



**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Standards and Governance Committee**

Purpose: Noted

Date: **26 JULY 2021**

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 HIWFRS 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 Group (IPAG) also provides an overview of outstanding recommendations, and they are also monitored regularly by the Director of Policy, Planning and 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.

<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 – revised to late 2021 in line with Availability project.	M	<p>As part of the CFA transition all wage types have been reviewed across both Authorities and where needed new ones have been added by the IBC. There is still an exercise for the IBC to complete deleting those wage types no longer required which will also review the use of the ‘miscellaneous payment’ wage type. This is an action within the Allowances Project and will be completed by: July 2021.</p> <p>Removal of paper claims will be reviewed as part of the Availability and Competency Management System Project and will be completed by January 2022.</p>

<p>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.</p>	<p>September 2019 date revised to April 2021. Revised to late 2021 to allow the new processes and procedures to embed down.</p>	<p>M</p>	<p>Completion of this is dependent on the one-off exercise identified below, which has not been completed yet, the focus will be getting this message to Managers once any required amendments from the exercise are actioned. This is an action within the Allowances Project and will be completed by: the end of 2021.</p>
<p>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 incorrect for appropriate corrective action.</p>	<p>March 2020 date revised to August 2021.</p> <p>Comprehensive checks will now be completed between January and March 2022.</p>	<p>M</p>	<p>HIWFRS will be resourcing a Project Lead from Fire to engage with the Service to manage the informal 'Allowances and Expenses Entitlement check'. Within this, all staff will be asked to confirm that any allowance(s) that they are in receipt of are correct and justified to the best of their knowledge; where an error is identified to highlight to their manager, who should raise an IBC enquiry. The record will be corrected during an 'amnesty period' (four months), and exceptionally no recovery action will be taken. This will be completed by December 2021.</p> <p>Following this, from 1<sup>st</sup> January 2022 an exercise will be conducted centrally to validate all allowance payments against job role and entitlement by individual pay record. During this exercise, any allowance identified as being paid in error that should have been notified during the amnesty period will be subject to retrospective recovery action in accordance with the standard recovery action procedure, together with any management action deemed appropriate.</p>

## MANAGEMENT COMMENTARY

6. We continue to make progress in various ways:
  - In terms of progressing and completing internal audit management actions, and we have seen continued improvement in the last two years. For example, there were only 3 open actions (3 overdue) as of May 2021, compared to in June 2019 when there were 81 open actions, 19 that were overdue. We have also observed a positive increase in the number of substantial and adequate audit opinions received between 2018/19 (100% audits reported as limited), 2019/20 (50% reported as limited, 50% adequate) to 55% reported as substantial and 36% as reasonable in 2020/21 with 9% (1 audit) reported as limited.
  - In the progress of the 2020/21 internal audit plan, which has had to flex as a result of our Covid-19 response.
  - In our risk-based planning for the 2021/22 audit plan, which was agreed by HIWFRA in February 2021.
7. We have had a positive year in terms of the audit opinions received, with a range of 'substantial' and 'reasonable' audits that found that a sound system of governance, risk management and control exist – including, for example, on our Covid-19 Health and Safety Risk Assessments, ICT Strategy, Change Management Framework and ICT policies and procedures.
8. However, we recognise there are still improvements to be made, including around the Assurance of the Competence of Operational Response Capability audit – where a range of separate internal assurance activity is underway with various activity completed. For example, a FireWatch data cleanse has been undertaken and central performance reports (in Power BI) have been recoded to reflect this data cleanse, increasing the data quality of central qualifications reporting. Furthermore, the Operations Directorate have done a thorough review of the sample of individuals reviewed in this audit – to provide assurances on their competency and identify any organisational learning. This assurance activity is being progressed by various members of the Chief Officer's Group, and overseen by the Deputy Chief Fire Officer.

## ALLOWANCES PROJECT

9. The overdue management actions relate to the Proactive Pay Claims audit, which, in addition to the points above, has been impacted by the need to completely review the Allowances handbook and prepare for the new Availability and Competency Management System project that is now in its implementation stage. The table above provides more detail on the planned progress in this area, however these actions are only part of a wider

Allowances Project, which has a range of deliverables, including, but not limited to:

- Analysing wage types against the new Allowances and Expenses Procedure;
- Amending relevant business processes to align with the new wage types (due to be completed in July 2021);
- Validating and correcting the misaligned and incorrect wage types and correcting issues (due to be completed in August 2021);
- Identifying and resourcing a project lead to manage the informal Allowances and Expenses Entitlement check (due to take place between September to December 2021); and
- Carrying out a comprehensive exercise to validate all allowance payments against job role and entitlement by individual pay record (exercise to start in January 2022).

#### SUPPORTING OUR SAFETY PLAN AND PRIORITIES

10. 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

11. The Southern Internal Audit Partnership provide internal audit on behalf of all partners within Shared Services and many other public service organisations.
12. The MoU, which outlines how HIWFRS and SIAP collaborate, was revisited by HIWFRS and SIAP in 2021 light of the combined fire authority, and the relationship continues to be effective, as evidenced by the progress made with audit actions and our approach to risk-based audit planning.

#### RESOURCE IMPLICATIONS

13. 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.

14. The management of internal audit actions is within current resources.

### IMPACT ASSESSMENTS

15. 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

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

### OPTIONS

17. 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

18. 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

19. 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 Group (IPAG) and in regular discussions with our internal auditors, the Southern Internal Audit Partnership.

### CONCLUSION

20. 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

21. That the Standards and Governance Committee notes the continued progress made towards the implementation of the internal audit management actions and the delivery of the audit plan.

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