

<b>REPORT REFERENCE NO.</b>	<b>APRC/20/2</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>4 MARCH 2020</b>
<b>SUBJECT OF REPORT</b>	<b>AUDIT &amp; REVIEW 2019-20 PROGRESS REPORT</b>
<b>LEAD OFFICER</b>	<b>Director of Governance &amp; Digital Services</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>Attached for consideration and discussion is the 2019–20 Q3 Audit &amp; Review report. This report sets out progress that was made during Q3, against the approved 2019-20 Internal Audit Plan, and updates on additional review work undertaken. Work which was completed in previous quarters this financial year, has not been included within this update, however, this will be included within the 2019-20 year-end report.</p> <p>Internal Audit activities across 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>	<p>Appendix 1 – Internal Audit Planning Process</p> <p>Appendix 2 – Security Events</p> <p>Appendix 3 - Operational Assurance learning points identified by category</p>
<b>LIST OF BACKGROUND PAPERS</b>	<p>Audit &amp; Review 2019-20 Plan</p> <p>Audit &amp; Review Service Policy</p>

## **1. INTRODUCTION**

- 1.1 The 2019-20 Internal Audit Plan was approved by this Committee at its meeting held on the 10<sup>th</sup> May 2019. 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 that work progressed on during 2019-20 Q3. Audits that were completed in previous Quarters within the financial year will not appear in this update, however, will appear in each year-end report.
- 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 2019-20 PLAN**

- 3.1 The 2019-20 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	This is an area requiring continuous ongoing review to ensure compliance and organisational improvement	<p>For the period 1 October 2019 – 31 December 2019; a total of 481 incidents were monitored.</p> <p>55 of these incidents identified learning, resulting in 126 learning points being submitted, broken down as such;                      Safety Critical = 2 (1 equipment related, reported and investigated through the Safety Reporting Event App. The other was regarding collaboration and has been actioned and closed).                      Area of Concern = 100                      Notable Practice = 24</p> <p>Learning points have been referred to the relevant teams to action.                      Trend analysis carried out by the OpA Department and incorporated into quarterly bulletin for organisational learning.</p> <p>109 Programmed Officer Visits were completed, 45 of which by Flexi Officers on targeted themes. These visits are to enhance learning identified through trend analysis, national learning and learning from other FRS.</p> <p>An overview of the number of learning points identified can be viewed in Appendix 3.</p>

Assurance Area	Progress	Assurance statement / Update
Data Protection / GDPR	This is an area requiring continuous ongoing review to ensure compliance and organisational improvement	The GDPR compliance plan and gap analysis has been regularly monitored to inform the Service of any high risk areas of non-compliance. Data retention is an area for improvement and is now a key consideration for all in-house development projects. How data retention is managed within external and legacy systems require further scrutiny to ensure GDPR principles are complied with.
ISO 27001 (Information Security Standard) Alignment	In Progress	Re-mapping of ISO27001 Baseline Control Set against legal and other compliance standards has progressed well, with the introduction of a maturity model to better measure compliance and information security. The annual IT Health Check remedial action plan has been agreed and good progress made to address high and medium risks.
National Fraud Initiative	In Progress	This is a mandatory initiative for public sector organisations, and is owned by the Cabinet Office. Currently, 439 (85%) of the 515 records returned, have been reviewed and no fraudulent activity has been identified within these.
H&S Culture Audit	Planning phase	This audit is in the planning phase to understand the role that Health & Safety plays in the organisational culture, at all levels, in all areas. Plans are currently under review as this requires a wider organisational approach, to ensure findings are as meaningful as possible. The use of external specialists in this area is under consideration.
Digital Transformation project process audit	Complete	<p>★★★ <b>Good Standard</b></p> <p>The 'Programme and Project Governance Framework' has created a more traditional waterfall approach, with the product development stage being agile. Overall, the framework approach was well defined, structured and applied, and capable of delivering effective solutions aligned to business and user needs.</p>
Safeguarding Review	Draft Report	This is a review of the work that the Safeguarding team complete, to understand how well their work is understood across the Service, and how appropriately they are positioned within the Service. A draft report has been produced and is under review, however, due to changes in the team management, it has not yet been possible to agree an action plan, which is required to finalise the report.
Key Financial Systems Audit	Complete	<p>★★★ <b>Good Standard</b></p> <p>Overall the control environment relating to our key financial systems in generally good. A number of recommendations have been made, this includes introducing independent authorisation for journal entry into the General Ledger and ensuring</p>

Assurance Area	Progress	Assurance statement / Update
		amendment to supplier bank details are independently checked.
Payroll Audit	In Progress	Fieldwork has now been completed, and draft report is expected during 2019-20 Q4.

