



Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Finance and Resources Committee

INTERNAL AUDIT REPORTS

Report of the Treasurer to the Fire Authority

Agenda Item No:

Date: 5 April 2013

Purpose of Report:

To present to Members the reports which have been issued by Internal Audit during 2012/2013 following audit work they have carried out.

The report also sets out the response of management to the recommendations made.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 The Fire Authority is provided with an Internal Audit Service by Nottinghamshire County Council on a contract basis.
- 1.2 As part of the internal governance arrangements of the authority the internal auditors will issue reports on their findings and recommendations relating to their audit work to management who respond to the recommendations formally.
- 1.3 From time to time the auditor's reports are presented to the Finance and Resources Committee in order that this committee acting in its capacity as an Audit Committee can see the results of audit work being carried out and gain assurances from the Internal Auditors.

2. REPORT

- 2.1 The reports for consideration at this meeting are:

- FRS 1302 Business Risk Management
- FRS 1303 Transport
- FRS 1305 Agresso
- FRS 1306 Premises
- FRS 1308 Partnerships
- FRS 1309 Fire Pensions
- FRS 1301 relates to the Trading Company and has been reported to the Directors.
- FRS 1307 was a report on the use of a government grant which was reported directly to CLG
- FRS1304 is still a draft as it relies for a response on some restructuring in ICT following a consultants' report.

- 2.2 **FRS1302 - Business Risk Management**

This was a follow up audit to one carried out in 2011 where an unsatisfactory opinion was given. The report notes than none of the five recommendations made had been implemented and so they are repeated here.

- 2.3 Management take Internal Audit recommendations very seriously and ordinarily these recommendations would have been implemented in accordance with an agreed timetable. However the internal restructure of the service interfered with this particularly as the risk management remit was moved from the Corporate Services department to the Finance and Resources department.
- 2.4 Many of the recommendations in this report remain extant although a different strategy is to be adopted which will satisfy the requirements of the auditors in the longer term. There is an item on this agenda called 'Strategic Risk Register' which will put in place the foundations for the auditors requirements to be met and management are confident that before the next audit review all of the recommendations will have been implemented.

2.5 FRS1303 - Transport

This again was a follow up audit where previously controls had been considered unsatisfactory. After the implementation of 5 recommendations arrangements are now considered to be satisfactory. The one extant recommendation related to the receipt of invoices from Nottingham City Council which has subsequently been resolved.

2.6 FRS1305 - Financial Management: Agresso

This is a report which looks at the financial systems of the authority and concludes that controls are satisfactory overall. The Agresso financial accounting system was implemented in February 2011 as a joint project with Leicestershire and Derbyshire. It has not been without the challenges associated with a new system implementation and also the blending of the requirements of three organisations.

- 2.7 There were four recommendations in the report three of which have been implemented in full with a fourth relating to non-order invoices. The Service tries to ensure that all goods and services are ordered via official orders authorised by budget holders. There are still instances however where this is not done often for things such as training courses etc. that can be applied for online. Suppliers have been notified that quoting official order numbers will speed up invoice payment and non-order based invoices and being kept to a minimum.

2.8 FRS1306 - Premises Management

The Auditors conclude that most of the areas that they examined were satisfactory but nevertheless have made a number of recommendations. With the exception of one partial completion all the recommendations have now been implemented. Work is still continuing with East Midlands Ambulance Service to establish what their intentions are with regard to Eastwood Fire Station which is currently in joint occupation.

2.9 FRS1308 - Partnership Working

The report concludes that the areas examined were unsatisfactory but the auditors acknowledge that this has been addressed by recent improvements which, if they continue to be developed will form the basis of a satisfactory system.

- 2.10 The Auditors correctly identify that partnerships are no longer the preserve of large strategic arrangements but involve a large number of smaller bodies and informal arrangements. It is important that the Service understands the partnerships that it is engaged with and is careful to ensure that these are effective and contribute to organisational objectives.

2.11 FRS1309 - Fire-fighters Pension Scheme

The Auditors conclude that arrangements are sound and no recommendations have been made.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising from this report.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report does not relate to a change in policy of any kind.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report beyond compliance with the local government act which requires that the Treasurer shall maintain an adequate internal audit. .

8. RISK MANAGEMENT IMPLICATIONS

Internal Audit forms a significant part of the internal control environment of the Authority.

9. RECOMMENDATIONS

That Members note the contents of this report.

10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Frank Swann
CHIEF FIRE OFFICER



Internal Audit Report

CONFIDENTIAL

To: The Chief Fire Officer
Subject: Business Risk Management – Follow-up
Report reference: FRS 1302
Date: July 2012

1 Introduction

1.1 The previous audit report on Business Risk Management reference FRS 1206 issued in November 2011, contained an unsatisfactory audit opinion. In line with our follow-up procedures, we have undertaken a further review to assess the progress made with implementing the recommendations agreed.

2 Objectives and scope of the audit

2.1 Objective: To ascertain the extent to which the audit recommendations made in the previous audit report have been implemented.
2.2 Scope: Review of the actions taken since the previous audit.

1. Audit Findings

3.1 The five recommendations agreed in the previous audit report have not yet been implemented. The delay has been attributed to a restructure of the Fire Authority.
3.2 After discussion, now the restructure has been completed, it has been proposed that the recommendations will be implemented within a six month timescale.
Therefore all of the recommendations made in audit report FRS1206 have been reinstated in the action plan attached below.

4 Audit opinion

4.1 Our opinion is selected from the following – sound, satisfactory, unsatisfactory or unsound.
4.2 In our opinion, most of the arrangements for Business Risk Management are still unsatisfactory. We have reinstated all of the recommendations made previously to bring your controls up to the standards required.

Audit conducted by:
Diane Hyett
Auditor

Audit supervised by:
Richard Bold
Assistant Audit Team Leader

Internal Audit Final Report FRS 1303

August 2012

CONFIDENTIAL
ACTION PLAN

Fire Transport: follow-up

Original Recommendation and Management Response	Current Findings	Further Audit Recommendation and Management Response
<p>1. A report on the Authority's Risk Management Strategy should be presented promptly to the Finance and Resources Committee.</p> <p>Response of the Chief Fire Officer The report is currently in draft and will be presented to the January F&R meeting.</p> <p>Date for implementation 13th January 2012.</p> <p>Officer responsible for implementation Director of Finance and Resources.</p>	<p>Recommendation not implemented.</p> <p>Risk: The Authority is unclear on the level of risk it is prepared to accept.</p>	<p>A report on the Authority's Risk Management Strategy should be presented promptly to the Finance and Resources Committee.</p> <p>(Medium Risk)</p> <p>Response of the Chief Fire Officer A risk management strategy and accompanying report will be presented to Corporate Management Board on 18 June 2012 prior to presenting to Finance and Resources Committee on 12 October 2012.</p> <p>Date for implementation 12 October 2012.</p> <p>Officer responsible for implementation Director of Finance & Resources.</p>
<p>2. A Corporate Risk Register should be produced at the Authority.</p> <p>Response of the Chief Fire Officer A Corporate Risk Register has been produced, but the ownership of these risk and monitoring and reporting mechanisms have yet to be agreed by management team. It is felt appropriate that this should be tied in with the restructure that is taking place.</p> <p>Date for implementation 1st April 2012.</p>	<p>Recommendation not implemented.</p> <p>Risk: Risk Management does not become embedded into the Authority's ways of working.</p>	<p>A Corporate Risk Register should be produced at the Authority.</p> <p>(High Risk)</p> <p>Response of the Chief Fire Officer A draft corporate risk register is to be presented to Corporate Management Board on 18 June 2012 and subsequently discussed and finalised at a workshop on 16 July 2012.</p> <p>Date for implementation 16 July 2012.</p>

