Internal Audit Progress Report

October 2019

Hampshire Fire and Rescue Authority:
Standards and Governance Committee

Southern Internal Audit Partnership

Assurance through excellence
and innovation

Contents:

Southern Internal Audit Partnership

Assurance through excellence and innovation

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 organisation's objectives.

Southern Internal Audit Partnership

Assurance through excellence and innovation
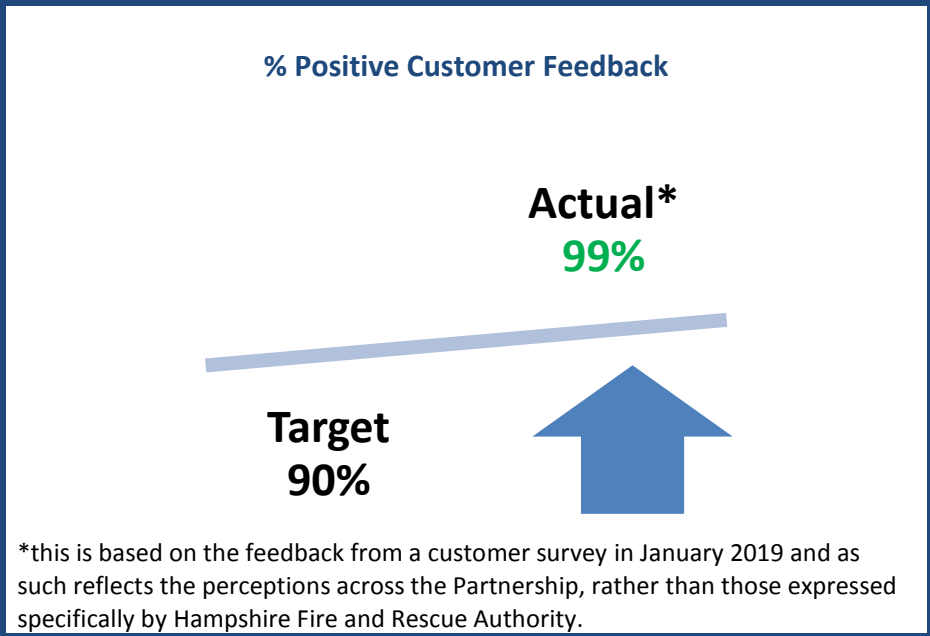
2. Purpose of report

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.

Southern Internal Audit Partnership

Assurance through excellence and innovation

3. Performance dashboard

5%
Complete

% of plan delivered (including carry forward)

33%
Work in Progress

62%
Yet to Commence

% Positive Customer Feedback

Actual*
99%

Target
90%

*this is based on the feedback from a customer survey in January 2019 and as such reflects the perceptions across the Partnership, rather than those expressed specifically by Hampshire Fire and Rescue Authority.

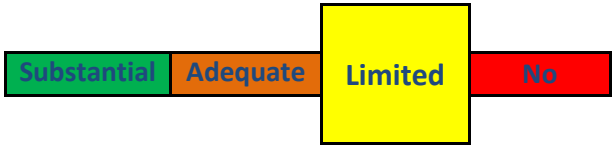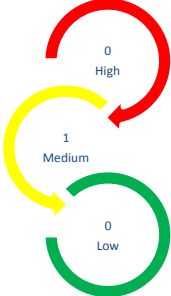| Compliance with Public Sector Internal Audit Standards / Local Government Application Note	
✓	An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015. The report concluded:

Southern Internal Audit Partnership
Assurance through excellence and innovation

	'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 Owner	Exec Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
2015/16									
Business Continuity	7.6.16	H of R&S	DCFO	Limited	12 (3)	0 (0)	0 (0)	7 (3)	5 (0)
2017/18									
Safeguarding	15.06.18	H of CS	D of O	Limited	17 (11)	0 (0)	0 (0)	13 (7)	4 (4)
CIPFA Counter Fraud Assessment	02.04.19	FBP	CFO	N/A	4 (2)	0 (0)	1 (0)	3 (2)	0 (0)
2018/19									
Contract Management	10.01.19	SRM	C of S	Limited	9 (3)	0 (0)	6 (1)	3 (2)	0 (0)
Business Continuity (IT)	21.01.19	H of ICT	C of S	Limited	10 (8)	0 (0)	0 (0)	9 (7)	1 (1)
Resource Management	16.05.19	H of P&OD	CFO	Limited	13 (8)	0 (0)	5 (2)	8 (6)	0 (0)
Pay Claims	16.05.19	H of F	CFO	Limited	17 (0)	0 (0)	4 (0)	4 (0)	9 (0)

