

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 2022/23 Internal Audit Programme.

2. RECOMMENDATIONS

- 2.1 That Members note the progress made in the 2021/22 Internal Audit Plan.
- 2.2 That Members note the progress of the 2022/23 Internal Audit programme.
- 2.3 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 (2006), the Fire Authority is responsible for ensuring an adequate and effective internal audit.
- 3.2 At the Audit and Governance meeting on 25 February 2022, Members adopted the Internal Audit Plan for 2022/23. The audits are carried out by Hartlepool Borough Council and cover over 100 days.

4. 2021/224.1 AUDIT SUMMARY

2021/22 AUDITS	RESP OFFICER	AUDIT STATUS	ACTION	COMMENTS
Procurement	L Younger	Satisfactory Assurance		No actions
Stores	D Richards	Satisfactory Assurance	5 actions	4 completed, 1 action due 31/3/23
Cash/Bank Recs	L Younger	Satisfactory Assurance		No actions
Energy Management	D Richards	Satisfactory Assurance	3 actions	Completion due 30/9/22
Fraud Awareness	L Younger	In progress		
Information/Data Management - GDPR	D Richards	In progress		
VAT	L Younger	In progress		

4.2 COMPLETED AUDITS

CASH BANK RECS 21/22	
Audit Status: Completed Satisfactory Assurance	No actions
<p>Scope of audit A review of cash receipting and banking functions within HBC's Finance Division has been undertaken in accordance with the 2021/22 Internal Audit Plan. The audit included a review of procedures and processes in place relating to CFA in the following areas:</p> <ul style="list-style-type: none"> • Collection/Posting of Income; • Banking; • Security <p>Opinion The overall opinion is that Satisfactory Assurance can be provided that the risks identified are well controlled. This opinion is based on the result of Work Done shown below:</p> <p><u>Collection/Posting of Income</u> A sample of 5 dates were selected for testing which showed that lodgements are correctly entered on to the FMS (Integra) and that all income received/payments made for the test sample dates reviewed had all been correctly costed/posted. Through discussion, the auditor was advised weekly reconciliations are undertaken for CFA. Evidence of the signed weekly reconciliation for the test sample dates was requested however, due to annual leave at the time of completion of the audit, the supporting evidence had not been received. Assurance is therefore being placed on the verbal assurance provided.</p> <p><u>Security</u> – access to the Cash Management module of the FMS (Integra) is restricted to authorised personnel. Where Risks are recorded in the Result of Work Done column below as not achieved, a Finding and associated Recommendation has been added to the Action Plan (referenced in the final column).</p> <p>Action Plan No actions</p>	

PROCUREMENT

Audit Status: Completed
Satisfactory Assurance

No actions

Scope of audit

The objectives of the audit was to obtain assurance that:

- A strategic framework is in place to ensure that procurement arrangements comply with legislation, provide value for money and are consistent with organizational objectives;
- Employees are aware of their responsibilities and are adequately trained to perform their duties;
- Effective arrangements are in place for improving the performance of the procurement function.

Opinion

The overall opinion is that Satisfactory Assurance can be provided that the risks identified are well controlled. This opinion is based on the result of Work Done shown below.

Policy & Procedures – Procurement Framework arrangements in place appear to meet all legislative and best practice requirements relating to the procurement function. The Corporate Plan 2022-26 sets out the Authority's Vision 2030 and strategic direction for the next four years. The Plan co-ordinates a suite of strategic documents which detail how the Brigade will achieve its objectives: • The Authority's Community Risk Management Plan 2022-26 (CRMP) sets out how the Authority will manage risks to local communities and support the UK's national resilience arrangements; • The People Plan sets out how the Authority will support, train, develop and engage staff through their employment to make a difference; and • The Resources Plan which sets out how the Authority will use and manage financial, human & technical resources to improve effectiveness, efficiency & the environment.

The Procurement Strategy forms part of the Resources Plan and was approved by the Full Authority Committee on 25 March 2022. In addition to the Procurement Strategy, there is also a Procurement Action Plan and progress against the Action Plan is discussed and monitored by the Procurement Improvement Group (PIG). The Contract Register is published on a quarterly basis and is available to view via the Authority's website. Contract Procedure Rules (CPRs) detail procedures to be followed regarding contracts along with delegated powers, delegated officer and authorised officer requirements relating to contracts below the threshold (under £5k) up to and including contracts which are above the Higher Value threshold.

Roles & Responsibilities – as noted above, the Procurement Strategy details the Authority's strategic vision with roles and responsibilities regarding procurement detailed in the organisation's Constitution.

Performance Management

A review of the Action Plan did not identify any actions which are not being delivered according to the Plan. The Procurement Manager provides KPI data to the R&P Team for reporting to ELT

Action Plan

No Issues identified

ENERGY MANAGEMENT

Audit Status: Completed
Satisfactory Assurance

3 Actions outstanding

Scope of audit

The objectives of the audit was to review Energy Management which is the process of tracking and optimising energy consumption to conserve usage eg in buildings, which involves:

1. Strategy / policy
2. Collecting and analysing continuous data e.g. energy audits
3. Identifying and executing means of optimising usage
4. Implementing energy efficiency measures
5. Training and awareness programmes
6. Continually monitoring energy conservation efforts.

