**NOTTINGHAMSHIRE**
**Fire & Rescue Service**
*Creating Safer Communities*

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

# INTERNAL AUDIT REPORT 2021/22 UPDATE

Report of the Chief Fire Officer

**Date:**        31 March 2023

**Purpose of Report:**

To bring to the attention of Members the outcome of reports commissioned by Nottinghamshire Fire and Rescue Service, prepared by the Authority's Internal Auditors

**Recommendations:**

That Members note the contents of this report.

## 1. BACKGROUND

1.1 Nottinghamshire County Council has provided an internal audit service to the Fire Authority since its formation in 1998. The service is provided under a Service Level Agreement with Nottinghamshire County Council and requires the Auditors to operate within the Public Sector Internal Audit Standards set down by the Chartered Institute of Public Finance and Accountancy (CIPFA). Operating to these standards will ensure that the Authority meets its obligations under statute.

1.2 This report presents the 2022/23 audits which have been completed to date. Information on outstanding audits will be presented to Finance and Resources Committee as part of the internal audit annual report on 16 June 2023.

## 2. REPORT

2.1 The responsibility for ensuring effective internal audit functions rests with the Authority Treasurer as part of their Section 112 obligations.

2.2 The Authority views internal audit as an integral part of the corporate governance framework, particularly in so far as it relates to the system of internal control. Whilst it is acknowledged that internal control is a managerial responsibility, it is considered that internal audit can provide managers with independent assurance that the system is working effectively and draw any deficiencies in the system to the attention of managers and elected Members.

2.3 There are regular reviews of audit plans and progress by senior managers and the audit team to monitor the work being carried out.

**AUDIT COVERAGE TO THE END OF MARCH 2023**

2.4 Seven audits were planned for completion in 2022/23. A summary of progress is shown in the table below.

| Audit | Progress | Assurance Level | Appendix |
|---|---|---|---|
| Performance Management | Complete | Reasonable | A |
| Fleet Maintenance | Complete | Reasonable | B |
| Asset Disposals – follow up audit | Complete | Reasonable | C |
| Budget Management | Complete | Substantial | D |
| Corporate Governance | Postponed until 2023/24 | | |
| Regionalisation / Joint Working | In Progress | | |
| Risk Management | In Progress | | |
| Cyber Security | In Progress | | |

## AUDIT ASSURANCE

2.5 The performance management audit was awarded reasonable assurance – risk levels are acceptable. The audit was delayed from 2021/22 due to a lack of resources. The new Business Intelligence Manager was appointed at the end of 2021/22 which enabled the audit to be completed. There are seven recommendations in total which are being addressed now that more resources are available. The report is attached at Appendix A.

2.6 The fleet maintenance audit reviewed the maintenance of operational vehicles. The audit was undertaken in response to increasing costs related to the contract. The audit provided reasonable assurance – risk levels are acceptable. There were two Priority 1 recommendations relating to the monitoring of the vehicle maintenance contract and adequate budget provision. These are in the process of being addressed.

2.7 The asset disposal audit was originally undertaken during 2021/22, but the audit provided only limited assurance. A follow-up audit was built into the 2022/23 audit plan to ensure that recommendations were being adequately addressed. The follow-up audit has reported reasonable assurance – risk levels are acceptable. Four of the original recommendations have now been cleared. Of the remaining two recommendations, one has been completed since the report was finalised and the other is close to being addressed. The report is attached at Appendix C.

2.8 The budget management audit was awarded substantial assurance – risk levels are low. The report is attached at Appendix D.

2.9 All audit reports are reviewed by the Strategic Leadership Team who also receive a follow-up report on progress against High and Medium priority recommendations. Follow-up reviews are also undertaken by Internal Audit to ensure that recommendations have been progressed.

## UPDATE ON AUDIT PROGRAMME

2.10 Work is in progress on the regionalisation/joint working, risk management and cyber security audits. These are expected to be completed shortly and will be reported to this Committee as part of the Internal Audit Annual Report in June 2023.

2.11 The corporate governance audit has been postponed until 2023/24 due to resourcing issues.

## 3. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report, although the internal audit process does form part of the Authority's assurance that value for money and effective accounting arrangements are in place.

## 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

There are no equalities implications arising from this report.

## 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.

## 8. RISK MANAGEMENT IMPLICATIONS

Internal Audit forms part of the wider system of internal control which deals entirely with the Authority's exposure to financial, and to some extent, non-financial risk. Presenting the reports to the Authority enables Members to see the work of internal audit and the contribution that they make to the overall system of internal control.

