

REPORT REFERENCE NO.	APRC/19/2
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	18 JANUARY 2019
SUBJECT OF REPORT	AUDIT & REVIEW 2018-19 PROGRESS REPORT
LEAD OFFICER	DIRECTOR OF SERVICE IMPROVEMENT
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>This report sets out progress to date (i.e. as at Quarter 3 of the 2018-19 financial year) against the approved Internal Audit Plan for that year 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 the Devon & Somerset Fire & Rescue Service (the Service) are managed through a shared service agreement that sees the Service's internal Audit & Review section 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>This report also provides an overview of the assurance tracking process and the current high priority recommendations that remain as 'open' on the assurance tracker.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	Not applicable.
APPENDICES	<p>A. Audit planning process schematic;</p> <p>B. Security events by quarter 2018/19.</p>
LIST OF BACKGROUND PAPERS	<p>Audit & Review 2018-19 Plan</p> <p>Audit & Review Service Policy</p>

1. INTRODUCTION

- 1.1. The 2018/19 Internal Audit Plan was approved by this Committee at its meeting on 26 April 2018 (Minute *APRC/32 refers). The Plan sets out the combined scope of internal audit work to be completed by the Service's internal Audit & Review section and the Devon Audit Partnership, together with other assurance providing functions. The Audit planning process is shown diagrammatic form at Appendix 1.
- 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 of internal audit activity against the Plan. The report includes the assurance statements for the audits completed since the last meeting of the Committee and 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.
- 3.2. To increase clarity on progress, audit phases have been added to Risk Based Audits.

Assurance Area	Progress	Assurance statement / Update
Operational Assurance		
Operational assurance (OpA) process captures information from operational activities, enables the identification of trends through a graphical dashboard and manage the resultant actions with the organisation. Actions are assigned a rating of safety critical, area of concern or notable practice. Actions are assigned to local risk managers and monitored to ensure improvements implemented.		
Operational Assurance	This is an area requiring continuous ongoing review to ensure compliance and organisational improvement	<p>Q3 192 Incidents were monitored. 88 of these incidents identified learning points:</p> <ul style="list-style-type: none"> • 1 safety critical (Q2: 11 safety critical issues) • 105 areas of concern (Q2: 150 areas of concern). • 39 notable practice (Q2: 61 notable practice) <p>Learning points have been referred to the relevant teams to action.</p> <p>Trend analysis carried out by the OpA department and incorporated into quarterly bulletin for organisational learning.</p> <p>Q3 - 107 response support visits completed by flexi officers on targeted themes (100 in Q2). These visits are to enhance learning identified through trend analysis, national learning and learning from other FRS.</p>

Data Protection / GDPR	This is an area requiring continuous ongoing review to ensure compliance and organisational improvement	There were 62 security events reported in Q3 (52 in Q2), of which 13 related specifically to Information Security (18 in Q2). The movement in this can be seen in Appendix B. The increase in Q3 reflects recent work completed by the Information Assurance team to raise organisational awareness of security.
Blue Light driving Compliance Audit	Planning Phase	This audit is currently in the planning phase, due for completion Q4 2018-19.
Payroll Audit	Planning Phase	This audit is currently in the planning phase, due for completion Q4 2018-19.
Payroll provider handover review	Planning Phase	This audit is currently in the planning phase, due for completion Q4 2018-19.
NFCC H&S Assessment	Evidence / Information Gathering Phase	Stage two of the three stage self-assessment (our Safety Management System), with completion of all three stages due Q4 2018-19.
Cultural Audit	Evidence / Information Gathering Phase	Due to be completed Q4 2018-19
Pension Board Governance Audit	Evidence / Information Gathering Phase	Due to be completed Q4 2018-19
IT Health Check - Corporate	Draft Report	A remediation plan is in place.
IT Health Check - NFSP	Draft Report	The 2018 Health Check has been completed and the Remedial Action Plan has been accepted by the partnership. Capita have responded to the plan with their proposed actions
Code of Connection (Airwave/ESN)	Draft Report	The introduction of replacement MDT hardware counts as a significant change under the Airwave Code of Connection and a new draft submission has been sent to the Airwave Accreditor for review.

