Hereford & Worcester Fire and Rescue Authority

Audit and Standards Committee

28th September 2015

Report of the Internal Auditor

9. Internal Audit Monitoring Report 2015/16 and 2014/15 residual work

Purpose of report

1.   To provide the Committee with a progress update on the 2015/16 plan delivery and the residual 2014/15 work.

Recommendation

The Treasurer recommends that the report is noted.

Introduction and Background

2.   The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority under the Accounts and Audit (England) Regulations 2015.   This includes considering, where appropriate, the need for controls to prevent and detect fraudulent activity. These should also be reviewed to ensure that they are effective.   This duty has been delegated to the Treasurer and Internal Audit is provided by Worcestershire Internal Audit Shared Service (WIASS). Management is responsible for the system of internal control and should set in place policies and procedures to ensure that the system is functioning correctly.

Objectives of Internal Audit

3.   The Public Sector Internal Audit Standards 2013 defines internal audit as: "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.   It helps an organisation

accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes". WIASS is committed to conforming to the requirements of the Public Sector Internal Audit Standards.

Aims of Internal Audit

4. The objectives of WIASS are to:

- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Fire Service and recommend arrangements to address weaknesses as appropriate;

- examine, evaluate and report on arrangements to ensure compliance with legislation and the Fire Service's objectives, policies and procedures;

- examine, evaluate and report on procedures that the Fire Service's assets and interests are adequately protected and effectively managed;

- undertake independent investigations into allegations of fraud and irregularity in accordance with Fire Service's policies and procedures and relevant legislation; and

- advise upon the control and risk implications of new systems or other organisational changes.

5. Internal audit has worked with external audit to try and avoid duplication of effort, provide adequate coverage for the 2015/16 financial year so that an internal audit opinion can be reached and support External Audit by carrying out reviews in support of the accounts opinion work.

Audit Planning

6. To provide audit coverage for 2015/16, an audit operational programme to be delivered by WIASS was discussed and agreed with the Authority's Section 151 Officer and Treasurer as well as Senior Management Board and has been brought before Committee today for consideration. The audit programme provides a total audit provision of 111 audit days; 92 operational and 19 management days.

Audit Delivery

7. Three audits that have been finalised since the 15th April 2015 committee for the 2014/15 and work in regard to the 2015/16 Audit Plan will commence during September.

8. To assist the Committee to consider assurance on the areas of work undertaken, an overall assurance level is given to each audit area based on a predetermined scale. Also, the findings are prioritised into 'high', 'medium' and 'low' within audit reports with all 'high' priority recommendations being reported before committee.

2014/15 Audits:

ICT

9. The review was a "critical friend" exercise to review and constructively challenge developments in the ICT service, primarily concerning business continuity arrangements, the management of departmental work programmes, and the development of staff to provide a resilient on-going service. A number of significant changes are being planned for the near future including relocating the Hereford & Worcester Fire and Rescue Service Headquarters from Worcester to West Mercia Police Headquarters at Hindlip which will also lead to demands for change to the business continuity arrangements. In addition there has been a recent restructure and job evaluation within the ICT team, including the creation of a new Business Systems Manager role.

10. Development areas where further work will enhance the overall security includes the business continuity facilities at Droitwich Station and Training Centre, procedures relating to PSN, the use of personal electronic devices and the security arrangements relating to this, and, backing up and retaining data.

    Current Position: Final report issued 25th June 2015

    Assurance: N/A as critical friend audit

Transformational Planning

11. The review was a "critical friend" of the new procedures being put in place to manage and oversee all strategic collaborative working projects.

12.   The audit identified that the authority needs to ensure some consistency in how projects are managed and reported. There were a large volume of meetings taking place and there are some inconsistencies in style and range which could potentially result in ineffective use of resources. Following an assessment of this by the Senior Management Board it led to the decision to set up both a Programme Board and Programme Office.

13.   Development areas where further work will benefit and add value include terms of reference relating to the 2020 programme, the introduction of a programme officer, having a set project management methodology and, ensuring that there are no overlaps in work streams, reporting and meetings.

        Current Position: Final report issued 25th June 2015

        Assurance: N/A as critical friend audit

Operations Assurance

14.   The review was a full systems audit concentrating on key monitoring controls.

15.   The audit concluded that there is a robust system of monitoring and reporting in place and there is a clear audit trail of how performance reports have been compiled. It is evident that the authority are proactive in ensuring any performance weakness are addressed across the authority and that the Group Commander plays an active role in working with the stations and crews in ensuring any action needed is taken. Although many of the operational policies are in need of review a corporate exercise is underway to ensure in future they are reviewed on a rolling basis or when required. Following a review of the central intelligence risk database (known as intel) it was found that there are some anomalies where inspections have not been undertaken when due or have not been brought forward to current registers which could potentially open up the authority to risk if not addressed.

16.   A walkthrough of the Course Management system and the Competency Tracking system has identified there is clear separation of duties and controls in place regarding the recording and control of training plans. However, Internal Audit found the way information is collated for performance reporting is considered to be a little "cumbersome" and it may be useful for the authority to consider different approaches going forward to achieve a more efficient process.

It may also prove beneficial for the authority to undertake further benchmarking with other authorities to compare monitoring and reporting practices. The Group Commander, Operations Assurance attended a conference with other authorities in March which will enable the authority to do this.

Current position: Final Report issued 18th May 2015

Assurance: Significant

The follow up of this audit took place on the 2nd September 2015 with all the reported audit recommendations being satisfactorily completed along with improved performance monitoring implemented.

17.   Summary table of the 2014/15 finalised audits and assurance levels.

Audit	Assurance Level
2014/2015	
ICT	N/a ~ critical friend
Transformation planning	N/a ~ critical friend
Operational assurance	Significant

2015/16 Audits:

18.   Audits in regard to the 2015/16 audit plan were due to commence in September and regular updates and assurance outcomes will be brought before future Committees for consideration.

Conclusion/Summary

19.   The Internal Audit Plan for 2014/15 has been completed with the remainder of the audit outcomes reported above for information.

20.   The H&WFRS and WIASS are continuing to work together to achieve internal audit partnership status for the H&WFRS.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	There are financial issues that require consideration as there is a contract in place but not fully detailed in this report.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None There are legal issues e.g. contractual and procurement that require consideration but are not fully detailed in this report as they are contained within the contract.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Yes, whole report.
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A – no policy change is recommended
Equalities (has an Equalities Impact Assessment been	N/A

completed? If not, why not?)	

Supporting Information

Appendix 1 – 'High' priority recommendations for completed audits including definitions

Contact Officer

Andy Bromage

Service Manager - Worcestershire Internal Audit Shared Service

(01905 722051)

andy.bromage@worcester.gov.uk

Residual Audit Reports 2014/15

Definition of Audit Opinion Levels of Assurance (for information)

Opinion	Definition
Full Assurance	The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively. No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.
Significant Assurance	There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk. Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.
Moderate Assurance	The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system. Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.
Limited Assurance	Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively. Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.
No Assurance	No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed. Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.

Definition of Priority of Recommendations

Priority	Definition
H	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.
M	Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.
L	Control weakness that has a low impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation is desirable as it will improve overall control within the system.

'High' Priority Recommendations reported

With the audits that have been finalised since the last Committee when summary reports were reported (15thApril 2015) there have been no 'high' priority recommendations reported.