

Risk Management Group – Internal Audit Progress Monitoring Report

Report of the Chief Fire Officer

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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 obtain an independent judgement on 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 is needed to address a 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 will be pleased to 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. During the past six months considerable progress has been made in progressing recommendations; which has built on the work reported to this Committee previously.

4 Outstanding Recommendations

As at 31 August 2011 the Service has **15 “Significant”** recommendations outstanding. Each of these is currently being addressed as identified in the appendix to this report.

There are currently a total of 56 recommendations which “require attention”. Of these, 24 originated prior to 2009/10 and five are to be removed following discussion between Chief Officer’s Group (COG) and the Risk Manager.

The Service is able to provide evidence to support the closure of a further 13 of these oldest recommendations. This will mean that 6 “requiring attention” recommendations from 2009/10 remain in place following the next visit by our internal auditors.

Of the 32 more recent recommendations “requiring attention” the Service has evidence that 24 are completed and will be removed following internal auditor confirmation. Therefore, only 8 of these recommendations are outstanding.

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

9 September 2010, Paper 13 - Risk Management Group – Internal Audit Progress Monitoring Report

Progress against outstanding recommendations

Rec No		Rating	SFRS Response
3	<p>Use of Mobile Phones 2007/08 - A Policy in respect of the use of Fire Service issued phones should be adopted. This policy should include, as a minimum:</p> <ul style="list-style-type: none"> • 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) 	Significant	This work is ongoing, led by the IT Manager
4	<p>Use of Mobile Phones 2007/08 - 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)</p>	Significant	This work is ongoing, led by the IT Manager – new telephones with separate personal contracts are being distributed.
5	<p>Use of Mobile Phones 2007/08 - 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)</p>	Significant	This work is ongoing, led by the IT Manager.

Rec No		Rating	SFRS Response
6	Use of Mobile Phones 2007/08 - 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)	Significant	This work is ongoing, led by the IT Manager
7	RMBCP 2007/08 - The electronic 'battle boxes', should be established on the network without further delay following the IT upgrade.	Significant	This work will be reinvigorated once the new IT network is established and embedded within the Service following the move to the new HQ.
8	RMBCP 2007/08 - 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.	Significant	Plans were reviewed in May 2011 and produced on CD as an interim measure.
9	Health and Safety 2008/09 - 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.)	Significant	Brigade Order Health and Safety 3 Part 2 has been amended to read "In order for the Serve Safety Meeting to take place there must be a minimum of one third or more of the total number of members present, and this must include one member of Service management.

Recommendation Follow Up (Recommendations made 2009/10)

Rec No		Rating	SFRS Response	Comment
1	<p>New procedures should ensure that completed Special Service charging forms FB64 are submitted to the Head of Operations and Risk for decision and approval on a timely basis. All forms which are to be charged must then be submitted to the Finance Assistants on a timely basis to enable an invoice to be processed. (Updated from recommendation originally made and agreed in 2009/10 from Income and Debtors audit)</p>	Significant	<p>To be followed up by RMG Comment from Audit - BO Operations 10, part 1, Special Service Calls was updated in Dec '10 in response to this recommendation. However, further discussion with the Head of Operations and Risk identified that the procedure is in the process of changing. A new BO is being written in which the Head of Operations and Risk will be responsible for approving whether calls are to be charged or waived. As this process is changing, no testing was performed on this occasion and the new system will be checked in the next review.</p>	
3	<p>The policy for the issue and use of credit cards should be completely reviewed. A new policy should be developed to suit the needs of the Service, incorporating appropriate controls to protect both the officers who are issued with cards, and the interests of the authority.</p> <p>In developing the policy, the following should be taken into account: (numbers in brackets refer to the findings that give rise to this recommendation).</p> <ul style="list-style-type: none"> • Cards should be issued to authorising officers, or to officers who are empowered to use the card on receipt of an appropriately authorised instruction; (3.2) • The establishment of card limits which reflect the level of authorisation for each officer; (3.2 and 3.8) • The establishment of realistic and reasonable limits for individual transactions; (3.2) • What the card can and cannot be used for; (3.2 and 3.8) 	Significant	<p>Government Procurement Cards are being introduced. Anticipated change over in September 2011 (Following year end completion)</p>	

