Internal Audit Progress Report

June 2018

Hampshire Fire and Rescue Authority

HAMPSHIRE
FIRE AND
RESCUE
SERVICE

Southern Internal Audit Partnership

Assurance through excellence
and innovation

Contents:

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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.

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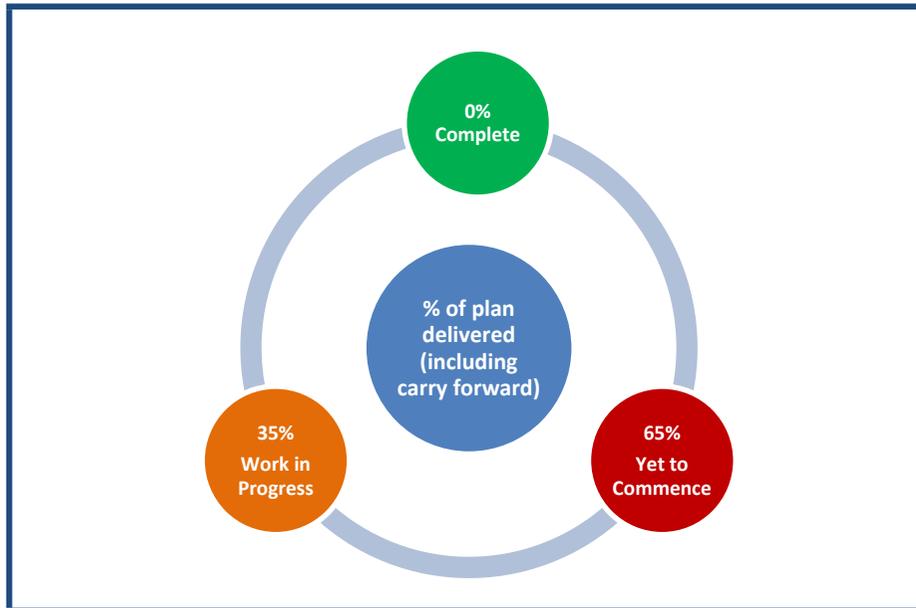
2. Purpose of report

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.

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3. Performance dashboard

0%
Complete

% of plan
delivered
(including
carry forward)

35%
Work in
Progress

65%
Yet to
Commence

% Positive Customer Feedback

**Actual
96%**

**Target
90%**

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).*

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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)	5(0)	0(0)
2014/15									
Partnerships and associated contracts (SCAS)	14.8.15	D o PS		Adequate	6(1)	0(0)	0(0)	5(1)	1(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)	10(3)	0(0)
2016/17									
Effectiveness of Service Delivery Redesign	6.4.17	D o PS/ CFO	ACO	Adequate	3(0)	0(0)	0(0)	3(0)	0(0)
Commercial activities – income generation	22.6.17	D o PS	H o PA	Adequate	9(0)	0(0)	0(0)	9(0)	0(0)
Procurement processes	22.6.17	D o PS	H o PA	Limited	9(3)	0(0)	0(0)	7(2)	2(1)

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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)	0(0)	8(0)	2(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)	5(0)	0(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)	5(0)	0(0)
Fleet maintenance centre	2.1.18	D o PS	H o PA	Adequate	7(0)	0(0)	0(0)	7(0)	00)
Implementation of savings plan	29.03.18	H o F	Lead Finance BP	Adequate	5(1)	0(0)	2(0)	3(1)	0(0)
Safeguarding	15.06.18	D o CS and R	H o CS	Limited	17(11)	0(0)	9(6)	4(2)	4(3)

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Audit Review	Report Date	Audit Sponsor	SMT Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
Budget monitoring and financial controls	25.04.18	H o F	D o PS	Limited	38(0)	0(0)	0(0)	28(0)	10(0)

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

Two reports have been issued since the last Standards and Governance Committee which resulted in a Limited assurance opinion. These covered Safeguarding and Budget Monitoring and Financial Controls. Details of these have been included in the Annual Audit Report.

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, and the 2018/2019 plan was approved in March 2018.

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.

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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 2017/18										
Implementation of savings plan	H o F	Lead Finance BP	✓	✓	✓	✓	✓	Adequate		
Information management/security	D o PS	Head of ICT	✓	✓	✓	✓		Limited	⚑	
Safeguarding	D o CS and R	H o CS	✓	✓	✓	✓	✓	Limited		
Workforce development	H of HR and Training	Lead HR BP	N/A	N/A	N/A	N/A	N/A	N/A		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	✓	✓	✓	✓	✓	Limited		

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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	CR		✓	✓	✓	✓	✓	Substantial		
Payroll support	CR		✓	✓	✓	✓	✓	Substantial		
Order to Cash (OTC)	CR		✓	✓	✓	✓	✓	Adequate		
Purchase to pay (P2P)	CR		✓	✓	✓	✓	✓	Adequate		
Treasury Management	CR		✓	✓	✓	✓	✓	Substantial		
Debt Collection	CR		✓	✓	✓	✓	✓	Adequate		
BACS	CR		✓	✓	✓	✓	✓	Adequate		
Governance arrangements	CR		✓	✓	✓	✓	✓	Substantial		
Statutory Checks	CR		✓	✓	✓				⚑	
Recruitment – Pre-employment checks	CR		✓	✓	✓	✓	✓	Limited		

Southern Internal Audit Partnership

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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	CR		✓	✓	✓	✓	✓	Substantial		
Contract Management	H of F	Lead Finance BP	✓	✓	✓	✓	✓	Substantial		

Audit Plan 2018/19										
Contract Management	H of F	Lead Finance BP								
Resource Management	D of HR	HR Business Partner	✓							
Data Quality	D of PS	H of KM								
GDPR	D of PS	H of KM								
Proactive Fraud	D of PS	H of KM								
NFI	D of PS	H of KM								
Firewatch	D of PS	H of KM	✓							
IT Strategy, Management &	D of PS	H of KM								

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Governance			
Business Continuity	D of PS	H of ICT	
Networks & Communications	D of PS	H of ICT	
Shared services audit plan 2018/19			
Payroll	CR		
Order to Cash (OTC)	CR		
Purchase to pay (P2P)	CR		
Treasury Management	CR		
Debt Collection	CR		
Governance arrangements	CR	✓	
ICT – User Access	CR	✓	✓
Recruitment & Induction	CR	✓	
Workforce Development	CR	✓	✓
Ill Health Retirement & Death in Service	CR	✓	✓
Sick Pay	CR	✓	✓
IR35	CR		

Southern Internal Audit Partnership

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Occupational Health	CR	
Category Management	CR	
Procurement	CR	
Master Data Team	CR	✓

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

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