August 2012

Fire Transport: follow-up

Original Recommendation and Management Response	Current Findings	Further Audit Recommendation and Management Response
Officer responsible for implementation		Officer responsible for implementation
Chief Fire Officer.	<p>3. A regular programme of monitoring should be introduced, documented and reported to the Corporate Management Board to manage corporate risk.</p> <p>Response of the Chief Fire Officer</p> <p>There are proposals for the creation of a risk management board, which as part of its remit would be required to monitor the corporate risk register. However, should the board not be created, it is acknowledged that there will still be a requirement to undertake this monitoring activity.</p> <p>Date for implementation</p> <p>1st April 2012.</p> <p>Officer responsible for implementation</p> <p>Chief Fire Officer.</p>	<p>Risk: Risks are not managed effectively.</p> <p>Response of the Chief Fire Officer</p> <p>A report has been prepared for Corporate Management Board that recommends the formation of a Corporate Risk Management Board, which will manage and monitor the Corporate Risk Register on behalf of Corporate Management Board, and provide appropriate reports.</p> <p>Date for implementation</p> <p>End October 2012.</p> <p>Officer responsible for implementation</p> <p>Chief Fire Officer.</p>
	<p>4. The current weaknesses in Risk Management are acknowledged and addressed.</p> <p>Response of the Chief Fire Officer</p> <p>As part of an internal reorganisation, the profile of risk management will both be broadened and heightened. This will address the weaknesses highlighted in the internal review and enable risk management to more appropriately meet the needs</p>	<p>The current weaknesses in Risk Management are acknowledged and addressed.</p> <p>(High Risk)</p> <p>Response of the Chief Fire Officer</p> <p>A report that raises the profile of risk management is to be presented to Corporate Management Board on 18 June 2012. This will be accompanied by a presentation highlighting key aspects of risk</p>

Internal Audit Final Report FRS 1303

ACTION PLAN
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August 2012	Original Recommendation and Management Response	Current Findings	Further Audit Recommendation and Management Response
	<p>of the organisation.</p> <p>Date for implementation 1st April 2012.</p> <p>Officer responsible for implementation Chief Fire Officer.</p>	<p>Date for implementation 18 June 2012.</p> <p>Officer responsible for implementation Chief Fire Officer.</p>	<p>management.</p> <p>Date for implementation 18 June 2012.</p> <p>Officer responsible for implementation Chief Fire Officer.</p>
	<p>5. Corporate Risk Management needs to be developed in a manner that integrates it with other decision making at Corporate Management Board, and gives assurance to the Finance and Resources Committee.</p> <p>Response of the Chief Fire Officer</p> <p>As part of an internal reorganisation, the profile of risk management will both be broadened and heightened. This will address the weaknesses highlighted in the internal review and enable risk management to more appropriately meet the needs of the organisation.</p> <p>Date for implementation 1st April 2012.</p> <p>Officer responsible for implementation Chief Fire Officer.</p>	<p>Recommendation not implemented.</p> <p>Risk: Risks are not managed effectively.</p>	<p>Corporate Risk Management needs to be developed in a manner that integrates it with other decision making at Corporate Management Board, and gives assurance to the Finance and Resources Committee.</p> <p>(Medium Risk)</p> <p>Response of the Chief Fire Officer</p> <p>A report that raises the profile of risk management is to be presented to Corporate Management Board on 18 June 2012. This will be accompanied by a presentation highlighting key aspects of risk management.</p> <p>Date for implementation 18 June 2012.</p> <p>Officer responsible for implementation Chief Fire Officer.</p>

Internal Audit Report

CONFIDENTIAL

To: The Chief Fire Officer

Subject: Transport follow-up

Report reference: FRS 1303

Date: August 2012

1. Introduction

- 1.1 The previous audit report on Transport, report reference FRS 1204 issued in January 2012, contained an unsatisfactory audit opinion. In line with our follow-up procedures, we have undertaken a further review to assess the progress made with implementing the recommendations agreed.

2 Objectives and scope of the audit

- 2.1 Objective: To ascertain the extent to which the audit recommendations made in the previous audit report have been implemented.
- 2.2 Scope: Review of the actions taken since the original audit.

3 Audit Findings

- 3.1 Of seven recommendations agreed in the previous audit report, five have been implemented, one has been superseded and one is being addressed jointly by NFRS and Nottingham City Council (NCC) via a contract recovery plan, with action taken to monitor progress. Alternative maintenance arrangements are also being explored to ensure business continuity.
- 3.2 The main findings of the follow-up audit are set out below. Where we have concluded that controls still need to be improved we have reported our detailed current findings in the attached Action Plan, together with the associated risk and a further recommendation.

- 3.3 Recommendations successfully implemented include:

- improved accuracy of servicing information of the vehicles;
- confirmation that the vehicle service categories have been reviewed;
- data held on the Tranman fleet management system is kept up-to-date as information is received by NFRS from NCC;
- a monthly review is completed by officers in fleet management regarding the mileage and fuel use of each vehicle;
- maintenance costs are monitored by vehicle, and any issues with invoices are documented and resolved.

- 3.4 Recommendation still requiring action:

- the promptness of the invoicing received from Nottingham City Council (**see Action Plan para. 1**).

4 Audit opinion

- 4.1 Our opinion is selected from the following – sound, satisfactory, unsatisfactory or unsound.
- 4.2 In our opinion, most of the arrangements for financial management are now satisfactory. Where we have identified a control weakness, we have made a further recommendation to bring your financial controls up to the standards required by Financial Regulations and/or best management practice.

Audit conducted by:
Diane Hyett
Auditor

Audit supervised by:
Richard Bold
Assistant Audit Team Leader

J M Bailey CPFA
Head of Internal Audit

ACTION PLAN

August 2012

Fire Transport : follow-up

Original Recommendation and Management Response	Current Findings	Further Audit Recommendation and Management Response
<p>1 Contractual compliance by NCC [See Audit Findings para 3.4]</p> <p>The department should continue to address the promptness and format of invoicing by Nottingham City Council.</p> <p>Response of the Chief Fire Officer</p> <p>Difficulties in providing the invoice information has led to a non performance letter being issued to the maintenance contractor and an action plan produced by them to remedy non compliance issues.</p> <p>We are confident that the invoice situation will swiftly be addressed to meet the contract standards and KPI's .</p> <p>Date for implementation</p>	<p>A Contract Recovery Plan is now in place to ensure that Nottingham City Council (NCC) complies with the requirements of the contract. Continual monitoring of the invoices is carried out by the officers at NFRS and alternative arrangements are being explored to ensure business continuity should NCC fail to meet contractual commitments.</p> <p>This will link in to the contractual requirement for prompt delivery of accurate invoices to enable the loop of job card, provision of worksheet and invoice to be closed in a timely manner. This will ensure that vehicle/ equipment files are up to date for the purposes of compliance, and expenditure will be much easier to monitor.</p>	<p>The department should continue to address the promptness and format of invoicing by Nottingham City Council (High Risk)</p> <p>Response of the Chief Fire Officer</p> <p>The Service has now taken action to more robustly manage the contract with Nottingham City Council in order that all maintenance invoicing for work done is agreed and only signed off when the Fleet Maintenance Manager is in agreement with labour and parts content for jobs carried out.</p> <p>Once the Service is happy with the performance of Nottingham City Council and it has demonstrated a sustained improvement with the accuracy, promptness and descriptive content of the backing details it will consider the transition to monthly or fortnightly invoicing.</p> <p>Date for implementation</p> <p>31st October 2012.</p> <p>Officer responsible for implementation</p> <p>Fleet Maintenance Manager & Fleet Manager.</p>



Internal Audit Report

CONFIDENTIAL

To: The Chief Fire Officer

Subject: Financial Management - Agresso

Report reference: FRS/1305

Date: August 2012

1 Introduction

- 1.1 This report sets out the findings and recommendations arising from a recent review of the Agresso finance system which was implemented in February 2011.
- 1.2 The Agresso system offers independent in-house financial management and reporting capabilities, except for payroll processing activities which remain with the County Council.

