

<b>REPORT REFERENCE NO.</b>	<b>APRC/14/7</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>24 SEPTEMBER 2014</b>
<b>SUBJECT OF REPORT</b>	<b>AUDIT &amp; REVIEW 2014-15 2<sup>nd</sup> QUARTER PROGRESS REPORT</b>
<b>LEAD OFFICER</b>	<b>Audit and Review Manager</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>Attached for consideration and discussion is the 2014-15 2<sup>nd</sup> Quarter Audit &amp; Review progress report. The report combines the work of the Service's Audit &amp; 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 previous meeting of the Committee in May 2014.</p> <p>The report details the key/high risk findings from the 2013-14 Fire Fighter Safety Assurance Mapping exercise, Operational Assurance review, Emergency Call Incident Support Data Quality review, Payroll review and ICT reviews.</p>
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)</b>	Not applicable.
<b>APPENDICES</b>	A. Capita Contract Review
<b>LIST OF BACKGROUND PAPERS</b>	Audit & Review 2014-15 Plan Audit & Review Service Policy

## **1. INTRODUCTION**

- 1.1 The 2014/15 Internal Audit Plan was approved by the Audit and Performance Review Committee on 7 May 2014. 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 May 2014 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

3.1 The following 2013-14 audits have been completed since the APRC meeting in May 2014.

Audit Area	Progress	Assurance Statement
Audit & Review Team		
Operational Assurance	Final Report	★★★ Good Standard
Emergency Call Incident Support – Data Quality	Final Report	★★★ Good Standard
Fire Fighter Safety	Final Report	Assurance Map Produced
Devon Audit Partnership		
Payroll	Final Report	★★★★ High Standard
ICT - Organisational Controls	Final Report	★★ Improvements Required
ICT - Strategic Fire Control Project	Final Report	★★★★ High Standard

3.2 The Audit & Review Team is pleased to report that the 2013-14 Internal Audit Plan has been finalised.

### 4. PROGRESS AGAINST THE 2014-15 PLAN

Audit Area	Progress	Assurance Statement
Audit & Review Team		
Area Command - Advocates	Draft Report	
Programme Management	Testing	
Protection	Testing	
Prevention – Children & Young People	To be scheduled	
Area Command – Fire Fighter Safety	To be scheduled	
Area Command – Emergency Response Standards	To be scheduled	
Area Command – Incident Command	To be scheduled	
Emergency Call Incident Support	To be scheduled	
HR – Workforce Planning	To be scheduled	
Training – Fire Fighter School	To be scheduled	
Devon Audit Partnership		
Key Financial Systems: <ul style="list-style-type: none"> <li>• Main Accounting</li> <li>• Bank Reconciliation</li> <li>• Treasury Management</li> <li>• Creditors</li> <li>• Debtors</li> </ul>	To be completed in November and December 2014	

Payroll	To be completed in March 2015	
ICT	To be scheduled	

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

**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.
- Fire Peer Challenge – The Audit & Review Team has played a key role in co-ordinating the Fire Peer Challenge (OpA) prior to the Peer Challenge visit in September 2014. This has included the production of key self-assessment documents, supporting evidence and preparing for the Peer Challenge visit.
- 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.
- Expotel Contract Review – Following a request from the Committee, the Audit & Review Team has completed a review of the contract for managing accommodation and travel costs. A copy of the findings has been included at Appendix A to this report.
- Severn Park Contract Review – Following a request from the Head of Training, Safety and Assurance, the Audit & Review Team has completed a review of the Severn Park training contract. A draft report has recently been issued.
- Facing the Future – The Audit & Review Team has supported the Staff Officer to complete a follow up review of Sir Ken Knight’s Facing the Future report.
- Leaver Process – Following a request from the Information Governance Manager, the Audit & Review Team has reviewed the leaver process against the requirements of the ISO 27001 Information Security Management standard.
- Glastonbury Festival Stock Take – The Audit & Review Team has supported the Glastonbury Festival Project Team to implement a regular stock take procedure.
- National Fraud Initiative (NFI) Data Matching – The Audit & Review Team co-ordinate the NFI data matches. The 2014 submissions are to be made in October 2014.
- 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 monitored effectively, 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 has already seen evidence of actions being implemented and all agreed actions will be followed up in 2014/15. Time has been built into the 2014/15 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. The Team has been following up on the following areas:

