



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

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| REPORT REFERENCE NO. | APRC/13/13 |
| MEETING | AUDIT & PERFORMANCE REVIEW COMMITTEE |
| DATE OF MEETING | 28 NOVEMBER 2013 |
| SUBJECT OF REPORT | AUDIT & REVIEW 2013-14: PROGRESS REPORT |
| LEAD OFFICER | Audit and Review Manager |
| RECOMMENDATIONS | <p>(a) <i>That the proposed change to the 2013-14 Internal Audit Plan as set out within paragraph 4.2 of this report is approved; and</i></p> <p>(b) <i>That subject to (a) above, the report be noted.</i></p> |
| EXECUTIVE SUMMARY | <p>Attached for consideration and discussion is the 2013-14 Audit & Review progress report (to November 2013). The report combines the work of the DSFRS Audit & Review Team and the Devon Audit Partnership to provide one comprehensive Internal Audit report.</p> <p>The report provides assurance statements for the audits completed since the September 2013 Audit and Performance Review Committee.</p> <p>The report details the key / high risk findings from the Fleet Development and Protection audit reviews.</p> |
| RESOURCE IMPLICATIONS | Nil. |
| EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA) | Not applicable. |
| APPENDICES | Nil. |
| LIST OF BACKGROUND PAPERS | <p>Audit & Review 2013-14 Plan</p> <p>Audit & Review Service Policy</p> |

1. INTRODUCTION

- 1.1 The 2013/14 Internal Audit Plan was approved by the Audit and Performance Review Committee on the 8 May 2013. The plan sets out the combined scope of internal audit work to be completed by the Audit & Review Team and the Devon Audit Partnership.
- 1.2 The Audit & Review Team and the Devon Audit Partnership are accountable for the delivery of the plan and the policy includes the requirement to report progress to the Audit and Performance Review Committee at least three times per year.
- 1.3 All Internal Audit reports, Plans and Service Policy are available on the intranet and can be accessed using the following link:
<http://intranet/Departments/SPRD/RiskandReview.asp>
- 1.4 The key objective of this report is to provide the Audit and Performance Review Committee with a progress report against the plan.
- 1.5 The report also includes assurance statements for the audits completed since the September 2013 Audit and Performance Review Committee.

2. ASSURANCE STATEMENTS

- 2.1 One of the key roles of Internal Audit is to provide independent assurance as to how effectively risks are managed across the organisation.
- 2.2 The following assurance statements have been developed to evaluate and report audit conclusions:

★★★★ High Standard

The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. Only minor recommendations aimed at further enhancing already sound procedures.

★★★ Good Standard

The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.

★★ Improvements Required

In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.

★ Fundamental Weakness Identified

The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and/or resources of the Authority may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

3. PROGRESS AGAINST THE 2013-14 PLAN

| Audit Area | Progress | Assurance Statement |
|--|--|----------------------------|
| Audit & Review Team | | |
| P-Cards | Final Report | ★★★ Good Standard |
| Fleet Development (Carried over from 2012-13) | Final Report | ★★ Improvements Required |
| Protection | Final Report | ★★★ Good Standard |
| Performance Management | Draft Report | |
| Area Command – Additional Retained Hours / Payments | Draft Report | |
| Driver Training | Draft Report | |
| Emergency Planning (Resilience) | Audit Testing | |
| Specialist Rescue | Audit Scoping | |
| HR – Ops | Audit Scoping | |
| Operational Assurance | To be scheduled | |
| Operational Assets – Production & Income Generation | To be scheduled | |
| Emergency Call Incident Support | To be scheduled | |
| Training & Development – Area Training | To be scheduled | |
| Process Management | Proposed Change | |
| Devon Audit Partnership | | |
| Key Financial Systems: <ul style="list-style-type: none"> • Main Accounting • Bank Reconciliation • Treasury Management • Creditors • Debtors | Audit Testing | |
| Payroll | To be completed in March 2014 | |
| ICT | To be completed between December 2013 and March 2014 | |

3.1 Given the level of performance, the Audit & Review Team are pleased to report that all audits should have progressed to at least Draft Report by the end of the current financial year.