2 Objectives and scope of the audit

2.1 Audit objectives:

- To evaluate the controls in operation to ascertain their adequacy and effectiveness in achieving business objectives and their compliance with financial regulations.
- To test a sample of transactions for compliance with documented procedures and controls.

2.2 Scope:

The following control objectives were examined. The key risks associated with each control objective are explained below.

1. Controls over user access to the system are appropriate for the risks identified. (*Unauthorised access to the system may be possible*)
2. The overall security and integrity of the system is maintained. (*Financial data may be lost or corrupted*)
3. Accounting codes are controlled effectively and are adequate for both financial and management reporting requirements. (*Accounting codes may not be appropriate for the organisation's needs*)
4. All input to the financial systems is complete, authorised and accurately calculated and coded. (*Data may be omitted, duplicated or be incorrect*)
5. The system provides complete and accurate data for the production of annual accounts and financial returns. (*Output from the system may be incorrect*.)
6. All purchases are authorised and input to the purchase ledger promptly. (*Expenditure reports and commitments may be understated*.)
7. All sales are input to the sales ledger promptly. (*Sales income may be understated*.)

8. Previous audit recommendations have been implemented as agreed
(Risk: known risks are being tolerated)

3. Audit Findings

The main findings of the audit for each of these control objectives are set out below. Where we have concluded controls need to be improved we have reported our detailed findings together with the associated risk and a recommendation for improvement in the attached Action Plan.

- 3.1 We examined controls over access to the system. We confirmed these are satisfactory. However, we noted an issue regarding separation of duties. Changes implemented by the System Administrator are independently authorised in advance but there is no independent check of actions implemented. **(See Action Plan para 1)**
- 3.2 We reviewed arrangements for data recovery. Although regular back ups are taken, backed up records are not subject to regular testing. **(See Action Plan para 2)**
- 3.3 We examined the procedures for controlling accounting codes and established there is a single point of input for new codes with a satisfactory process to authorise new codes and amendments.
- 3.4 We confirmed controls over feeder systems and journal posting are satisfactory. We were advised work is ongoing to implement system controls to limit possible mis-postings and to address known problems with reallocating mis-postings from the suspense account.
- 3.5 We confirmed the system produces accurate data for the financial and management reports
- 3.6 We examined a sample of purchases and payments and confirmed all were authorised. However, we noted several purchases were authorised after the goods were received, inappropriate use of the non-order invoice process and a high proportion of purchases were allocated to a default product code. **(See Action Plan 3 and 4)** In addition, we noted the revised purchasing policy, which we were advised at the last audit would be available in 2010, is still awaiting approval.
- 3.7 We tested a sample of sales invoices and confirmed all had been issued and paid promptly.
- 3.8 Our follow-up of recommendations made in our previous audit report FRS/1003 dated March 2010 confirmed that most recommendations had been implemented. Those remaining outstanding are again included in the Action Plan at 1 and 2.

4. Audit opinion

- 4.1 Our opinion is selected from the following – sound, satisfactory, unsatisfactory or unsound.
- 4.2 In our opinion, most of the arrangements for financial management are satisfactory. Where we have identified control weaknesses, we have made recommendations to bring your financial controls up to the standards required by Financial Regulations.

**Audit conducted by:
Lesley Bulman ACMA, Auditor**

**Audit supervised by:
J M Bailey CPFA, Head of Internal Audit**

Audit Finding	Recommendation	Management Response
<p>1. Separation of duties [See Audit Findings para 3.1]</p> <p>The System Administrator has operational financial responsibilities as back up for other members of the Finance team in addition to setting up users, suppliers and other standing data. There is no easily accessible log of amendments made by the System Administrator and there is no independent check of the System Administrator's actions.</p>	<p>The System Administrator should not have operational responsibilities. If this is impractical, a log of the System Administrator's activities should be produced and be subject to an independent review.</p> <p>Risk: Potential for fraud (High Risk)</p>	<p>Response of the Chief Fire Officer</p> <p>The SA has two logins – one for SA duties. This allows access to all parts of Agresso which is essential for the job. The second login is used by the SA when covering financial duties if there are absences in the team. Again this is essential for cover and resilience, and the access here is restricted.</p> <p>There are other controls in place to prevent fraudulent payments (which is the risk identified here). Although the SA could fraudulently create a payment to herself in Agresso, she would not be able to sign a cheque and she would not be able to import and approve a BACS payment.</p> <p>Since receiving this audit report, a report has been set up in Agresso which can be run by the Principal Accountant and shows any supplier changes effected by either of the two SA logins. Where a change is to a bank account, the Principal Accountant can investigate the amendment further to ensure that the change was made for a valid reason.</p> <p>Date for implementation Already implemented. Officer responsible for implementation Principal Accountant.</p>

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ACTION PLAN
Financial Management – Agresso

Audit Finding	Recommendation	Management Response
<p>2. Back-up testing [See Audit Findings para 3.2]</p> <p>Back up copies are not tested on a regular basis.</p> <p>Risk: <i>It may not prove possible to restore the system (Medium Risk)</i></p>	<p>Back up copies should be test checked at least once a year.</p> <p><i>Although there is no formal programme of back up copy testing, live back-ups have been restored to both the Agresso test and the Agresso training environments at various times during the year by the ICT department when requested by the Systems Accountant. This has demonstrated that back-up copies are viable.</i></p> <p><i>In future we will implement a formal test check of a back-up copy once a year, as well as continuing to restore back-up copies to the non-live environments as and when required.</i></p>	<p><u>Response of the Chief Fire Officer</u></p> <p><i>31/10/12 – first test to be carried out before next upgrade.</i></p> <p><u>Officer responsible for implementation</u></p> <p><i>Principal Accountant.</i></p>

Audit Finding	Recommendation	Management Response
<p>3. Prior Orders [See Audit Findings para 3.6]</p> <p>A sample of 25 invoices requiring an order were examined. Only 15 of these were authorised by the budget holder in advance of the receipt of goods/services. In addition we examined a sample of five non-order invoices and noted one of these did not meet the criteria and should have been supported by an authorised order.</p>	<p>Orders should be approved by the budget holder before commitments are entered into. The use of the non-order process should be limited.</p> <p>Risk: Commitments are entered into without budget availability. (Medium Risk)</p>	<p>Response of the Chief Fire Officer</p> <p>When Agresso first went live, there were a number of outstanding orders in the old system. It was agreed that orders did not need to be re-raised for these in Agresso so in the earlier time period there was a higher number of invoices with no orders. The use of the non-order process is limited and the list of items exempt from ordering has now been updated and will be published on the Agresso page on the Service's intranet. I agree that the recommendation describes the ideal situation and believe we are working towards that ideal, but culture change does take time.</p> <p>In striving to make improvements, we do ask for retrospective orders to be raised when an invoice comes in with no order to back it – this ensures that employees are educated in the correct process and don't see that not raising an order is an 'easy option'. We also write to suppliers who send invoices with no purchase orders so that they are being educated not to accept orders without a PO No.</p> <p>Date for implementation Already – ongoing.</p> <p>Officer responsible for implementation Principal Accountant & Head of Estates and Procurement.</p>

