

Hampshire Fire and Rescue Authority

Governance Committee

Item 8

28 March 2012

Progress report on the implementation of internal audit recommendations

Report by the Chief Officer

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1. Summary

1.1 Since the last Governance Committee meeting on 25 November 2011, managers have agreed action plans for the following internal audit reports,

From the 2010/11 audit plan:

- Pension arrangements

From the 2011/12 audit plan:

- Financial challenge
- Creditors
- Revenue contracts
- Firewatch access controls – advisory report – no formal recommendations

1.2 Our progress in implementing internal audit recommendations is detailed in the appendices to this report.

2. Recommendation

2.1 That the Committee approves the audit action reports, and progress made towards the implementation of recommendations.

3. Introduction

3.1 In March 2008, the Performance Review and Scrutiny Committee agreed that reports on progress in implementing internal audit recommendations would be presented to this Committee, as it receives regular reports from both internal and external audit. We see the internal audit follow-up process as an important element in our overall approach to risk management and governance. When an action is agreed by managers to address a control weakness, or to make an improvement to the way we work, it is important that the action is then implemented as planned.

- 3.2 Members will note that the format of the audit action reports has changed this year. This is due to a change in approach. Previously, internal audit would set out the recommendations to be implemented. Now at the close of the audit, managers are required to develop their own action plans that a relevant Service Management Team member approves. This means that reporting the actions themselves doesn't give enough context to understand the action being taken without reporting the internal audit's 'observation' that led to the action. Therefore, we will report each internal audit 'observation', and the related agreed actions for audits completed after April 2011.

4. Liaison with internal audit and the 'follow up' process

- 4.1 The internal audit service is provided to the Authority by Audit Services at Hampshire County Council under a Service Level Agreement. There is an Audit Strategy (2011 to 2014) in place, and a three year Audit Plan, which have been approved by this Committee.
- 4.2 The Performance Review Team maintains a record of audits against the Audit Plan and whether they are in progress or have been completed.
- 4.3 Once a final audit report has been issued, the agreed management actions are recorded along with:
- the priority of the recommendation,
 - the target date for implementation, and
 - the person responsible for the action.
- 4.4 When an action date is reached, the Performance Review team will ask for confirmation, and if relevant, evidence that the action has been implemented, or if not, when it is expected to be. The response is recorded. Any recommendations that continue to remain outstanding are referred to the relevant Director.
- 4.5 On occasion, it may be necessary to extend an agreed action date. The Performance Review Team will make a request to the Internal Audit Manager to extend the action date. If there is agreement, we will record the new date, otherwise we will show the action as overdue, and continue to monitor it.
- 4.6 We report our progress towards meeting internal audit recommendations to this Committee to keep Members aware of progress and any emerging risks and issues.

5. Contribution to corporate aims and objectives

- 5.1 Implementation of internal audit recommendations assists the Authority in the improvement planning process, performance management framework, and in compliance with its governance arrangements. This in turn, assists the Authority in achieving its aim to be the best fire and rescue service in the country.

6. Resource implications

- 6.1 When agreeing management actions in response to an audit report, the cost of addressing the risk should be considered against the risk. Implementing audit recommendations helps to ensure that the Authority uses its resources efficiently at all times, that key controls are in place and working, and that opportunities to achieve value for money are taken.

7. People impact assessment

- 7.1 Carrying out people impact assessments will strengthen our internal audit practices by ensuring that the consequences of our proposed policies and actions comply with current legislation and expectations for improving equality and diversity in the workplace and in our delivery of services to the public.
- 7.2 The proposals within this report are considered compatible with the provisions of the European Convention on Human Rights, the Human Resources Act 1998, and the Race Relations (Amendment) Act 2000.

8. Risk analysis

- 8.1 Failure to implement any internal audit recommendations clearly leaves the Authority vulnerable to the consequences of the identified risks and weaknesses in control. These progress reports are considered to be an important process within the Authority's Strategic Risk Management Strategy. They ensure that Members are fully aware of any problems associated with addressing the issues raised and the priority given to driving down or eliminating specific risks.

Background information (Section 100D of Local Government Act 1972)

The following documents disclose the facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of the report:

Internal Audit reports
Internal Audit Strategy and Plan

Appendix 1 Internal Audit – agreed management actions since April 2011

Appendix 2 Internal Audit Recommendations – actions awaiting implementation (audits from the 2010/11 plan and before)

Appendix 3 Internal Audit Recommendations – actions completed (audits from the 2010/11 plan and before)

Appendix 4 Internal Audit Recommendations – Glossary of terms