4. PROPOSED CHANGE TO THE 2013-14 PLAN

- 4.1 The 2013-14 Internal Audit Plan included the 10 day audit of Process Management. Given the recent organisational restructuring, the audit plan would appear to require amending.
- 4.2 The Audit & Review Team are proposing to use the allocation of audit days to complete a review of fire fighter safety. After some initial discussions with the Executive Board, it was identified that this is an organisational priority and would support the Operational Peer Assessment that is scheduled for next year.
- 4.3 It is recommended that the proposed change is considered and approved by the Committee.

5. ADDITIONAL WORK COMPLETED

- 5.1 The Audit & Review Team and the Devon Audit Partnership have also completed the following additional pieces of review work:
- Annual Statement of Assurance – The Audit & Review Team is responsible for the completion of the DSFRS Annual Statement of Assurance. A combined draft report has been produced and published that ensures the Accounts and Audit (England) Regulations 2011 and CLG requirements are met.
 - European Foundation for Quality Management (EFQM) – The Audit & Review Team has played a key role in co-ordinating the EFQM organisational assessment evidence document in preparation for the light touch external assessment completed in June 2013.
 - Capital Funding Grant - The Audit & Review Team is responsible for auditing the Capital Funding Grant and signing the return to CLG to confirm that the grant has been used in accordance with guidelines.
 - States of Jersey FRS Fire Call Handling Audit – Following a request from the Chief Fire Officer, States of Jersey Fire & Rescue Service it was agreed that Devon and Somerset Fire & Rescue Service would complete an audit of the States of Jersey Fire & Rescue Service Emergency Call Handling procedures within the combined control centre.
 - Co-Responder Analysis – Following a request from the Response & Resilience Manager, the Audit & Review Team have completed a cost analysis of the Co-Responder scheme to support the Corporate Plan Implementation.
 - Job Share Review – Following a request from Central Command East Group Support Team, a review of the controls around the operational job share posts has been completed.
 - Estates Maintenance – Following a request from the Property Maintenance Manager, a review of the controls around the new Maintenance Team activities has been completed.
 - Shepton Mallet Pilot – Following a request from the Somerset Command, the Audit & Review Team have provided on-going support to the Shepton Mallet Pilot.
 - Glastonbury Festival review – Following a request from the Somerset Command, a review of the 2013 Glastonbury Festival has been completed.

- Health and Safety Executive (HSE) Follow Up – The Audit & Review Team has completed a follow up to the HSE Review completed in 2011-12.
- ISO27001 – The Audit & Review Team is providing on-going support to the Information Assurance Project in relation to the auditing requirements for the ISO27001 accreditation.
- Operational Assessment (OpA) – The Audit & Review Team maintains the self-assessment for the CLG Operational Assessment.
- National Fraud Initiative (NFI) Data Matching – The Audit & Review Team co-ordinate the NFI data matches.
- On-going Audit Advice and Guidance – The Audit & Review Team provide on-going audit advice and guidance in relation to all Internal and External Audit matters.

6. AUDIT & REVIEW RECOMMENDATIONS

- 6.1 As part of the Audit & Review process, best practice recommendations are captured in an action plan for each piece of audit work completed. All recommendations are reviewed with service leads and agreed management actions are discussed and recorded to improve the current process.
- 6.2 To ensure that all agreed actions are effectively monitored, the Audit & Review Team has built and communicated the Audit Recommendation Tracker. This has been made available to all Devon and Somerset Fire and Rescue Service (DSFRS) employees to enable agreed management actions to be continually reviewed.
- 6.3 The Audit & Review Team are pleased to report that they have already seen evidence of actions being implemented and all agreed actions will be followed up in 2013/14. Time has been built into the 2013/14 plan for this purpose.