ACTION PLAN
Financial Management – Agresso

Audit Finding	Recommendation	Management Response
<p>4. Product Codes [See Audit Findings para 3.6]</p> <p>A sample of 20 orders was examined. Five of these were allocated to a generic product code.</p> <p>Risk: Analysis of product usage may not be accurate. (Low Risk)</p>	<p>Accurate product codes should be assigned.</p> <p>Date for implementation Already / ongoing. Officer responsible for implementation Head of Estates and Procurement.</p>	<p>Response of the Chief Fire Officer</p> <p>Exceptions have been investigated. We accept the findings, which were symptomatic of teething problems experienced in the few months after go-live. More specific product codes now exist and in areas where one-off purchases are frequent, some generic product codes covering a range of items in a particular area of the Service have been created. Procurement Officers have been tasked with reducing the use of the generic product code as far as possible.</p>

Internal Audit Report

CONFIDENTIAL

To: Chief Fire Officer

Subject: Fire Premises Management

Report reference: FRS 1306

Date: February 2013

1 Introduction

- 1.1 This report sets out the findings and recommendations arising from a review of Nottinghamshire Fire & Rescue Service systems and procedures for premises management.
- 1.2 The premises revenue budget for 2012/13 is approximately £1.9m.
- 1.3 The net book value of land and buildings was £39.2M, with assets under construction valued at £3.4M, as at 31 March 2012 (per the financial accounts).

2 Objectives and scope of the audit

2.1 Audit objectives:

- To evaluate the controls in operation to ascertain their adequacy and effectiveness in achieving business objectives and their compliance with financial regulations.
- To test a sample of transactions for compliance with documented procedures and controls.

2.2 Scope:

The following control objectives were examined. The key risks associated with each of the control objectives are explained below.

- Land and property records are effectively managed. (*Risk: Insecure or inefficient records management could result in additional cost or loss of business continuity.*)
- The facilities management and maintenance of premises is efficiently and effectively organised. (*Risk: Essential property services and maintenance may not be adequately provided for.*)
- Procedures for contractor selection and appointment are appropriate. (*Risk: Financial regulations and statutory equalities requirements may not be observed.*)
- That appropriate performance and management information and reporting procedures are in place. (*Risk: Information requirements and reporting lines might not reflect the strategic importance of property asset management.*)

3 Audit Findings

The main findings of the audit for each of these control objectives are set out below. Where we have concluded that controls need to be improved we have reported our detailed findings together with the associated risk and a recommendation for improvement in the attached Action Plan.

- 3.1 A Multi Activity Contract (MAC) is in place to ensure that service requirements and reported defects are handled in accordance with agreed priorities. Evidence of testing work is held in the form of certificates, mainly located on the contractor's web site. Contracts for services, including cleaning, water, gas, electricity etc are tendered and/or price checked to obtain competitive rates.
- 3.2 A new asset management system was due to have been installed since the last audit; however, the supplier of the system has now gone into receivership. The premises data is currently being managed as a series of spreadsheets on the premises team directory. Documentation relating to premises should be stored within these spreadsheets however audit testing identified that the documentation was not always complete.(**see Action Plan paras1-3**).
- 3.3 The building works should be managed through the Agresso accounting system, however the system is not being used efficiently with orders not raised on the system at the point of commitment and no formal checking that work has been carried out. There are also issues with the coding of invoices and access to budget reports.(**see Action Plan paras 4-7 & 11**).
- 3.4 A formal system has been set up for the reporting of defects with regard to premises management. The majority of the defects are dealt with through the Multi Activity Contract (MAC), which was awarded through a formal tendering process. Works not covered by the MAC contract are grouped together and put out to tender as works packages. (**see Action Plan paras 8-9**).
- 3.5 As part of the management of existing properties, refurbishments and new builds there are a number of guidelines to follow which include health and safety issues and legislation. (**see Action Plan paras10 & 12**).

4 Audit opinion

- 4.1 Our opinion is selected from the following – sound, satisfactory, unsatisfactory or unsound.
- 4.2 In our opinion, most of the arrangements for financial management are satisfactory. Where we have identified control weaknesses, we have made recommendations to bring your financial controls up to the standard required by Financial Regulations.

Audit conducted by:
Helen Lomas MAAT

Audit supervised by:
Richard Bold MBA

J M Bailey CPFA
Head of Internal Audit

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		ACTION PLAN		
		Premises Management		Management Response
	Audit Finding	Recommendation	Response of the Chief Fire Officer	Date for implementation
	1. Records of land and buildings [See Audit Findings para 3.2] The records of land and buildings are held on the team directory as a series of files and spreadsheets. Each property has an individual file. All property details should be held in these files. During the audit it was noted that there is a lack of consistency over documents filing. For example condition surveys can be filed together at a high directory level or filed at an individual property level.	The filing structure should be reviewed to ensure consistency in the filing of documentation.	This had been identified prior to the audit being carried out. During the audit process the recruitment of a temporary member of staff was carried out for the purpose of data management. This data management process involves the collation all the information related to the Estate and the enhancement of the structured filing system. This will be enhanced by the planned introduction of an electronic premises management system (Concerto).	Temporary member of staff now employed to carry out data management for completion by March 2013.

Risk: *Without an adequate filing structure there is a risk that information may be misfiled, lost or multiple versions of similar documents may be held.*

(Low Risk)

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		ACTION PLAN	
		Premises Management	Management Response
Audit Finding	Recommendation	Response of the Chief Fire Officer	Date for implementation
2. Property and building assessments [See Audit Findings para 3.2] A full review of the properties and buildings was carried out by a contractor and the reports uploaded on the team directory files.	Ad hoc inspections of premises by property employees should be formally documented, setting out the purpose of the visit, the findings/outcome and any actions required. Informal building inspections have been carried out on an ad hoc basis since this survey, mainly to inspect reported defects. These inspections do not form part of the condition survey process and are not formally documented. As a result records of inspections cannot be reviewed and the defects diary is incomplete. Where inspections are regulatory, such as Pat testing or legionella testing, records are held on site as they are completed by external contractors.	A regime of formal inspection (condition surveys) is to be introduced on a cyclic basis (2 yearly). Any ad-hoc inspections will be recorded in the master defects schedule. Officer responsible for implementation Head of Procurement and Estates.	Immediate, now implemented.

Risk: *Without adequate documentation of inspections that have been carried out there is a risk that important actions may be missed or could be misinterpreted.*
(Low Risk)

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ACTION PLAN
Premises Management

Audit Finding	Recommendation	Management Response
<p>3. Shared land and buildings are documented [See Audit Findings para 3.2]</p> <p>As noted at the previous audit the Central fire station property is owned by the Fire Authority however the costs for utilities are managed through the City Council. This situation is being reviewed by external legal support and has been ongoing since the previous audit in 2009.</p> <p>From discussion during the current audit it was noted that there are no formal agreements over the use of the Eastwood Fire Station by East Midlands Ambulance Service.</p> <p>Risk: Without a formal agreement between organisations there is a risk that responsibilities for issues such as health and safety may be missed or the appropriate fees may not be charged to the appropriate bodies.</p> <p>(Medium Risk)</p>	<p>1) The Authority should continue to establish the legal position with regard to ownership and management of the Central fire station.</p> <p>2) The arrangements with East Midlands Ambulance Service regarding their shared use of Eastwood fire station should be formalised.</p>	<p>Response of the Chief Fire Officer</p> <p>The situation with Central Fire Station is that there is a clear breakdown of cost for heating and power between the City Council, the Police and NFRS through historical invoices. However the original agreement is still to be found through the search being carried out by our appointed solicitor. Failure to locate this agreement (if it ever existed) may be largely irrelevant as we are using the historical data as a reference.</p> <p>With regards to Eastwood Fire Station and the co-location of EMAS. There is nothing written in place - minor user rights have been assumed and therefore are covered by statute. EMAS have no obligation to pay rent under these rights but do pay a service charge based on the area of the building they occupy. NFRS have no obligations towards EMAS either. EMAS's obligations regarding repair are limited to statutory requirements, e.g. health and safety.</p> <p>It should be noted that EMAS are currently carrying out a strategic property review of their estate and until this review is complete it is uncertain as to the future of their presence at the station. If they intend to remain at Eastwood FS as a result of their review then a formal lease will be put in place.</p> <p>Date for implementation</p> <p>Any planned implementation will be subject to the completion of the EMAS strategic property review of their estate. Failing this if their review isn't completed by July 2013 then the process of putting in place a lease will commence.</p> <p>Officer responsible for implementation</p> <p>Head of Procurement and Estates.</p>

