



**HAMPSHIRE  
FIRE AND  
RESCUE  
AUTHORITY**

## **Standards and Governance Committee**

Purpose: Noted

Date: 2 March 2020

Title: **INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT**

Report of Chief Fire Officer

### SUMMARY

1. This report provides the Standards and Governance Committee with an overview of the work we do to oversee the implementation of internal audit recommendations and how we are responding through various management actions.
2. It provides an update on those actions that have not been completed within their target date and their status. The Standards and Governance Committee has a key scrutiny role in monitoring the implementation of internal actions.
3. This report also provides some commentary on the internal audit business continuity position statement, which recently concluded that: once fully embedded across HFRS, the business continuity framework will provide a robust control framework and address the risks identified in the previous audit review.
4. Hampshire Fire and Rescue Service (HFRS) and Southern Internal Audit Partnership (SIAP) agreed a Memorandum of Understanding (MoU) in August 2019, which outlines internal audit roles, responsibilities and processes. We have also introduced additional liaison meetings, including additional discussions around the risk-based focus of the internal audit plan, to strengthen our relationship with internal audit.

### BACKGROUND

5. The internal audit service is provided to the Authority by SIAP at Hampshire County Council. There is an Internal Audit Charter that has been in place since 2014. This and the Internal Audit Plan are reviewed and updated to reflect changing organisational priorities and needs.
6. The internal audit follow-up process is an important element in our overall approach to risk management, assurance and governance. When an action is agreed by managers to address a control weakness, or to make an improvement to the way we work, it is important that the action is then implemented as planned.

7. The HFRS Organisational Assurance team maintains a record of audits against the current Internal Audit Plan, noting whether they are in progress or have been completed. The respective managers are responsible for the delivery of actions that fall within their areas of responsibility.
8. Once a final audit report has been issued, the agreed management actions are recorded along with:
  - a) the priority of the recommendation;
  - b) the target date for implementation; and
  - c) the person responsible for the action.
9. The Organisational Assurance team will ask for confirmation and evidence that an action has been implemented, or if not, when it is expected to be. Any recommendations that continue to remain outstanding are referred to the relevant Director. Our internal Integrated Performance and Assurance Board (IPAB) also provides an overview of outstanding recommendations, and they are also monitored regularly by the Director of Performance and Assurance and Head of Performance.
10. Continuing the trend of our last management actions progress report, the implementation of audit recommendations has again improved, with two high priority management actions being overdue against their original target date; and for those actions, good progress is being made. Furthermore, we continue to make further improvements in the speed with which we progress certain management actions.
11. The table below lists those recommendations that are currently outstanding beyond their agreed target date and of medium (M) or high (H) priority. There is a brief commentary against each to explain the status and any mitigating factors.

<b>Internal Audit Management Actions</b>			
<b>Safeguarding</b>			
Analyse and interrogate the data used to report on the dates and levels of check recorded against each officer to check for accuracy.	September 2019 revised to March 2020	H	The Disclosure and Barring Service (DBS) policy was published in December 2019.
Following analysis of the data used to report on the dates and level of check recorded against each officer, compile an action plan to ensure where there are any real instances of non-compliance with the HFRS DBS policy, that these are actioned.	September 2019 revised to March 2020	H	The data within the DBS compliance report continues to be analysed, and a wide range of discussions with managers and staff are ongoing, to identify the gaps in DBS data stored on SAP (e.g. HR system). There is a significant amount of data to work through, with a revised target date to complete this work by 31 March 2020.
<b>Business Continuity</b>			
Comprehensive review of Resilience Plan testing and exercising to be undertaken and an appropriate schedule	January 2019 revised to January 2021	M	The Business Continuity policy and procedure were signed off in December 2019. The procedure contains a Training and Exercising Programme.