## 9. COLLABORATION IMPLICATIONS

The Internal Audit service is provided by Nottinghamshire County Council. There may be opportunities for further collaborative procurement of Internal Audit services in the future.

## 10. RECOMMENDATIONS

That Members note the contents of this report.

## 11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Craig Parkin
**CHIEF FIRE OFFICER**

Nottinghamshire County Council

| Internal Audit Report | Report ref: 2022-07 |

**OFFICIAL SENSITIVE**

**To:** Chief Fire Officer

**Subject:** NFRS - Performance Management

**Date:** January 2023

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## 1 Introduction

1.1 We have carried out an audit of the Service's arrangement for Performance Management. This covers the governance and focus of performance management, the establishment of performance indicators, the accuracy of performance indicators, the reporting of performance, and the rectification of underperformance.

1.2 Our review covered the following four significant areas of performance reporting:

- The Service Delivery Performance Framework, which is reported upon quarterly in a Service Delivery Performance Framework Report.
- The Community Risk Management Plan (CRMP), which is the Service's Strategic Plan for 2022-2025, and for which there is an Annual Delivery Plan with performance targets.
- Reporting to His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).
- Reporting to the Home Office.

## 2 Audit opinion

2.1 In the areas examined, we assessed the controls to determine to what extent the risks are being mitigated.

2.2 In our opinion the level of assurance we can provide is: -

**REASONABLE ASSURANCE**      **Risk levels are acceptable**

## 3 Risk areas examined

3.1 During this audit we looked for controls to address the following key risks: -

| Risk title | Description |
|---|---|
| Scope | The scope of Performance Management may not be clearly defined and embedded |
| Indicators | Performance Indicators may not be robustly established |
| Accuracy | Performance may not be correctly calculated |
| Reporting and Monitoring | Performance Indicators may not be properly reported and monitored, and so actions to improve performance are not identified. |
| Underperformance | Underperformance may not be addressed |

## 4 Coverage of Performance Reports

4.1 The Service Delivery Performance Framework has 87 performance indicators in the following areas:

| | Number of Indicators |
|---|---|
| Fire Investigation | 5 |
| Prevention | 40 |
| Protection | 15 |
| Response | 27 |
| TOTAL | 87 |

4.2 The CRMP has 13 performance targets in the following areas:

| | Number of Targets |
|---|---|
| Community Outcomes | 5 |
| Equality, Diversity, and Inclusion | 3 |
| Professional and committed workforce | 3 |
| Strong governance and financial sustainability | 2 |
| TOTAL | 13 |

4.3 The HMICFRS return is required every 6-months and collects data on:
- Prevention
- Protection
- Response
- People
- Availability

4.4 The Home Office return is required annually and collects data on:
- Fire Safety
- Fire Protection
- Health & Safety
- Human Resources including Leavers
- Vehicle Incidents

4.4    The above reports cover a significant amount of common ground, and a mapping exercise is underway to co-ordinate the production of data for these reports (finding 4).

**5     Audit findings**

5.1    Following our work, we consider the controls to be effective in the following risk areas: -

- Scope - Performance Management responsibilities are set out in a Policy. A Data & Business Intelligence Strategy is being developed and has been drafted. Performance reports are well defined and cover the most important issues for the service.

- Indicators - The performance indicators are well designed in that they meet the SMART criteria (specific, measurable, achievable but ambitious, relevant, time-bound) and are designed to achieve continuous improvement. We have a small number of observations on some targets not meeting the 'achievable but ambitious' criteria, which are mentioned in this report. Every indicator on the Service Delivery Performance Framework and CRMP is allocated to an owner.

- Reporting - The Business Intelligence Team is responsible for the production of all performance reports, so the ownership of reports is clear. Performance reports are complete and generally well-presented, with a RAG rating to show whether the target is being met, and an arrow to show the direction of travel. We have a small number of observations about this which are mentioned in this report.

- Monitoring - The audience for each performance report is appropriate. The Service Delivery Performance Framework is reported upon quarterly which is an appropriate frequency. Summaries of performance are reported upwards to the Community Safety Committee, and the Fire & Rescue Authority.

- Underperformance - Areas of underperformance are identified and actions are taken to address them. During the period of our review we identified that there were actions to address all the main areas that were currently underperforming: Fire Safety Audits, Business Safety Checks, Road Traffic Collisions, Unwanted Fire Signals (false alarms), Unwanted Lift Rescues, and Sickness Absence.

