

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 meeting on 25 February 2022 and 24th 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.

4. 2022/23 AUDIT SUMMARY

Progress to date includes;

- 14 Audits in the approved Audit Programme for 2022/23.
- 14(100%) of audits have been completed and signed off.
- 2 Audits not part of agreed programme but supports core work and relate to HBC activities – both completed and signed off.
- 1 (7%) of audits requiring additional work in 2023/24.
- No category 1 (the most serious) recommendation identified.

- 14 improvement actions identified, of which 8 have been completed and 6 in progress.
- No audit identified as Inadequate Assurance.

The following table provides a summary of progress and outcomes against each of the audits in the 2022/23 programme.

Audit	Status	Outcome	Improvement Actions
Asset Management Systems	Complete	Satisfactory Assurance	
Budget Holder Responsibilities and Support Arrangements	Complete	Satisfactory Assurance	
Cash/Bank Reconciliations	Complete	Satisfactory Assurance	
Creditors	Complete	Satisfactory Assurance	4 Actions
Data Quality – GDPR Compliance	Complete	Satisfactory Assurance	5 Actions
Debtors	Complete	Satisfactory Assurance	
National Fraud Initiative	Complete	Satisfactory Assurance	
Officers Expenses	Complete	Satisfactory Assurance	
Payroll	Complete	Satisfactory Assurance	2 Actions
Pensions	Complete	Satisfactory Assurance	
Procurement Contract Procedure Rules Compliance	Complete	Satisfactory Assurance	2 Actions
Retained Firefighter Claims	Complete	Satisfactory Assurance	
Stores*	Complete	Satisfactory Assurance	Additional Work 2023/24
Value Added Tax	Complete	Satisfactory Assurance	1 Action
Treasury Management	Complete	Satisfactory Assurance	
Main Accounting System	Complete	Satisfactory Assurance	

*At the time of writing the report the Stores Audit was ongoing and further work planned to be completed in 2023/24. However sufficient assurance has been obtained in work to date to indicate satisfactory assurance within this area.

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

Creditors		
Audit Status: Completed Satisfactory Assurance		4 x Actions Identified of which; 4 x Complete
Opinion The overall opinion is that the risks identified are well controlled. <ul style="list-style-type: none"> • Effective arrangements are in place to ensure that employees are aware of and comply with CFA Financial Procedures when ordering and paying for goods and services. • Checks are made to ensure new supplier details are valid and correct and ensure that duplicate active accounts are not already in place. • Supporting documentation verified that supplier amendments are valid and correct. • Official purchase orders are raised and authorised for all goods and services except for limited valid exceptions. • Reviews of outstanding orders are undertaken periodically. • Payment of invoices are only processed when confirmation is obtained that goods and services have been fully received. • Reviews of unprocessed invoices are undertaken to determine reasons for delays. • Checks are made to ensure that payments are valid and appropriately authorised. • Monthly invoice statistics are produced and reported. • The CFA publishes data in accordance with the Public Contracts Regulations Act 2015 and each individual item of expenditure that exceeds £250 in line with LGA guidance. • Procedures are fully compliant with current Data Protection and GDPR guidance. • Effective arrangements are in place to ensure that access to the creditor payment system is restricted to authorised staff. 		
Action Plan		
Issue	Action / Progress	Status
Supplier documentation emailed to HBC Payments for entry onto Integra is retained on the 'sent emails' folder on Outlook and not saved on the CFA network.	Supplier documentation emailed to HBC Payments for entry onto Integra, will be saved to a dedicated folder on OneDrive.	Complete
Periodic reviews of unprocessed invoices are undertaken to determine reasons for delays, however, due to other commitments, this is not undertaken on a regular (weekly) basis.	Periodic reviews are undertaken. Our risk assessment indicates minimal risk as reviews are undertaken at least monthly and more often when possible.	Complete
Monthly invoice statistics are produced from Integra detailing the number and percentage of valid invoices paid within	(A) Expenses payments will be excluded from the calculation.	Complete

