

Internal Audit Progress Report

March 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 2016, [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

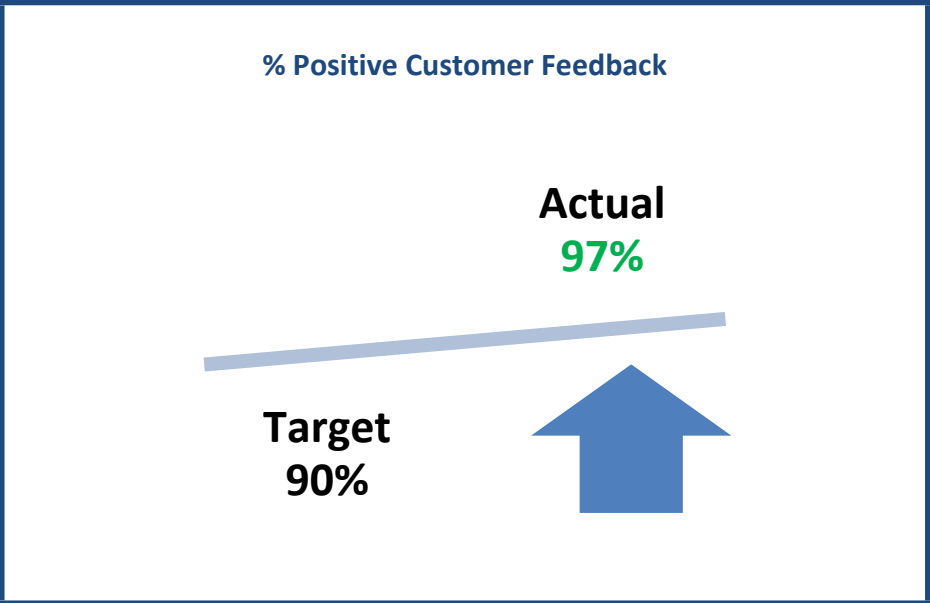
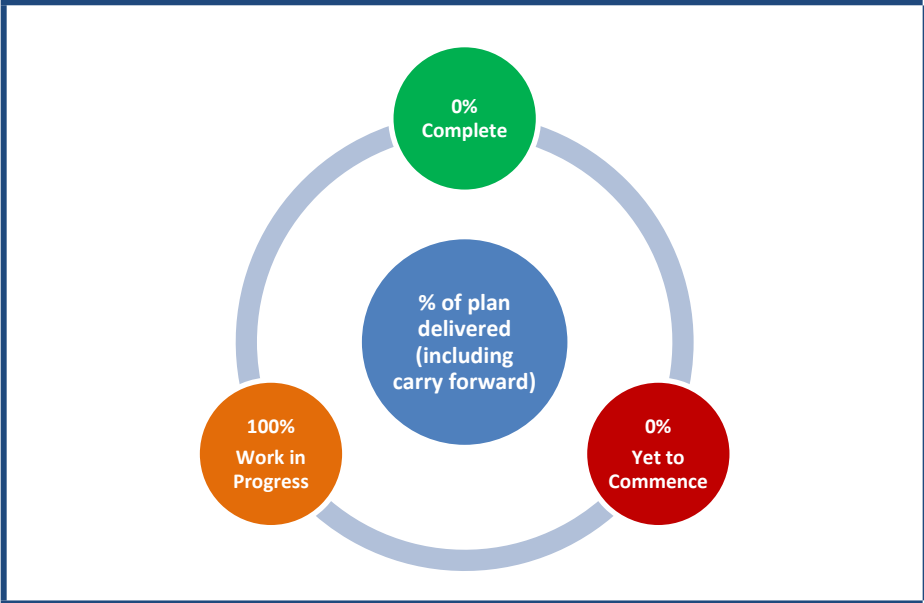
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:


- 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	
	<p>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:</p> <p><i>'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).</i></p>

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)	3(0)	15(0)
Partnerships and associated contracts (SCAS)	14.8.15	D o PS		Adequate	6(1)	0(0)	0(0)	5(1)	1(0)
Safeguarding	3.12.15	ACO	AM CSS	Adequate	14(3)	0(0)	0(0)	11(3)	3(0)
2015/16									
Local management of shared services processes	11.7.16	D o PS	Lead HR BP	Limited	5(2)	0(0)	3(1)	2(1)	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)	5(3)	5(0)
Property management – property	18.8.16	D o PS	H o PA	Limited	14(1)	0(0)	2(1)	12(0)	0(0)

