REPORT REFERENCE NO.	APRC/18/7
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	26 APRIL 2018
SUBJECT OF REPORT	AUDIT & REVIEW 2017-18 PROGRESS REPORT
LEAD OFFICER	DIRECTOR OF SERVICE IMPROVEMENT
RECOMMENDATIONS	*That the report be noted.*
EXECUTIVE SUMMARY	Attached for consideration and discussion is the 2017 – 18 Quarter four Audit & Review report. This report sets out progress to date against the approved 2017-18 Internal Audit Plan, and updates on additional review work undertaken. The report provides assurance statements for the audits completed to date and records the progress against the approved Internal Audit Plan. Internal Audit activities across DSFRS are managed through a shared service agreement that sees Audit & Review and the Devon Audit Partnership (DAP) work together to deliver the Internal Audit Plan. The report provides an overview of the assurance tracking process and the current high priority recommendations that remain as 'open' on the assurance tracker.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	Not applicable.
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	Audit & Review 2017-18 Plan Audit & Review Service Policy

1. **INTRODUCTION**

1.1. The 2017/18 Internal Audit Plan was approved by this Committee at its meeting held on the 24 April 2017. The Plan sets out the combined scope of internal audit work to be completed by Audit & Review and the Devon Audit Partnership. The Audit Strategy for 2018/19 will be designed around new Service Performance Measures currently being developed.

1.2. Audit & Review and the Devon Audit Partnership are accountable for the delivery of the Plan. Progress against the approved Plan is reported to this Committee at least three times per year.

1.3. This progress report features assurance statements for the audits completed since the last meeting of the Committee. It also includes an overview of the assurance tracking process and the current high priority recommendations that remain as 'open' on the assurance tracker.

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 2017-18 PLAN**

3.1 The majority of the 2017-18 Internal Audit Plan has been assigned to Audit & Review Manager including ICT assurance.

Audit Area	Progress	Assurance Statement
Audit & Review		
Annual Statement of Assurance	In progress	Scheduled for completion before close of Q1 2018
EFQM review	Final report	★★★ Good Standard EFQM 4 star award achieved.
LGA self-assessment	Final Report	★★★ Good Standard. The assessment covered Prevention, Protection and Response. Some areas for improvement were identified in our self-assessment, and on the LGA scale of Developing, Established or Advanced, we rated ourselves as Established.
LGA Peer Review Assessment	Awaiting final report	The on-site assessment has been completed by peers from Merseyside, Nott's and Gloucester FRSs. An initial feedback session has been held, and an interim report provided. We are awaiting a final report. Action plans are being finalised to address areas of improvement
General Data Protection Regulation (GDPR)	Final report	★★★ Good Standard. Action plan agreed to comply with GDPR by May 2018.
Diversity & Inclusion	Final Report	★★ Improvements Required. Gap identified in compliance with Public Sector Equality Duty. Report presented for discussion with Diversity & Inclusion manager, so actions can be agreed and progress tracked using the assurance tracker.
Service Policies	Review ongoing	Officer assigned to review status of all policies. Next update October 2018.

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Business Continuity Management	Review ongoing	New pages have been developed as a central BCM hub on the network drive, accessible for all users. Documents are being collated and reviewed by relevant departments.
Devon Audit Partnership		
Business Safety - Prohibition Process	Final Report	★★★ Good Standard. Regulatory requirements, performance targets, and best practice expectations: -- ★★ Improvements Required. Procedural guidance or statutory requirements leading to reputational and financial risk: -- Certain areas of the guidance allow for local interpretation. Remediation plan is being agreed and agreed actions will be added to the Assurance Tracker
Key financial Systems	Draft report	★★★ Good Standard. Some weaknesses were identified and recommendations have been suggested. When all recommendations are reviewed then the final report can be issues, and these will be added to the assurance tracker.
Fleet Audit	Draft report	★★ Improvements Required. Draft report received for management review.
CFOA H&S Assessment	In Progress	Using the toolkit provided by CFOA, an initial self-assessment has been completed. Devon Audit Partnership are collating evidence to review this, and the process undertaken, so that improvements can be made for the review of the Safety Management System, due to commence in Q1 FY 2018-19.

Action Planning

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

3.3   All agreed actions are captured and monitored through the assurance tracking process (see paragraph below), and where relevant, will be reflected in either department plans (if incremental improvement) or the Change & Improvement Plan (if strategic).

