity, accounts can be reinstated and we found examples of accounts being suspended twice or non-compliance in multiple rather than consecutive months.

## **6. Planning & Resourcing**

The internal audit plan for 2022/23 was approved by the Standards and Governance Committee on 11 March 2022, and the 2023/24 plan was approved on 22 March 2023.

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.



## 7. Rolling Work Programme

2022/23

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>HIWFRA Audit Plan 2022/23</b>								
Modern Slavery - Assurance	DCFO	✓	✓	✓	✓	✓	Reasonable	
Impact Assessments	DCFO	✓	✓	✓	✓	✓	Reasonable	
Property and facilities – statutory compliance works	D of CS	✓	✓	✓	✓	✓	Reasonable	
Continuing professional development payments	D of P&OD	✓	✓	✓	✓	✓	Limited	
Assurance over the competence of operational response capability – detailed follow-up	D of O	✓	✓	✓	✓	✓	Limited	
Purchasing Cards (P-Card)	DCFO	✓	✓	✓	✓	✓	Limited	
Cyber security controls	D of CS	✓	✓	✓	✓	✓	Reasonable	
Analytical Risk Assessments	D of O	✓	✓	✓				Close meeting held 28 June 2023. Draft report to be issued shortly.
ICT networks and communications	D of CS	✓	✓	✓				Close meeting 14 July 2023
ICT systems and governance	D of CS	✓	✓	✓	✓			Draft issued 7 July 2023
Follow Up	Various	✓	N/A	✓	✓	✓	N/A	
NFI	DCFO	N/A	N/A	✓	N/A	N/A	N/A	Q1-4

<b>Shared Services Audit Plan 2022/23</b>	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 DCFO, Director of Policy, Planning and Assurance and the Head of Partnerships and External Relationships					
PCI DSS	N/A	N/A	✓	N/A	✓	N/A
Banking	✓	✓	✓	✓	✓	Substantial
Pay Review and Award Process	✓	✓	✓	✓	✓	Reasonable
TUPE	✓	✓	✓	✓	✓	Limited
Budget Planning	✓	✓	✓			Fieldwork complete, close meeting 18 July 2023
Treasury Management	✓	✓	✓	✓	✓	Substantial

**2023/24**

<b>Audit Review</b>	<b>Sponsor</b>	<b>Scoping</b>	<b>Audit Outline</b>	<b>Fieldwork</b>	<b>Draft Report</b>	<b>Final Report</b>	<b>Assurance Opinion</b>	<b>Comment</b>
<b>HIWFRA Audit Plan 2023/24</b>								
Benefits Management	DCFO	✓	✓	✓				ToR issued 23 May
Provided Vehicles	D of CS							Q2
ICT Major Incident Management (ITIL based)	D of CS							Q2
ICT Assurance Mapping and Coverage Analysis Based on ITIL 4 Practices	D of CS							Q3
Long-term sickness absence management and restricted duties	D of P&OD							Q3
Overtime	DCO							Q3
Contaminants	D of CS							Q3

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Health and Safety Training	DCFO							Q3
Financial management – capital expenditure	CFO							Q4
NFI	DCFO							Q1-4
Follow up	Various							Q4
<b>Shared Services Audit Plan 2023/24</b>	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 DCFO, Director of Policy, Planning and Assurance and the Head of Partnerships and External Relationships							
The Shared Services aspects of the Internal Audit Plan are yet to be confirmed and are agreed separately through Shared Services governance mechanisms.								

#### Audit Sponsors

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

## 8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

<b>Plan Variations for 2022/23</b>	
<b>Removed from the plan</b>	<b>Reason</b>
<b>Sickness Absence Management</b>	Removed at client request due to HMICFRS's focus on sickness management and the ongoing development request into the Shared Services Partnership on grey book sickness recording which is at scoping stage.
<b>Health and Safety – Reporting and Assurance</b>	Removed at client request due to late delivery of the new Health and Safety Platform reporting and moved to next year's plan.
<b>Shared Services Reporting from Concerto to Partners (Property Services)</b>	Deferred to 2023/24 due to ongoing work to develop Concerto reporting.
<b>Shared Services – Recruitment - contracts</b>	Deferred to 2023/24 due to critical work around the pay award and other essential projects.
<b>Added to the plan</b>	<b>Reason</b>
<b>Analytical Risk Assessments</b>	Brought forward to replace Health and Safety.

There have been no variations to the 2023/24 plan.