		ESN has introduced new requirements as a part of an Architectural Pattern document, these are subject to ongoing review with the partnership.
ISO 27001 Alignment	Evidence / Information Gathering Phase	Good progress has been made in Q3 with gathering evidence of ISO27001 alignment. The IT Health Checks and Remedial Action Plans have been a main focus for this quarter.
Procurement Process for Internal audit providers	Evidence / Information Gathering Phase	Information is being gathered from potential internal audit providers.
LGA Peer Review : Update report	Complete	<p>★★★ Good Standard</p> <p>49% of the actions from this review have been closed as completed, or duplicate other actions or work already in progress.</p> <p>20% are being addressed by the Change and Improvement plan, and 7% by our Digital Transformation strategy.</p> <p>11% are being addressed through policy and strategy updates, which are in progress.</p> <p>7% of the actions are being currently addressed by other ongoing work within departments.</p> <p>2% are addressed by the Fire & Rescue plan and 2% by "Training 4 Competence".</p> <p>The remaining 2% of actions are open, however are low priority actions which require significant resource.</p>

Fire Control Review : Update report	Complete	<p>★★★ Good Standard</p> <p>A review of actions for Fire Control following an investigation into “the Sussex Road incident” determined that 76% of the actions had been completed, with 20.5% forming ongoing work, and the remaining 3.5% becoming redundant since ways of working have changed. A good level of assurance could be given that actions were all addressed, and further work on this will take place in 2019.</p>
National Fraud Initiative	Evidence / Information Gathering Phase	This is a mandatory initiative for public sector organisations, and is owned by the Cabinet Office.

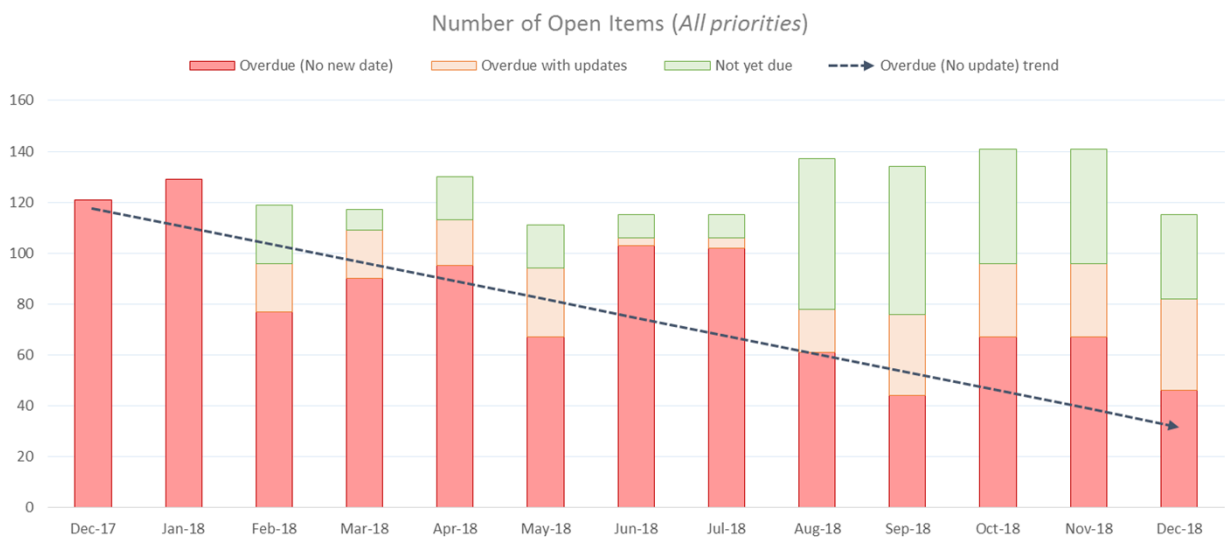
Action Planning

- 3.3. 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.
- 3.4. 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).

