

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
Stores	D Richards	Satisfactory Assurance	5 actions	Completed
Fraud Awareness	L Younger	In progress		
Information/Data Management - GDPR	D Richards	Satisfactory Assurance	No actions	Completed
VAT	L Younger	Satisfactory Assurance	No actions	Completed
Energy Management	D Richards	Satisfactory Assurance	3 actions	Completed

4.2 **COMPLETED AUDITS**

STORES	
Audit Status: Completed Satisfactory Assurance	All actions completed
<p>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.</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 shown below.</p> <p>Policy & Procedures / Ordering and Receipt of Goods /Issues, Transfers and Returns Stock Value/Levels / Store Checks / Reconciliations / Write Offs / Security</p> <p>Action Plan All actions completed</p>	

VAT	
Audit Status: Completed Satisfactory Assurance	No actions
<p>Scope of audit An internal audit review of the administration of the VAT system was undertaken in accordance with the 2021/22 Internal Audit Plan. The aim of the audit was to review the arrangements in place for administering VAT to ensure that staff involved in the processing of VAT are aware of their responsibilities. VAT categories were correctly identified, accounted for, and effective planning ensured efficient, effective and economic operations which maximise benefits. The scope of the audit covers both HBC and CFA which are both administered by HBC Corporate Finance.</p> <p>Objectives The audit objectives were:</p> <ul style="list-style-type: none"> • Effective procedures are in place which ensure that relevant staff are aware of their responsibilities, there is compliance with VAT legislation and that efficient and effective operations maximise cash flow for the organisation and ensure that VAT attributable to exempt activities do not exceed defined limits. • Processes in place ensure that all VAT is correctly categorised and conditions required to reclaim VAT are met; • All relevant records required to submit complete and accurate returns are retained in a secure manner for the required length of time. • Effective arrangements are in place to ensure that monthly VAT returns are completed fully, accurately and in a timely manner and that reclaimed VAT is received promptly. • Recommendations from HMR&C inspections are implemented fully <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>Administration of VAT Procedures; Roles and responsibilities for administering VAT within Corporate Finance; a VAT manual is available to all relevant staff; Section 21 Integra Procedure; VAT return procedures; Making Tax Digital module was installed in October 2019 into Integra live.</p> <p>Action Plan No actions</p>	

ENERGY MANAGEMENT

Audit Status: Completed
Satisfactory Assurance

All actions completed

Scope of audit

Energy management is the process of tracking and optimising energy consumption to conserve. 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.

Objectives

- That 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 2022-26: 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. The Community Risk Management Plan 2022 – 2026 provides commitment to Sustainability and states that in order to assess and reduce the carbon emissions emanating from its business operations, CFA is in the process of developing a Climate Change Strategy which forms part of the CFA Resource Plan 2022–2026. The Strategy sets out the objective, outcomes and required actions to reduce the environmental impacts of the Authority's activities and operations. These include initiatives already undertaken and actions going forward.

Actions designed to deliver strategic objectives (including Climate Strategy) are assigned to departmental improvement plans and monitored via the new CFA Intranet (Bridge). Performance reports are presented to the Audit and Governance Committee quarterly including progress against Strategic Goals. As stated in the Resource Plan, baseline data has not yet been established to enable consideration of consumption data to be undertaken and identify potential targets for efficiencies, which is expected to be undertaken in September 2022. The Authority has introduced a number of energy saving initiatives to reduce energy consumption.

