

INTERNAL AUDIT PROGRESS REPORT

REPORT OF THE CHIEF FIRE OFFICER



For Information

1. PURPOSE OF REPORT

- 1.1 To apprise Members of the progress of the approved Internal Audit Programmes.

2. RECOMMENDATIONS

- 2.1 That Members note the progress made against the 2023/24 and 2024/25 Internal Audit Plans.
- 2.2 That Members consider whether it is necessary to report to the Fire Authority on any concerns raised.

3. BACKGROUND

- 3.1 Under the Accounts and Audit Regulations (2015), the Fire Authority is responsible for ensuring an adequate and effective internal audit function is in place.
- 3.2 At the Audit and Governance meeting on 24th February 2023 and 23rd February 2024, Members adopted the Internal Audit Plans for 2023/24 and 2024/25, respectively. The audits are carried out by Hartlepool Borough Council as part of the Service Level Agreement with regular reports provided to Members throughout the year.

4. 2023/24 AUDIT SUMMARY

- 4.1 Members have previously received details of the outcome of all reports within the 2023/24 programme. Within the reports, 6 improvement actions were identified for implementation. Four of the improvement actions have now been completed and two actions are in progress. Both remaining actions will be completed by December 2024.

5. 2024/25 AUDIT PROGRESS SUMMARY

5.1 Progress against the identified internal audit inspections to date is detailed in the following sections.

- 12 Audits identified within the approved Audit Programme for 2024/25.
- From the approved programme 2 audits have been completed and have been assessed as Satisfactory Assurance with 1 improvement action which remains to be completed.
- Two of the Audits are not part of agreed programme but are required to be completed to support the year-end financial audit work.
- No Audit categorised as inadequate or category 1 (the most serious) recommendation.

5.2 The following table provides a summary of progress and outcomes against each of the audits in the 2024/25 programme.

Audit	Status	Outcome	Improvement Actions
24/25 01: Cash/Bank Reconciliations			
24/25 02: Creditors	Complete	Satisfactory Assurance	1 Action
24/25 03: Debtors			
24/25 04: Insurances			
24/25 05: National Fraud Initiative			
24/25 06: Officers Expenses			
24/25 07: Payroll			
24/25 08: Pensions			
24/25 09: Procurement			
24/25 10: Retained Firefighter Claims	Complete	Satisfactory Assurance	No Actions
24/25 11: Value Added Tax			
24/25 12: Budgetary Control	Ongoing		
Main Accounting System*	Ongoing		
Treasury Management*	Ongoing		

*Not part of the approved HBC Audit plan that was reported to A&G Feb 2024 but are required to be completed to support the year-end financial audit work.

5.3 The following section provides a summary of the key findings from the audits and progress against the identified improvement actions.

24/25 02: Creditors	
Audit Status: Completed Satisfactory Assurance	1 x Action Identified of which; 1 x In Progress
<p>Opinion The overall opinion is that the risks identified are well controlled.</p> <ul style="list-style-type: none"> • Financial procedures define expected arrangements for ordering and paying for goods and services and establish roles and responsibilities. Control Assessment. • Effective arrangements are in place to ensure that employees are aware of and comply with the requirements of CFA Financial Procedures in ordering and paying for goods and services. • Controls are in place to verify new and amended supplier details are valid and correct. Effectiveness of these controls was tested during fieldwork. • Checks are made to ensure new supplier details are valid and correct, however, testing of a sample of 5 new suppliers created in found that: Mandatory documents were not provided on 2 occasions, i.e. letter on company letter headed paper signed by a company director or company email and that there is no evidence of completion of a credit check for 1 supplier. • Checks are undertaken to ensure that duplicate active accounts are not already in place and removed if found. Supporting documentation verified that the sample of supplier amendments was valid and correct. • Planning confirmed that procedures are in place to ensure that Integra orders are raised except in limited circumstances and are promptly authorised. Effectiveness of these controls was tested at fieldwork. • Official purchase orders are raised for all goods and services except for limited valid exceptions and appropriately authorised. Monthly reviews of outstanding orders are undertaken periodically to determine whether budgetary commitments should remain in place. • Planning confirmed that procedures in place ensure that invoices are not paid until goods are received and that appropriate controls are in place to identify delays in paying invoices due to failure to enter goods received are promptly identified and acted upon. The effectiveness of these controls was reviewed during the fieldwork. • Payment of invoices received are only processed when confirmation is obtained that goods and services have been fully received. • An exercise is carried out on a regular basis to identify unprocessed invoices to ensure that evidence of goods received is not outstanding resulting in delays in payment. • Payment run controls were confirmed to be in place during planning. The procedures in place ensure that expected output agrees with payment and appropriate checks are undertaken to ensure only valid due payments are made and submissions are appropriately authorised. 	

- Payment run procedures ensure that expected output agrees with payment and appropriate checks are undertaken to ensure only valid due payments are made and submissions are appropriately authorised.
- Planning work confirmed that controls are in place for paying invoices received to ensure that appropriate checks are made to ensure that payments are valid and appropriately authorised.
- Arrangements for paying invoices received ensure that appropriate checks are made to ensure that payments are valid and appropriately authorised. Registered invoices are assigned a due date which promotes payment within terms.
- Planning work confirmed that Performance management controls are in place ensure that delays to payments are identified promptly so that corrective action can be taken. The effectiveness of the controls was reviewed at fieldwork.
- Monthly invoice statistics are produced from Integra detailing the number and percentage of valid invoices paid within terms.
- Invoice statistic reports are presented to Members on a quarterly basis. Review of the Invoice Statistics report verified that financial performance is accurately reported.
- CFA publishes performance on its website, in line with Regulation 113(7) of the Public Contracts Regulations Act 2015.
- The Authority publishes details of expenditure in accordance with Local Government Association Guidance.
- Controls in place ensure that the assessment of data risks and implementation of appropriate controls is in accordance with CFA policies and procedures that are fully compliant with current Data Protection and GDPR guidance. The effectiveness of these controls was tested at fieldwork

Action Plan

Issue	Due Date	Status	Progress
Testing of a sample of 5 new suppliers found that on 2 occasions mandatory documents were not provided and there is no evidence of a credit check completion for 1 supplier.	August 2024	In Progress	

24/25 10: Retained Firefighter Claims	
Audit Status: Completed Satisfactory Assurance	No Action Plan
<p>Opinion The overall opinion is that the risks identified are well controlled.</p> <ul style="list-style-type: none"> • Effective arrangements are in place to ensure payment of retained fees are as set by the National Joint Council. • Effective arrangements are in place to ensure that payments for retained duty work are appropriately checked for accuracy and authorised appropriately. <p>Action Plan - None</p>	

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