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

<b>Audit Area</b>	<b>2011-12 Assurance</b>	<b>2012-13 Assurance</b>
Flexi Duty System	★★ Improvements Required	★★ Improvements Required

- 7.4 At the time of the original audit, a draft Flexi Duty System Policy had been produced. The policy underwent the consultation process with representative bodies and is currently pending finalisation.
- 7.5 It is understood that once the policy is finalised, responsibility for the audit recommendations will be transferred to the Response & Resilience Manager for implementation. As the majority of the audit recommendations are inherently linked to the finalisation of the policy, the overall audit assurance statement has remained as ★★ Improvements required at this time.

### ***2014/15 Follow Ups (Original Audit Completed in 2013-14)***

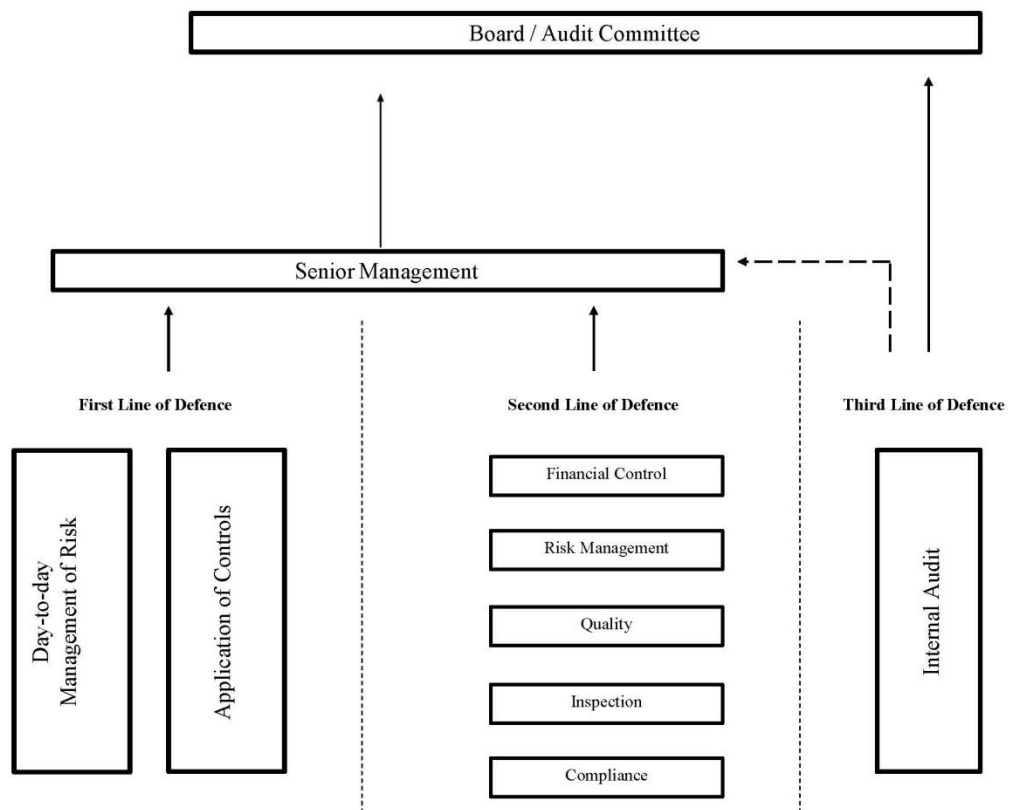
- 7.6 To date the 2014-15 follow up audits (original audit completed in 2013-14) are outstanding. These will be scheduled to take place in quarters 3 and 4 of 2014-15.

