

<b>REPORT REFERENCE NO.</b>	<b>APRC/18/18</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>9 NOVEMBER 2018</b>
<b>SUBJECT OF REPORT</b>	<b>AUDIT &amp; REVIEW 2018-19 UPDATE: QUARTER 2</b>
<b>LEAD OFFICER</b>	<b>DIRECTOR OF SERVICE IMPROVEMENT</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>Attached for consideration and discussion is the 2018 – 19 Quarter 2 Audit &amp; Review report. This report sets out progress to date against the approved 2018-19 Internal Audit Plan, and updates on additional review work undertaken.</p> <p>The report provides assurance statements for the audits completed to date and records the progress against the approved Internal Audit Plan.</p> <p>Internal Audit activities across Devon &amp; Somerset Fire &amp; Rescue Service (DSFRS) are managed through a shared service agreement that sees Audit &amp; Review and the Devon Audit Partnership (DAP) work together to deliver the Internal Audit Plan. Additionally this includes an overview of key assurance activities completed by other teams who contribute to the audit plan, such as Information Assurance, Operational Assurance, and Safety Assurance.</p> <p>The report provides an overview of the assurance tracking process and the current high priority recommendations that remain as 'open' on the assurance tracker.</p>
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)</b>	Not applicable.
<b>APPENDICES</b>	Nil.
<b>LIST OF BACKGROUND PAPERS</b>	<p>Audit &amp; Review 2018-19 Plan</p> <p>Audit &amp; Review Service Policy</p>

## **1. INTRODUCTION**

- 1.1. The 2018/19 Internal Audit Plan was approved by this Committee at its meeting held on 26 April 2018. The Plan sets out the combined scope of internal audit work to be completed by Audit & Review and the Devon Audit Partnership, and other assurance providing functions.
- 1.2. Audit & Review and the Devon Audit Partnership are accountable for the delivery of the Plan and the policy includes the requirement to report progress to this Committee at least three times per year.
- 1.3. The key objective of this report is to provide the Committee with a progress report against the Plan.
- 1.4. The report includes the assurance statements for the audits completed since the previous meeting of the Committee.
- 1.5. The report 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 2018-19 PLAN**

3.1. The 2018-19 Internal Audit Plan has been assigned to the Audit & Review Manager, the Information Assurance Manager, the IT Security Officer, the Operational Assurance Manager, the Organisational Safety Manager, and the Risk & Insurance Manager.

Assurance Area	Progress	Assurance statement / Update
<b>Operational Assurance</b>		
<p>Our Operational Assurance (OpA) process captures information from operational activities (through monitoring and debriefing), enables the identification of trends through a graphical dashboard and manage the resultant actions with the organisation. Actions are assigned to local risk managers and monitored to ensure improvements implemented.</p>		
Operational Assurance	Ongoing	<p>Between July and September; 319 Incidents were monitored. 222 of these incidents identified learning points:</p> <ul style="list-style-type: none"> <li>• 11 safety critical (18 in Q1)</li> <li>• 150 improvement opportunities (against 107 in Q1).</li> <li>• 61 notable practice (2 in Q1; this is a significant increase).</li> </ul> <p>Learning points have been referred to the relevant teams to action.</p> <p>Trend analysis has been carried out by the Op A department and incorporated into our quarterly bulletin for organisational learning.</p> <p>Quarter 2 - 100 response support visits completed by flexi officers on targeted themes (120 in Q1). These visits are to enhance learning identified through trend analysis and national learning.</p> <p>An inspection by HSE is scheduled for 30<sup>th</sup>-31<sup>st</sup> October 2018.</p>