### 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 tactical) 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)
- 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 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 Updates are being focussed on the higher priority items, however the trend in all priority of overdue items, continues to decrease, despite an increase in the overall volume of actions. As at December 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.

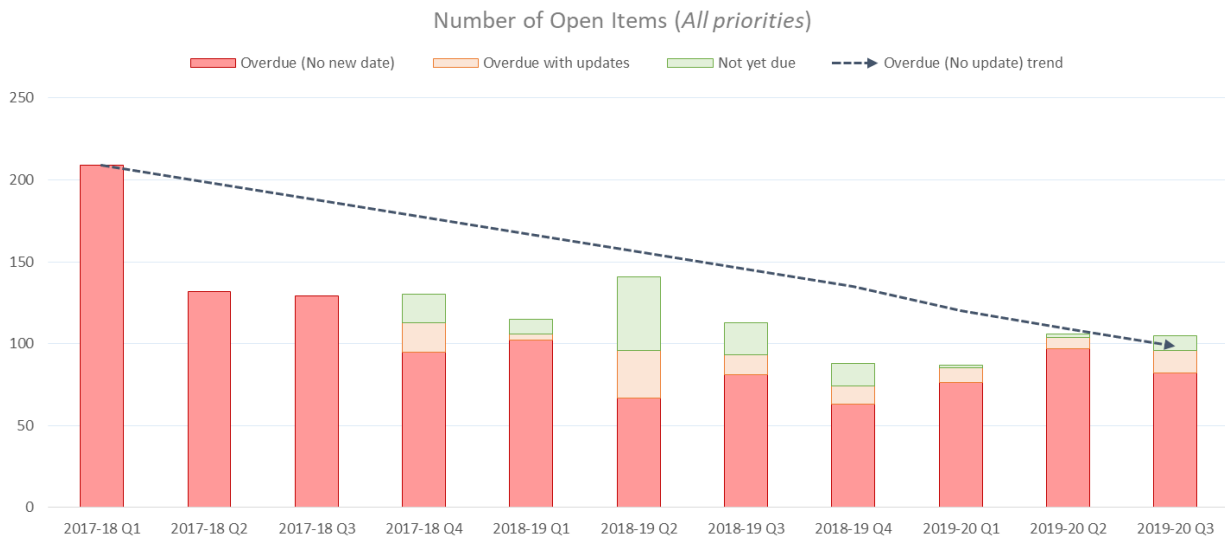


Figure 1: Open recommendations (all priorities)

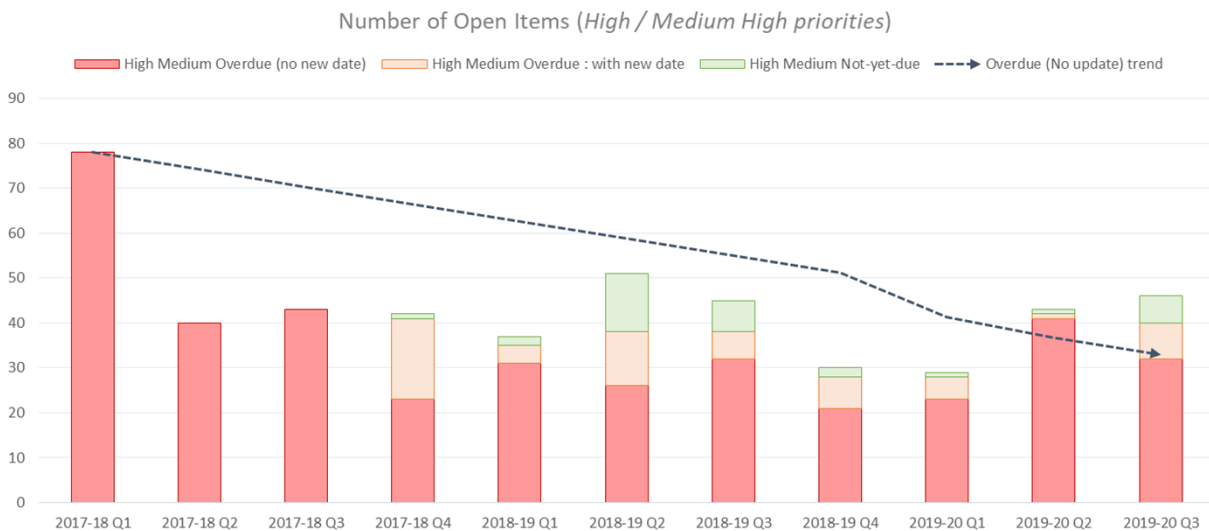


Figure 2: Open recommendations (High/Med High priority)

