



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

## **HIWFRA Standards and Governance Committee**

Purpose: Noted

Date: **16 November 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. Internal audit is one of various assurance mechanisms that the Service utilises as part of our wider assurance programme. This programme includes internal and external assurance mechanisms – other external examples include from HMICFRS, OFSTED, and ISO certification testing.
3. In terms of internal audit, 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.
4. 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.

5. 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**

6. 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>			
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 revised to the end of March 2022.	M	Completion of this is dependent on the one-off amnesty (October-December) identified below, the focus is on identifying the expectations and responsibilities of our managers in relation to the management and quality assurance of our financial controls. This is an action within the Allowances Project and will be completed by: the end of 2021/22.

<p>As a one-off exercise all managers and HIWFRS 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 December 2021.</p>	<p>M</p>	<p>HIWFRS has resourced a Project Lead from Fire and project team to engage with the Service to manage the informal 'Allowances and Expenses Entitlement check'. Within this, all staff are being 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 the record will be corrected during an 'amnesty period' (three months), and exceptionally no recovery action will be taken. This is commencing in October 2021 (with various communications to managers) and will be completed by December 2021 with changes to pay made for the March 2022 payroll.</p> <p>After 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> <p>The Allowances Project has a number of additional activities beyond what is outlined in this table and if members would like supplementary information this can be provided via a separate briefing note.</p>
<p><b>Assurance over the competence of operational response capability</b></p>			
<p>Operational staff with teaching or assessing rights to be able to capture training updates on the Competency Management System</p>	<p>End of September 2021, revised to February 2022</p>	<p>M</p>	<p>This requirement was fed into the procurement specification for the Availability and Competency Management System project; and will therefore be completed when Gartan is implemented in February 2022.</p>

## MANAGEMENT COMMENTARY

7. Audit management actions remain low, with only 3 open actions (3 overdue, and with various activity underway, as outlined above) in October 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.

## PROACTIVE PAY CLAIMS

8. The following action has now been closed, “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.” There are now a range of controls and governance in place around paper claims, including: authorisation by the manager; the month and year of the claim are correct, and hours are correctly inputted; the Business Support Team also identify if a claim submission has been duplicated and raise this; and spot checks are carried out on a sample of claims each month to check for any anomalies. The additional controls address the risk fully, and the Resource Management Team are applying closer scrutiny over allowances, meaning this risk is actively managed.
9. Subsequently paper claims will be phased out following a project that is seeking to digitise and automate the claims process through existing online systems. Furthermore, as part of our assurance programme in 2021/22, we are also getting further external assurance in this area via a SIAP internal audit later this financial year.

## ASSURANCE OVER THE COMPETENCE OF OPERATIONAL RESPONSE CAPABILITY

10. We previously recognised that there are still improvements to be made in some areas, including around the Assurance of the Competence of Operational Response Capability audit – where a range of separate internal assurance activity has been undertaken. 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. Other activity was also undertaken, including:

- Business Support capacity and line management re-introduced into Learning and Development.
- Detailed Learning & Development team review of current MOC Scheme procedure (Pro/09/08) and associated quality assurance processes.

11. This assurance activity has been progressed by various members of the Chief Officer's Group and overseen by the Deputy Chief Fire Officer. For example, the HIWFRS Learning & Development team have reviewed in detail the existing and in-date Maintenance of Competency (MOC) Scheme procedure (Pro/09/08), which clearly outlines the responsibilities of staff (including line managers, station managers and group commanders) regarding the quality assurance of work-based training and assessment.
12. The procedure also refers to the quality assurance of administrative processes and that line managers are responsible for the auditing of records to ensure that they are maintained and recorded as prescribed in accordance with procedure and guidance. Furthermore, in light of the new Availability and Competency Management System (Gartan) being implemented in February 2022, this procedure will be revised then, for example to introduce updates on any new assurance or administrative processes. The revised procedure will also include reference to responsibilities of ICT as the system owner and outline the role of Organisational Performance in reporting from Gartan and identifying any data quality challenges for subsequent remedial action, if required.

#### SUPPORTING OUR SAFETY PLAN AND PRIORITIES

13. 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

14. The Southern Internal Audit Partnership provide internal audit on behalf of all partners within Shared Services and many other public service organisations.
15. The procedure, which acts as an MoU and 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

16. 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.
17. The management of internal audit actions is within current resources.

## IMPACT ASSESSMENTS

18. 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

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

## OPTIONS

20. 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

21. 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

22. 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

23. 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

24. 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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