Controlling and reducing energy consumption, enables organisations to:

- Reduce costs;
- Reduce carbon emissions in order to meet internal sustainability goals and regulatory requirements;
- Reduce the risk of exposure to energy price increases or supply shortages by reducing the organisation's demand for energy.

Effective Energy Management requires:

- top level commitment, buy in from Senior Management will encourage employees to comply with a corporate commitment to embed energy efficient practices into all aspects of the Authority's operations;
- effective monitoring arrangements to measure energy consumption, analyse where efficiencies can be achieved and implementing solutions;
- continuously measuring benefits achieved and further efficiency opportunities.

Objectives

The aim of the audit was to seek assurance that the Authority has effective arrangements in place to manage energy consumption in order to optimise cost savings, reduce the financial risk of potential increases in energy costs and contribute to Climate Change requirements. The objectives were:

- The Authority has a corporate documented approach to Energy Management.
- Monitoring of energy consumption provides management information to identify abnormal consumption, gauge the effectiveness of energy saving measures and meet statutory requirements.
- Initiatives to reduce consumption are identified and staff are fully aware of their responsibilities.
- Effective procurement arrangements are in place, energy is purchased at an optimal price and includes desired targets of sustainable or renewable sources.
- Budget resources relating to energy consider potential price fluctuations and include contingency for significant increases in costs.
- Payments for energy charges are correct and authorised appropriately.

Opinion

The overall opinion is that Satisfactory Assurance can be provided that the risks identified are well controlled. This opinion is based on the result of the risks and testing shown below:

Strategic approach

- The Authority's approach to Sustainability is defined in its new corporate documents 22-26
- The Corporate Plan 2022 - 2026 sets out the vision of Cleveland Fire Authority for 2030 and the strategic direction for the next four years and defines the Authority's Corporate Goals. These include: 'We want our Fire and Rescue Service to be Efficient, Transparent, Accountable and Sustainable' which includes the following corporate outcomes: an Efficient and Effective Use of Resources; a 'Greener', More Sustainable Organisation.
- The CRMP provides commitment to Sustainability
- The Climate Strategy forms part of the CFA Resource Plan 2022 – 2026
- The financial resources required to deliver climate strategy objectives are considered in the MTFS and in the Asset Management Plan
- Consumption Monitoring
- Energy Saving Initiatives
- Energy Procurement
- Budgetary Control
- Payments

Action Plan**ISS.1 Consumption Monitoring**

A formal timetable should be developed for establishing baseline data and developing arrangements for ongoing monitoring and reporting of consumption and establishing targets for reduction.

Management Response

An exercise to establish baseline data for energy consumption will be undertaken as part of our Climate Change Action Plan.

Completion Deadline – 30 September 2022

ISS.2 Meter Readings

Meter readings should be obtained for all buildings on a monthly basis to enable effective monitoring of consumption data

Management Response

Measures will be put in place to ensure that all sites consistently submit meter readings.

Completion deadline – 30 September 2022

ISS.3 Invoices

Consumption data used by suppliers to charge the Authority should be checked to meter readings.

Management Response

A monthly testing regime by the Estates team will be established once meter readings are being consistently submitted.

Completion Deadline – 30 September 2022

STORES

Audit Status: Completed
Satisfactory Assurance

1 Action outstanding

Scope of Audit

The aim of the audit was to review arrangements for the procurement, custody and issue of stores to ensure that they are in accordance with the Authority's Financial Procedure Rules so that stock items are secure from loss or misuse.

Opinion

The overall opinion is that Satisfactory Assurance can be provided that the risks identified are well controlled. This opinion is based on the result of Work Done shown below.

Policy & Procedures
 Ordering and Receipt of Goods
 Issues, Transfers and Returns
 Stock Value/Levels
 Store Checks / Reconciliations
 Write Offs
 Security

Action Plan

SS.1 Stock issues - Completed

ISS.3 Stock value and levels - Completed

ISS.4 Stock checks - Completed

ISS.6 Write offs - completed

ISS.7 Stores Database The Service should consider replacing the Stores Database with the Stock Management Module on Integra as soon as it is practical to do so

Completion due March 2023

5. 2022/23 AUDIT SUMMARY

2022/23 AUDITS	RESP OFFICER	AUDIT STATUS	ACTION	COMMENTS
Asset Management Systems				
Budget Holder Responsibilities and Support Arrangements				
Cash/Bank Reconciliations				
Creditors				
Data Quality – Data Protection Compliance				
Data Quality – GDPR Compliance				

Debtors				
National Fraud Initiative				
Officers Expenses				
Payroll				
Pensions				
Procurement Contract Procedure Rules Compliance				
Retained Firefighter Claims				
Stores				
Value Added Tax				

AUDIT STATUS

In progress
Completed
Undertaken behind schedule

IAN HAYTON
CHIEF FIRE OFFICER

KAREN WINTER
ASSISTANT CHIEF FIRE OFFICER
STRATEGIC PLANNING AND RESOURCES