Risk Management Group – Internal Audit Progress Monitoring Report

Report of the Chief Fire Officer

For further information about this report please contact Paul Raymond,
Chief Fire Officer, on 01743 260205 or Martin Timmis, Head of Operations and Risk,
on 01743 260285.

1 Purpose of Report

This report provides Members with an update on the monitoring of
recommendations made by Internal Audit that is undertaken by the Risk
Management Group (RMG). It specifically covers details about the progress
made against outstanding recommendations.

2 Recommendations

Members are asked to:

a) Note the progress that has been made against the outstanding
recommendations: and

b) Note that the Risk Management Group will continue to monitor progress
against all recommendations, reporting progress to this Committee on a
regular basis.

3 Background

'Internal Audit' is a tool, available to Senior Management and Members, for
them to get an independent judgement about the level of confidence they can
have that the policies and procedures they have put in place to control various
aspects of the Service that are considered higher risk (e.g. finance), are
operating in a way that reduces those risks.

It therefore follows that any recommendations made by our Internal Auditors as a result of the audits we have directed them to undertake should be implemented in an appropriate and timely manner. Recognising that each potential deficiency identified in our procedures is likely to result in a different level of risk exposure, Internal Audit rates each of their recommendations to assist the Service in deciding the priority for any remedial work.

These categories are shown below:

i)   Fundamental - Immediate action is required to address major control weaknesses that could lead to material loss;

ii)   Significant - Action needed to address a substantial control weakness where systems might be working but errors may go undetected;

iii)   Requires Attention - Action needed to improve existing controls or improve efficiencies.

In March 2008, this Committee agreed a process for dealing with recommendations that fall out of these audits, to ensure that officers are dealing with all matters effectively.

• The Committee would consider directly any **"Fundamental"** recommendations; and

• **"Significant"** and **"Requiring Attention"** recommendations are considered initially by the Risk Management Group (RMG) and any delays or failures in implementing these recommendations would be brought to the Committee.

This process has been used by the RMG since it was initially agreed. Members should note that there have been no 'Fundamental' recommendations since this monitoring process was implemented. The service now operates a robust internal system of checking and challenging with those officers having responsibility for each of the recommendations and during the past six months considerable progress has been made in progressing recommendations.

4   Outstanding Recommendations

As part of the 2010/11 audit plan, time was allocated to performing work on Fraud and Corruption. In May 2010 the Audit and Performance Management Committee (APMC) received a report from the RMG on progress made in the implementation of previous recommendations. This included a timetable to review the implementation of recommendations, based upon evidence provided by management and collated by RMG. The APMC had previously agreed that the audit days for Fraud and Corruption were to be used for this purpose.

As a result, Internal Audit focussed on twenty-nine recommendations which were outstanding from previous years. Of these 13 are assessed as fully implemented, two are withdrawn following the acceptance of the risk by management and five are superseded. Of the remaining recommendations, four are assessed as partially implemented and five as outstanding. It should be noted that four recommendations regard management of mobile telephones. All nine recommendations are scheduled for completion before 31 December 2010. All previously outstanding recommendations are detailed at the Appendix to this report and those still requiring attention will be revisited as part of the routine follow up audit work. The RMG are committed to ensuring that these recommendations and future audit recommendations are addressed in a prompt and timely manner to ensure that associated risks are mitigated as soon as possible.

5 Financial Implications

There are no direct financial implications arising from this report.

6 Legal Comment

Although the Fire Authority is not legally required to have in place a Code of Corporate Governance, but this is considered best practice.

