

Internal Audit Progress Report

January 2018

Hampshire Fire and Rescue Authority



**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

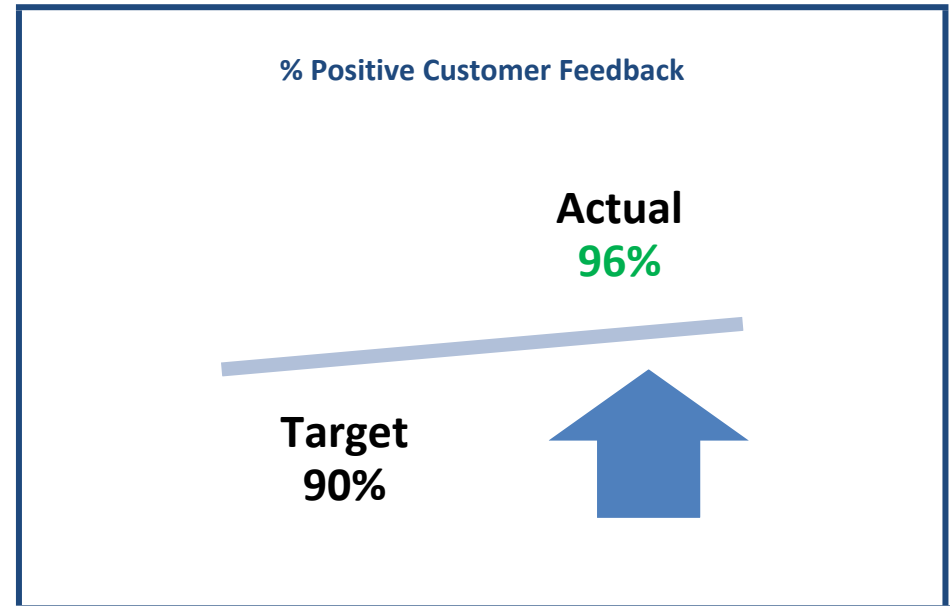
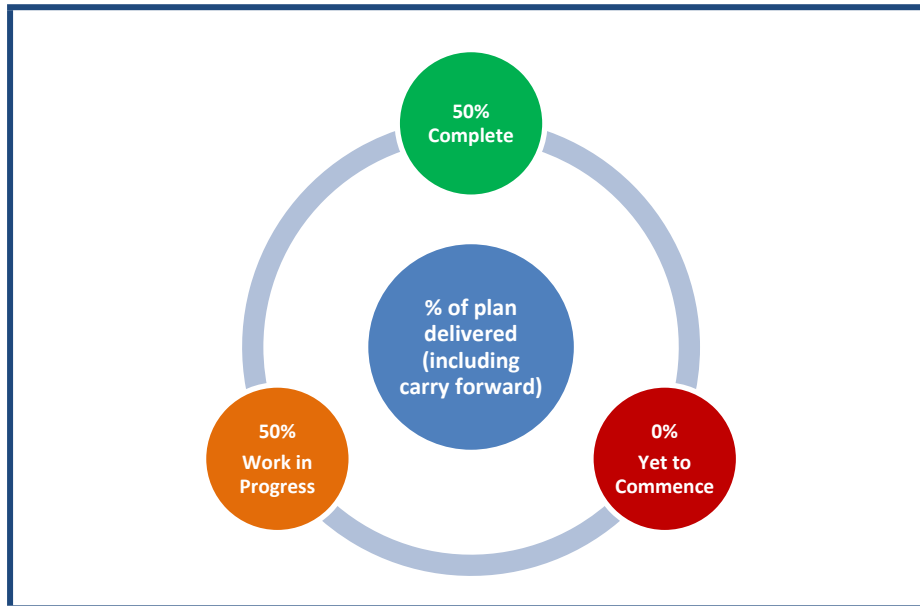
In accordance with proper internal audit practices (Public Sector Internal Audit Standards) and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:

- 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)	4(0)	1(0)
2014/15									
Partnerships and associated contracts (SCAS)	14.8.15	D o PS		Adequate	6(1)	0(0)	0(0)	4(1)	2(0)
2015/16									
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)	7(3)	3(0)
2016/17									
Effectiveness of Service Delivery Redesign	6.4.17	D o PS/ CFO	ACO	Adequate	3(0)	0(0)	3(0)	0(0)	0(0)
Commercial activities – income generation	22.6.17	D o PS	H o PA	Adequate	9(0)	0(0)	0(0)	6(0)	3(0)
Procurement processes	22.6.17	D o PS	H o PA	Limited	9(3)	0(0)	8(3)	1(0)	0(0)

Audit Review	Report Date	Audit Sponsor	SMT Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
Procurement of operational equipment and vehicles	22.6.17	D o PS	H o PA	Limited – operational equipment Adequate - vehicles	10(0)	0(0)	1(0)	8(0)	1(0)
Local management of shared services - Sickness management	30.8.17	D o PS	Head of HR and Workforce Development	Limited	5(0)	0(0)	0(0)	4(0)	1(0)
2017/18									
IT applications and systems governance	29.11.17	D o PS	Head of Digital Technology	Limited	5(0)	0(0)	0(0)	0(0)	5(0)
Fleet maintenance centre	2.1.18	D o PS	H o PA	Adequate	7(0)	0(0)	4(0)	3(0)	0(0)

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

One report has been issued since the last Standards and Governance Committee which resulted in a Limited assurance opinion. The IT applications and systems governance audit identified weaknesses in the governance of new IT systems, change control, release management and in the decommissioning of systems and applications.

6. Planning & Resourcing

The internal audit plan for 2017/2018 was approved by the Hampshire Fire and Rescue Service 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. In December 2017 the audit of Workforce Development was removed from the plan due to changes in this area which affected the requirement for this audit. At the same time we were asked to carry out some consultancy work on the ICT project budget and to add an audit of Budgetary Control to review arrangements for this within HFRS.

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	D o PS	Head of HR and	✓	✓	✓	✓	✓	Limited		

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
(Sickness management)		Workforce Development								
Audit Plan 2017/18										
Implementation of savings plan	H o F	Lead Finance BP	✓	✓	✓					
Information management/security	D o PS	Head of ICT	✓	✓	✓					
Safeguarding	D o CS and R	H o CS	✓	✓	✓					
Workforce development	H of HR and Training	Lead HR BP								Removed from plan
Fleet maintenance centre	D o PS	H o PA	✓	✓	✓	✓	✓	Adequate		
IT Applications and Systems Governance	D o PS	H of ICT	✓	✓	✓	✓	✓	Limited		
Budgetary control	H o F	D o PS	✓	✓	✓	✓				

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
ICT budget consultancy work	H o F	D o PS	✓	✓	✓	N/A	✓	N/A		
Pro-active fraud work	D o PS	H o KM	N/A	N/A	✓	N/A	N/A	N/A		
NFI	D o PS	H o KM	N/A	N/A	✓	N/A	N/A	N/A		
Shared services audit plan 2017/18										
Payroll			✓	✓	✓					
Payroll support			✓	✓	✓	✓	✓	Substantial		
Order to Cash (OTC)			✓	✓	✓	✓				
Purchase to pay (P2P)			✓	✓	✓					
Treasury Management			✓	✓	✓	✓	✓	Substantial		
Debt Collection			✓	✓	✓	✓				
BACS			✓	✓	✓	✓	✓	Adequate		
Governance arrangements			✓	✓						
Statutory Checks			✓	✓	✓					
Recruitment			✓	✓	✓					

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
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