



**HAMPSHIRE  
FIRE AND  
RESCUE  
AUTHORITY**

## **Standards and Governance Committee**

Purpose: Noted

Date: 17 November 2020

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

Report of Chief Fire Officer

### SUMMARY

1. The purpose of this paper is to provide the latest update on the management 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.

### BACKGROUND

2. 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.
3. Once a final audit report has been issued, the agreed management actions are recorded along with:
  - the priority of the recommendation;
  - the target date for implementation; and
  - the person responsible for the action.
4. 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 management actions 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 & Assurance and the Head of Performance.

## MANAGEMENT ACTIONS

5. 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>Proactive Pay Claims</b>			
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.	December 2019 date revised to September 2020 – proposed revision to late 2021 in line with Availability project.	M	HFRS are implementing a new availability and training software solution. It is intended that this will remove much of the existing manual processing of claims. This is being considered along with the changes already agreed. The new Availability & Training solution is not expected to go live before late 2021.
Intention is to either remove the "miscellaneous payment" wage type for HFRS personnel or, as a minimum, limit it substantially to prevent potential misuse.	June 2019 date revised to April 2021	M	This has been impacted by the work around wage types in preparation for the new CFA in April 2021, with a decision taken that it is more efficient to update wage types once (in preparation for CFA).
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 2021	M	The IBC and HFRS teams are working on the agreed changes needed to the existing HFRS wage types. This work is targeted for completion before the end of 2020/21, ready for the CFA go-live on 1 <sup>st</sup> April 2021. This will be implemented on 1 <sup>st</sup> April 2021 and monitored throughout 2021/22 with corrective action taken against individual firefighters on an ongoing monthly basis.
As a one-off exercise all managers and HFRS personnel will be required to certify that all allowances in payment are correct or flag up those that they believe may be	March 2020 date revised to	M	The new SAP configuration of allowances that is currently under development with HCC IT and is due to be placed into production in time for the CFA go-live on 1 April 2021. Once we have HCC IT

incorrect for appropriate corrective action.	August 2021	confirmation that the SAP IT changes will be enabled we will formally issue the new Allowances Handbook that will contain details of the wage types and eligibility criteria for all allowances. Subsequently, by August 2021, this one-off exercise will be carried out.
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## BUSINESS CONTINUITY

6. 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. Furthermore, a more comprehensive internal audit in this area is planned for Q3 2020/21.
7. The current COVID-19 situation has demonstrated our strong business continuity response in various areas – both externally (e.g. feeding into the Local Resilience Forum and leading on various cells/workstreams, such as for logistics and business continuity, in support of the Strategic Coordination and Tactical Coordination Groups; and hosting the Strategic Coordination Centre) and internally (enacting business continuity plans and resilience activity, enabling us to operate and maintain our core statutory functions, despite the need to work remotely and as a result of effective implementation of our pandemic and departmental business continuity arrangements).
8. The Business Continuity Policy and Procedure have been utilised throughout the Covid-19 response alongside the HFRS Health and Pandemic Plan; and we have implemented a department reporting process (into our Pandemic Coordination Group), whereby each department completes a regular business continuity report on delivery of critical services, supply chain issues and resumption of service activity in relation to Covid-19.
9. We have produced an interactive BC Package on Moodle that includes training on how to complete a Business Impact Assessment and produce a Business Continuity Plan, an overview of the different plans we have in place, exercising requirements and a number of case studies including the Covid-19 response with timeline. This is now ready to go live.
10. Furthermore, we have plans to develop those department BC champions and assist departments and stations in the development of their BC Plans incorporating the significant learning. A full day training package is being developed to support these BC Champions. A full review of risk specific plans is also underway.

## MANAGEMENT COMMENTARY

11. Despite the ongoing challenges of COVID-19, we continue to make progress in various ways: in terms of progressing and completing internal audit management actions; in the progress of the 2020/21 internal audit plan; and in our risk-based planning for the 2021/22 audit planning. 2021/22 audit planning is taking into account the Isle of Wight Fire and Rescue Service and the work associated with the new Combined Fire Authority.
12. The recently commissioned 2020/21 internal audit focused on COVID-19 Health and Safety risk assessments is a particular example of our risk-based approach to audit planning (and assurance more widely). While this review was focused on Health and Safety, a wide range of information was collected from various teams across the Service, in order to provide a robust assessment. This audit concluded that we have 'substantial' assurance in place meaning that a sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives. The report highlighted various examples of good practice (including around governance, reporting, risk management, risk assessments and our capability), and there were no management actions for the Service.
13. Furthermore, we have made significant progress in reducing the number of open management actions (including those of high, medium and low priority), from 38 in July 2020 to 10 as at October 2020. This demonstrates our clear improvement in responding to internal audit management actions.

## SUPPORTING OUR SAFETY PLAN AND PRIORITIES

14. 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 *High Performance* and *Learning and Improving* Safety Plan priorities, and our vision to work smarter, be more efficient, and to make life safer for everyone in Hampshire.

## COLLABORATION

15. The Southern Internal Audit Partnership provide internal audit on behalf of all partners within Shared Services and many other public service organisations.
16. The MoU agreed in 2019 outlines how HFRS and SIAP will work together effectively.

## RESOURCE IMPLICATIONS

17. 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.
18. The management of internal audit actions is within current resources.

## IMPACT ASSESSMENTS

19. Impact assessments have not been required for this report as the production of the report will not result in the implementation a new change activity, and/or introducing, or amending, a Service Policy.

## LEGAL IMPLICATIONS

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

## OPTIONS

21. The options for the Committee are to note, or not note, that, despite the impact of COVID-19, significant progress continues to be made towards the implementation of the internal audit management actions.

## RISK ANALYSIS

22. 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.

## EVALUATION

23. The evaluation of the progress the Service makes in completing internal audit management actions forms an important part of the Service's organisational assurance activity, provides a valuable measure of corporate health, and identifies learning across the Service. The Service's Organisational Assurance team regularly monitors progress in completing management actions, for example via reporting into the Service's Integrated Performance and Assurance Board (IPAB) and in regular discussions with our internal auditors, the Southern Internal Audit Partnership.

## CONCLUSION

24. Significant progress continues to be made to complete the management actions from previous audits and current. 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. As outlined in the MoU, management actions are owned by an Executive Sponsor and a COG lead, who work with their teams to ensure progress is made.

## RECOMMENDATION

25. That the Standards and Governance Committee notes that, despite the impact of COVID-19, significant progress continues to be made towards the implementation of the internal audit management actions.
26. That the Standards and Governance Committee specifically notes the positive findings of SIAP's Covid Health and Safety Risk Assessments audit.

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