7 Equality Impact Assessment

This report records progress against various recommendations made by Internal Audit and therefore has no direct impact on people. It has been assessed against the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and this has shown that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

8 Appendix

Progress against 'outstanding' recommendations

9 Background Papers

Audit and Performance Management Committee
13 May 2010, Paper 9 - Risk Management Group – Internal Audit Progress Monitoring Report

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Business Continuity Planning		Member Involvement	*
Capacity		National Framework	
Civil Contingencies Act		Operational Assurance	
Efficiency Savings		Public Value	
Financial	*	Retained	
Fire Control/Fire Link		Risk and Insurance	*
Information, Communications and Technology		Staff	
Freedom of Information / Data Protection / Environmental Information		Strategic Planning	
Legal	*	Equality Impact Assessment	*

Appendix to report 13 on
Risk Management Group Internal Audit Progress Monitoring Report
Shropshire and Wrekin Fire and Rescue Authority
Audit and Performance Management Committee
9 September 2010

Progress against outstanding recommendations

Report Ref	Original Rec No	Recommendation	Findings	New Recommendation	RMG additional comment
PERSONNEL 2005/06					
PR1	6	The induction process should be finalised and implemented at the earliest opportunity.	**Implemented**: Brigade Order (BO) HR 4 Pt 2 was issued in March 2010. This Order details the induction programme for non-uniformed staff, the absence of which gave rise to this recommendation.		
MISCELLANEOUS 2006/07					
PR2	15	Contracts for all consultants employed by the Fire Service should be reviewed to ensure that they are current and that they appropriately reflect the terms and conditions of the consultancy service provided.	**Implemented:** Examination of files maintained by the Principal Accountant confirmed that this has been satisfactorily addressed.		
PROCUREMENT 2006/07					
PR3	5	As per the procurement policy, suppliers with a cumulative spend of £5,000 and six or more orders in a year should be subject to review by the Head of Resources. This could help identify areas where a corporate procurement arrangement may produce savings.	**Implemented:** A spreadsheet was provided by the Principal Accountant which records multiple purchases from suppliers over the year. This facilitates the monitoring process, and allows for the details of the individual purchases to be reviewed.		

Report Ref	Original Rec No	Recommendation	Findings	New Recommendation	RMG additional comment
VEHICLE FLEET 2006/07					
PR4	8	The use of TRACE to regularly monitor fuel usage per vehicle to be considered, particularly as the fleet is growing in terms of light vehicles. Budgeted fuel costs represent 25% of direct budgeted transport costs in 06/07.	**Superseded:** Risk Management Group (RMG) have reviewed progress on this recommendation and report that they are "satisfied that due consideration has been given to this recommendation by officers, and that the risks of taking no further action have been discussed. In order for this recommendation to be removed from the tracking report, it needs to be rejected by management, alongside the comments in the previous column, which advise that this will be monitored as part of the 'green agenda', which in effect supersedes the recommendation." As this has subsequently been rejected, no further action is required, and this is noted.		
CREDITORS 2007/08					
PR5	2	All official orders exceeding £5,000 should be countersigned by a countersigning officer to ensure that appropriate tender or quotation procedures have been followed.	**Implemented:** Copies of two orders in excess of £5,000 were provided. Both of these had been authorised by the Chief Fire Officer (CFO).		

Putting Shropshire's Safety First

Report Ref	Original Rec No	Recommendation	Findings	New Recommendation	RMG additional comment
PR6	3	All major contracts should be entered in the Contract Register. An up to date summary list should be maintained of all contracts and reviewed by the Principal Accountant on a regular basis.	**Partially Implemented:** A copy of the spreadsheet was provided and the Principal Accountant identified that the population of the register is work in progress. This recommendation is therefore classified as partially implemented, and the recommendation is updated to reflect this. As significant progress has been made, the new recommendation has a lower rating. **Risk**: Appropriate tender procedures may not have been followed. Possible contravention may not be detected.	**Recommendation 1:** A deadline should be established for the completion of the contracts register with all details, to ensure that a comprehensive and up to date register is in place. (Updated from recommendation originally made and agreed in 2007/08) **Rating:** Requires Attention	*RMG has agreed to progress this to conclusion by 31 December 2010.*
PR7	4	Budget holders should follow the correct procedure for the ordering of goods, ensuring an official requisition is raised for goods ordered. Stationery orders should be authorised by the relevant budget holder and retained as confirmation of the requisition.	**Superseded:** Discussion with the Supplies Officer and observation of procedures identified that the ordering process for stationery has now changed and the previous recommendation no longer applies.		