Action Plan

All actions completed

INFORMATION GOVERNANCE	
Audit Status: Completed Satisfactory Assurance	All actions completed
<p>Scope of audit</p> <p>To obtain assurance that:</p> <ul style="list-style-type: none"> • An Information Governance framework has been established which defines responsibilities for information security and promotes a high standard of Information management. • A Data Protection Officer (DPO) has been appointed and that tasks are in accordance with guidance and independence is maintained. • A Policy Framework is in place detailing arrangements and responsibilities for promoting and monitoring the security and lawful processing of data ensures compliance with GDPR / Data Protection Act 2018 and ICO Guidance • Effective arrangements in place to ensure that data breaches are promptly identified, evaluated and reported within prescribed timescales to the ICO. Records of all data breaches are maintained including those that aren't notifiable • Training is provided to all staff to ensure awareness of GDPR and Data Protection requirements. • Effective arrangements are in place to identify, evaluate and record information assets. • Procedures ensure information risks are identified, evaluated, managed and recorded. • Procedures are in place for Data Protection Impact Assessments to be undertaken and appropriate action taken to mitigate and report on risks identified. • Appropriate technical and organisational measures are in place to protect data in processing activities in order to meet GDPR's requirements and protect the individual rights. • Users are adequately informed of the data that the Authority is processing. • Processer contracts are in place where personal data is processed outside of the authority. • An adequate level of protection is applied to any personal data that is transferred outside the EU <p>Opinion</p> <p>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:</p> <p>Governance – the Information Governance Framework consists of three interlinked themes: Information Assurance; Information Compliance; and Information Security, which all have their own policies and subsidiary procedures and responsibilities. The Framework describes the way in which the Authority will fulfil its aims and also sets out the established management structures, roles, responsibilities, systems and policies to achieve these. Which includes:</p> <ul style="list-style-type: none"> • An Information Governance Group (IGG) monitors information governance arrangements • A Data Protection Officer has been appointed who is the Senior Head of Assets. • ICO registration is up to date. • The Information Security Policy assigns the role of SIRO to the Chief Fire Officer who is the lead for Information Governance • Record of data breaches are maintained and retained by ICT. • All staff are required to complete mandatory annual e-training on GDPR/ Info Security. • Information Asset Registers are retained on the Authority's Intranet. • Data Sharing Agreements(DSA) are in place. • Risks are managed by the Authority's Risk Management process. • Data Protection by Design – the Information Governance Framework policies and associated procedures are designed to promote Data Protection in all processing activities. • A publication Scheme is available on the Authority's website that outlines the documents it publishes. It also defines arrangements for accessing information by defining individual's rights under the Data Protection Act and GDPR. Retention periods are noted in IARs, the Privacy Policy and Information Assurance Policy & Procedure (Records Management). • The Privacy Policy details retention periods which have been published on the website 	

- The North East Regional Cyber Crime Unit completed a Network Security test in May 2021
- The auditor was also advised that the Authority have also purchased the software used to carry out the testing to enable them to complete this themselves going forward.
- Individual Rights – the Authority has published its Privacy Policy on the website
- The Information Compliance Policy included the Information Transparency Procedure which details all the relevant individual's rights with regards to Data Protection and GDPR legislation. The procedure sets out the process that is required to be followed when receiving and responding to Subject Access Requests (SARs). The Authority's website also includes details for individual's to access information processed about them including a guidance document and form which is to be completed.
- Data Quality is incorporated into the Performance Management Framework and Policy
- The Procurement Manager advised that GDPR is assessed during contract preliminaries prior to going out to marked and the bid documentation tailored accordingly if required.

Action Plan

All actions completed

5. 2022/23 AUDIT SUMMARY

2022/23 AUDITS	RESP OFFICER	AUDIT STATUS	ACTION	COMMENTS
Asset Management Systems	D Richards			
Budget Holder Responsibilities and Support Arrangements	L Younger			
Cash/Bank Reconciliations	L Younger			
Creditors	L Younger			
Data Quality – Data Protection Compliance	D Richards			
Data Quality – GDPR Compliance	D Richards			
Debtors	L Younger	In Progress		
National Fraud Initiative	L Younger	In Progress		
Officers Expenses	L Younger			
Payroll	L Younger			
Pensions	L Younger			
Procurement Contract Procedure Rules Compliance	L Younger/ L Woodall			
Retained Firefighter Claims	L Younger	Satisfactory Assurance	No actions	Completed
Stores	D Richards			
Value Added Tax	L Younger			

AUDIT STATUS

In progress

Completed

Undertaken behind schedule

RETAINED FIREFIGHTER CLAIMS	
Audit Status: Completed Satisfactory Assurance	No actions
Scope of audit Overall the audit testing identified that controls are in place and operating as expected to help mitigate the risks. A summary assessment of each control area is noted in the table below along with references to any findings in the action plan.	
Opinion Summary of risks, controls, and assessment: <ul style="list-style-type: none">• Effective arrangements are in place to ensure that payments for retained duty work activity are valid and in accordance with current agreed rates.• Effective arrangements are in place to ensure that payments for retained duty work are appropriately checked for accuracy and authorised appropriately• Policy / Procedures Assessment Payments for retained duty work activity is made in accordance with the NJC Scheme of Conditions of Service (Grey Book). Up to date procedure notes are maintained within the Finance Section.	
Action Plan No Issues identified	

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