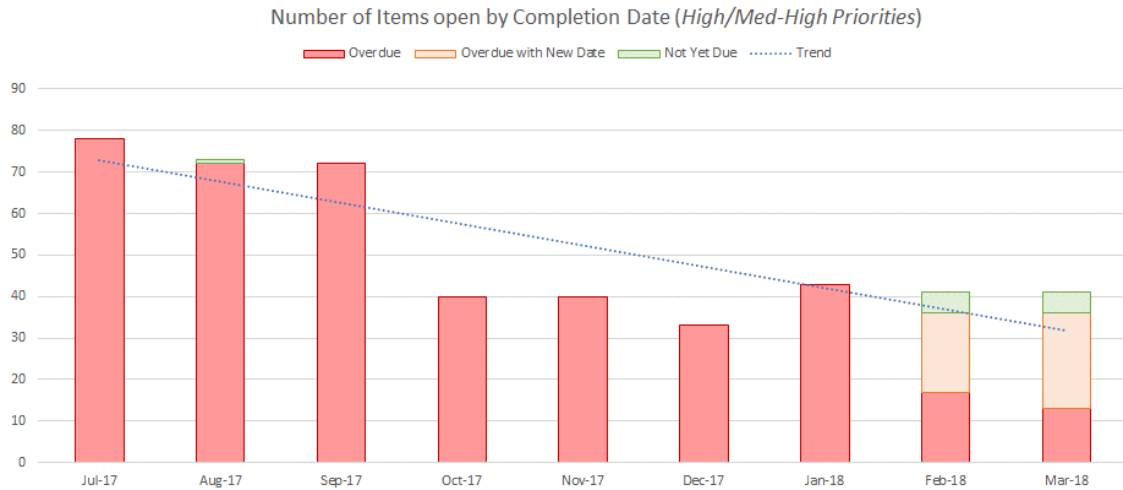**4.   WHAT HAPPENS WITH AUDIT & REVIEW RECOMMENDATIONS**

4.1   The Audit & Review Assurance Tracking system records all recommendations and agreed actions coming out of key assurance activities. The system tracks recommendations at the following assurance levels:

- External Audit
- Annual Statement of Assurance
- Internal Audit (Audit & Review and Devon Audit Partnership)
- Operational Assurance
- EFQM
- Peer Review
- ICT Health Checks
- Safety Events
- Security Events

4.2   The Assurance Tracker is available to all employees through the Service Information Point (SIP) and will be made available to the public in the future to fall in line with the new draft Fire & Rescue National Framework document.

4.3   On a monthly basis all outstanding High and High / Medium recommendations are reported to the Service Leadership Team (SLT) for review.

4.4   A quarterly update procedure has been embedded that sees the export and distribution of outstanding recommendations to service managers to provide an update. This has been aligned to the Corporate Planning process to ensure outstanding recommendations are reviewed alongside departmental plans.

4.5   The inclusion of additional assurance activity, such as EFQM, ICT health checks, Safety events and security events, has seen an overall increase in the total number of open actions. However, even with the additional assurance actions, since July 2017, a 56% decrease has been seen in open 'High' or 'High / Medium' recommendations to 41 (78 reported in July 2017), with the majority located at the tactical rather than strategic level. Updates are being focussed on the higher priority items, however the overall trend in all priority of open items, continues to decrease. As at March 2018, refer to illustrated Graph 1 and Graph 2 below.

4.6   The overdue actions are largely linked to longer term project work that remain on-going and are monitored through the assurance tracking process.

4.7   Additionally, open actions have been superseded by changes to the service structure, digital transformation and other actions.   Further work is ongoing to ensure that actions that have been superseded are documented and recorded as closed.

Number of Items open by Completion Date (*All Priorities*)
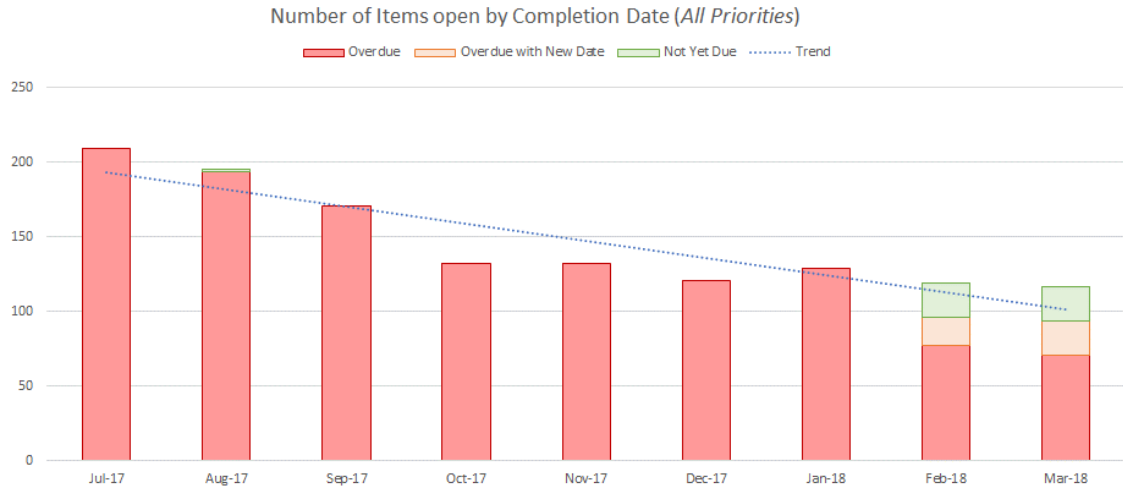
Graph 1: Open recommendations (all priorities)

Number of Items open by Completion Date (*High/Med-High Priorities*)

Graph 2: Open recommendations (High/Med High priority)

5.   CONCLUSION & RECOMMENDATIONS

5.1   Based on the work completed to date in this year and knowledge from previous years, the systems in operation within Devon & Somerset Fire & Rescue Service continue to demonstrate an appropriate level of internal control.

5.2   Both Audit & Review and the Devon Audit Partnership would wish to use this report to thank all staff who have worked with them in delivering the audit programme and the willingness to positively engage in the audit process.

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

ACFO PETER BOND
Director of Service Improvement