ACTION PLAN	
Audit Finding	Premises Management
4. Budget monitoring by premises budget holder [See Audit Findings para 3.3] At present the budget holder for premises cannot extract budget information from the Agresso system for budgets delegated to individual stations. It is understood that it is not possible for the premises manager to extract data due to the set-up of the cost centres within the accounting software. He is therefore reliant on budgetary information being provided by finance section. It is understood that this issue has been reported to the Agresso team, and the regional Agresso group are working on a solution to the problem.	<p>Recommendation</p> <p>That priority is given to identifying a means of extracting accurate and reliable budget monitoring reports across a range of cost centres and accounts for the service.</p> <p>Risk: Without access to the appropriate budgetary information there is a risk that budget problems may be missed or additional records may need to be kept to ensure adequate budget monitoring.</p> <p>(Medium Risk)</p> <p>This is one of a number of areas which require development in Agresso. It has been prioritised but is being treated as a relatively low priority. The reasons for this are:</p> <ol style="list-style-type: none"> 1. This relates to centralised budgets held by this budget holder, who is unable to see expenditure against the centralised budget which has been charged to Station and other budgets because of access controls. A report showing total expenditure is therefore emailed to the budget holder monthly to rectify this. 2. The emailed report will not allow the budget holder to drill down to transactions, but Finance staff will provide detailed reports on request to support the budget monitoring report. This should be sufficient information to monitor the budget effectively and is considered to be a reasonable work-around until a permanent solution can be developed. 3. Agresso workflow requires all invoice transactions to be approved by the budget holder either at the order stage or at the invoice stage, so the budget holder is aware of what is being charged against the budget and has the opportunity to reject transactions if they are incorrectly charged. <p>Date for implementation</p> <p>The permanent solution will be developed within the next 6 months (by 31 July 2013).</p> <p>Officer responsible for implementation</p> <p>Principal Accountant.</p>

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ACTION PLAN	
Audit Finding	Premises Management
Recommendation	Management Response
<p>5. Condition Surveys [See Audit Findings para 3.3]</p> <p>A review of condition surveys identified that electronic copies were held on the system for inspections which took place in 2007 and a number of inspections took place in 2009 for which paper copies were held.</p> <p>There is no formal requirement for condition surveys to be carried out, with premises being visited and inspected on an ad hoc basis when health and safety issues arise.</p> <p>A five yearly condition survey frequency is informally in place but is not being met in all cases. Also there is no formal link between the condition surveys and planned maintenance.</p> <p>Nine property records were reviewed during the audit for confirmation of condition surveys taking place; one was available for 2011, two took place in 2009, four dated back to 2007 and two could not be located.</p> <p>Risk: By not following industry guidelines requiring regular inspections of premises and buildings there is a risk that damage may be being done which significantly reduces the value of the property. (Medium)</p>	<p>a) A risk based policy should be introduced to ensure that all premises are inspected by a suitable qualified person, in accordance with a specified timetable.</p> <p>b) Records of condition surveys should be securely retained with relevant property records.</p> <p>Condition surveys are to be formalised on a 2 yearly basis in order to provide a prescribed inspection regime to ensure that all properties are fully inspected; this is to ensure that the process inspects all the necessary building elements. This is to allow the planning and updating of the pre-planned maintenance plan.</p> <p>Ad-hoc inspections will continue to be carried out as and when required, these will be recorded in the master defects schedule.</p> <p>Since the audit was carried out the condition surveys for 2011 have been located and filed in the relevant station folders as part of the data management work detailed above at Item 1. Records of land and buildings.</p> <p>Date for implementation</p> <p>Immediate, now implemented.</p> <p>Officer responsible for implementation</p> <p>Head of Procurement and Estates.</p>

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		ACTION PLAN	
		Premises Management	Recommendation
Audit Finding	Management Response		
<p>6. Confirmation of the completion of work done.</p> <p>[See Audit Findings para 3.3]</p> <p>Prior to the payment of invoices, there is no formal process in place to confirm that the work has been done and completed to a satisfactory standard or where goods have been ordered that the goods have been received. The Multiple Activity Contract (MAC) does allow for the contractor to record that they have completed individual jobs. This is the contractor's record of the completion of work.</p> <p>Where work is carried out on site, contractors do sign in and out of the site in accordance with health and safety requirements.</p>	<p>Confirmation should be received from the establishments to show that the work has been completed to a satisfactory standard or goods have been received prior to the payment of invoices.</p> <p>A sample of ten invoices was checked for evidence of goods received and/ or work completed. Works validation forms in support of four invoices were located but no confirmatory records (works validation forms or goods received notes) could be found for the other six invoices</p>	<p>Response of the Chief Fire Officer</p> <p>This has been done in part using a works validation form that is signed by a member of NFRS at the site where the works were carried out. This is subject to there being someone being present on the NFRS site. The current practice by the Estates staff if a work validation form is not received then a member of the Estates staff call the station management by telephone to confirm the work has been completed before releasing the invoice for payment. In some cases a member of the Estates staff will confirm completion of the works by a site visit depending on the value of the work being complete.</p> <p>The confirmation of completion of all works will be recorded on the Master Defects Schedule.</p> <p>Date for implementation</p> <p>Immediate, now implemented.</p>	<p>Officer responsible for implementation</p> <p>Head of Procurement and Estates.</p>

		ACTION PLAN	
		Premises Management	Management Response
Audit Finding	Recommendation		
7. Non commitment accounting [See Audit Findings para 3.3] At the time of the audit orders were not being raised on the Agresso accounting package at the point the commitments are made with the suppliers. As a result of this commitments are not being recorded on the system until the point when the invoice is received.	Where a commitment is made with a supplier whether it is for a works project order or maintenance identified through the defects system, a formal order should be raised on the accounting system. Risk: The lack of commitment accounting could potentially cause overspends to be made against the budget allocations. (Medium Risk)	<p>For Emergency and Urgent category work the Estates staff are now allowing 5 working days for the supplier to provide an accurate cost for the work carried out and completed where this can be accommodated, this will of course be subject to the nature of the fault and if an accurate assessment of the cost can be determined. If the supplier cannot provide an accurate price within this period an order is to be raised to and an estimate as to the likely cost for the works in order to provide a recorded commitment.</p> <p>Date for implementation</p> <p>Immediate, now implemented.</p>	<p>Response of the Chief Fire Officer</p> <p>Where possible orders are usually raised on the receipt of a formal quote from the supplier. This is relatively straightforward when the works required fall into the Routine, Forward Maintenance works and to some degree the Essential categories. These are those categories contained within the Service Level Agreement (SLA) for the reporting and rectification of building defects. However, for Emergency and Urgent category work under the SLA doesn't allow for a quote to be received before an instruction is given due to the timescales these categories are required to be rectified.</p> <p>Officer responsible for implementation</p> <p>Head of Procurement and Estates.</p>

