

REPORT REFERENCE NO.	APRC/19/4
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	10 MAY 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>Attached for consideration and discussion is the 2018 – 19 annual Audit & 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 the Devon & Somerset Fire & Rescue Service (“the Service”) 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. 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>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	Not applicable.
APPENDICES	Nil.
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 held on the 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. The Audit planning process is shown in **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 against the Plan.
- 1.4. The report includes the assurance statements for all audits completed during 2018-19.
- 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.
- 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>Throughout the year 2018-19, a total of 2,528 Incidents were monitored. 410 of these incidents identified learning points:</p> <ul style="list-style-type: none"> • 18 safety critical (these were related to equipment failure, our interaction with technology, and communication channels) • 591 areas of concern. • 213 notable practice. <p>Learning points have been referred to the relevant teams to action.</p> <p>Trend analysis has been carried out by the OpA department and incorporated into the quarterly bulletin for organisational learning.</p> <p>438 programmed station visits were completed by flexi officers on targeted themes. These visits are to enhance learning identified through trend analysis, national learning and learning from other FRSs.</p>

Assurance Area	Progress	Assurance statement / Update
Data Protection/GDPR	This is an area requiring continuous ongoing review to ensure compliance and organisational improvement	Throughout 2018-19 the Information Assurance (IA) team have engaged with the organisation on how to recognise and report security events. This generated an expected increase in the number of events reported (see Appendix 2). Work will continue on this throughout 2019-20, as well as helping the organisation to refine their information security practices.
IT Health Check - Corporate	Complete	A Remedial Action Plan is in place and progress has been made by ICT.
IT Health Check - NFSP	Complete	A Remedial Action Plan is in place and Capita have actions in progress.
Code of Connection (Airwave/ESN)	Complete	The introduction of replacement MDT hardware counted as a significant change under the Airwave Code of Connection and the Airwave Accreditor has approved our Code of Connection for the new MDT. 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 Q4 with gathering evidence of ISO27001 alignment. The ICT Security policies have been reviewed and republished.
Procurement Process for Internal audit providers	Complete	Devon Audit Partnership has been awarded a 3 year contract from 1 st April 2019.
LGA Peer Review : Update report	Complete	<p>★★★ Good Standard</p> <p>49% of the actions from this review have been closed as completed, or duplication of other actions or work already in progress.</p> <p>20% are being addressed by the Safer Together Programme, and 7% by our Digital Transformation strategy.</p> <p>11% are being addressed through policy and strategy updates, which are in progress.</p>

Assurance Area	Progress	Assurance statement / Update
		<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. A review will be completed in the next quarter as to whether the mitigation will outweigh the risk.</p>
Fire Control Review : Update report (High-level)	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>
Fire Control Review : Update report (Detailed review)	Evidence / Information Gathering Phase	<p>The results of the High-level fire control review prompted a more detailed review into specific findings (based on staff changes, and previous reports). This will be completed Q1 2019-20.</p>
National Fraud Initiative	Review Phase	<p>This is a mandatory initiative for public sector organisations, and is owned by the Cabinet Office.</p>
NFCC H&S Assessment	Complete	<p>The NFCC assessment requires a different grading. This is rated as "Working Towards" (second on a three point scale), with our self-assessment being validated by Devon Audit Partnership.</p> <p>Feedback on the process will be collated during Q1 2019-20 to provide to NFCC, and drive improvement in the process.</p>
Community Safety: Education activity audit	Complete	<p>★★ Improvements Required</p> <p>Issues identified have been addressed by Community safety strategy, and centralisation of processes.</p>

Assurance Area	Progress	Assurance statement / Update
Training for Competence: Evaluation review	Complete	★★★ Good Standard Staff had opportunity to provide feedback, which was used to develop approached, and opportunities existed to improve feedback mechanisms.
Cultural Audit	Complete	★★ Improvements Required Further work will be completed during 2019-20 based on the outcome of this report. Areas which will be looked into include empowerment, decision making, and Bullying & Harassment.
Contract Management	Evidence / Information Gathering Phase	Further investigation has been required into transactional data, this will be completed during Q1 2019-20.
Pension Board Governance Arrangements review	Complete	★★★ Good Standard The Governance arrangements in place were found to be robust and supported by officer-led processes and self-assessment
Key Financial Systems 2018-19	Complete	★★★ Good Standard Accurate data, well managed accounting system and defined treasury management approach.
Pensions and payroll handover process	Draft Report	★★★ Good Standard Both projects were effectively managed, with good information security consideration.
Payroll 2018-19	Draft Report	★★★ Good Standard New payroll system and processes are robust, but small team size presents challenges, and system password requirements are to be revised.
GDPR Strategic Review	Complete	★★ Improvements Required Information Assurance team are able to demonstrate good level of knowledge and expertise. There are some amendments required to recording of data processing activity and ongoing work improving privacy notices, is scheduled for 2019-20.