Putting Shropshire's Safety First

Report Ref	Original Rec No	Recommendation	Findings	New Recommendation	RMG additional comment
PR8	6	If orders are placed via the telephone or on-line, a confirmation order should be raised on SAMIS to document the commitment.	**Superseded:** Testing on the satisfactory implementation of this recommendation could be time consuming. As this recommendation was made two to three years ago, and as Creditors is scheduled for review in 2010/11, this is accepted at this stage. IA will re-examine this process in 2010/11. In the event that weaknesses are identified, a new recommendation may be made in that review. As a result, this recommendation is assessed as 'superseded'.	No recommendation required. See testing performed in Creditors 2010/11	
PR9	7	Purchase requisitions authorised by a budget holder in excess of their authorised purchase limit should be returned to the budget holder for countersignature.	**Superseded:** Testing on the satisfactory implementation of this recommendation could be time consuming. As this recommendation was made two to three years ago, and as Creditors is scheduled for review in 2010/11, this is accepted at this stage. IA will re-examine this process in 2010/11. In the event that weaknesses are identified, a new recommendation may be made in that review. As a result, this recommendation is assessed as 'superseded'.	No recommendation required. See testing performed in Creditors 2010/11	

Report Ref	Original Rec No	Recommendation	Findings	New Recommendation	RMG additional comment
PR10	9	Purchase invoice authorisation limits should be observed more closely. Where limits are exceeded, invoices should be returned to budget holders for countersignature.	**Superseded:** Testing on the satisfactory implementation of this recommendation could be time consuming. As this recommendation was made 2-3 years ago, and as Creditors is scheduled for review in 2010/11, this is accepted at this stage. IA will re-examine this process in 2010/11. In the event that weaknesses are identified, a new recommendation may be made in that review. As a result, this recommendation is assessed as 'superseded'.	No recommendation required. See testing performed in Creditors 2010/11	
PR11	10	The creditor master file should be periodically reviewed by the Treasurer and evidence of this review should be present in the form of initialling and dating the records examined.	**Implemented:** It was confirmed that the Treasurer carries out checks on the creditor master file. Ten changes were made which are endorsed with the signature of the Treasurer.		
PR12	11	The Principal Accountant and the Accountant should retain any supporting documents to evidence changes made to the creditor master file.	**Implemented:** Of the ten amendments authorised by the Treasurer, (above) two were checked to invoice details and these were agreed as correct.		

Report Ref	Original Rec No	Recommendation	Findings	New Recommendation	RMG additional comment
PR13	13	The Principal Accountant should request that suitable exception reports are produced and these should be reviewed on a periodic basis. Reports should be signed and dated to indicate examined and then retained on file.	**Outstanding:** This does not seem to be achievable as repeated requests to Shropshire Council (SC) have failed to identify that this is possible. As this is an important control, the Treasurer is to write to SC to see if this matter can be progressed. The recommendation is updated to reflect this and has been downgraded in terms of its significance to reflect the action already taken. **Risk**: Large or unusual transactions may be processed in error or through fraudulent action.	**Recommendation 2:** The Treasurer should contact Shropshire Council as service provider for SAMIS to request that suitable exception reports are produced. In the event that these are made available they should be reviewed on a periodic basis, signed and dated to indicate review and then retained on file. (Updated from previous recommendation) **Rating:** Requires Attention	*This recommendation may not be achievable. Treasurer to report back to RMG November 2010*
PR14	14	All cancelled cheques should be marked through as cancelled.	**Implemented:** Responsible officers have provided assurance to the RMG that this is done, and this statement by management is accepted. This will be further examined for continued compliance in future audits.		

