INTERNAL AUDIT PROGRESS REPORT

REPORT OF THE CHIEF FIRE OFFICER

For Information

1. PURPOSE OF REPORT

1.1 To apprise Members of the completion of the outstanding 2018/19 audit and progress of the current 2019/20 Internal Audit Programme.

2. RECOMMENDATIONS

2.1 That Members note the Audit position of the completed 2018/19 audit.

2.2 That Members note the progress made to date in the 2019/20 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 22 February 2019, Members adopted the Internal Audit Plan for 2019/20. The audits are carried out by Hartlepool Borough Council and covered over 100 days.

4. AUDIT SUMMARY

OUTSTANDING 18/19 AUDITS	RESP OFFICER	AUDIT STATUS	ACTION	COMMENTS
Procurement – Purchase/Fuel Cards	C Cordiner	**Satisfactory Assurance**	**1 action**	**Completed -**

2019/20 AUDITS	RESP OFFICER	AUDIT STATUS	ACTION	COMMENTS
Budgetary Control	G Fowler	To commence		Planned Q4
Cash / Bank Reconciliation	G Fowler	To commence		Planned Q4
Creditors	G Fowler	**Satisfactory Assurance**	**2 actions**	**Completed**
Debtors	G Fowler	To commence		Planned Q4
Fraud Awareness	G Fowler	To commence		Planned Q4
Health and Safety	S Wilson	**Satisfactory Assurance**	**2 actions**	**Completed**
Information / Data Management inc GDPR	D Richards	In progress		Commenced Q3
National Fraud Initiative	G Fowler	In progress		Ongoing work undertaken at HBC
Officers Expenses	G Fowler	To commence		Planned Q4
Payroll	G Fowler	In Progress		Commenced Q2
Pensions	G Fowler	In Progress		Commenced Q2
Procurement	G Fowler	To commence		Planned Q4
Retained firefighter Claims	G Fowler	To commence		Planned Q4
VAT	G Fowler	To commence		Planned Q4 in conjunction with HBC audit
Full Time Fire Stations (Middlesbrough)	G Fowler	In progress		Commenced Q3

AUDIT STATUS

In progress
Completed
Undertaken behind schedule
To commence

5. 2018/19 OUTSTANDING COMPLETED AUDITS

PROCUREMENT – PURCHASE FUEL CARDS	
Audit Status: Completed **Satisfactory Assurance**	**Actions: 1 action completed**

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

Scope

An audit of the CFA Purchase Card process was undertaken as part of the Internal Audit Sections review of Procurement in accordance with the 2018/19 Internal Audit Plan. Purchase cards are only available to management staff and the procurement team.

Opinion

This opinion is based on the result of work done completed in the following areas:

- policy and procedures
- permitted usage
- restrictions on types of purchases
- application process
- card distribution and safe custody of cards
- transaction process
- reconciliation of statements
- authorisation controls.

Action Plan

ISS.1 Fuel Cards
Finding
There are no processes or procedures in place for the use and monitoring of fuel cards. Each time a fuel card is used a receipt is given to the officer, not all receipts are sent to the budget holder to enable a reconciliation to be completed to ensure payment values are collect.

Recommendation
A procedure note should be established which should contain sufficient detail on the process that is to be followed for both use and payment and monitoring. This should be given to all relevant staff to sign, read and understand. A reconciliation should be completed for every fuel invoice to ensure spend is accurate.

Action
The Brigade has reviewed its fuel card processes. An electronic system has now been introduced whereby the usage of a fuel card is automatically recorded and uploaded to an on-line portal for invoice reconciliation purposes.

New procedure notes have been established, for station crews to follow when drawing fuel and for admin staff to follow when undertaking the reconciliation process using the on-line portal.
Action - completed

6. 2019/20 COMPLETED AUDITS

HEALTH AND SAFETY	
Audit Status: Completed Satisfactory Assurance	**Actions: all completed**

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

Scope
Health and Safety is an essential element of the corporate governance of any organisation. The basis of British health and safety law is the Health and Safety at Work Act 1974. The Act sets out the general duties that employers have towards employees and members of the public, and employees have to themselves and to each other. These duties are qualified in the Act by the principle of 'so far as is reasonably practicable', i.e. look at what the risks are and take sensible measures to tackle them. The Management of Health and Safety at Work Regulations 1999 generally make more explicit requirements of employers relating to health and safety aspects of every work activity. In addition the Health and Safety Executive (HSE) issues guidance on a range of subjects that may be specific to particular areas or industry.