7. AUDIT & REVIEW FOLLOW UPS

- 7.1 The Audit & Review Team is committed to following up all finalised Internal Audit work.
- 7.2 The Audit Recommendation Tracker has been designed and rolled out to ensure that all agreed management actions can be monitored effectively.
- 7.3 The Audit & Review Team is also committed to completing formal follow up reviews of all audits completed. This enables the Committee to track the impact of actions and performance against identified risks. To date the following progress has been made:

2013/14 Follow Ups (Original Audit Completed in 2012-13)

| Audit Area | 2011-12 Assurance | 2012-13 Assurance |
|---------------------|--------------------------|--------------------------|
| Contract Management | ★★ Improvements Required | ★★★ Good Standard |
| Risk Management | ★★ Improvements Required | ★★ Improvements Required |

7.4 Since the original audit, good progress has been made towards improving the systems for managing risk across the organisation. Originally; several recommendations were made in support of the implementation of a new style risk register utilising SharePoint. However; since the original audit, a new off the shelf system called DATIX has been procured; initially for use by the Organisational Safety Assurance Team, but was identified to include risk management capabilities. It is therefore understood that the new system will:-

- Provide a Corporate and Service-wide Risk Register framework which will be accessible to all identified risk managers and teams.
- Provide a risk based performance dashboard at each risk management perspective, strategic, programme, project and operational (day to day) levels.
- Automate an embedded escalation process.
- Automate an embedded action planning process.

7.5 The Audit & Review Team understand that it is anticipated that the following recommendations will be implemented in line with the rollout of the new system. These include:-

- Formal and periodic review at Executive Board / Service Leadership Team level.
- Populating the control measures by working more closely with the Audit & Review Manager.
- Standard Service reporting templates will include a risk section, detailing risk scores and controls.
- A periodic corporate risk management report will be presented to the Committee.

7.6 Upon review; key decisions on the systems used to manage the Services risks have been made and work is now on-going to implement this new way of working. The majority of original recommendations have either been incorporated into the new system or are pending its roll out. At the current time, work remains as in progress and implementation is anticipated at the end of the year. At the current time, the assurance level remains as ★★ Improvements Required with a view to completing another audit in the future to test against the new system once embedded.

8. **KEY AUDIT FINDINGS**

8.1 **Fleet Development**

★★ Improvements Required

The on-going development of the operational fleet plays a critical role in ensuring that Devon and Somerset FRS is able to respond quickly to operational incidents and keep its workforce and the public safe.

DSFRS is currently undertaking the following strategic projects which will have a significant impact upon the development and management of the current fleet:

- Strategic Fleet Alignment – ensuring the right resource is in the right place to manage the relevant risks

- Light Rescue Pumps (LRP's) - the roll out of smaller vehicles to improve emergency response standards, improve fuel efficiency, lower CO₂ emissions and save procurement costs.

The Audit & Review Team identified the following areas where it was considered that management actions should be focused:

- **Age of Fleet / Fleet Replacement** - It was confirmed that due to reductions in the capital programme, there have been no fleet replacements in the past couple of years. As a result of the financial pressures, a strategic decision has been made to extend the average age of appliances. Upon review, DSFRS were found to have vehicles in its fleet that are over 20 years old. The age of vehicles is a real challenge / risk for the Fleet Department to manage, particularly in the current economic climate. It was understood that discussions have been held around capturing the age of the current fleet on the corporate risk register; however, this has not been progressed to date. It is the view of the Audit & Review Team that this risk should be recorded and monitored as part of the corporate risk register reporting process.
- **Fleet Development Strategy** - The Audit has concluded that while there is some underpinning strategic documentation, these should be further developed to clearly set out the vision and approaches for fleet development across DSFRS. The strategy should clearly align to the following corporate activities:
 - DSFRS Corporate Plan
 - Strategic Fleet Alignment change project
 - LRP change project

It is the view of the Audit & Review Team that there is currently a risk that Fleet Development activities across DSFRS are not joined up and aligned to a clear strategy.