5.2    There were some control weaknesses, resulting in remaining risks. The attached Action Plan sets out these weaknesses, and our recommendations to address them.

5.3    A summary of the recommendations made, together with brief details of the related findings, is set out below: -

| Priority level | Number of Recommendations | Recommended action timescales |
|---|---|---|
| Priority 1 | 3 | Immediate |
| Priority 2 | 4 | Within two months |

Priority 1 areas:
- A Data & Business Intelligence Strategy is being developed and has been drafted. This needs to be finalised.

- More could be done to obtain assurance that checks on the accuracy of performance data are carried out and evidenced by the data owners.

- Performance reporting on the full set of Community Risk Management Plan (CRMP) targets needs to commence.

Priority 2 areas:
- Some subjects are common to more than one Performance Report, and a mapping exercise is being undertaken to provide one 'single version of the truth.'

- The targets set for a small number of indicators could be improved.

- The presentation of a small number of indicators could be improved, in relation to the RAG rating to show whether the target is being met, or the arrow to show the direction of travel.

- There had been no internal reporting on the data return to the Home Office.

**Audit conducted by: Andrew Howarth**
**Senior Auditor**

**Simon Lacey, Interim Chief Internal Auditor**

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| **Priority 1 areas**<br>(Fundamental for effective governance, risk management and internal control, must implement recommendations to improve existing arrangements) | | |
| **1. Strategy**<br>A Data & Business Intelligence Strategy is being developed and has been drafted.  Significant improvements are planned.  As well as ensuring that responsibilities for data quality are embedded, significant software changes are planned - with the migration of data and reporting to Microsoft Power BI Azure, and new modules on the Civica Community Fire Risk Management Information System (CFRMIS).<br><br>These support one of the aims in the 2022/23 annual delivery plan for the Community Risk Management Plan (CRMP) (i.e. the Strategic Plan), which is to 'Develop our management information capability to better support performance management and decision making.'<br><br>The finalisation of the strategy is now part of a wider workstream on service strategies under the CRMP.<br><br>**Risk:** The strategy needs to be finalised and agreed, to help ensure it is fully implemented. | Finalise and implement the Data & Business Intelligence Strategy. | **Response**<br>The Business Intelligence Hub is developing a Mission Statement describing its offer to the organisation, including purpose, function and short / medium term goals. This will include the contents of the initial draft strategy and the way in which it will support the implementation of the CRMP. It will also outline the function's responsibilities in delivering the Data Intelligence Fire Standard.<br><br>**Date for implementation**<br>31st March 2023<br><br>**Officer responsible for implementation**<br>Business Intelligence Manager |
| **2. Assurance over data accuracy**<br>More could be done to obtain assurance that checks on the accuracy of performance data are carried out and evidenced by the data owners.<br><br>The Data & Business Intelligence Strategy states that departmental data owners will ensure processes exist for quality assurance of the data to be carried out at regular intervals - the business intelligence hub may support with the formulation of quality checking processes but will not be responsible for the | Develop the proposed 'how to' guides to assist the data owners in ensuring the accuracy of performance data.<br><br>These could include a checklist for the data owner to confirm that:<br>• Data is checked as correctly calculated<br>• Data is calculated in accordance with its definition | **Response**<br>IRS – How To guides are already in place and have been rolled out to data owners. Reinstatement of a feedback loop is now required and training through incident command courses needs to be put in place.<br><br>**Date for implementation** |

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| implementation, which will remain with the data owner.<br><br>The Business Intelligence Manager mentioned the development of 'how to' guides to assist the data owners. She had no significant concerns about the accuracy of performance data, although much of this assurance comes from the Business Intelligence Team's sense-checking of the data. The Service Delivery Performance Framework report highlights the very few indicators where the data needs to be rechecked - for example indicators P25, P26, P37 and P38 in quarter 1 of 2022/23.<br><br>**Risk:** Performance data could be inaccurate. | • Data is from the correct source<br>• Data covers the correct period<br>• Data has no omissions (or duplications)<br>• Performance is in line with expectations (or variations can be explained) | Feedback loop to be in place by 31st January 2023 (IRS).<br>Training content re IRS accuracy to be agreed with Command team by 28th Feb 2023 (IRS)<br><br>**Officer responsible for implementation**<br>Business Intelligence Manager<br><br>CFRMIS – Capital spend allocated for development and optimisation CFRMIS system. Part of this will be drafting of how to guides and process mapping as well as associated training.<br><br>**Date for implementation**<br>31st December 2023<br><br>**Officer Responsible for implementation** – Organisational Development & Strategic Planning Manager |
| **3. Reporting on the Community Risk Management Plan (CRMP)**<br>The 2022/25 CRMP began on 1 April 2022 and reporting on its performance indicators was still under development at the time of our review in November 2022. A report to the CRMP Assurance Board included performance on its 5 targets for Community Outcomes and 3 targets for Professional & Committed Workforce. Reporting is still under development for | Reporting on the full set of CRMP performance indicators should begin as soon as possible, and ideally be reported quarterly. | **Response**<br>The data will be made available in an alternative format whilst the work is ongoing to upgrade PowerBi as an interim solution.<br><br>**Date for implementation**<br>February 2023 |