<p>terms and the value of interest paid for late payments and reported to Members.</p> <p>(A) These include employee expenses payments that should be excluded;</p> <p>(B) 101 invoices marked as queried in the report and excluded from the calculation - no evidence to indicate their legitimacy for exclusion from the calculation.</p>	<p>(B) Invoices marked as 'in query' to have commentary assigned detailing the reason for the query. This is new functionality recently applied to the Integra system and implemented within the Brigade's processes wef 10th August.</p>	<p>Complete</p>
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Information / Data Management GDPR	
<p>Audit Status: Completed Satisfactory Assurance</p>	<p>5 x Improvement Actions 1 x Complete 4 x In progress / Planned</p>
<p>Opinion The overall opinion is that the risks identified are well controlled.</p> <ul style="list-style-type: none"> Established Information Governance Framework that defines roles and responsibilities for information security and the technical / organisational measures. Plans in place to review the Information Governance Policy Framework. An Information Governance Group has been established. Data Protection Officer (DPO) appointed & Information Compliance Policy sets out the DPO responsibilities. The Authority registered as a Data Controller. Information Governance Framework clearly define the arrangements and responsibilities for maintaining the secure and lawful processing data. There is effective monitoring of compliance with IG Policies and procedures. Information Security Incident Management procedure details the arrangements for reporting and managing all information security incidents and data breaches. Information risks are identified, evaluated and appropriately managed. Information assessments have been taken across all areas of the Authority. DPIAs are completed before commencing any type of processing that is likely to result in a high risk. The Authority's IG Framework define the technical and organisational measures to integrate Data Protection into processing activities. The Authority has published its Privacy Policy on the organisation's website. The Performance Management Framework promote data quality and ensures the accuracy of data processing. Information Asset Register (IAR) details when personal data is shared with third parties. GDPR is assessed during Contract Preliminaries prior to going out to market. 	

Action Plan

Issue	Action / Progress	Status
1.An Information Governance Group has not met on a quarterly basis as required by Terms of Reference and minutes are not always produced to record decisions and record attendance.	The Information Governance Group has been restructured with updated Terms of Reference and is now chaired by Senior Head of Assets (Data Protection Officer). Meetings scheduled quarterly.	Complete
2.There is no evidence that validation checks are undertaken to ensure that all information recorded in information assessments is complete and accurate.	Validation checks to be undertaken with Information Asset owners to ensure information recorded is complete and accurate. This is anticipated to be completed by September 2023.	In Progress
3.The IT Access Procedure promotes the use of strong passwords, however formal minimum criteria do not appear to be defined.	Formal criteria is already defined and implemented, however these criteria are not explicitly stated within the Brigade's Information Security Policy. This will be included in the next review of the Information Security Policy which will take place at the end of 2023.	In Progress
4.Compliance with Retention periods is not enforced.	Validation checks to be undertaken with Information Asset owners to ensure compliance with retention periods. This is anticipated to be completed by September 2023.	In Progress
5.Review of the Information Asset Register shows 8 Data Sharing Agreements not available.	The list of data sharing agreements will be reviewed as part of the validation meetings taking place with information asset owners to cover findings #2 and #4 above.	In Progress