## **8. KEY AUDIT FINDINGS**

### **Fire Fighter Safety – Assurance Mapping Exercise**

- 8.1 The Chief Fire Officer requested some audit days from the 2013-14 Internal Audit Plan to conduct an 'end to end' Fire Fighter Safety review. The change to the Audit Plan was approved by the Audit, Performance and Review Committee on the 28th November 2013.
- 8.2 The audit was undertaken in conjunction with the Organisation Safety Assurance Department and has considered the impact of the following national reports:
- Department for Communities and Local Government (DCLG) 'Health, safety and welfare framework for the operational environment'
  - Lord Young 'Common Sense Common Safety'
  - HSE 'Striking the balance between operational and health and safety duties in the Fire and Rescue Service'
  - Professor Ragnar E Lofstedt 'Reclaiming health and safety for all'
- 8.3 The audit was completed using the following audit techniques:
- Assurance Mapping
  - Three Lines of Defence
- 8.4 Assurance mapping is a technique that is becoming more commonly used across private and public sector organisations to support the Risk Management and Internal Audit processes.
- 8.5 The Chartered Institute of Internal Auditors (IIA) Standards (2050-2) summarise an assurance map as:
- An assurance mapping exercise involves mapping assurance coverage against the key risks in an organisation.
  - The aim is to ensure there is a comprehensive risk and assurance process with no duplicated effort or potential gaps to give stakeholders comfort.
  - To understand where overall risk and assurance roles and accountabilities reside.
  - Assurance from line management is fundamental and should be complemented by assurance from Internal Audit and others.
- 8.6 A completed assurance map is then used as a statement or indication that inspires confidence as to how the overall risk is managed.

8.7 The Three Lines of Defence risk management model is a good tool for recognising the different roles across the organisation that helps to manage the Firefighter Safety risk. This is set out below for reference.



8.8 In relation to the audit of managing Firefighter Safety, an assurance map has been applied to map out the end to end process. This has included the identification of all core activities and the supporting controls (from initial recruitment and training, through to on-going maintenance of skills, control mobilising, Incident Command arrangements, use of risk information, operational procedures, systems for monitoring, welfare and the flow of information from external learning or reports).

8.9 One of the key benefits of this approach is that it can be applied to all incidents types as it assesses the Service’s controls to manage the overall risk. The risk is higher with larger or more complex incidents; however this is still managed through the effectiveness of the control environment that the assurance map has identified.

***DSFRS Firefighter Safety Assurance Map – Areas of Confidence***

8.10 As a result of the Firefighter assurance mapping exercise, the following assurance activities and controls have been assessed as being in place with no significant concerns identified:

- HR processes (including Selection, JD's, Person spec)
- Operational Monitoring
- Welfare processes (including death in workplace, defusing, media liaison, family liaison, staff support)
- Health & Safety Accident Reporting
- Fire Investigation

- External Learning
- Internal Audit

### ***DSFRS Firefighter Safety Assurance Map – Areas of Significant Concern***

8.11 As a result of the Firefighter assurance mapping exercise, the following assurance activities and/or controls have been assessed as requiring improvement:

#### **Maintenance of Skills**

- The recently finalised Ops Assurance Targeted Audit has identified that the maintenance of skills process needs improving.
- The core competency training course process has been judged as operating well. However, the following points have been noted:
  - The definition of core competency needs to be established and communicated
  - There are gaps in the on-going maintenance process.
- As per the above point. Current performance measures relate to training course completion, not competency completion.
- There needs to be a greater link to station risk profiles.

#### **Risk Information (including gathering, making available, using)**

- Mobile Data Terminals (MDT) issues have been identified in the Ops Assurance targeted audit.
- Operational Risk Information System (ORIS) 4 data collection has not been completed and remains in progress.
- ORIS 1 and 3 - Recent audit testing has identified gaps in the risk information held by control. There needs to be a regular reconciliation of data between control and the various service areas to confirm data held is consistent.
- The collection of risk information should go onto the FF Safety performance dashboard. Currently performance information is not regularly reported.
- Feedback from a recent ORIS workshop (held in February 2014) has identified the following concerns:
  - Lack of a clear ORIS strategy;
  - Lack of an ORIS training strategy;
  - Training delivery is hampered by a lack of ICT support;
  - Inconsistent approach to gathering risk information

### ***DSFRS Firefighter Safety Assurance Map – Areas Requiring Further Improvement***

8.12 As a result of the Firefighter assurance mapping exercise, elements of the following assurance activities and / or controls have been assessed as requiring further improvement:

- Incident Command
- Initial Training (Firefighter Development - up to stage 3).