USE OF MOBILE PHONES 2007/08					
PR15	1	A Policy in respect of the use of Fire Service issued phones should be adopted. This policy should include, as a minimum: • Definition of work related and personal calls; • Use of phones when abroad; • Responsibility for the identification of and payment for personal calls; • Use of personal devices for work related calls; • Reference to any related policies such as the Internet/email policy; • Procedure in the event that devices are lost or stolen.	**Outstanding:** This is scheduled to be addressed as part of the current Asset Management project. **Risk**: Absence of a policy means that officers do not know what their responsibilities are in respect of the custodianship and usage of mobile phones issued by the employer. This can create problems in the event that there is a dispute or allegations of misuse, such as personal calls which are not authorised.	**Recommendation 3:** A Policy in respect of the use of Fire Service issued phones should be adopted. This policy should include, as a minimum: • Definition of work related and personal calls; • Use of phones when abroad; • Responsibility for the identification of and payment for personal calls; • Use of personal devices for work related calls; • Reference to any related policies such as the Internet/email policy; • Procedure in the event that devices are lost or stolen. (As previously recommended and agreed)	*An interim policy, pending implementation of AMS, will be drafted by the IT Manager for 31/12/2010*

Putting Shropshire's Safety First

PR16	2	Officers should be required to sign to agree determined terms and conditions of use relating to the custody of mobile phones allocated for work use. The terms and conditions should be defined in alignment with the Policy (when this is drawn up - see recommendation 1) and should clearly state the responsibilities of officers. Once this procedure is in place it is good practice to review the arrangements on an annual basis, or as handsets/SIM cards/contracts are replaced.	**Outstanding:** RMG has been informed that the ICT Manager has started amending the processes for issuing ICT assets and that full inventory checks are currently being made. As a result, this is assessed as outstanding. **Risk**: Loss to the authority through misuse of the phone (e.g. by an unauthorised third party or for personal use) or illegal use of the phone.	**Recommendation 4:** Officers should be required to sign to agree determined terms and conditions of use relating to the custody of mobile phones allocated for work use. The terms and conditions should be defined in alignment with the Policy (when this is drawn up - see recommendation 1) and should clearly state the responsibilities of officers. Once this procedure is in place it is good practice to review the arrangements on an annual basis, or as handsets/SIM cards/contracts are replaced. (As previously recommended and agreed in 2007/08) **Rating:** Significant	*This will be implemented with Recommendation 3.*

| PR17 | 3 | A single inventory record should be drawn up to include all mobile phones that are on current, active contracts. The existence of these handsets and SIM cards should be confirmed with each user.
The need to retain each contract and for the provision of the phone to each user/site should be reviewed as part of this exercise. | **Outstanding:** RMG has been advised that the Asset Management system implementation commences mid-July. This will be able to import records from ICT records.

As a result, this is assessed as outstanding.
Risk: Incomplete records do not allow for the easy disabling of phones in the event that they are lost or stolen. Phones may be misused and this may not be identified. Resources may be wasted in paying for phones which are not used or needed. | **Recommendation 5:** A single inventory record should be drawn up to include all mobile phones that are on current, active contracts.

The existence of these handsets and SIM cards should be confirmed with each user. The need to retain each contract and for the provision of the phone to each user/site should be reviewed as part of this exercise.   (As previously recommended and agreed in 2007/08)

Rating: Significant | *The AMS will perform this function. In the meantime the IT Manager is developing an inventory for completion October 2010.* |
| PR18 | 4 | An annual inventory check should be made to confirm that the details for each phone are still correct (e.g. still held by the named officer). The custodian of each phone should sign to confirm details, and to reconfirm their acceptance of the terms and conditions of use. | **Outstanding:** RMG has been advised that checks are to be undertaken with the ICT asset checks.

As a result, this is assessed as outstanding.