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ACTION PLAN	
Audit Finding	Premises Management
Recommendation	Management Response
<p>8. Appointment of contractors. [See Audit Findings para 3.4]</p> <p>The majority of the work is allocated using a Multiple Activity Contract via the contractor (Ampron). Other contractors are selected on the basis that they are registered with Construction Line who carry out checks on the financial status, insurance and registration of appropriate bodies. From discussion it was understood that the status of potential contractors is checked on the Construction Line website, however these checks are not documented.</p> <p>A sample of three contractors employed by NFRS was checked on Construction Line to confirm that they met the requirements of the contracts issued. One of the contractors had not submitted accounts since 2010 and the level of public liability cover held by two of the contractors was insufficient when checked back to the level required by the contract.</p>	<p>Contractors should not be used until the appropriate checks on their status have been carried out and these checks have been documented.</p> <p>Date for implementation Immediate, now implemented.</p> <p>Officer responsible for implementation Head of Procurement and Estates.</p> <p>Risk: Where contractors are appointed without the appropriate checks having been made there is a risk that the authority may incur additional expense to correct any potential defects left by contractors. (Medium Risk)</p>

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		ACTION PLAN	
		Premises Management	Management Response
Audit Finding	Recommendation		
9. Contractors' evidence records. [See Audit Findings para 3.4]	<p>The contractor should be reminded that the establishment folder should be personalised for each establishment and the premises managers should regularly check that all the appropriate checks have been carried out.</p> <p>Where testing involves the issue of certificates of compliance, this evidence should be held in the establishment files on line.</p> <p>A review of the folder for HQ identified that the folders supplied are generic to the fire service as a whole and have not been customised to each station as requested. As a result it is not possible to confirm whether all the appropriate checks have been carried out.</p> <p>Risk: Contractors who do not comply with contract requirements may leave the authority with additional liabilities.</p> <p>(Low Risk)</p>	<p>Response of the Chief Fire Officer</p> <p>Both recommendations have been actioned through the MAC.</p> <p>Date for implementation</p> <p>Immediate, now implemented.</p> <p>Officer responsible for implementation</p> <p>Head of Procurement and Estates.</p>	

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		ACTION PLAN	
		Premises Management	Recommendation
	Audit Finding	Management Response	
	<p>10. Construction (Design and Management) Regulations 1994. [See Audit Findings para 3.5]</p> <p>At the end of each new build or refurbishment the contractors should supply the premises team with all relevant certificates of completion and guarantees. This health and safety file does not take a standard format or contain standard documentation. At the time of the audit the certificates and guarantees that had been received were filed electronically in various places.</p> <p>Risk: <i>Without receipt of the appropriate documentation there is a risk of documentation being lost and the authority subject to additional liabilities.</i></p> <p>(Low Risk)</p>	<p>A consistent approach should be used for the follow up of health and safety certificates as a result of refurbishment and new construction. Ideally a check list could be devised as a means of confirming that the appropriate returns have been received.</p> <p>The format of the Health and Safety File is usually tailored to the specific project and therefore NFRS rely on the professional competence of the CDM Coordinator. The Health and Safety File (H&S File) provides all the necessary information relating the project; on receipt of the H&S File the specific elements relating to the building components are extracted and placed in the Estates filing system (Item 1. Records of land and buildings). At the time of completing this audit response the specific data resides in the Operation & Maintenance folder for each property.</p> <p>This will be enhanced by the planned introduction of an electronic premises management system (Concerto).</p> <p>Date for implementation</p> <p>Complete.</p> <p>Officer responsible for implementation</p> <p>Head of Procurement and Estates.</p>	

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ACTION PLAN	
Audit Finding	Premises Management
<p>11. Miscoding of expenditure [See Audit Findings para 3.3]</p> <p>A selection of 11 invoices was reviewed to ensure that coding in the accounts was appropriate. This check identified that refreshments (Café Marseilles, Invoice No: 24764 for £383.32) had been coded to planned maintenance in error.</p> <p>Risk: <i>Miscoding of expenditure leads to poor budgeting and inaccuracy in the financial accounts.</i> (Low Risk)</p>	<p>Recommendation</p> <p>Care should be taken when processing invoices to ensure the correct codes are used to allocate the expenditure to the correct cost centre and account code.</p> <p>Date for implementation</p> <p>Immediate, now implemented.</p> <p>Officer responsible for implementation</p> <p>Head of Procurement and Estates.</p>

ACTION PLAN	
Audit Finding	Premises Management
<p>12. Compliance with Financial Regulations [See Audit Findings para 3.5]</p> <p>A sample of three contracts over £50k were reviewed to ensure they complied with Financial Regulations. Financial Regulations state that a minimum of five contractors should have been invited to tender. From discussion five had been invited to tender but only four submitted tenders in each of these cases.</p> <p>Prequalification paperwork was not submitted prior to the awarding of the contracts.</p> <p>Financial checks and insurance checks had not been documented prior to the award of the contract.</p> <p>Filing of paperwork relating to the awarding of contracts is not systematic and is not filed electronically in individual establishment folders.</p>	<p>Recommendation</p> <p>The process for the awarding of contracts in line with Financial Regulations should be reviewed to ensure there is a full audit trail of the appointment process.</p> <p>Management Response</p> <p>Response of the Chief Fire Officer</p> <p>The three contracts selected were for contractors who had previously worked for NFRS within the previous 12 months (or shorter). The contractors had previously been pre-qualified for other similar works and were registered on Construction Line. See response to 8. Appointment of contractors with regards to the recording and checking of suppliers.</p> <p>The three contracts in question were initially estimated at below £50k where there is a requirement for three quotes. The next bracket £50k to the OJEU threshold where the financial regulations states; "formal tender process to be followed, tenders to be sent to a minimum of five suppliers with a minimum of three tenders to be received"</p> <p>In this case Financial regulations were followed based on the estimated costs of these contracts, this ensured these contracts were exposed to competition. It was only the fact that the estimates were exceeded that the contract value fell into the next bracket.</p> <p>Documentation regarding these and future appointments are to be recorded as detailed in the response above at</p> <ol style="list-style-type: none"> 1. Records of land and buildings <p>Date for implementation</p> <p>Immediate, now implemented.</p> <p>Officer responsible for implementation</p> <p>Head of Procurement and Estates.</p>

Internal Audit Report

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To: The Chief Fire Officer

Subject: Partnership Working

Report reference: FRS 1308

Date: November 2012

1 Introduction

- 1.1 This report sets out the findings and recommendations arising from a recent review of the Nottinghamshire Fire & Rescue Service's partnership working arrangements.
- 1.2 The Service's 2012/13 budget for contributions to partnership working is £138,076.

2 Objectives and scope of the audit

2.1 Audit objectives:

- To evaluate the controls in operation to ascertain their adequacy and effectiveness in achieving business objectives and their compliance with financial regulations.
- To test a sample of transactions for compliance with documented procedures and controls.

2.2 Scope:

The following control objectives were examined. The key risks associated with each of the control objectives are explained below.

- Governance arrangements for partnership working are in place and are communicated to those involved in partnership working (*Risk: Partnerships may be entered into without the appropriate approval or the organisation may not be aware of all partnerships it is currently involved with*).
- Adequate arrangements are in place for assessing the benefits, costs and obligations before joining a partnership (*Risk: Partnerships joined may not be beneficial to the organisation*).
- Adequate governance arrangements are in place for working within, and monitoring the performance of, partnerships (*Risk: The partnership may not be well managed or deliver the expected benefits*).

