

Internal Audit Progress Report

September 2015

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 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

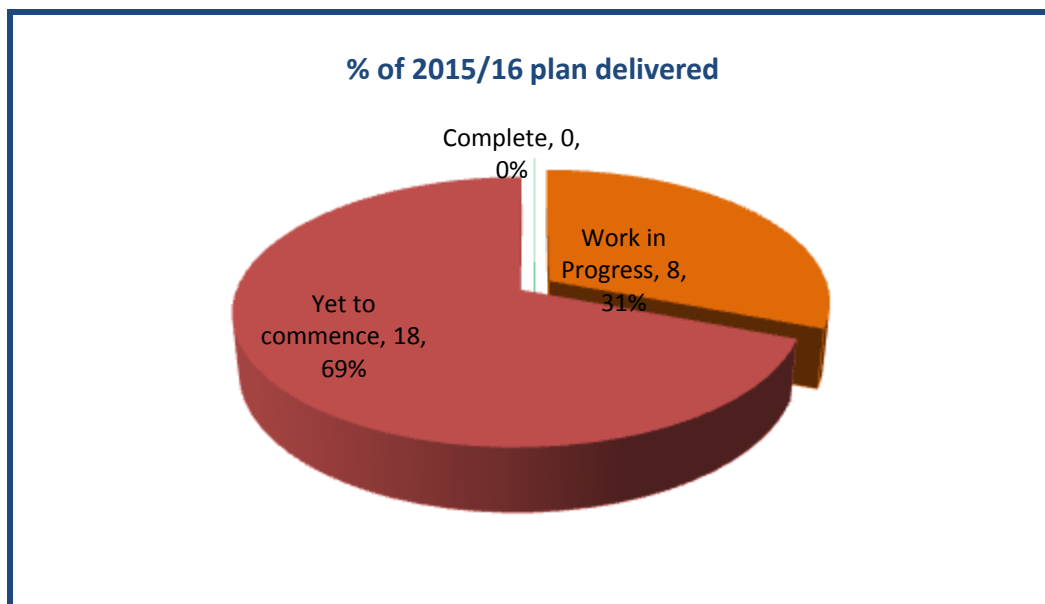
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:

- 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



During 2014-15 The Head of the Southern Internal Audit Partnership undertook a self-assessment concluding overall compliance against the Standards and the LGAN.

An external assessment is to be undertaken by the Institute of Internal Auditors (IIA) in September 2015.

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)		11(3)	1(1)*
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)	9(3)*	6(6)	
IT – Moodle	16.3.15	D o PS		Adequate	5(5)		5(5)	
Pro-active fraud – credit cards	5.5.15	D o PS		No evidence of fraudulent activity	5(0)		5(0)	
Pension arrangements	18.5.15	D o PS		Adequate	7(0)		7(0)	
Strategy and planning	19.6.15	D o PS		Adequate	5(0)	5(0)		
IT - Firewatch	30.7.15	HoKM		Limited	18(0)	18(0)		
Partnerships and associated contracts (SCAS)	14.8.15	D o PS		Adequate	6(1)	2(0)	4(1)	

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 IT- Firewatch resulted in a limited assurance opinion due to a number of observations raised in relation to management information requirements and accesses.

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 6. 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	D o PS	Lead HR BP	✓	✓	✓	✓	✓		

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									
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
Accounts receivable		N/A	N/A	✓	✓	✓	✓	✓	
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 processes		D o PS	Lead HR BP	Q3					
Local management of pension arrangements		D o PS	Lead HR BP	Q3					
Risk and performance management and assurance framework		D o PS	H o KM	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	
Business continuity	ACO	AM CSS	Q3						
Health and safety	D o PS	H o PA	✓	✓	✓	✓			
Safeguarding	ACO	AM CSS	✓						
Risk review and financial challenge	D o PS	AM RR		To be removed from 15/16 plan					
Property management/estates partnership	D o PS	H o PA	✓	✓	✓				
Pro-active fraud	FBP	Directorate support officer	Q3						
IT audit (TBC)	D o PS	H o ICT		To be removed from 15/16 plan					
National Fraud Initiative	FBP	Directorate support officer	N/A	N/A			N/A	N/A	
Shared Services reviews	CFO								
Information governance	N/A	N/A	Q3						
ICT – User accesses	N/A	N/A	Q3						
Recruitment and induction	N/A	N/A	Q3						
Occupational Health Unit	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
Payroll	N/A	N/A	Q3					
Employment practices casework	N/A	N/A	✓	✓	✓	✓		
Workforce development	N/A	N/A	Q3					
Workforce planning	N/A	N/A	Q3					
Planning, budgeting and forecasting	N/A	N/A	Q4					
Order to cash	N/A	N/A	Q4					
Purchase to pay	N/A	N/A	Q4					
Taxation	N/A	N/A	Q3					
Debt collection	N/A	N/A	Q3					
Procurement – category management	N/A	N/A	Q3					
Procurement cards – strategy and process	N/A	N/A	✓	✓	✓			
Property management	N/A	N/A	✓					
Procurement strategy and processes	N/A	N/A	Q3					