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| its 3 targets for Equality, Diversity & Inclusion, and its 2 targets for Strong Governance & Financial Sustainability.<br><br>**Risk:** CRMP performance targets are not achieved because of a failure to monitor performance. | | **Officer responsible for implementation**<br>Business Intelligence Manager |

| **Priority 2 areas** |
|---|
| (Desirable for effective governance, risk management and internal control, should implement recommendations to improve existing arrangements) |

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| **4. Mapping of Performance Reports to identify common areas**<br>As part of the Data & Business Intelligence Strategy there is work underway to map the indicators in the different performance reports and returns, to avoid duplication of effort in the production of data, and provide 'a single version of the truth' for each indicator.  We agree that this is an appropriate aim.<br><br>Whilst the most important performance information for the Service is in the Service Delivery Performance Framework and the CRMP, a significant amount of extra information is in the data returns for the Home Office and HMICFRS, and work on this data could distract from the main focus of performance in the Service Delivery Performance Framework and the CRMP.<br><br>**Risk:** Duplication of effort in the production of data, with no 'single version of the truth' for each indicator.<br>Subjects in the Home Office and HMICFRS data returns might distract from the main focus of performance management. | Continue with work to map the indicators in the different performance reports and data returns, to avoid duplication of effort in the production of data, and provide 'a single version of the truth.'<br><br>Ensure that this work on the significant amount of information in the Home Office and HMICFRS data returns does not distract from the main focus of performance in the Service Delivery Performance Framework and the CRMP. | **Response**<br>Work is ongoing to develop Power BI to address these issues. Data architecture is built as a reference source and a process is under development for triaging new requests to reduce duplication and use existing reports where required.<br><br>**Date for implementation**<br>30th September 2023<br><br>**Officer responsible for implementation**<br>Business Intelligence Manager |
| **5. Performance Targets**<br>We have a small number of observations on changes which could be made to improve some targets so that they meet the SMART criteria of 'achievable but ambitious.'  These are in appendix 1.  The other four SMART criteria were met for all indicators (Specific, measurable, relevant, time-bound). | Consider the comments on individual targets in appendix 1, which may improve the quality of individual targets. | **Response**<br>Recommendations as cited below will be picked up in the next Service Delivery Assurance Group Meeting which will be held on the 19th January and any necessary amendments will be made to the reporting. |

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| **Risk:** Unclear targets make actual performance harder to assess. | | **Date for implementation**<br>January 2023<br><br>**Officer responsible for implementation**<br>Assistant Chief Fire Officer |
| **6. Presentation of Performance Reports**<br>Performance reports are generally well-presented.  We have a small number of observations on changes which could be made to improve this.<br><br>In the Service Delivery Performance Framework Report for Quarter 1 of 2022/23, the RAG ratings which show whether the target is being met, or the arrow to show the direction of travel, were missing for the following indicators, where it appears that this information could have been derived from the data in the report:<br>• P20 Safe & Well Visits (premises) (neither RAG rating or direction of travel)<br>• P27 Safe & Well Visit referrals - Ashfield (no RAG rating)<br>• P28 Safe & Well Visit referrals - Bassetlaw (no RAG rating)<br>• P36 Safe & Well Visits following direct engagements (neither RAG rating or direction of travel)<br>• P39 Sickness (no RAG rating)<br>• PRO10 Lift Rescues (no direction of travel)<br>• PRO11 Unwanted Fire Signals (no direction of travel)<br><br>The RAG rating or direction of travel was not available for some indicators, for the following valid reasons, although the reason was not immediately clear from the report: | A quality assurance review of each Service Delivery Performance Framework Report should be done including to ensure that the RAG rating or direction of travel is included for all indicators. If it cannot be included the reason should be noted next to the indicator. | **Response**<br>The Service is aware that more could be done to quality-assure Service Delivery reports. Some of this work will eventually be automated via the development of Power BI. However, an alternative approach is being developed as an interim to achieve the same objective to show direction of travel and clearer indicators of performance.<br>Greater analysis and interpretation of performance data will become an emerging feature of the reports over the next 12 months.<br><br>**Date for implementation**<br>31st March 2023<br><br>**Officer responsible for implementation**<br>Business Intelligence Manager |