<b>Information Assurance</b>		
Data Protection / GDPR	Ongoing	<p>A GDPR compliance gap analysis has been completed.</p> <p>There were 52 security events reported between July and September (49 in Q1), of which 16 related specifically to Information Security (16 in Q1), showing no significant change. None of these were reportable to the ICO.</p>
<b>Risk based audits</b>		
National Fire Chiefs Council (NFCC) H&S Assessment	In Progress	<p>Stage two of the three stage self-assessment (our Safety Management System) is in progress, which is scheduled for completion by end of Q3 2018-19, with DAP providing an objective review (stage three) of our assessment in Q4, to enable an overall outcome to be determined.</p>
National Fraud Initiative	Ongoing	<p>This is a mandatory initiative for public sector organisations, and is owned by the Cabinet Office. The results of the 2016-2018 national exercise, show recovery of £275.3m public finance across UK. There were no instances of fraud identified at DSFRS through this exercise. Data collection is currently being completed to enable a new matching exercise to be completed across the next 2 years.</p>
Service Policies	Ongoing	<p>An ongoing review is underway to reduce the volume of service policy documents which are no longer relevant or past their required review date. Currently 71% of policies are past due for review (an improvement from 76% in Q1). This has been added to the Corporate Risk Register, and a project to address this has been agreed by EB.</p>
Training for Competence: Evaluation review	Draft Report	<p><b>★★★ Good Standard</b></p> <p>There were robust feedback processes in place during the pilot, however, as this progresses to becoming business as usual, there is room to improve the transparency and signposting of the feedback process, to ensure it is easily accessible to all.</p>

Cultural Audit	In Progress	Work has begun on a cultural audit, to assess the decision making process, and empowerment within DSFRS, and to identify any areas for consideration in the Bullying & Harassment policy. This is due to be completed by Devon Audit Partnership.
<b>IT Security</b>		
IT Health Check - Corporate	Ongoing	The 2018 testing has been completed and the draft reports received for review. The testers expressed confidence in our overall technical security posture.
IT Health Check - NFSP	Ongoing	Capita progress with remediation of the 2017 risks is still incomplete but they have arranged for a pre-Health Check review by one of their security specialists. The 2018 health Check has been delayed by complications with the Capita Emergency Services Network (ESN) update and is now booked for October.
Code of Connection (Airwave/ESN)	Ongoing	The Health Check has recently been performed and the report will be reviewed for any actions before the new submission is completed.
ISO 27001 Alignment	Ongoing	Good progress has been made in Q2 with gathering evidence of ISO27001 alignment.

### **Action Planning**

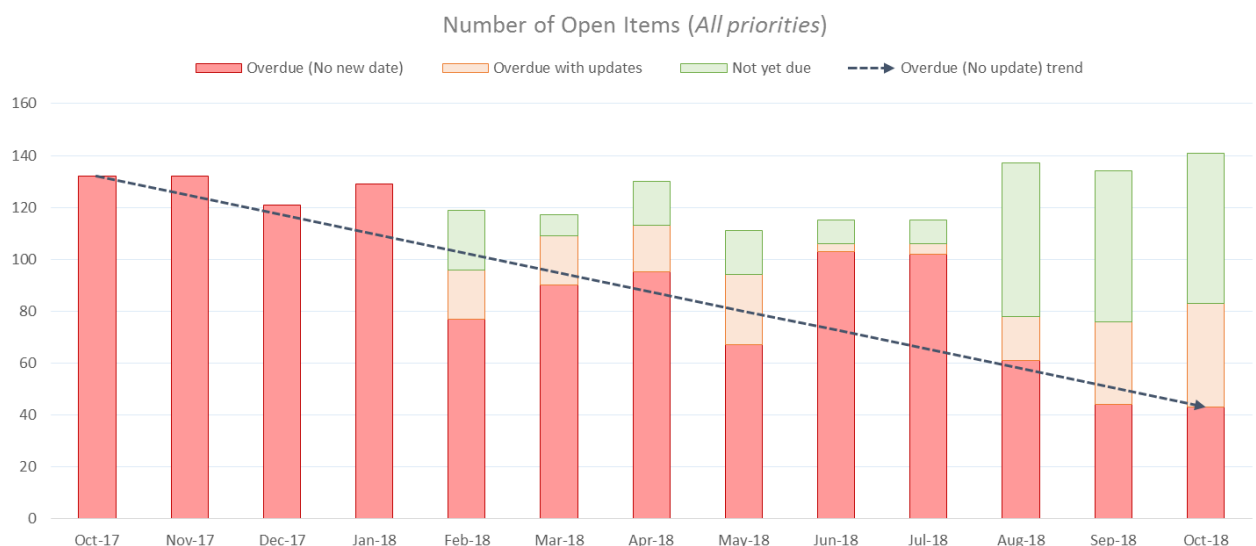
- 3.2. All issues have been discussed with the Lead Officers and Audit & Review are pleased to report that suitable action plans have been agreed to improve the management of any risks identified.
- 3.3. All agreed actions are captured and monitored through the assurance tracking process (see paragraph 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**