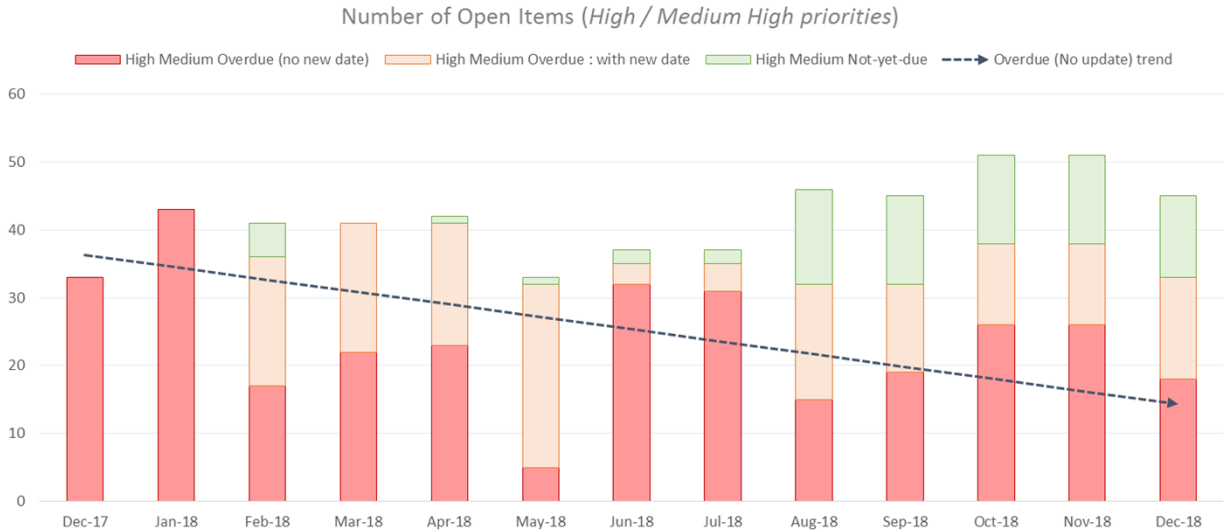
4. WHAT HAPPENS WITH AUDIT & REVIEW RECOMMENDATIONS

- 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
 - 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, since January 2018, a 64% decrease has been seen in overdue recommendations with no update, down to 46 from 129 reported in January 2018. Updates are being focussed on the higher priority items, however the overall trend in all priority of open items, continues to decrease. As at December 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)