## 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 the 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.

**MIKE PEARSON**  
**Director of Governance and Digital Services**

APPENDIX 1 TO REPORT APRRC/20/2

INTERNAL AUDIT PLANNING PROCESS

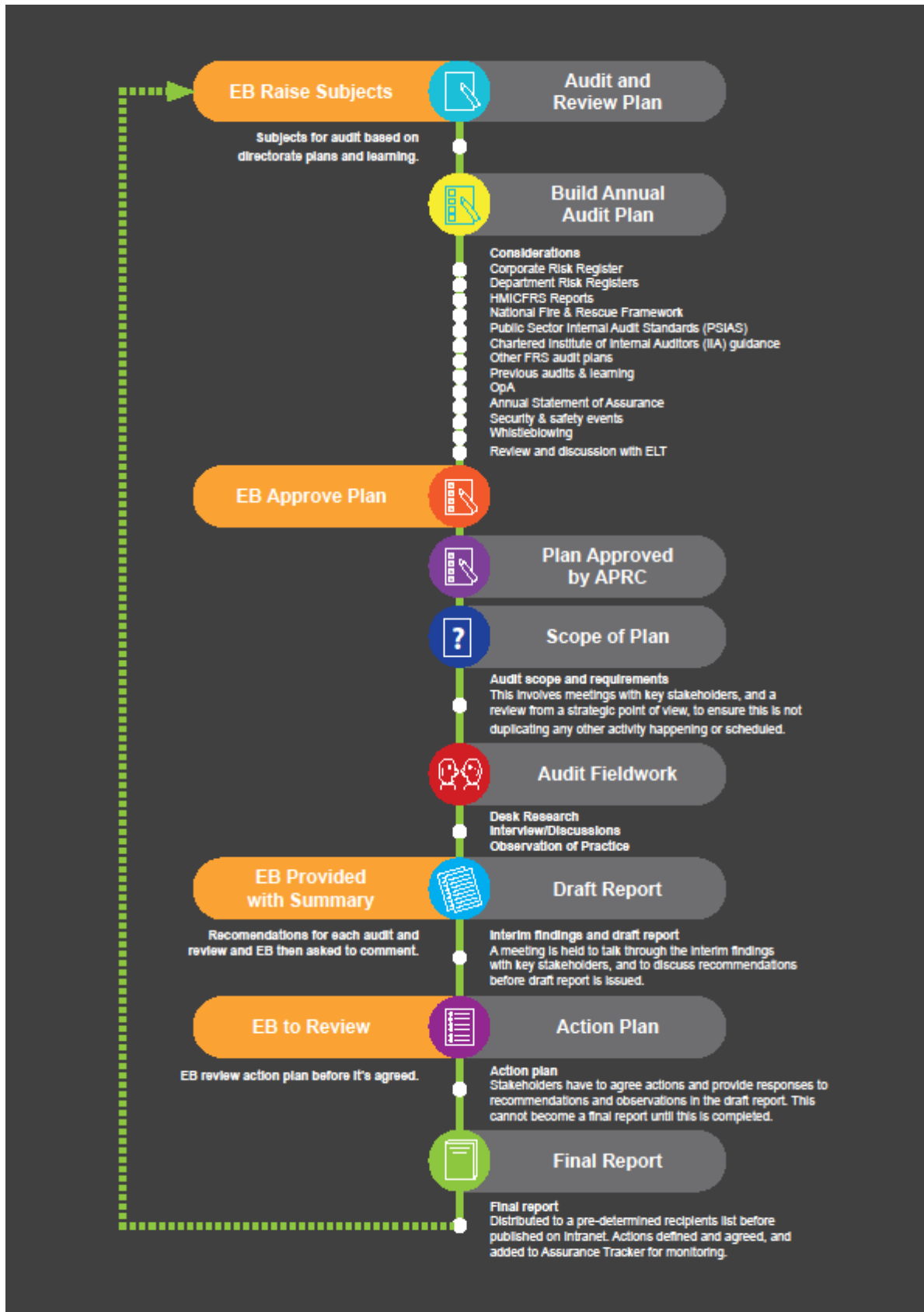


Figure 3: Internal Audit process



SECURITY EVENTS

Security Events

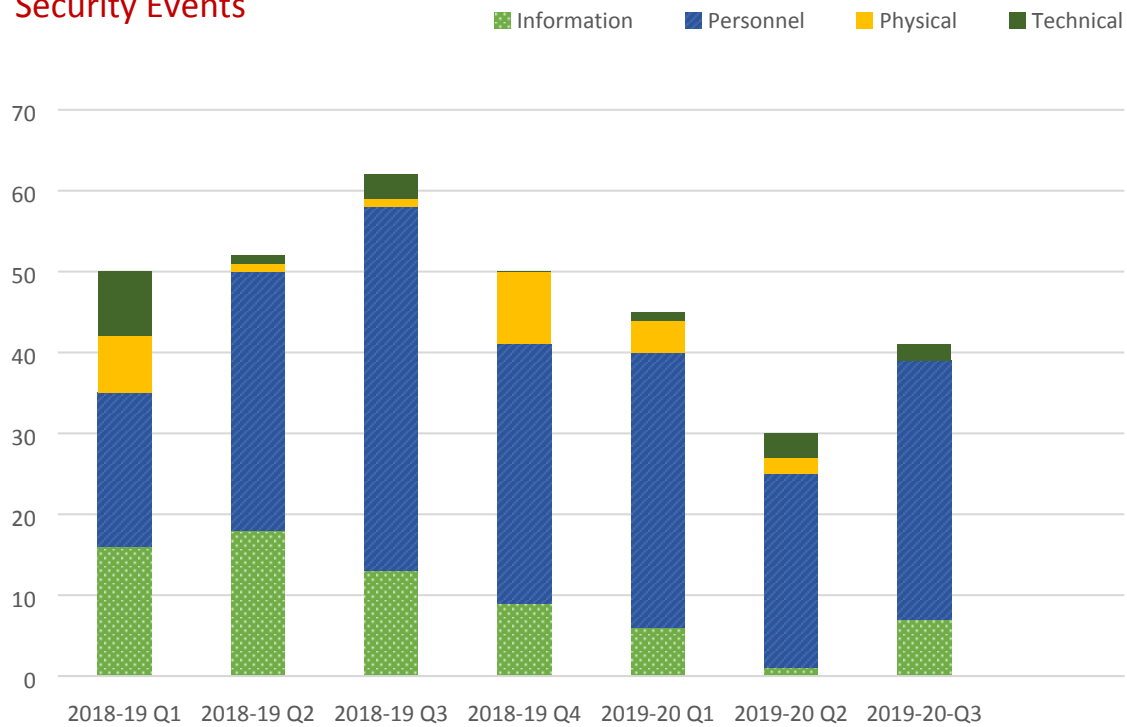


Figure 4: Security Events by Type, by Quarter

Our security event categories are aligned to HMG Security policy framework.

**Information Security** events include data breaches, emails sent to incorrect recipients, or information left on printers.

**Personnel Security** events include people not displaying appropriate ID cards on DSFRS sites, or losing alerters, or mobile telephones.