Southern Internal Audit Partnership

Assurance through excellence and innovation

Cyber Security	23.05.19	H of ICT	C of S	Limited	9 (8)	0 (0)	1 (0)	8 (8)	0 (0)
IT Strategy	23.05.19	H of ICT	C of S	Limited	7 (4)	0 (0)	2 (1)	4 (3)	1 (0)
Data Quality – IT Asset Management Data	28.05.19	H of ICT	C of S	Limited	10 (0)	0 (0)	2 (0)	8 (0)	0 (0)
GDPR	14.06.19	G & CM	C of S	Limited	5 (3)	0 (0)	1 (1)	4 (2)	0 (0)
Health and Safety	30.08.19	H&S Mgr	D of P&P	Adequate	2 (0)	0 (0)	1 (0)	1 (0)	0 (0)

Southern Internal Audit Partnership
Assurance through excellence and innovation

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

Sick Pay		
Audit Sponsor: Head of Finance **Key Contacts:** Head of People and Organisational Development and Shared Service managers	**Assurance opinion:** Substantial Adequate **Limited** No	**Management Actions:** 0 High 1 Medium 0 Low
Summary of key observations: Although the policy for sick pay is clear, current procedures do not enable compliance and potentially leads to the overpayment of full pay by one month which is not recovered.		

6. Planning & Resourcing

The internal audit plan for 2019/20 was approved by the Hampshire Fire and Rescue Service Executive Group and the Standards and Governance Committee in June 2019.

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.

Southern Internal Audit Partnership

Assurance through excellence and innovation

There have been no variations to date, although discussions are ongoing relating to the inclusion of an audit of Academy Quality Assurance Processes.

**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

7. Rolling Work Programme

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ⚑ Delay)	Comment
Shared Services audit plan 2018/19										
ICT – User Access			✓	✓	✓	✓			⚑	
Sick Pay			✓	✓	✓	✓	25.06.19	HRFS - Limited		
Commercial Waste Contract Management			✓	✓	✓	✓			⚑	
Fire Audit Plan 2019/20										
Local Management of Shared Service Processes - local management of resources and pay claims	SRM	C of S								

Southern Internal Audit Partnership
Assurance through excellence and innovation

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule 🏳 Delay)	Comment
Risk Management	H of R&S	D of P&P								
Disaster Recovery and Business Continuity	H of R&S	D of P&P	✓							
Health and Safety	H&S Mgr	D of P&P	✓	✓	✓	✓	✓	Adequate		
Procurement Processes	RM/FBP	H of F	✓	✓	✓					
Academy Training	H Of A & OD	H of P&OD								
Proactive Fraud	H of P&OD	H of F								
Special Investigation - Allowances	H of P&OD	H of F	✓	✓	✓					
National Fraud Initiative	N/a	H of F	N/A	N/A	✓					
IT Disaster Recovery and Business Continuity	H of ICT	C of S								
IT Follow Up	H of ICT	C of S								
Follow up - general										

Southern Internal Audit Partnership
Assurance through excellence and innovation

Audit Review	Audit Owner	Exec Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ⚑ Delay)	Comment
Shared Services Audit Plan 2019/20										
Governance Arrangements										
IR35										
Disclosure and Barring Service										
Success Factors										
Treasury Management			✓	✓						
Master Data Team										
Payroll-pensions admin										
Procurement			✓							
Building term contract management										

Southern Internal Audit Partnership
Assurance through excellence and innovation

Key to abbreviations:	
CFO	Chief Fire Officer
DCFO	Deputy Chief Fire Officer
H of F	Head of Finance
C of S	Chief of Staff
D of P&P	Director of Policy and Planning
H of P&OD	Head of People and Organisational Development
D of P&A	Director of Performance and Assurance
D of O	Director of Operations
H of P	Head of Performance
FBP	Finance Business Partner
G&CM	Governance and Compliance Manager
H of ICT	Head of ICT
H&S Mgr	Health and Safety Manager
H of R&S	Head of Risk and Strategy
SRM	Strategic Relationship Manager
H Of A & OD	Head of Academy and Organisational Development
N/A	Not applicable

Southern Internal Audit Partnership
Assurance through excellence
and innovation