Audit Review	Report Date	Audit Sponsor	SMT Sponsor	Assurance Opinion	Management Actions ('High Priority')					
					Reported	Not Accepted	Pending	Cleared	Overdue	
agreements										
Budget planning 2015/16	24.11.16	CFO	N/A	Adequate	3(0)	0(0)	0(0)	2(0)	1(0)	
Risk management 2015/16	19.12.16	DoPS	HoKM	Limited	8(6)	0(0)	6(5)	2(1)	0(0)	

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

There have been no reports issued in the period relating to the 2016/17 plan with a Limited or No assurance opinion.

6. Planning & Resourcing

The internal audit plan for 2016/2017 was approved by the Hampshire Fire and Rescue Authority's Management Team and the Standards and Governance Committee in April 2016.

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 8.

Variations to the plan are summarised below:

Plan Variations	
Removed from the plan	Reason
Main accounting system (SAP) – shared services	Substantial assurance given in 2014/15 and no changes to system
Capital accounting – shared services	Process is not the same for all partners – reviewing approach
HR – team management - shared services	2015/16 review of Information Governance covered areas in scope for this review.
Employer pension responsibilities – ABS – shared services	Full review of Employer pension responsibilities still being undertaken in 2016/17. Smaller ABS aspect removed from the plan as changes were minimal.
BACS – shared services	Delay in implementing new system – moved to 2017/18 to enable system to embed.
Property management – shared services	Common approach not in place yet. Review again as part of 2017/18 planning.
Procurement strategy and process – shared services	Common approach not in place yet. Review again as part of 2017/18 planning.
Procurement – shared services	Common approach not in place yet. Review again as part of 2017/18 planning.
HR – Team management	Information governance review covered risks identified.
Local contract management – revenue and capital	Process currently under review and therefore not an appropriate time to audit.

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 2015/16										
Budget planning	CFO	N/A	✓	✓	✓	✓	✓	Adequate		

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Risk management	D o PS	H o KM	✓	✓	✓	✓	✓	Limited		
Shared Services reviews 2015/16										
Information governance	N/A	N/A	✓	✓	✓	✓	✓	Adequate (core network and SAP security) Limited (non-automated procedures and processes)		
Procurement category management	N/A	N/A	✓	✓	✓	✓	✓	Adequate		

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	✓	✓	✓				✗	Delay due to obtaining Occupational Health data – now underway.
Implementation of savings plan	D o PS/ CFO	ACO	✓	✓	✓	✓				
Commercial activities	D o PS	H o PA	✓	✓	✓					
Procurement processes	D o PS	H o PA	✓	✓	✓				✗	Delay in obtaining documentation from sample.
Procurement of operational equipment and vehicles	D o PS	H o PA	✓	✓	✓					

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ↻ Delay)	Comment
Procurement – supplies and stores	D o PS	H o PA	✓	✓	✓					
Pro-active fraud work	FBP	Performance Review Manager	✓	N/A						
National Fraud Initiative (NFI)	FBP	Performance Review Manager	N/A	N/A	✓	N/A	N/A	N/A		
Shared services reviews 2016/17										
Payroll	N/A	N/A	✓	✓	✓					
Order to cash	N/A	N/A	✓	✓	✓	✓				
Purchase to pay	N/A	N/A	✓	✓	✓	✓				
Taxation	N/A	N/A	✓	✓	✓	✓	✓	Substantial		
Master Data Team	N/A	N/A	✓	✓	✓	✓	✓	Adequate		
Employer pension responsibilities	N/A	N/A	✓	✓	✓					

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ↻ Delay)	Comment
Governance arrangements	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Assurance for briefing note to inform for CIA annual report only.		
Recruitment	N/A	N/A	✓	✓	✓					
Procurement – category management	N/A	N/A	✓	✓	✓					

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
H o KM	Head of Knowledge Management
H o PA	Head of Physical Assets
Lead HR BP	Lead Human Resources Business Partner
N/A	Not applicable