

Internal Audit Progress Report

June 2016

Hampshire Fire and Rescue Authority

Appendix B



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

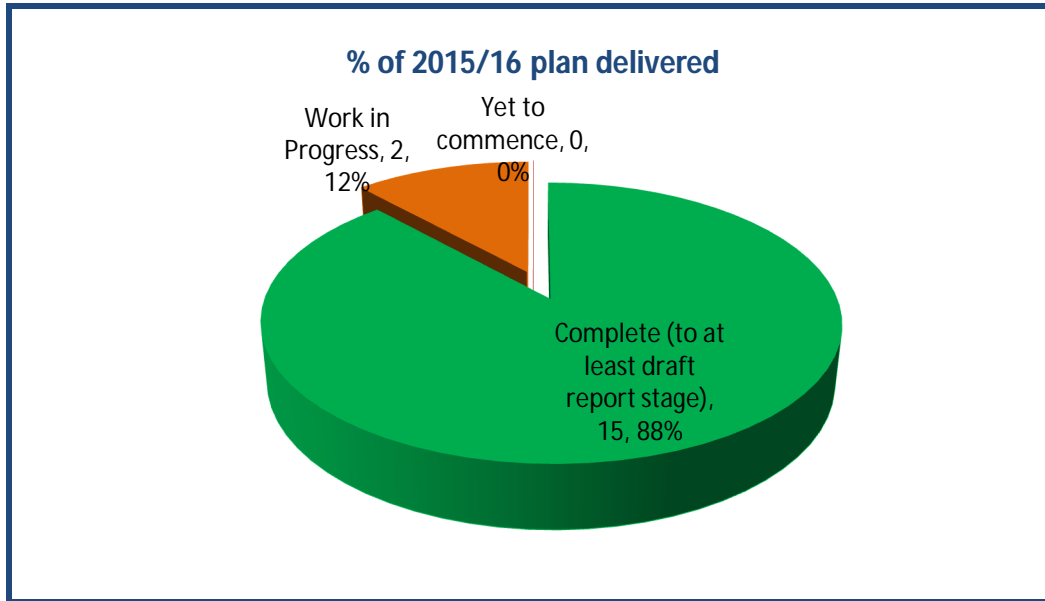
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:

- 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



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
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)		15(9)	
IT - Firewatch	30.7.15	HoKM		Limited	18(0)		3(0)	15(0)
Partnerships and associated contracts (SCAS)	14.8.15	D o PS		Adequate	6(1)		4(1)	2(0)
Health and safety	29.10.15	D o PS	H o PA	Adequate	21(0)		21(0)	
Safeguarding	3.12.15	ACO	AM CSS	Adequate	14(3)	4(0)	9(2)	1(1)

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

A summary of the key issues arising over the year are reported in the Annual Opinion.

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 year's plan.

The employer responsibilities for pension arrangements now fall under shared services and this audit review has therefore been moved to the shared services plan. We had originally planned to cover this in the last quarter of 2015/16 however this has been deferred to early in 2016/17 due to some technical changes that are currently taking place within this area. The user accesses audit has also been moved from the shared service plan to the Hampshire County Council plan as this area of activity is outside the scope of the shared services agreement. A number of lower priority shared service reviews have also been deferred to future year's plans to facilitate higher priority advisory work which has been completed for the wider partnership for example on system integration and migration testing.

A review of budget planning was included in the shared services plan for 2015/16 however for 2015/16 this report has been carried out as an HFRS review and is now included in the HFRS 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									
Shared services reviews		CFO							
Procurement – category management	Adequate	N/A	N/A	✓	✓	✓	✓	✓	24.3.16
Audit Plan 2015/16									
Local management of Shared Services processes		D o PS	Lead HR BP	✓	✓	✓	✓	✓	
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	Limited	D o PS	H o KM	✓	✓	✓	✓	✓	
Business continuity	Limited	ACO	AM CSS	✓	✓	✓	✓	✓	
Health and safety	Adequate	D o PS	H o PA	✓	✓	✓	✓	✓	29.10.15
Safeguarding	Adequate	ACO	AM CSS	✓	✓	✓	✓	✓	3.12.15
Risk review and financial challenge		D o PS	AM RR	Removed from 15/16 plan					
Property management/estates		D o PS	H o PA	✓	✓	✓	✓	✓	

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	
partnership									
Provided vehicles	D o PS	H o PA	✓	✓	✓	✓	✓		
Pro-active fraud	FBP	Performance Review Manager	✓	N/A	✓	✓	N/A	N/A	
IT audit	D o PS	H o ICT			Removed from 15/16 plan				
National Fraud Initiative	FBP	Performance Review Manager	N/A	N/A	✓	✓	N/A	N/A	
Planning, budgeting and forecasting	Adequate	CFO	✓	✓	✓	✓	✓		
Shared Services reviews		CFO							
Information governance	N/A	N/A	✓	✓	✓				
ICT – User accesses	N/A	N/A			Moved to HCC ICT Plan				
Recruitment and induction	N/A	N/A			Removed from 15/16 plan				
Occupational Health Unit	N/A	N/A			Removed from 15/16 plan				
Payroll	N/A	N/A	✓	✓	✓	✓			
Employment practices casework	Adequate	N/A	✓	✓	✓	✓	✓	22.1.16	
Workforce development	N/A	N/A			Removed from 15/16 plan				

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	
Workforce planning	N/A	N/A						Removed from 15/16 plan	
Planning, budgeting and forecasting	N/A	N/A						Moved to HFRS Plan for 15/16	
Order to cash	Substantial	N/A	N/A	✓	✓	✓	✓	✓	
Purchase to pay	Adequate	N/A	N/A	✓	✓	✓	✓	✓	
Taxation	N/A	N/A						Removed from 15/16 plan	
Debt collection	N/A	N/A	N/A	✓	✓	✓	✓	✓	
Procurement – category management	N/A	N/A	N/A	✓	✓	✓			
Procurement cards – strategy and process	Limited	N/A	N/A	✓	✓	✓	✓	✓	
Property management	N/A	N/A						Removed from 15/16 plan	
Procurement strategy and processes	N/A	N/A						Removed from 15/16 plan	
Pensions – employer responsibilities	N/A	N/A						Removed from 15/16 plan	