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
- Security Events

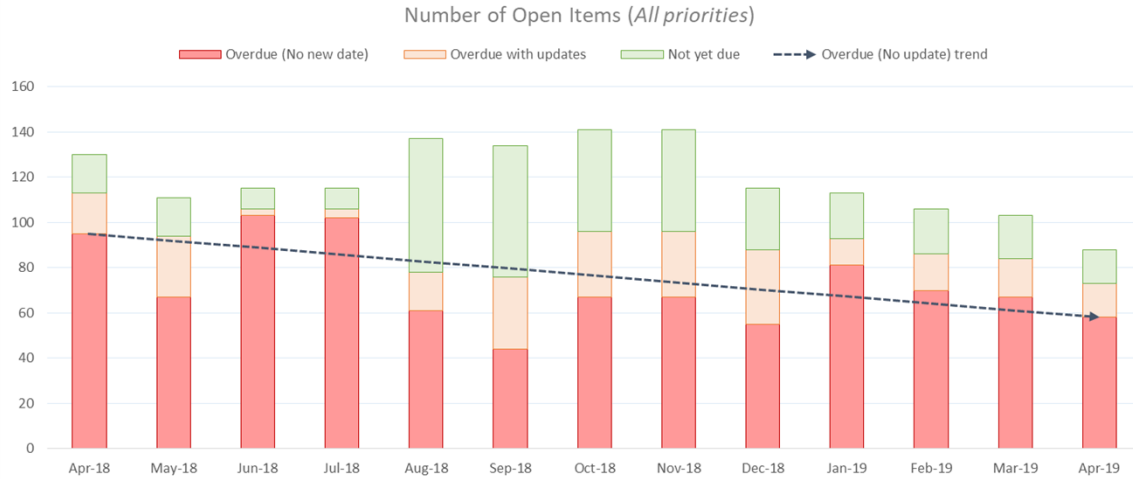
4.2. The Assurance Tracker is available to all employees through the Service Information Point (SIP) and will be made available to the public in the future to fall in line with the new draft Fire & Rescue National Framework document.

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.

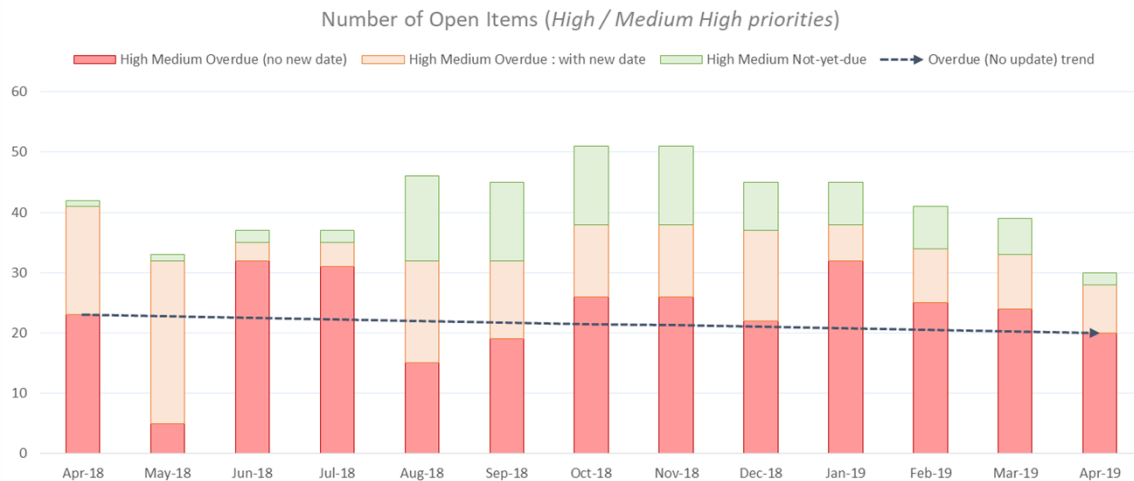
4.4. The inclusion of additional assurance activity, such as ICT health checks, safety and security events, has seen an overall increase in the total number of open actions. However, even with the additional assurance actions, since April 2018, a 39% decrease has been seen in overdue recommendations with no update, to 58 (95 reported in April 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 April 2019, 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 2: Open recommendations (all priorities)