commencing January 2017 put in place to meet organisational requirements.			Furthermore, as noted above, a recent internal audit position statement concluded that once fully embedded across HFRS, the business continuity framework will provide a robust control framework and address the risks identified in the previous audit.
A robust recording and evaluation process to be put in place for Service Resilience events to support current arrangements and to allow lessons learned to be identified and actioned.	January 2019 revised to January 2021	M	<p>Work towards the completion of these actions has been slowed due to work involved in planning for the European Union (EU) exit with Local Resilience Forum (LRF) partners.</p> <p>Furthermore, following the position statement in 2019/20, a more comprehensive internal audit in this area is planned for Q3 2020/21.</p>
<b>Proactive Pay Claims</b>			
Allowances handbook is being updated for grey and green book staff. This will include the appropriate wage type to use for each type of payment and a clear definition of eligibility criteria.	September 2019 to April 2020	M	The Allowances handbook has now been completed pending the completion of the IBC piece of work (which will take between 3 to 6 months to be fully realised) to review, re-order and amend wage types and descriptions, as this may adjust wage types.
The intention is to remove the ability to submit paper claims in future. Initially the Resource Management Team (RMT) will handle the processing of all allowance changes.	June 2019 to April 2020	M	
The policy regarding "Acting up" is being revised. In future any period of "acting up" longer than 3 months will be treated as a Temporary Promotion and managed accordingly.	September 2019 to April 2020	M	
Responsibility for processing and changing allowances (start/stop etc.) is being moved to a newly formed Resource Management Team (RMT). Individual line managers will no longer have responsibility for processing allowances and their IBC (e.g. computer system) access will be removed.	October 2019 to April 2020	M	The new RMT will not operate in its new form until both the Allowances Handbook has been completed at the HCC and until IBC has made adjustments to wage types and access to better facilitate control. It is now expected that this new process will be fully embedded from the start of the financial year 2020/21.
The RMT will manage the day to day control and operation of the allowances policy and organisational management (OM) moves and report to the RMG. Suitable Terms of Reference (TOR) and a resourcing plan is being prepared.	October 2019 to April 2020	M	

Intention is to either remove the "miscellaneous payment" wage type for HFRS personnel or, as a minimum, limit it substantially to prevent potential misuse.	October 2019 to April 2020	M	
It is intended that managers will be given guidance and instruction to regularly monitor and review allowances in payment for their teams. Managers will be expected to carry out regular checks and if payment errors are subsequently identified then both the individual affected and their line manager may be subject to disciplinary action.	September 2019 date revised to April 2020	M	We are targeting the embedding of new processes from 1/4/2020 with the intention of setting up a regular monitoring process thereafter.

#### MANAGEMENT COMMENTARY

12. We have made significant progress in reducing the number of open management actions (including those of high, medium and low priority), from 81 in July 2019 to 22 as at February 2020. This, combined with the reduction in outstanding actions (particularly those that are of high priority), demonstrates our clear improvement in responding to internal audit management actions.
13. More widely, to support the development of the 2020/21 internal audit plan, the Service coordinated various additional internal discussions, as well as discussion with SIAP, to develop the risk-based focus of this year's internal audit plan. We will continue to do this to support the development of internal audit plans in future years.
14. More specifically, on business continuity, SIAP recently completed an internal audit position statement, which concluded that: once fully embedded across HFRS, the business continuity framework will provide a robust control framework and address the risks identified in the previous audit review. Furthermore, following the position statement, a more comprehensive internal audit in this area is planned for Q3 2020/21, which will provide additional assurance in this area.

#### SUPPORTING OUR SERVICE PLAN AND PRIORITIES

15. By ensuring the implementation of internal audit recommendations, we assist the Authority in improving its planning and performance management processes, and in complying with its governance arrangements. This in turn, assists the Authority in achieving our Safer and Stronger priorities, and our vision to work smarter, be more efficient, and to make life safer for everyone in Hampshire.

#### COLLABORATION

16. The Southern Internal Audit Partnership provide internal audit on behalf of all partners within Shared Services and many other public service organisations.

17. The recently agreed MoU outlines how HFRS and SIAP will work together effectively.

#### RESOURCE IMPLICATIONS

18. When agreeing management actions in response to an audit report, the cost of addressing the risk should be considered against the risk materialising. Implementing audit recommendations helps to ensure that the Authority uses its resources efficiently, that key controls are in place and working, and opportunities to achieve value for money are taken.
19. The management of internal audit actions is within current resources.

#### ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

20. There are no anticipated positive or negative impacts to the environment or sustainability arising from this report.

#### LEGAL IMPLICATIONS

21. There are no legal implications arising from this report.

#### EQUALITY IMPACT ASSESSMENT

22. The contents of this report are considered compatible with the provisions of equality and human rights legislation.

#### RISK ANALYSIS

23. Failure to implement internal audit recommendations leaves the Authority vulnerable to the consequences of the identified risks and weaknesses in control. Internal management of audit recommendations is an important process within the Authority's risk management arrangements. The updates on progress ensure that Members are fully aware of any problems associated with addressing the issues raised and the priority given to driving down or eliminating specific risks.

#### CONCLUSION

24. Significant progress continues to be made to complete the management actions from previous audits. Management actions will be undertaken in respect of the specific audits themselves and more widely in respect of internal control issues and how they are managed across the Service.

#### RECOMMENDATION

25. That the Standards and Governance Committee notes the significant progress made towards the implementation of the internal audit management actions.

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