

INTERNAL AUDIT PROGRESS REPORT**REPORT OF THE CHIEF FIRE OFFICER****For Information****1. PURPOSE OF REPORT**

- 1.1 To apprise Members of the 2019/20 Audits and the progress of the 2020/21 Internal Audit Programme.

2. RECOMMENDATIONS

- 2.1 That Members note the position of the 2019/20 Internal Audit Plan.
- 2.2 That Members note the progress made in the 2020/21 Internal Audit Plan.
- 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 21 February 2020, Members adopted the Internal Audit Plan for 2020/21. The audits are carried out by Hartlepool Borough Council and cover over 100 days.

4. 2019/20**4.1 AUDIT SUMMARY**

2019/20 AUDITS	RESP OFFICER	AUDIT STATUS	ACTION	COMMENTS
Pensions	G Fowler	Satisfactory Assurance	1 action	Completed Draft report received
Procurement	G Fowler	Satisfactory Assurance	1 action	Completed Action completion due March 21
VAT	G Fowler	Satisfactory Assurance	1 action	Completed Action completion due April 21

AUDIT STATUS

In progress
Completed
Undertaken behind schedule
To commence

4.2 OUTSTANDING AUDITS

PENSIONS	
Audit Status: Completed Satisfactory Assurance	1 Action outstanding
<p>The overall opinion is that Satisfactory Assurance can be provided that the risks identified are well controlled.</p> <p>Scope Responsibility for policy on the pension schemes rests with the Home Office whilst the administration and payment of individual pensions and benefits is the responsibility of fire and rescue authorities.</p> <p>The audit focused on the systems and procedures in place within the Pensions and Payroll section of Cleveland Fire Authority, in order to provide assurance on the administration of the fund with a view to ensuring the accuracy, completeness and timeliness of payments due to and from the fund and compliance with DCLG circulars and other guidance.</p> <p>The audit objectives focused on the effectiveness of controls employed in the administration of the pension fund administration to ensure that:</p> <ul style="list-style-type: none"> • Adequate arrangements are in place to identify and comply with changes in the pension scheme(s) and/or legislation. • New Scheme members (including transfers in) and transfers out of the scheme are processed and recorded completely and accurately and in accordance with Scheme rules. • Calculation of Members retirements are processed accurately and in accordance with Scheme rules. • Employer / employee contributions are calculated and processed accurately. • The assessment of data risks and implementation of appropriate controls are in accordance with HBC policies and procedures that are fully compliant with current Data Protection and GDPR guidance. • The Fire Authority has a Local Pension Board and complies with the statutory requirements. <p>The audit scope did not include a review of the governance and management of investment of the fund nor a review of the CLG return as this is audited separately by Mazars.</p> <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 in the areas outlined below:</p> <ul style="list-style-type: none"> • Legislation • Membership • Life Cycle Events • Contributions • Data Security • Local Pension Board 	

The auditor does not possess the technical knowledge to verify the accuracy of calculations of LSI, CPD. Assurance was obtained from XPS that such calculations are correct.

Action Plan - one action

ISS.4 GDPR Compliance

Finding

There is no evidence that the XPS system used to record and process Pension data has been subject to GDPR Compliance testing.

Recommendation

Assurance should be sought that information systems used to record and process CFA employee data by third parties are appropriately secure and GDPR compliant.

Date for completion - 31 December 2020

PROCUREMENT

Audit Status: Completed
Satisfactory Assurance

1 Action outstanding

The overall opinion is that **Satisfactory Assurance** can be provided that the risks identified are well controlled.

Scope

The aim of the audit is to review arrangements for the delivery of procurement aims and will focus on the following areas:

- Policy and procedures;
- Roles and responsibilities;
- Supplier management;
- Tenders / quotations;
- Contract management;
- Performance Management

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 as outlined below:

- Procurement Strategy and Roles and Responsibilities
- Supplier Management
- Tenders/Quotations/Frameworks
- Contract Exemptions/Exceptions
- Contract Management
- Performance Management

Action Plan – 1 action

ISS.1 Procurement Action Plan

Finding

During the audit a number of issues were identified that had already been flagged as areas for improvement / review by the Procurement Manager and included within the Procurement Action Plan, these relate to the following:

- Roles and responsibilities for procurement being clear for all - this is covered by the development of a procurement user guide action for the Procurement Team as they manage all procurement exercises above £5,000 (P5.3). Training is also planned for budget holders which is due to take place in November 2020.
- Contract Management
- Performance Management, this covers developing a suite of performance indicators and cost savings targets and understanding the costs of the Procurement activity and benchmarking against others to demonstrate value for money

The actions contained in the Procurement action plan will be sufficient to manage the risks.

Recommendation

Continue to monitor the Procurement Action Plan and ensure actions are implemented within the timescales identified.

Date for completion 31 March 2021

VAT

Audit Status: Completed
Satisfactory Assurance

Actions: 1 action outstanding

The overall opinion is that **Satisfactory Assurance** can be provided that the risks identified are well controlled.

Scope

There is a corporate VAT manual available for all staff which provides guidance on all aspects of VAT and details of how the system operates. A review was undertaken in 2019 with no changes required. The manual is scheduled for an update in 2020 following the introduction of Making Tax Digital changes introduced by HMRC in October 2019.

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 as outlined below:

The audit covered the following areas:

- Input/output tax
- Non business, exempt, partial exemption
- VAT returns
- Document Retention
- Inspections

Action Plan

The date for implementation of phase 2 of Making Tax Digital has been deferred until April 2021 due to the disruption caused by Covid. The VAT manual will be reviewed and updated in 2020 prior to these changes coming to reflect how Vat will be recorded and how returns will be submitted to HMRC

Date for completion – April 2021

5. 2020/21 AUDITS

5.1 SUMMARY

2020/21 AUDITS	RESP OFFICER	AUDIT STATUS	ACTION	COMMENTS
Performance Management Systems/BVI's	T Graham	Satisfactory Assurance		Completed
Asset Management				
Budgetary Control	G Fowler			
Cash / Bank Reconciliation	G Fowler			
Creditors	G Fowler	In Progress		
Debtors	G Fowler	In Progress		
Fraud Awareness	G Fowler			
National Fraud Initiative	G Fowler			
Officers Expenses	G Fowler			
Payroll	G Fowler	In Progress		
Pensions	G Fowler			
Procurement	G Fowler			
Retained firefighter Claims	G Fowler			
VAT	G Fowler			

5.2 COMPLETED AUDITS

PERFORMANCE MANAGEMENT	
Audit Status: Completed Satisfactory Assurance	No Actions
<p>The overall opinion is that Satisfactory Assurance can be provided that the risks identified are well controlled.</p> <p>Scope This audit was to review the performance management arrangements within CFB. The framework for the review is overarching covering all service areas - frontline and enabling services. All service areas within the Brigade have agreed performance measures which form part of the Brigade's overarching Performance Management Framework. The Audit primarily concentrated upon operational performance management as other service areas (enabling services) performance management arrangements are addressed in other audits e.g. sickness absence, ill health retirements and invoices paid.</p> <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 as outlined below:</p> <ul style="list-style-type: none"> • Strategic • Training • Performance Target Setting • Performance Target Data Input and Data Quality • Performance Data Reporting • Benchmarking 	

Action Plan

No actions required, all objectives achieved

**IAN HAYTON
CHIEF FIRE OFFICER**

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ASSISTANT CHIEF FIRE OFFICER
STRATEGIC PLANNING AND RESOURCES**