

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 2022/23 and 2023/24 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 meetings on 25 February 2022 and 24 February 2023, Members adopted the Internal Audit Plans for 2022/23 and 2023/24 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. 2022/23 AUDIT SUMMARY

- 4.1 Members have previously received details of the outcome of all reports within the 2022/23 programme. Within the reports, 14 improvement actions were identified for implementation. All of the improvement actions have now been completed and the 2022/23 internal audit programme is now fully complete.

5. 2023/24 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 2023/24.
- From the approved programme 5 audits have been completed as at 31 December 2023, all of which have been assessed as Satisfactory Assurance. Two improvement action have been identified both of which are now complete.
- 2 Audits not part of agreed programme but support core financial work and relate to HBC activities have been completed and signed off with no improvement actions required.
- No Audit categorised as inadequate or category 1 (the most serious) recommendation.

The following table provides a summary of progress and outcomes against each of the audits in the 2023/24 programme.

Audit	Status	Outcome	Improvement Actions
23/24 01: Cash/Bank Reconciliations	To Commence		
23/24 02: Creditors:	Complete	Satisfactory Assurance	1 Action
23/24 03: Debtors:	Complete	Satisfactory Assurance	1 Action
23/24 04: Insurances:	Complete	Satisfactory Assurance	None
23/24 05: National Fraud Initiative:	To Commence		
23/24 06: Officers Expenses:	Complete	Satisfactory Assurance	None
23/24 07: Payroll:	To Commence		
23/24 08: Pensions	To Commence		
23/24 09: Procurement:	To Commence		
23/24 10: Retained Firefighter Claims:	To Commence		
23/24 11: Value Added Tax:	To Commence		
23/24 12: Budgetary Control	Complete	Satisfactory Assurance	None
Main Accounting System*	Complete	Satisfactory Assurance	None
Treasury Management*	Complete	Satisfactory Assurance	None

*Not part of the approved HBC Audit plan that was reported to A&G Feb 2023: Part of core assessment work on the internal controls management system

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

23/24 02: Creditors**Audit Status: Completed****Satisfactory Assurance****1 x Action Identified of which;****1 x Complete****Opinion**

The overall opinion is that the risks identified are well controlled.

- Checks are made to ensure new supplier details are valid and correct and supported by relevant documentation.
- Official purchase orders are raised and authorised for all goods and services except for limited valid exceptions.
- Reviews of outstanding orders are undertaken monthly.
- Payment of invoices are only processed when confirmation is obtained that goods and services have been fully received.
- All invoices are assigned a due date for payment to ensure payments are made within terms.
- Periodic reviews of unprocessed invoices are undertaken to determine reasons for delays.
- Appropriate checks are made to ensure that payments are valid and appropriately authorised.
- Payment run validation procedures established to ensure that expected output agrees with payment made.
- Reports of invoices over £10,000 not certified are checked for reasonableness.
- Daily validation reports produced to assist in quality assurance of payments with anomalies investigated.
- No payments are made by cheque.
- Monthly invoice statistics are produced detailing the number and percentage of valid invoices paid within terms and the value of interest paid for late payments. This information is reported to ELT and Elected Members.
- Procedures are fully compliant with current Data Protection and GDPR guidance with all staff trained on Data Protection / Information security.

Action Plan

Issue	Due Date	Status	Progress
CFA no longer offer cheque as a payment method. HBC Payments department store all unused cheque stationery.	October 2023	Complete	Stationery has been disposed of through shredding. Finance holds one manual cheque book for business continuity, further stocks can be requested via HBC as required.

23/24 03: Debtors**Audit Status: Completed****Satisfactory Assurance****1 x Action Identified of which;****1 x Complete****Opinion**

The overall opinion is that the risks identified are well controlled.

- Financial Procedure Rules detail the roles and responsibilities for the Treasurer, Chief Fire Officer and Assistant Chief Fire Officers.
- Invoice request form acts as guidance for staff outside of the finance team.
- Details of new customer accounts are requested electronically and loaded into Integra after approval by the HBC Recovery Team.
- There are effective controls in place for the processing of debtor invoices.
- No gaps in invoice and / or credit notes were identified.
- Scale of Charges is in place for 2023/24 (approved by CFA) and available on the CFA website and correctly applied.
- Effective arrangements in place for managing and reporting outstanding debt.
- Information Governance arrangements in place and appear to comply with Data Protection requirements.

