

Internal Audit Progress Report

December 2015

Hampshire Fire and Rescue Authority



HAMP SHIRE
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 in relation to internal audit are laid down in the Public Sector Internal Audit Standards 2013 [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.

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 a 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 assessment was undertaken by the Institute of Internal Auditors (IIA) in September 2015 and confirmed that the Southern Internal Audit Partnership conforms to the IIA’s professional standards and that work is performed in accordance with the International Professional Practice Framework (IPPF).

4. Status of 'Live' reports and reports closed since our last progress report

Audit title	Report date	Audit Sponsor	SMT Sponsor	Audit Assurance	Management actions (of which are 'high' priority)			
					Reported	Pending	Cleared	Overdue
2012/13								
Sustainability	30.5.13	H o F		Adequate	12(4)		12 (4)	
2013/14								
Networked control	2.7.14	H o Response Delivery		Adequate	5(0)	2(0)*	3(0)	
2014/15								
Programme and project management	13.3.15	D o PS		Limited	15(9)	5(2)*	10(7)	
Strategy and planning	19.6.15	D o PS		Adequate	5(0)		5(0)	
IT - Firewatch	30.7.15	HoKM		Limited	18(0)	15(0)	3(0)	
Partnerships and associated contracts (SCAS)	14.8.15	D o PS		Adequate	6(1)	2(0)	4(1)	
Local management of shared services processes	29.10.15	Lead Finance Business Partner		Limited	5(0)		5(0)	
Health and safety	29.10.15	D o PS	H o PA	Adequate	21(0)	19(0)	2(0)	

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

There was one report issued in the period resulting in a limited opinion. Our review of local management of shared services processes resulted in a limited assurance opinion due to a number of observations raised in relation to the compliance of operational budget holders with controls in place for monitoring budgets, expenses and aged debt.

6. Planning & Resourcing

The internal audit plan for 2015/16 was approved by Standards and Governance Committee in April 2015.

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. The planned reviews of risk review and financial challenge, and the IT review have been removed from the plan due to the stages that these projects are currently at. They will be risk assessed as part of next years plan.

7. Rolling Work Programme

Audit title	Audit Assurance	Audit Progress							
		Audit Sponsor	SMT Sponsor	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Audit Plan 2014/15									
Local management of Shared Services processes		D o PS	Lead HR BP	✓	✓	✓	✓	✓	29.10.15
Strategy and planning	Adequate	D o PS	H o KM	✓	✓	✓	✓	✓	19.6.15
Partnerships and associated contracts - SCAS	Adequate	D o PS		✓	✓	✓	✓	✓	14.8.15
IT - Firewatch		D o PS	H o KM	✓	✓	✓	✓	✓	30.7.15
Shared services reviews		CFO							
Governance arrangements		N/A	N/A	✓	✓	✓	✓	✓	
Recruitment and induction	Adequate	N/A	N/A	✓	✓	✓	✓	✓	7/7/15
IBC Order to Cash	Adequate	N/A	N/A	✓	✓	✓	✓	✓	14/10/15
Accounts payable	Adequate	N/A	N/A	✓	✓	✓	✓	✓	18/8/15
Procurement – category management		N/A	N/A	✓	✓	✓	✓	✓	
Audit Plan 2015/16									
Local management of Shared Services		D o PS	Lead HR BP	Q4					

Audit title	Audit Assurance		Audit Progress						
	Audit Sponsor	SMT Sponsor	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued	
processes									
Local management of pension arrangements	D o PS	Lead HR BP	Removed from HFRS plan, now to be carried out as Shared Services review – “Pensions – employer responsibilities”						
Risk and performance management and assurance framework	D o PS	H o KM	✓	✓					
Business continuity	ACO	AM CSS	✓	✓					
Health and safety	Adequate	D o PS	H o PA	✓	✓	✓	✓	✓	29.10.15
Safeguarding	ACO	AM CSS	✓	✓	✓	✓	✓		
Risk review and financial challenge	D o PS	AM RR	Removed from 15/16 plan						
Property management/estates partnership	D o PS	H o PA	✓	✓	✓	✓	✓		
Pro-active fraud	FBP	Directorate support officer	Q4						
IT audit	D o PS	H o ICT	Removed from 15/16 plan						
National Fraud Initiative	FBP	Directorate support officer	N/A	N/A			N/A	N/A	
Shared Services reviews	CFO								

Audit title	Audit Assurance		Audit Progress						
	Audit Sponsor	SMT Sponsor	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued	
Information governance	N/A	N/A	✓						
ICT – User accesses	N/A	N/A	✓						
Recruitment and induction	N/A	N/A	Q3						
Occupational Health Unit	N/A	N/A				Removed from 15/16 plan			
Payroll	N/A	N/A	✓	✓					
Employment practices casework	N/A	N/A	✓	✓	✓	✓	✓		
Workforce development	N/A	N/A				Removed from 15/16 plan			
Workforce planning	N/A	N/A				Removed from 15/16 plan			
Planning, budgeting and forecasting	N/A	N/A	✓	✓	✓				
Order to cash	N/A	N/A	✓	✓					
Purchase to pay	N/A	N/A	✓	✓	✓				
Taxation	N/A	N/A				Removed from 15/16 plan			
Debt collection	N/A	N/A	Q4						
Procurement – category management	N/A	N/A	Q4						
Procurement cards – strategy and process	N/A	N/A	✓	✓	✓				
Property management	N/A	N/A	✓						
Procurement strategy and processes	N/A	N/A	Q3						

Audit title	Audit Assurance		Audit Progress						
	Audit Sponsor	SMT Sponsor	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued	
Pensions – employer responsibilities	N/A	N/A	✓						