Risk: Incomplete records do not allow for the easy disabling of phones in the event that they are lost or stolen. Phones may be misused and this may not be identified. Resources may be wasted in paying for phones which are not used or needed. | **Recommendation 6:** An annual inventory check should be made to confirm that the details for each phone are still correct (e.g. still held by the named officer). The custodian of each phone should sign to confirm details, and to reconfirm their acceptance of the terms and conditions of use. (As previously recommended and agreed in 2007/08)

Rating: Significant | *This will be implemented with Recommendation 3.* |

Putting Shropshire's Safety First

PR19	6	The methodology for the identification of private calls should be defined and formalised through incorporation into the Policy, terms and conditions. It is suggested that officers are required to highlight personal calls for which payment is requested. Practices that are not consistent with this approach should be discouraged, unless there is just cause which should be documented.	**Implemented:** Management advised RMG that payment slips are attached to bills and are countersigned by line managers; these ask for identification of private calls. Examples were provided as evidence which appear to be satisfactory. This is accepted.		
PR20	7	A decision should be made in respect of the monitoring and declaration of private calls on all mobile phones. In the event that a phone is allocated to a site rather than a named officer, a named individual should be made responsible for review of bills prior to payment to confirm that they are reasonable. A materiality threshold should be set on bills that are subject to this check.	**Implemented:** Bills are checked each month and any unusual usage is checked with IT or the responsible District Officer that private calls are logged and paid for consistently across all users. Examples provided demonstrate that usage is reviewed by line managers.		

PARTNERSHIPS 2007/08					
PR21	8	The maintenance of the Fire Setters database should be reviewed to determine if there is duplication between the system and the ISA and to assess the benefits that this provides over and above the ISA record. If necessary, the upgrading of the Fire Setters database should be reconsidered to ensure that the database is sufficient for recording the level of detail required in an effective and comprehensive manner.	**Recommendation withdrawn:** Assessment concluded that this recommendation was Partially Implemented. Responsible officers advised that this has been scrapped under the new government. A review of CFRMIS is to start shortly. Fire Setters will be incorporated into CFRMIS to identify greater efficiency and avoidance in duplication of data. **RMG Comment 17.8.10:** Following discussion with the relevant officers RMG are content that the issues raised do not have potential to cause significant harm to the service. This recommendation is therefore withdrawn as the risk is accepted by management.		

PR22	9	Regular management reports should be produced on individual case progress and on overall performance to facilitate review of the effectiveness of the scheme and to provide assurance that all individuals are satisfactorily progressed through the system.	**Recommendation withdrawn:** Assessment concluded that this recommendation was Partially Implemented. Management advised that the Youth Officer post, due to a departmental restructure, has been incorporated into other disciplines. Quarterly performance updates are to be provided by CSP to the GMs. **RMG Comment 17.8.10:** Following discussion with the relevant officers RMG are content that the issues raised do not have potential to cause significant harm to the service. This recommendation is therefore withdrawn as the risk is accepted by management.		
PR23	13	Monthly budget monitoring should be expanded to include forecasting of the demands made upon the budget. In the event that there is a concern that the annual budget allocation may not be sufficient for the continual provision of the service, this should be identified to the Principal Accountant in order that additional budget allocation can be considered.	**Implemented:** This was discussed with the Head of District Performance who confirmed that he discusses budgets at all line manager meetings, and was able to produce supporting evidence in the form of annotated budget reports in support of this.		

