

Internal Audit Report

Partnerships



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1 Executive summary

Introduction

An audit of Partnerships was undertaken as part of the approved Internal Audit plan for 2018/19.

A key function of the Partnership Team is the provision of strategic support to identify, implement and manage appropriate partnerships.

Partnerships has been identified as a corporate risk:

“3.2 The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.”

A previous internal audit report and an internal scrutiny review of Partnerships identified issues that needed to be addressed.

Scope and objectives of audit work

Our audit considered the objectives and the potential risk to the achievement of those objectives.

Objectives Reviewed	Potential Risks
To provide assurance that partnership agreements have effective governance and monitoring arrangements in place.	<ul style="list-style-type: none">The expected outcomes of a partnership agreement are not achieved.
Limitations to scope of audit	To review only the governance and monitoring arrangements for partnership agreements.

Overall conclusion

Our audit provides satisfactory assurance over the adequacy of the controls reviewed as part of the process to mitigate risks to an acceptable level.	Limited	Satisfactory	Substantial
	There is a risk of objectives not being met due to serious control failings.	A framework of controls is in place, but controls need to be strengthened further.	There is a robust framework of controls which are applied continuously.

Key issues identified

We have identified two significant issues where improvements could be made, arising from the following:

- The process for completing quality assurance checks has been developed, but the reviews are not currently being undertaken.
- As a minimum, an Initial Equality Impact Assessment (IEIA) should be undertaken. Currently, no IEIAs are being completed.

Suggested actions for identified issues are shown in the main body of the report. The key issues arising from this report may be included in summary form to the Audit Committee.

Progress since last audit review

The Partnership Team has, over the past 12-18 months, made significant improvements to the process for managing partnership arrangements.

There are now clear and detailed instructions on how partnerships should be evaluated, established, managed and monitored. Individuals involved in the process now have a clear understanding of roles and responsibilities. All of which is outlined in detailed procedure notes, guidance toolkits, standing orders and template documents.

The requirements for partnerships have been disseminated to relevant individuals through a comprehensive training schedule and a clear structure established to provide on-going support to partnership facilitators.

The latest internal audit report does highlight issues that still need to be addressed, but it is clear there is a strong framework in place to support the continued development of partnership working.

Action is required to avoid exposure to significant risks in achieving objectives		
		Significant
No	Issue arising	Agreed action/s including responsibility and target date
2.1	<p>The Partnership Team has compiled a “Partnerships Governance Arrangements and Framework” document, which details the key processes to be followed. Within this document is a commitment that the Partnerships Team will undertake quality assurance checks (10% check on a quarterly basis) and provide assurance that:</p> <ul style="list-style-type: none"> • each partnership agreement has clearly defined roles and responsibilities and strong governance arrangements in place. • effective Partnership Monitoring arrangements are in operation <p>Currently, these quality assurance checks have not commenced.</p> <p>Implication:</p> <p>There is a risk that the initial momentum generated by the Partnership Team could stall, resulting in a lack of consistency in approach by partnership facilitators and learning opportunities missed. Thus, undermining a key goal of the authority of establishing effective partnership arrangements.</p>	<p>A date should be set to commence the undertaking of the quality assurance checks.</p> <p>Management response:</p> <ul style="list-style-type: none"> • With effect from April 2018 Commence the quality assurance process for Partnerships. • Diary QA dates <p>Target date:</p> <p>The first QA will take place early July at the end of quarter one and will incorporate a dip sample across the quarter.</p> <p>Diary dates will be agreed by 30.4.18</p> <p>For future consideration:</p> <p>As the quality assurance process becomes embedded and compliance more consistent, the authority may wish to review its approach to selecting partnerships to quality assess and consider using a risk based approach, which may enable a reduction in the number and frequency of the checks, whilst still giving the necessary level of assurance on compliance.</p> <p>Management response:</p> <p>Monitor the quality and consistency of governance compliance over this coming year.</p> <p>Review and implement a risk based approach if the evidence suggests this is appropriate.</p> <p>Target date:</p> <p>1 April 2019</p>
2.2	<p>It is a policy of the authority, that as part of the governance and planning of all partnership arrangements and partnership activity, that as a minimum an Initial Equality Impact Assessment (IEIA) is undertaken. This is to demonstrate compliance with the Equality Act 2010. Currently, no IEIAs are being completed relating to partnership arrangements and activity.</p> <p>Implication:</p> <p>The authority could be in breach of the Equality Act 2010. This could expose the authority to the risk of enforcement action being taken by the Equality and Human Rights Commission or result in a legal challenge.</p>	<p>All relevant persons should be reminded of the need to complete the IEIA and that its completion and where applicable, the undertaking of a full EIA, be evidenced prior to any partnership arrangement being approved.</p> <p>Management response:</p> <p>Issue a permanent routine notice attached to Standing Order 1701 (Prevention Strategy) with the outcome of the audit which includes the requirement for all partnership owners to complete an initial EIA.</p> <p>Target date:</p> <p>Routine notice to be published by 14th May latest so that this action is complete before QPR on 22nd May.</p>

Action is advised to enhance risk control or operational efficiency
Merits Attention

No	Issue arising	Agreed action/s including responsibility and target date
2.3	<p>The authority has a policy to carry out Equality Impact Assessments (EIAs) and Privacy Impact Assessments (PIAs) to demonstrate legal compliance with the Equality Act 2010 and the Data Protection Act. There is an expectation that as part of the governance and planning of all partnership arrangements and activity, that as a minimum an Initial EIA (IEIA) will be undertaken and a decision made whether to undertake a full EIA and similarly a checklist exists to assess whether a PIA is necessary.</p> <p>At present, the quality assurance checklist does not include a check whether these requirements have been met.</p> <p>Implication:</p> <p>The authority could be in breach of the Equality Act 2010 and the Data Protection Act.</p>	<p>The quality assurance checklist should be updated to include the following:</p> <ul style="list-style-type: none"> • verify if the IEIA was undertaken • verify if an EIA or PIA was undertaken (where necessary) <p>Management response:</p> <p>Review and revise the Quality Assurance requirements and documentation to include completing IEIA and PIA.</p> <p>Target date:</p> <p>To be completed by 14th May latest so that this action is complete before QPR on 22nd May</p>
2.4	<p>Partnerships is identified as a corporate risk. A review of the latest assurance map, which details the status of the risk, identified that it needed updating. The assurance map did not fully reflect the work undertaken by the Partnership Team to improve the partnership arrangements. In addition, there was no reference to the risk relating to the partnership database, in terms of whether it still provided the necessary functionality to support the needs of the service and that it was an unsupported system.</p> <p>Implication:</p> <p>The assurance map does not clearly reflect the status of the risk and may have an impact upon the decision-making process moving forward.</p>	<p>The assurance map should be updated to reflect the latest position of the risk.</p> <p>Management response:</p> <p>A report will be presented at QPR to update on the Audit, its findings and actions taken to address issues arising from the Audit. This is where the update of the assurance map against partnerships will be discussed and agreed.</p> <p>Target date:</p> <p>31st May 2018.</p> <p>This date should allow for the 'updating' of the assurance map following QPR.</p> <p>Consideration should be given to including the continued viability of the partnership database in the respective corporate risk.</p> <p>Management response:</p> <p>Will be included in the report for QPR and in the discussions about the update of the assurance map against partnerships risk.</p> <p>Target date:</p> <p>22nd May 2018</p>

Limitations inherent to the internal auditor's work

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- Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

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- It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.
- Internal audit endeavours to plan audit work so that it has a reasonable expectation of detecting significant control weakness and if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.