Rec No		Rating	SFRS Response	Comment
3 cont.	<ul style="list-style-type: none"> • Evidence required from cardholders to support transactions; (3.2) • The procedure for confirmation that transactions are bona fide; (3.2) • The process for checking that transactions are bona fide and in accordance with limits and other restrictions; (3.2) • The revision of the indemnity forms to reflect the new policy. This should include ensuring that the officer receives a copy of the form, and signs to confirm receipt of the copy; (3.4) • Cards should not be issued until indemnity forms are signed; (3.4) • Indemnity forms should be updated whenever limits are changed, even if this is a temporary arrangement; (3.4) • The requirement for officers to use the card for official use only, and the action that will be taken if this is contravened; (3.6) • Arrangements for the coding of expenditure; (3.7) <p>The policy should be practical, but meet the requirements of Brigade Orders, Financial Regulations and good practice. Training and awareness should be delivered on the revised policy. (As recommended and agreed in 2009/10 in Banking arrangements and treasury management audit)</p>			

Corporate Governance 2010/11

Rec No		Rating	SFRS Response	Comment
2	Section 5.2.1 of the Draft Code should be re-examined and reworded to ensure that it reflects the current position in relation to the absence of one-to-one individual development reviews with members, and the identification of this at the FRA meeting in July 2010.	Significant	This matter was considered at the November 2010 (Paper 12) meeting, when the CFA agreed to vary the review process. The 2011/12 Code will, therefore, be amended accordingly.	

Creditors 2010/11

Rec No		Rating	SFRS Response	Comment
3	Purchase requisitions authorised by a budget holder in excess of their authorised purchase limit should be returned to the budget holder for counter signature. Any requisitions authorised by an officer who is not a signatory should be returned to the budget holder for counter signature. (Updated from the previous recommendation made in 2007/08).	Significant	The processing Officer will ensure this is done. Guidance circulated to all budget holders.	
6	If orders are placed via the telephone or on-line, a confirmation order should be raised on SAMIS to document the commitment (as recommended in the 2007/ 08 audit).	Significant	<p>As stated previously, items purchased using a credit card, or for a low value, will not have a requisition raised.</p> <p>The service's Budget Handbook contains guidance on requisitions and procurement, and this will be distributed at Service Performance Group (SPG) on 6 Oct. This will be brought to the attention of officers during the meeting.</p> <ul style="list-style-type: none"> • Budget Handbook 2010/11 and 2011/12 • Minutes of the 6/10/10 SPG 	

Rec No		Rating	SFRS Response	Comment
7	Purchase invoice authorisation limits should be observed more closely. Where limits are exceeded, invoices should be returned to budget holders for countersignature. Any requisitions authorised by an officer who is not a signatory should be returned to the budget holder for counter signature. (Updated from the recommendation made in 2007/08).	Significant	The authorisations register has been fully reviewed and updated, and details are recorded in the service's Budget Handbook, as in previous years. SPG were given further training on 17/12/10 <ul style="list-style-type: none"> • Budget Handbook 2010/11 and 2011/12 • Minutes of the 6/10/10 SPG • Minutes of the 17/12/10 SPG 	

Partnerships 2010/11

Rec No		Rating	SFRS Response	Comment
6	The SFRS database in respect of the Institute of Advanced Motorists (IAM) should be reviewed to ensure no personal data is held as per section 6 of the partnership agreement. If personal data is held this should either be removed from the database or, as the partnership agreement is due for renewal, section 6 should be amended to allow the collection of specific data. In the event that personal data is held, a responsible officer must ensure compliance with Data Protection legislation	Significant	Partnership lead has confirmed that no personal details other than name is held on the IAM database and has revised the agreement.	Revised agreement

Payroll and Personnel 2010/11

Rec No		Rating	SFRS Response	Comment
1	FB13 overtime claim forms should record the actual dates and times on which additional hours are being claimed. Any claim forms not correctly completed should be returned for clarification (updated from previous agreed recommendation in 2009/10 and the original recommendation agreed in 2007/08).	Significant	<ul style="list-style-type: none"> • Only Fire Control use FB13s An email will be sent to the Officer in Charge of control. The HR Assistants will send back any incorrectly filled FB13s. The HR officers will check this is actioned.	Spot check needed here