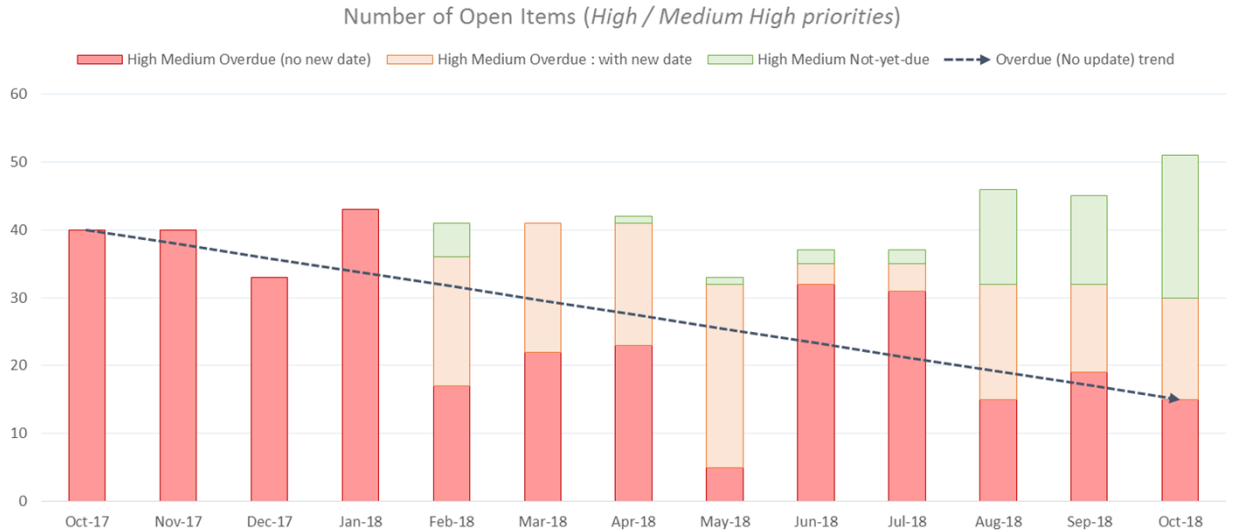
- 4.1. The Audit & Review Assurance Tracking system records all recommendations and agreed actions coming out of key assurance activities. The system tracks recommendations at the following assurance levels:
- External reviews (including External audit)
  - Annual Statement of Assurance
  - Internal Audit (Audit & Review and Devon Audit Partnership)
  - Operational Assurance

- European Foundation for Quality Management (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. 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.
- 4.4. The inclusion of additional assurance activity, such as ICT health checks, safety and security events, has seen an overall increase in the total number of open actions. However, even with the additional assurance actions, over the last 12 months, a 67% decrease has been seen in overdue recommendations with no update, to 43 (132 reported in September 2017). Updates are being focussed on the higher priority items, however the overall trend in all priority of open items, continues to decrease. As at October 2018, refer to illustrated Graph 1 and Graph 2 below.
- 4.5. The overdue actions are largely linked to longer term project work that remain on-going and are monitored through the assurance tracking process.
- 4.6. 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.



*Graph 1: Open recommendations (all priorities)*



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

**5. CONCLUSION**

- 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 a 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 PETE BOND**  
**Director of Service Improvement**