- Occupational Health & Fitness.
- Control Mobilising.
- Fleet / Equipment.
- BA (To include procedures, training, wearers, ventilation, ppv, decision making, briefing).
- Incident Command System (to include awareness, ARAs, decision logs, multi-agency, Functional Officers, e.g. Safety Officer).
- Operational Procedures (including SOPS, Aide Memoirs, links to national GRAs).
- Debrief Systems / Internal Learning.
- Corporate Risk Management Process.

8.13 The Audit & Review Team are pleased to report that the assurance map has been taken forward by the Executive Board as an organisational priority. The Service Leadership Team has been tasked with producing an action plan to manage the areas for improvement identified by the assurance map. The agreed actions are to be fed into department plans for implementation.

8.14 The Fire Fighter Assurance Map will be refreshed in 2014-15 to review the progress of the actions and to monitor the overall level of organisational risk.

### **Operational Assurance**

★★★ Good Standard

8.15 The formation of the new Operational Assurance Team has enabled DSFRS to demonstrate how it has embedded a review element into its core response activity. This is a key component of the Fire Fighter Safety strategic principle.

8.16 The originating business case for the introduction of the Organisational Safety Assurance department (Health & Safety and Operational Assurance) was found to be a comprehensive document that clearly set out the work plan activities for the new team. The Audit & Review Team are pleased to report that the newly established team have made good progress in rolling out these activities.

8.17 It should be recognised that while the team have made good progress in developing the operational assurance processes; the underpinning policy and process guides are currently not in place. It is important that these are finalised and communicated to formalise the process.

8.18 It was understood that the roll out of supporting Operational Assurance Performance Indicators is in development. Once in place, these will provide DSFRS with a full suite of measures to enable the controls in place to maintain Fire Fighter Safety to be monitored within the corporate performance system.

## **Emergency Call Incident Support – Data Quality**

★★★ Good Standard

- 8.19 The Implementation of the new control system is being managed through the Networked Fire Control Services Partnership (NFCSP). This partnership sees DSFRS working with Dorset, Hampshire and Wiltshire to share a common fire control IT system. Each service will retain its own fire control building and staff but the IT system used will be common, thereby adding resilience and reducing operating costs.
- 8.20 A project team has been established to manage the data quality transfer process. The Audit & Review Team are pleased to report that the project team have established well controlled systems for managing the transfer of data into the new system.
- 8.21 The audit did identify that fire control do not maintain a central database of the risk information that is held in the system. As a result of this, the opportunity to complete a reconciliation of the information held on the control system to that held by the originating service department is lost. This would be a key control to ensure that risk information held is complete.
- 8.22 To support the implementation of a reconciliation control, the types of risk information that should feed into control should be clearly defined. This will help to establish a consistent notification process between departments and reduce the risk of capturing too much information which is then challenging to keep up to date.

## **Payroll**

★★★★ High Standard

- 8.23 The Devon Audit Partnership has found the associated payroll risks to be effectively managed and that payroll is operated and controlled to a high standard.
- 8.24 The Devon Audit Partnership undertook a review to establish the progress that has been made towards implementing the recommendations contained within the 'Atkins Report'. This also provided an independent and objective opinion as to whether the Service has effective processes in place to manage its ICT resources and to ensure that the required levels of service are delivered.

## **ICT – Strategic Fire Control Project**

★★★★ High Standard

- 8.25 The Devon Audit Partnership has found that the Strategic Fire Control Project is being well-managed and is proceeding according to plan and within budget. The project is being well documented using Prince 2 methodology and Sharepoint data storage facilities and effective governance, monitoring and reporting arrangements are in place.
- 8.26 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.
- 8.27 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 worked with us in delivering the audit programme for their willingness to engage positively 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.

**PAUL HODGSON**  
**Audit & Review Manager**