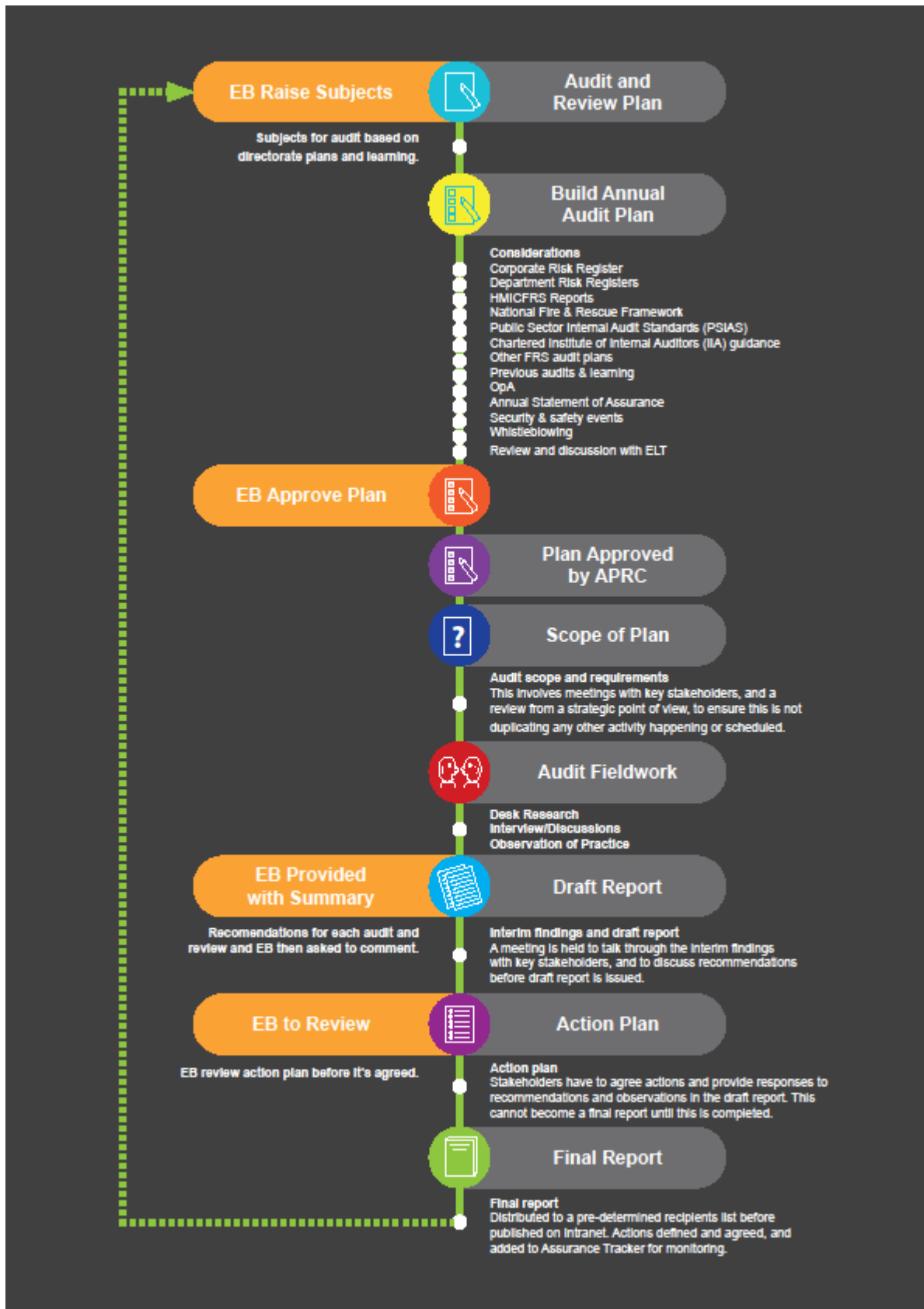


Graph 3: Open recommendations (High/Med High priority)

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 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.

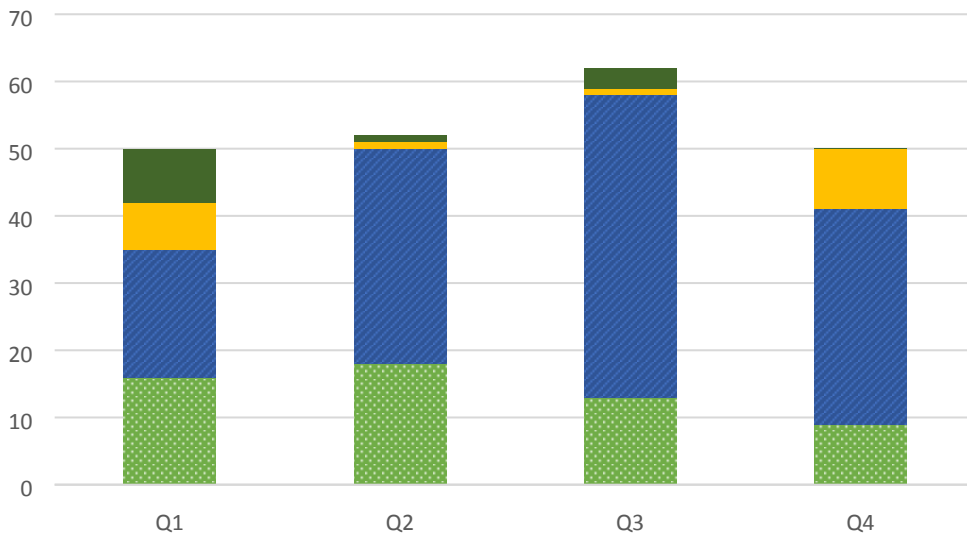
ACFO PETE BOND
Director of Service Improvement



APPENDIX 1 TO REPORT APRC/19/4

2018-19 Security Events

Information Personnel Physical Technical



Security Events (by type) by Quarter 2018-19