

Standard and Governance Committee

Purpose: Noted

Date: **24 February 2021**

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

Report of Chief Fire Officer



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

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 if they are of medium (M) or high (H)

priority. There is a brief commentary against each to explain the status and any mitigating factors.

Internal Audit Management Actions			
Proactive Pay Claims			
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 st April 2021. This will be implemented on 1 st 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	March 2020 date revised	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

correct or flag up those that they believe may be incorrect for appropriate corrective action.	to August 2021		CFA go-live on 1 April 2021. Once we have HCC IT 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.
Procurement Processes			
HFRS will initiate a procurement process to secure a recruitment supply chain solution	January 2021 revised to February 2021	H	After consultation with Procurement, the recommended solution was to use the Crown Commercial Services Temporary Labour Framework and this is now in place. This will be communicated across the Service and supported by information to staff in a SharePoint page that will be available from the middle of February.

MANAGEMENT COMMENTARY

6. 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, which has had to flex as a result of our COVID-19 response; and in our risk-based planning for the 2021/22 audit planning. 2021/22 audit planning has been completed and is taking into account the Isle of Wight Fire and Rescue Service and the work associated with the new Combined Fire Authority.
7. Furthermore, we continue to make significant progress in reducing the number of open management actions (including those of high, medium and low priority), from 15 as at September 2020 to 9 as at February 2021, with 4 of these actions, which are not due until later this year, being due to the recent finalisation of the ICT Policy and Procedure audit This demonstrates our clear improvement in responding to internal audit management actions.

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

8. 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 and the Isle of Wight.

COLLABORATION

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

RESOURCE IMPLICATIONS

11. 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.
12. The management of internal audit actions is within current resources.

IMPACT ASSESSMENTS

13. 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

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

OPTIONS

15. 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

16. 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

17. 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

18. Significant progress continues to be made in both completing the management actions from previous audits and progressing the current audit plan. 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

19. 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.

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