RISK MANAGEMENT AND BUSINESS CONTINUITY PLANNING 2008/09					
PR24	4	A deadline should be set for the establishment of all 'battle boxes', taking into account improvements identified to the contents from the exercise performed in September 2008. Wherever possible, documents and information contained within the boxes should be replicated on a shared folder on the network. Ideally, the deadline should be as soon as is practically possible.	**Outstanding:** The Head of Operation and Risk advised that physical battle boxes are not to be prepared as this information will now be stored electronically, which will be accessible for alternative locations. The implementation is reliant on an IT upgrade, and the recommendation is reworded to reflect the change in operation. **Risk**: Continuity of service may be hindered without access to key documents, resources and information that are to be stored in the battle boxes.	**Recommendation 7:** The electronic 'battle boxes', should be established on the network without further delay following the IT upgrade. **Rating:** Significant	*Completion is anticipated prior to 31/12/2010*
PR25	5	A deadline should be established for the finalisation of each continuity plan, ensuring that all contingency arrangements identified in the plan are physically in place. Ideally, the deadline should be as soon as is practically possible.	**Outstanding:** The Head of Operation and Risk advised that this is still outstanding. A new implementation date has been given of December 2010, and the recommendation is reworded to reflect this. **Risk**: Continuity of service may be hindered without access to key documents, resources and information that are to be stored in the battle boxes.	**Recommendation 8:** A new deadline should be established for the finalisation of each continuity plan, ensuring that all contingency arrangements identified in the plan are physically in place. Ideally, the deadline should be as soon as is practically possible, and at the latest by the end of 2010. **Rating:** Significant	*Completion is anticipated prior to 31/12/2010*

HEALTH AND SAFETY 2008/09					
PR26	7	Consideration should be given to the development of local performance indicators in respect of Health and Safety (H&S) training. These should be reported to the Health and Safety Committee in order that the delivery and effectiveness of Health and Safety training can be appropriately monitored.	**Implemented:** Evidence was provided through RMG to the extent that training records are updated to reflect attendance and are available to view at the Training centre. Examples of these were obtained and reviewed, which gave assurance that there is a training programme which records attendance by officers and operatives. This is accepted as addressing the risk as there is a process in place to record all training and to interrogate the system in respect of specific training received.		
PR27	8	An Action Plan should be developed from the outstanding issues identified in the benchmarking exercise, with the aim of achieving 'significant compliance' to the OHSAS 18001:1999 standard. All action required should be supported by details of how this will be achieved, and tasks should be assigned to a named officer, together with a defined implementation date.

Progress against the Plan should be monitored and reviewed by the Health and Safety Committee. Where | **Implemented:** An Action Plan has been developed. Since the audit was performed, the Health and Safety Officer has continued to monitor the issues identified in the benchmarking exercise. Evidence provided confirms significant compliance has been achieved in most areas. There are some areas where compliance is at a lesser level. However, as accreditation is not being pursued to OHSAS 18001:1999 standard, this is not significant.

Standard HSG65 has since been adopted. The Health and Safety Officer has confirmed that this covers the key areas identified in OHSAS 18001:1999 standard. | | |

		slippage is identified, prompt action should be taken to escalate issues.	As a result of the withdrawal from this accreditation, and in light of progress made in adopting elements of the standard as good practice, this recommendation is effectively implemented.		
PR28	9	Reporting lines and requirements should be defined for the Health and Safety Committee, together with the frequency of reports expected on activity. As a minimum requirement, an annual report should be made to relevant members.	**Implemented:** The following evidence was examined and assessed: • BO H&S 1 Pt 2 – now makes reference to reporting lines • The H&S Members Champion attended the AGM in March 2010 in which a report on Accidents/Near misses was presented.		

| PR29 | 10 | The quorum for the Health and Safety Committee should be established and incorporated into the Terms of Reference, as defined in Brigade Order Health & Safety 3 Part 2. The quorum should stipulate the minimum number of management representatives to be in attendance. | **Partially Implemented:** BO H&S 3 Pt 2 documents who should form the committee. Examination of the BO confirmed that this identifies seven management representatives and six safety representatives. The order also states that 'in order for the Brigade Safety meeting to take place there must be a minimum of one third or more of the total number of members present.

This does not detail the minimum number of management representatives to be in attendance, as included in the recommendation.

Risk: Low attendance by management representatives does not encourage greater synergy and the embedding of health and safety into everyday operations. | **Recommendation 9:** The quorum for the Health and Safety Committee should stipulate the minimum number of management representatives to be in attendance. (updated from recommendation previously made and agreed in 2008/09.)

Rating: Significant | *The Brigade Order has been amended to include relevant content and awaits ratification by SPG in September 2010.* |

Putting Shropshire's Safety First