Action Plan

Issue	Due Date	Status	Progress
A lack of division of duties, checks and authorisation in cancelling debt via credit notes leading to increased risk of debt being incorrectly cancelled or reduced.	Dec 2023	Complete	Systems Support provide a report as part of the monthly suite, to identify any such events. This is monitored by the Head of Finance and Procurement.

23/24 04: Insurances**Audit Status: Completed**
Satisfactory Assurance**No Actions****Opinion**

The overall opinion is that the risks identified are well controlled.

- A Privacy Policy Statement is available on the CFA Website which covers all aspects of data collection and processing.
- Specialist insurance brokers commissioned to provide professional advice and support.
- Appropriate and proportionate procedures are in place to regularly review the areas of insurance cover.
- An annual review is undertaken by our insurance broker on the level and risk of insurance coverage.
- Contract monitoring meetings with insurers are scheduled regularly.
- Procedures are being developed to assist with processing claims.
- Appropriate investigations are completed for each claim, with information collated and shared where necessary.
- Monthly and Quarterly Health & Safety reports are produced including a trend analysis to identify groups of similar incidents.

Action Plan: None**23/24 06: Officers Expenses****Audit Status: Completed**
Satisfactory Assurance**No Actions****Opinion**

The overall opinion is that the risks identified are well controlled.

- Detailed procedure notes are available on the Authority's Intranet.
- Mileage and Expenses claims tested appear to have been in accordance with the agreed scheme.
- All claims tested were accurate, authorised and where applicable documentation was in place to support the claim.
- For those where mileage claimed could be checked, the miles claimed do appear reasonable.
- Appropriate checks were completed by Finance and the correct claim amount paid in accordance with payment processes.
- Payments were clearly recorded on the claimant's payslip and no duplicate payments identified.

Action Plan: None

23/24 12: Budgetary Control

Audit Status: Completed
Satisfactory Assurance

No Actions

Opinion

The overall opinion is that the risks identified are well controlled.

- There is a Medium-term Financial Strategy in place for 2023/24 to 2025/26 that is linked to the Corporate Goals and Objectives. This was approved by members on 19th February 2023.
- There has been a self-assessment completed against the standards set out in the CIPFA Financial Management Code.
- The Full Authority approved the statutory budget calculations on 10th February 2023.
- A risk assessment of the material items of income and expenditure has been undertaken to support the Treasurers responsibility to advise on the robustness of budget assumptions.
- The Asset Management Plan (Capital Programme) is approved alongside the MTFS and is established based on priorities.
- The 2023/24 budget was loaded to the finance system before the 31st March 2023 supported by relevant reconciliations.
- Processes ensure budget holders are actively involved in the budget setting process.

Action Plan: None

Additional Audit: Main Accounting Systems

Audit Status: Completed
Satisfactory Assurance

No Actions

Opinion

The overall opinion is that the risks identified are well controlled.

- Arrangements in place to ensure officers are aware of legislation, regulations, guidance and standards and these are reflected in the Statement of Accounts.
- A detailed timetable for closure of the accounts is provided to staff.
- The 2022/23 accounts have been published in draft form on the CFA website are awaiting audit.
- Feeder systems are reviewed on an annual basis as part of the Internal Audit Plan.
- Year-end balances are reviewed by External Audit when signing off the final accounts.
- Amendments reviewed were correctly recorded and had the required authorisations in place.
- All journal transactions were input either by an officer from the Finance Section at HBC or CFA. All entries provide sufficient information.
- Whole of Government Accounts returns remain under the threshold therefore unlikely to require review.

Action Plan: None

Additional Audit: Treasury Management	
Audit Status: Completed Satisfactory Assurance	No Actions
<p>Opinion</p> <p>The overall opinion is that the risks identified are well controlled.</p> <ul style="list-style-type: none">▪ Effective management of Treasury Management risks.▪ Performance monitoring reports are presented to Members.▪ Full records of Council Treasury Management decisions and transactions maintained.▪ The Council for the CFA undertakes only those Treasury Management activities detailed on the CIPFA guidance and within approved limits and parameters approved by Members.▪ Treasury Management activities are structured and managed in a fully integrated manner.▪ Clearly defined responsibilities in place for developing strategy and processing transactions.▪ The Authority effectively accounts for its Treasury Management activities.▪ A Money Laundering Policy is in place.▪ All staff involved in the Treasury Management function are fully equipped to undertake the duties and responsibilities.▪ Treasury Management activities are undertaken with openness, transparency, honesty, integrity and accountability.▪ Appropriate Fidelity Insurance is in place via HBC Insurances.▪ Access to data is secured appropriately. <p>Action Plan: None</p>	

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