**Physical Security** events involve doors or windows being left open, or physical break-ins at premises.

**Technical Security** events are problems relating to our technical systems for managing information.

**OPERATIONAL ASSURANCE LEARNING POINTS IDENTIFIED BY CATEGORY**

2019-20 – Q3 : The Operational Assurance team are currently reviewing their systems and processes for identification and classification of learning points, which will have an impact on the future trend reporting.

**LEARNING POINTS IDENTIFIED**

Notable Practice      Area of Concern  
 Safety Critical

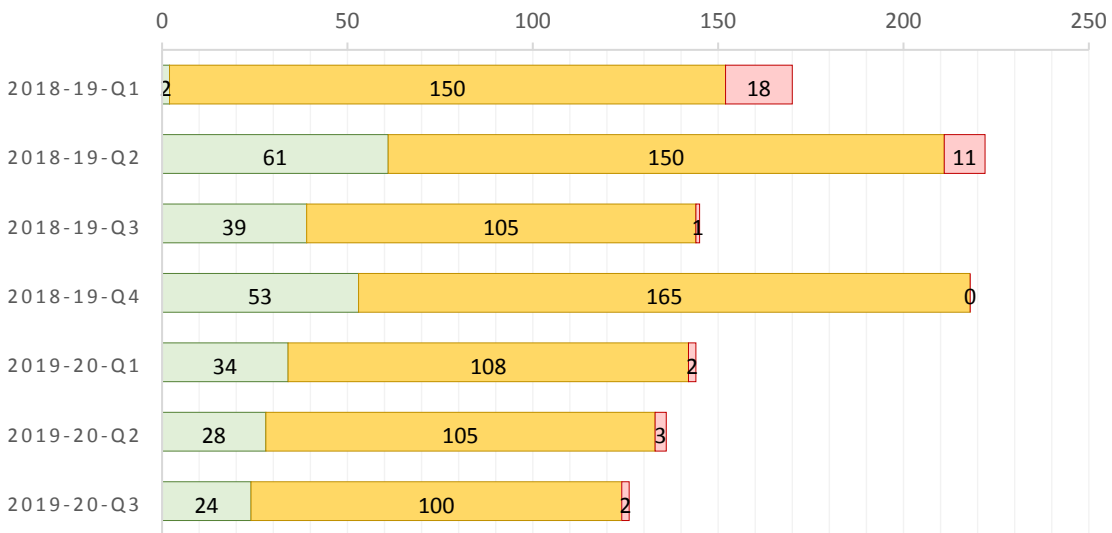


Figure 5: Learning points by category, by Quarter