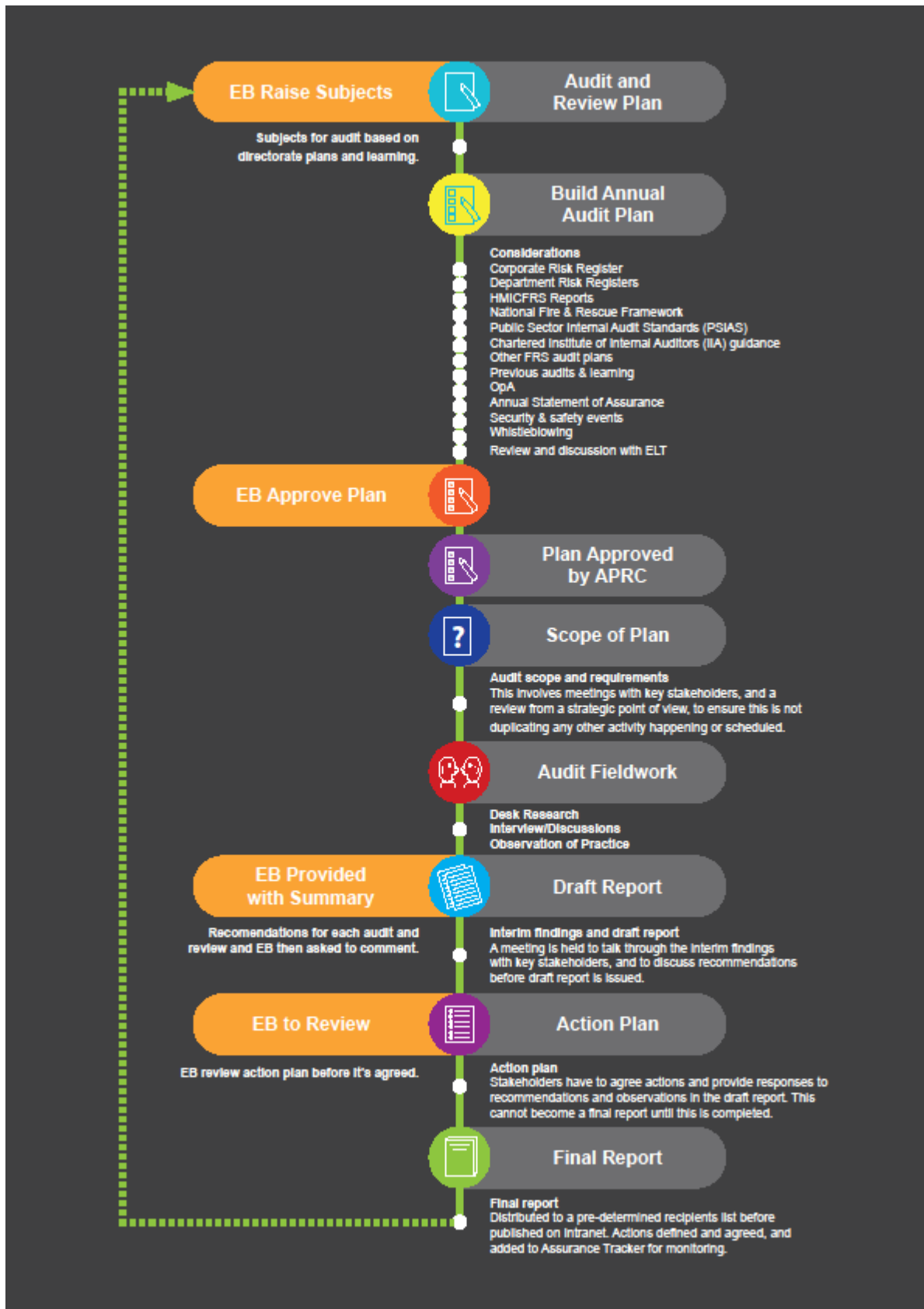


Graph 2: Open recommendations (High/Med High priority)

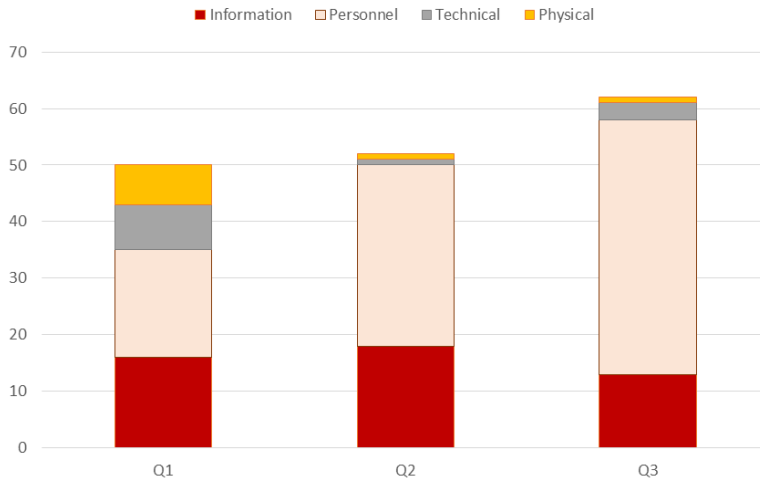
5. **CONCLUSION & RECOMMENDATIONS**

- 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 a good level of internal control.
- 5.2. Both the Service's internal Audit & Review section 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 who have demonstrated a 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.

PETE BOND
Director of Service Improvement



APPENDIX B TO REPORT APRC/19/2



Security Events (by type) by Quarter 2018-19