3 Audit Findings

The main findings of the audit for each of these control objectives are set out below. Where we have concluded that controls need to be improved we have reported our detailed findings together with the associated risk and a recommendation for improvement in the attached Action Plan.

- 3.1 The types of partnership working are quite varied and include working with other organisations to achieve shared objectives, paying partners for services such as to carry out home safety checks and install smoke alarms, and data sharing to identify types of properties and residents at particular risk of fire.
- 3.2 The current partnership working policy was introduced in 2010. Some aspects of this policy are not complied with. In particular a checklist for partnership engagement is not completed, and partnership activity should be monitored by a Service Delivery

Group but this no longer meets. The Engagement & Partnerships Manager intends to update the policy to reflect recent changes (**see Action Plan para 1**).

- 3.3 Partnership working has become more focused over the past two years towards the delivery of activities in the fire service's interests. These, and some other changes, should be reflected on the register of partnerships (**see Action Plan para 2**). Such arrangements, where the service makes payments to partners, should be documented in a service level agreement, and further work is required in this area (**see Action Plan para 3**).
- 3.4 As part of the national government's Knowledge Transfer Partnerships (KTP) programme to encourage collaboration between businesses and universities, a student from Nottingham Trent University was working temporarily with the service as an analyst. He had developed some new working methods which have just been introduced. We consider that these could provide a basis for significantly improving controls over partnership working including the justification for new initiatives, the evaluation of initiatives, and reporting to senior management (**see Action Plan para 4**).
- 3.5 The analyst has also used data obtained in partnership with Nottingham City Homes to identify properties and occupants at particular risk of accidental dwelling fires, so that those at higher risk can be addressed. There is an intention to carry out similar data sharing and analyses with other partners (**see Action Plan para 5**).
- 3.6 We were informed that the focusing of work mentioned at 3.3 above has led to attendances at meetings with partners being rationalised, to concentrate on partnerships that address individuals or locations at the greatest risk of fire. In a recent restructuring the nine Risk Reduction Officers, who spend most of their time on partnership work, have been reallocated to the areas of greatest need. The City of Nottingham's allocation has been increased from two to five officers, and there has been a reduction in the other two areas.
- 3.7 The Performance Monitoring Committee receive a quarterly performance report. Partnerships are mentioned frequently throughout this report. From this, it is clear that partnerships contribute significantly to the service's performance, and that this performance is monitored.
- 3.8 Another recent improvement is that from September 2012 responsibility for the budgets for partnership expenditure has been transferred from the Head of Community Safety to the Engagement & Partnerships Manager.

4 Audit opinion

- 4.1 Our opinion is selected from the following – sound, satisfactory, unsatisfactory or unsound.
- 4.2 In our opinion, the arrangements for partnership working have been unsatisfactory. However this has been addressed by recent improvements which, if they continue to be developed, will form the foundations of a satisfactory system.

Audit conducted by:
Andrew Howarth CMIIA, Senior Auditor

Audit supervised by:
Richard Bold MBA, Assistant Team Leader (Audit)

J M Bailey CPFA
Head of Internal Audit

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ACTION PLAN	
Audit Finding	Partnership Working Recommendation
<p>1. Partnership Working Policy. [See Audit Findings para 3.2]</p> <p>The current partnership working policy was introduced in 2010. Some aspects of it are not complied with. The policy includes a checklist for partnership engagement but this is not formally completed. The policy states that a Group Manager or Head of Department is responsible for engagement in partnerships, but we were informed that this has been relaxed. The policy states that partnership activity is monitored by a Service Delivery Group but this group no longer meets.</p> <p>The Engagement & Partnerships Manager intends to update the policy to reflect recent changes, including the service's recent reorganisation.</p> <p>Risk: <i>The system for partnership working is not complied with. Partnerships are entered without justification. Partnership activity is not monitored. As a result partnership activity does not meet the needs of the service.</i></p> <p>(Medium Risk)</p>	<p>The partnership working policy should be reviewed, revised as necessary, and approved by senior management.</p> <p>The weaknesses identified on the left are addressed by recent improvements described at finding 4 below.</p> <p>The Engagement & Partnerships Manager is responsible for engagement in partnerships, but we were informed that this has been relaxed. The policy states that partnership activity is monitored by a Service Delivery Group but this group no longer meets.</p> <p>The Engagement & Partnerships Manager intends to update the policy to reflect recent changes, including the service's recent reorganisation.</p> <p>Risk: <i>The system for partnership working is not complied with. Partnerships are entered without justification. Partnership activity is not monitored. As a result partnership activity does not meet the needs of the service.</i></p> <p>(Medium Risk)</p> <p>2. Register of partnerships. [See Audit Findings para 3.3]</p> <p>There is a register of partnerships. For each partnership it identifies the fire service's lead officer and the corporate objectives to which the partnership contributes. In some cases these are blank. The partnership register was originally</p> <p>Management Response</p> <p><u>Response of the Chief Fire Officer</u> <i>The partnership environment in which NFRS now inhabits is a very different place to that in which it operated in 2010. Partnership working is no longer the preserve of several large strategic partnerships (although many still exist) but a delivery arm of the organisation focused on furthering its aim and objectives.</i></p> <p><i>The Partnership Policy will be rewritten in Spring of 2013 (to allow for the settling of the recent restructure) and incorporate the new approach, particularly the increase in commissioning of the third sector in delivering some preventative functions, the role of the new Engagement and Partnership team and the increased use of data obtained from other organisations.</i></p> <p><u>Date for implementation</u> <i>Spring 2013.</i></p> <p><u>Officer responsible for implementation</u> <i>Engagement and Partnerships Manager.</i></p> <p><u>Response of the Chief Fire Officer</u> <i>In recognising the movement in the partnership agenda, NFRS will conduct a mapping exercise across the service to identify all partnership and commissioning arrangements to ensure there is consistency. This also recognises that the new approach has led to small scale initiatives being established with delivery partners to address</i></p>

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ACTION PLAN	
Audit Finding	Partnership Working
Recommendation	Management Response
<p>created by a mapping exercise in April 2010. Partnership working has become more focused since then towards the delivery of activities in the fire service's interests. This has led to commissioning arrangements where voluntary and community sector organisations are paid to deliver services. For example there are agreements with Framework Housing Association (paid £28,500 p.a.) and Age UK (paid £6,000 p.a.) to carry out home safety checks and install smoke alarms. These are not included on the partnership register. The register also omits the Community Safety Partnerships (also known as the Crime & Disorder or Crime & Drugs Partnerships) which the fire service makes payments to, and the following that were on an earlier partnership register that we understand are continuing: Integrated Youth Support Delivery Board, Strategic Road Safety Partnership, ONE Nottingham, ONE Nottinghamshire, Children's Partnership Board.</p> <p>Risk: The service is not aware of all the partnership activity it has entered into. Some of the activity is not properly controlled and does not meet the needs of the service.</p> <p>(Low Risk)</p>	<p>fire service's lead officer and the corporate objectives to which the partnership contributes.</p> <p>Now the E & P team has been established, this can act as the monitoring body for such engagements and will be best placed to advise on MoUs, SLAs and other formal documentation.</p> <p><u>Date for implementation</u></p> <p>Spring 2013.</p> <p><u>Officer responsible for implementation</u></p> <p><i>Engagement and Partnerships Manager.</i></p>
<p>3. Service Level Agreements.</p> <p>[See Audit Findings para 3.3]</p> <p>Arrangements where partners are paid should be covered by Service Level Agreements (SLAs). Only a small number of SLAs were found. There was no SLA with Nottingham Panthers who, we were</p>	<p>(a) A Service Level Agreement (SLA) should be prepared for all partners to which the fire service makes payments.</p> <p>(b) The SLA with Age UK should be revised to make it more precise, addressing the issues noted on the left.</p> <p><u>Response of the Chief Fire Officer</u></p> <p>The Service is relatively new to commissioning and the formal process has been developed over the last 2 years with input from the service's risk manager and solicitors. The Service now has a standard template and guidance for Service Level Agreements but there is a need for a</p>