The Cleveland Fire Authority Health & Safety Section is responsible for providing operational advice, guidance and support in respect of health & safety, carrying out Health & Safety inspections, guidance and assistance with risk assessments, liaising with Enforcing Authorities on issues of Health & Safety and Managing and Chairing the Health & Safety Committee. The areas under review are;

- legislative updates,
- policies and procedures,
- communication and training,
- risk assessments,
- scheduled works,
- reactive works,
- performance management,
- information governance

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 above.

Action Plan
ISS.1 Scheduled Works

Finding
The Health and Safety Team undertake scheduled building inspections each calendar year which are recorded on a spreadsheet held by the H&S Officer. The 2019 inspections reviewed and identified the following:

- One item 'Quarterly Inspections. PNL 70' was not answered 'yes' or 'no' on any of the inspection sheets. H&S Manager advised that this will have been checked at each property and probably just that the form was not fully completed - recommend that this is checked further with the H&S Officer and updated.
- 3 inspections had been cancelled due to a station refurbishment
- 2 inspections required scheduling (QMC and the Technical Hub)
- 2 inspections are due Oct - Dec 2019.
- Outstanding actions are identified on the spreadsheet but there is no written escalation process in place.
- The spreadsheet is available for the H&S Manager to review however there are no formal monitoring processes in place to ensure inspections are undertaken in a timely manner and actions are addressed.

Recommendation
The escalation process for the completion of actions is documented and publicised. Also, within the H&S Team the completion of inspections and follow up of actions is monitored to ensure any key risk areas are escalated promptly.

Action
The PNL70 is checked online by H&S Department, however the forms had not been marked as such and this has now been rectified. Monthly monitoring is undertaken of scheduled inspections as well as outstanding actions on previous inspections already completed through a traffic light system. Action on escalation is undertaken within this monthly monitoring process. However, there is no formal procedure written down for this monitoring process and this is now being addressed and complied.

Action - completed

ISS.2 Archive Storage

Finding
Whilst there are arrangements in place to secure data held electronically and within the H&S Office, the storage within the Archive facility does allow access to H&S documentation by any member of staff.

Recommendation
The storage of Health and Safety documentation within the archive store should be reviewed to ensure the correct level of security is applied.

Action
The 5 boxes in the archive room have now been placed in a secure locker and the keys to the locker are securely held in the H&S Office. The locker is marked “Health & Safety”.

Action - completed

CREDITORS	
Audit Status: Completed Satisfactory Assurance	**Actions: all completed**

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

Scope
An audit has been undertaken of the CFA Creditors system in accordance with the 2019/20 Internal Audit Plan which covered the financial periods between August 2018 and July 2019

The overall audit objective was to evaluate the systems and procedures in place for ordering, receiving and paying for goods/services to ensure that the supplies of goods and services are properly authorised and comply with Financial Procedure Rules. This included reviewing the following control objectives:

- Adequate and appropriate documentation and training
- Access to the creditor system is well controlled
- Creditor accounts established are valid and appropriately authorised;
- All orders for goods and services are in accordance with CFA Financial Regulations,
- Goods received are legitimate, promptly recorded, identified as belonging to the CFA and safeguarded from loss/harm;
- Invoice certification procedures ensure that payments are only made for goods and services received;
- Controls ensure that all direct payment transactions are authorised, accurate and securely processed.
- To ensure there are arrangements in place for monitoring duplicate payments and supplier accounts.
- All payments are made in a timely manner, are authorised, complete, accurate and not previously processed
- A management trail exists;
- Performance is monitored and issues addressed when required;
- Expenditure is published in accordance with the LG Group Transparency Programme;
- The assessment of data risks and implementation of appropriate controls in accordance with HBC policies and procedures that are fully compliant with current Data Protection and GDPR guidance.

<u>Opinion</u>
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.

Action Plan

ISS.1 Information Governance

Finding
There are currently no process in place to direct suppliers to the Brigades Privacy Notice

Recommendation
The Brigade should inform all suppliers when they supply personal details (i.e. bank details) of the Brigades Privacy Notice.

The *'New Supplier Account Information'* Form (FIN-49) has been updated to include a reference to the relevant Privacy Notice on the Brigade website.

Action completed

ISS.2 Performance

Finding
Working papers could not be located to support the figures reported for invoices paid within 30 days. A report was ran by the Auditor for the period reviewed, however the figure could not be reconciled to the percentage reported to Committee.

Recommendation
Supporting working papers should be provided to the auditor to enable the parameters to be checked and the figures reconciled to the Committee reports.

Action
Clear working papers and supporting evidence for this calculation have been introduced with effect from Q3 2019/20

Action completed

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CHIEF FIRE OFFICER

KAREN WINTER
DIRECTOR OF CORPORATE SERVICES