- **Project Business Case** - It should be recognised that the Fleet Development Team has made good progress in developing a framework and support documents for managing all projects. However, upon review of the supporting project management documents, a business case was found to be a key missing control document. A robust business case document would include the following elements:
 - The current level of service delivery An evaluation of all proposed solutions
 - The preferred solution
 - A clear authorisation

It is the view of the Audit & Review Team that the development of a robust business case would further improve the Fleet Development project management controls. A business case would link the activity to the strategy and enable clear benefits and outcomes to be monitored.

- **Performance Management Framework** - The next key challenge for the Fleet Management Team is to further develop its performance framework to include development activities. This will enable the Fleet Development Team to measure performance and drive continual process improvement. It is recommended that all KPI's are clearly linked to service objectives and the key outcomes that the department are hoping to achieve. Once these have been clearly identified suitable measures can be put in place to monitor performance.

8.2 Protection

★★★ Good Standard

In accordance with the National Framework (July 2012), Fire and Rescue Authorities (FRAs) are required to have a management strategy and a risk-based inspection programme to enforce the provisions of the Fire Safety Order which must form part of each FRAs Integrated Risk Management Plan (IRMP).

DSFRS launched a revised strategy in June 2010 which requires a fire safety check (FSC) to be carried out to high risk premises; the result of which determines whether a full fire safety audit (FSA) is needed. The audit focused on the systems and processes in place to manage these protection activities by using our resources more efficiently.

The Audit & Review Team are pleased to report that the new strategy was found to be effectively rolled out across the organisation; the following key achievements were noted:

- 94% of all premises that were targeted were reconciled to a FSC which is a strong indicator that the strategy has become well embedded over the last financial year.
- 74% of FSC scores determined that a FSA was not required, helping to manage the risk that premises are inaccurately targeted and audited.
- 77% of activity has been targeted at medium or higher risk premises (as identified in the organisational Local Risk Scoring Matrix) which support the organisations IRMP.
- The revised strategy is aligned to organisational roles to enable staff resources to be used efficiently. Station based personnel only carry out FSCs, with the Group Support Teams carrying out FSCs (where required) and all FSAs. 99.9% of activity was found to be carried out at the correct level.
- Effective support, guidance and communication are provided by the Central Service Headquarters (SHQ) Team.
- Good examples were identified across the sample groups that reflected innovative approaches to succession planning and managing resources.
- Strong examples of partnership working were demonstrated which included income generation, data sharing and external training. There are further challenges to share local best practice across the organisation.
- A consistent administrative approach was demonstrated across the groups between GST and Group Admin Teams, incorporating effective controls within the Community Fire Risk Management Information System (CFRMIS) to ensure current forms and letters are being used.
- Good progress has been made towards developing a quality assurance framework. However, it should be noted that this is in its infancy and requires embedding.

The audit recorded the following areas where it was felt that further improvements could be made to the controls around the Protection strategy:

- **Protection Training** – The existing training records system was found to hold incomplete records, particularly for personnel who had attended historic training events.
- **Customer Feedback** - There is little evidence to demonstrate how DSFRS uses the ORS Benchmarking results taken from customer satisfaction scores to continually improve performance. It is worth noting that while performance is good, when benchmarked against other FRS's there would appear to be the opportunity for further improvements.

8.3 All issues have been discussed with the Lead Officers and the Audit & Review Team is pleased to report that suitable action plans have been agreed to improve the management of the risks identified.

8.4 The agreed actions will be monitored as part of the audit follow up procedure. Once the agreed management actions have been implemented and embedded, the Audit & Review Team would be in a position to award improved levels of assurance.

9. CONCLUSION & RECOMMENDATIONS

9.1 We would like to use this report to thank all staff who have work us in delivering the audit programme and the willingness to positively engage in the audit process.

9.2 The progress made against the agreed Audit Plan will be reported back to the Committee at regular intervals.

9.3 It is recommended that the report be noted.

9.4 It is recommended that the proposed change to the 2013-14 Internal Audit Plan is approved.

PAUL HODGSON
Audit & Review Manager