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ACTION PLAN	
Audit Finding	Partnership Working
<p>informed, are paid £6,000 to £7,000 a year for the Risk Watch initiative under which schools are visited and pupils educated about, for example, the dangers of starting fires and false alarms.</p> <p>We examined the SLAs with Framework Housing Association, paid £28,500 a year, and Age UK, paid £6,000 a year. These organisations carry out home safety checks and install smoke alarms.</p> <p>We found that the SLA with Framework, which is fairly recent, is clear in respect of its financial arrangements. But the SLA with Age UK is imprecise in the following areas:</p> <ul style="list-style-type: none"> • The number of Home Safety Checks for the £6,000 payment is 400 to 500. • Page 3 states that the percentage of Home Safety Checks that must be at high risk properties will be separately specified. Page 2 states that Age UK will support the fire service in working towards doing 30% high risk Home Safety Checks. • It states that Age UK will replace all faulty smoke detectors. It is not clear that they install new detectors if there is no detector already there. • It states that the fire service will provide the relevant equipment to carry out Home Safety Checks. It should specify that this includes the smoke detectors. <p>The SLA with Framework had been checked by the service's legal advisors but that with Age UK had not.</p>	<p>Management Response</p> <p><i>commissioning framework for the delivery of Community Risk Reduction Activities that links with the Services procurement Policy, this will be produced this year.</i></p> <p><i>The SLA with Age UK will be amended to address the issues found.</i></p> <p>Date for implementation</p> <p><i>a) Ongoing following the commissioning framework.</i></p> <p><i>b) November 2012.</i></p> <p>Officer responsible for implementation</p> <p><i>a) Engagement and Partnerships Manager.</i></p> <p><i>b) Station Manager, Central.</i></p>

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ACTION PLAN	
Audit Finding	Partnership Working
Recommendation	Management Response
<p>Risk: Disputes arise over what services have been paid for. The delivery of services that have been paid for cannot be enforced.</p> <p>(Medium Risk)</p>	<p>Response of the Chief Fire Officer</p> <p>a) It was the intention of the E & P manager to use the report form to evaluate all activities. A series of workshops to delivery staff will be completed on 5th November after which the completion of evaluation documentation will be more rigorously policed.</p> <p>b) The results of the evaluations are placed on the Service's intranet and are available to all staff.</p> <p><u>Date for implementation</u> See above.</p> <p><u>Officer responsible for implementation</u> Engagement and Partnerships Manager.</p>
<p>4. Community safety initiative report form. [See Audit Findings para 3.4]</p> <p>As part of the national government's Knowledge Transfer Partnerships (KTP) programme to encourage collaboration between businesses and universities, a student from Nottingham Trent University was working temporarily with the service as an analyst. He had recently developed a method for evaluating community safety initiatives. This included a community safety initiative report form, which is to be completed before an initiative, to justify it taking place, and after an initiative to evaluate its success. Some of these initiatives are partnership initiatives. Only three of these forms had been completed at the time of our audit. We consider that these developments provide a basis for significantly improving controls over partnership working.</p> <p>Risk: Partnerships are entered without justification. The success of partnerships is not assessed and monitored. As a result partnership activity does not meet the needs of the service.</p> <p>(High Risk)</p>	<p>Data sharing initiatives should be continued. From these, analyses should identify properties and residents at particular risk of</p> <p>Response of the Chief Fire Officer</p> <p>It is the intention to continue with a process of data sharing with external agencies, particularly housing</p>
<p>5. Data sharing initiatives. [See Audit Findings para 3.5]</p> <p>The analyst had produced a report based on data</p>	

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ACTION PLAN	
Audit Finding	Partnership Working
<p>obtained in partnership with Nottingham City Homes to identify properties and occupants at particular risk of accidental dwelling fires, so that those at higher risk could be targeted by community safety initiatives. There is an intention to carry out similar data sharing and analyses with other partners.</p> <p>Risk: Partnership activity is not directed at those at greatest risk of fire. (Value for Money)</p>	<p>Recommendation</p> <p>fire, and community safety initiatives should address these risks.</p> <p>Date for implementation</p> <p>Ongoing.</p> <p>Officer responsible for implementation</p> <p>Engagement and Partnerships Manager.</p>

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ACTION PLAN
Partnership Working

Management Response
<p>providers, Social Care, Public Health, NHS Trusts and EMAS.</p>

Internal Audit Report

CONFIDENTIAL

To: Chief Fire Officer

Subject: Fire-fighters' Pension Fund

Report reference: FRS 1309

Date: January 2013

1 Introduction

- 1.1 This report sets out the findings and recommendations arising from a recent review of the management of the pension fund for both whole time and retained fire-fighters. This is an unfunded scheme with any deficits met by central government. The fund does not own assets for investment purposes.
- 1.2 Lump sum payments for injury related retirements are not funded centrally. These are funded from a reserve held by the Nottinghamshire Fire and Rescue Service (NFRS) and managed through the revenue accounts.
- 1.3 Pension calculations and payments are managed through Nottinghamshire County Council's Pension section on an agency basis. The current systems used are Axise for the management of pensions and Cyborg for the payments to pensioners and deductions from fire-fighters. The Cyborg system is due to be replaced in 2013 by the SAP payroll and accounting system.

2 Objectives and scope of the audit

2.1 Audit objectives:

- To evaluate the controls in operation to ascertain their adequacy and effectiveness in achieving business objectives and their compliance with financial regulations.
- To test a sample of transactions for compliance with documented procedures and controls.

2.2 Scope:

The following control objectives were examined. The key risks associated with each of the control objectives are explained below.

- The NFRS pension fund is properly governed and strategically managed. (*Risk: The pension fund's objectives may not be met, which may result in an adverse impact on council taxpayers/service provision from requirements to increase employer contributions.*)
- Pension processes and systems provide for the proper administration of funds. (*Risk: All payments due to or from the fund, through the whole of the employee and employer lifecycle, are not made and accounted for fully and accurately and in a timely fashion*)

3 Audit Findings

The main findings of the audit for each of these control objectives are set out below.

- 3.1 The fire-fighters' pension scheme is underwritten by central government through an advance based on estimated cashflows, with the balance of expenditure over the estimate being paid on completion of the annual accounts. Management of the fund is therefore limited to ensuring that estimates are as accurate as possible in order to avoid adverse cashflow, resulting in unrecoverable interest charges. During the audit the process for the compilation of the return was discussed and observed. As detailed testing is carried out by external audit no additional testing was carried out.
- There is currently no dedicated monitoring of pension cashflows in order to establish if there is a negative financial impact arising from the central government arrangements and as it is unlikely that government policy can be influenced it is doubtful whether there is any benefit to be gained from doing so.
- 3.2 The maintenance of contributor records and calculation and payment of pension benefits is managed through Nottinghamshire County Council's (NCC's) pension and payroll systems. A sample of transactions relating to starters, leavers and changes to standing data was reviewed and found to be satisfactory. Payments for injury allowances were not tested during this audit as no new claims for injuries had been processed during the period under review. Back-up and recovery processes at the Fire Service and at NCC are considered to be satisfactory and will be strengthened when the pensions payroll is migrated to the SAP system in this year.

4 Audit opinion

- a. Our opinion is selected from the following – sound, satisfactory, unsatisfactory or unsound.
- b. In our opinion, the arrangements for financial management are sound and no recommendations have been made on this occasion.

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