Payroll		
Audit Status: Completed Satisfactory Assurance		2 x Actions Identified of which; 1 x Complete 1 x In Progress
Opinion The overall opinion is that the risks identified are well controlled. <ul style="list-style-type: none"> Procedures and staff training are operating as intended. An authorised signatory list is maintained by the Finance Department. Amendments to master data had supporting valid evidence which had been input correctly and independently verified. Emails are accepted from employees as authorisation (security around emails not part of the audit). Employees can update their own bank details (process and security around software not part of the audit). Valid posts set up in Resource Link with appropriate documentation and authorisation. All employees tested received their first payment correctly and in a timely manner. Timely leaver forms were completed and accurately input into Resourcelink. Secondary checks are not completed at the time of input but checked for accuracy when the leaver exception report is produced. Timesheets had been correctly completed, signed, authorised and input. Deductions had valid supporting evidence and authorisation. BACs payment reconciled and Payroll costings accurately imported into Integra. Retention of electronic information reviewed (part of CFA Information/Data audit). Information Governance arrangements in place and comply with Data Protection requirements. 		
Action Plan		
Issue	Action / Progress	Status
The authorised signatory list was previously reviewed on an annual basis. Since 2020 only new signatories have been added.	Payroll update Authorised signatory list records with leavers on a monthly basis.	Complete
During the audit it was identified a leaver was still on the signatory list and there are no procedures in place to remove leavers.	Finance & Procurement is assigned the review of the payroll processes under the Digital Transformation Project during 23/24	In Progress

Procurement Contract Procedure Rules Compliance

Audit Status: Completed
Satisfactory Assurance

2 x Actions Identified of which;
1 x Complete
1 x In Progress

Opinion

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

- Contract Procedure Rules are communicated to all relevant employees.
- Arrangements in place ensure procurement activities comply with Contract Procedures.
- Arrangements are in place to keep up to date with changes in legislation / best practice.
- Roles and responsibilities with respect to Procurement are clearly defined.
- Effective arrangements are in place to ensure that all relevant procurement exercises involve the Procurement Team.
- All contracts are reported to and approved by the Executive Leadership Team.
- All tender submissions are evaluated in a consistent manner in accordance with criteria.
- All contracts are authorised in accordance with Contract Procedure Rules.
- An opportunity was not published on Contracts Finder on one occasion and publication of awards not published on two occasions in line with Transparency requirements.
- Analysis of spend by the Procurement Service identifies procurement opportunities arising from large value transactions without formal contracts and thus ensure compliance with Contract Procedure Rules.
- Contract terms and conditions are clearly defined and communicated to suppliers.
- Ongoing development of Contract Management arrangements.
- All contracts have been reviewed and classified (strategic, leverage, bottleneck and routine).
- To ensure that contractors fulfil obligations, a timetable should be established to ensure that all Strategic Contracts are assigned appropriate contract management arrangements in a prompt manner.
- Contracts are only extended when formal approval is obtained.

Action Plan

Issue	Action / Progress	Status
An opportunity was not published on Contracts Finder on one occasion and publication of awards were not published on two occasions in line with Transparency requirements.	Procurement Officers have been reminded of the importance of complying with approved procedures. A reminder process is built into procurement processes and workplan	Complete
Contract Management arrangements have yet to be developed to all contracts in accordance with their classification.	Contract Management arrangements are developed for all high risk, high value contracts. Remaining contracts will be assessed in accordance with their classification during 2023/24.	In Progress

Value Added Tax		
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. <ul style="list-style-type: none"> HBC administer VAT on behalf of Cleveland Fire Brigade as part of the SLA. Debtors invoices were not raised within 30 days as per guidance from HMRC. All documents are held securely. The Brigade has a retention policy (reviewed as part of the CFA Information/Data audit). VAT returns are accurately recorded with appropriate separation of duties between input, check and authorising officers. Returns are submitted promptly. End of year reconciliations are undertaken. VAT adjustments are recorded and included in the VAT returns. 		
Action Plan		
Issue	Action / Progress	Status
Debtors invoices were not raised within 30 days as per guidance from HMRC,	The procedure for raising invoices has been reviewed which minimises delays in the process.	Complete

5. 2023/24 AUDIT SUMMARY

At the Audit and Governance meeting on 24th February 2023, Members adopted the Internal Audit Plan for 2023/24.

- 11 Audits in the approved Audit Programme for 2023/24.
- Additional work has been commissioned on 1 Audit from the 2022/23 programme which will be completed during 2023/24.
- Work has commenced on the Audit programme but no audits have been completed at the time of producing this report.

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