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| (i) where the indicator was new this quarter, so direction of travel was not available<br>(ii) where there was no target (see appendix 1)<br>(iii) where the target was unclear (see appendix 1)<br>(iv) where data was unavailable<br><br>**Risk:** Reports are not as easy to interpret as they could be. | | |
| **7. Internal reporting of Home Office data**<br>A summary of performance information in the data return to the HMICFRS was reported to the Strategic Leadership Team in April 2022.  There had been no internal reporting on the data return to the Home Office.<br><br>**Risk:** A lack of awareness of any significant trends in data reported to the Home Office. | A summary of performance information in the data return to the Home Office should be reported internally, perhaps to the Strategic Leadership Team | **Response**<br>Completed. Updates are provided to SLT.<br><br>**Date for implementation**<br>31st December 2022<br><br>**Officer responsible for implementation**<br>Business Intelligence Manager |

**Appendix 1 (for finding 5)**          **Potential Improvements to Performance Targets**

We assessed the performance indicators against the five SMART criteria (Specific, measurable, achievable but ambitious, relevant, time-bound).  Four of these criteria were met for all indicators.   For the 'achievable but ambitious' criteria the following observations could be considered, to improve the quality of the targets.

| **Service Delivery Performance Framework** (these comments are based on the report for Quarter 1 of 2022/23) |
|---|
| The following had no target<br><br>• Number of adult / child safeguarding referrals made by NFRS (P16 and P18) - the lack of a target suggests this measure might be just information rather than performance<br>• Total number of Safe & Well Visits (P21) - but there was a target for the number of homes visited to deliver Safe & Well Visits (P20)<br>• Number of Business Safety Checks shadowed by a member of Protection (PR02)<br><br>The following targets were unclear |

- % of substantive supervisory managers (Response) warranted to Fire Safety L3 (PR014) - it was unclear that the target (95%) was expressed in the same terms of the actual data (17).
- Wholetime Ridership Levels (R25) - it was unclear that the target (356) was expressed in the same terms of the actual data which has ranged from minus 24 to minus 37.

The following targets were simply to 'increase' which does not appear sustainable over a continuous period, and it would be better to set numerical targets

- Number of Safe & Well Visit referrals from Partner Organisations (or similar) (P27 to P38)

Within the above, the targets for the Number of Safe & Well Visit referrals in indicators P29, P30, P31, P33, and P35 were wrongly stated as Decrease when the aim is to Increase. This is probably because actual performance had decreased and the target was describing actual rather than the desired performance.

The following targets appeared notably low compared to actual performance, and may need to be reassessed

- % of service users acknowledging a reduced 'tendency towards fire setting' (P13)
- % of adult safeguarding referrals made by NFRS accepted as Section 42 enquiries (P17 and P19)
- Number of Safe & Well Visits completed per 1,000 population (P22b and P22d)

**Community Risk Management Plan (CRMP)**
- All fire stations to undertake local positive action events to support recruitment - the number or duration of such events could be specified in the indicator

**Nottinghamshire County Council**

| Internal Audit Report | Report ref: 2022-06 |

**OFFICIAL SENSITIVE**

**To:**       **Chief Fire Officer**

**Subject:**       **NFRS - Vehicle Maintenance Contract**

**Date:**       **March 2023**

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**1       Introduction**

1.1       We have audited the arrangement in place to maintain Fire Service fleet and equipment to remain operational and within budget.  The Service has 24 fire stations and a fleet of 30 fire engines. The fleet maintenance contract was re-tendered in 2019 and is currently delivered by VIA on a contract that runs to June 2024. Out of contract charges are also incurred.

1.2       The objective of the service is to maintain vehicles in a timely fashion to run at optimum performance and efficiency and comply with regulations. This is to be achieved, whilst controlling vehicle operating costs, reducing breakdown and avoiding unnecessary repairs and vehicle down time.

**2       Audit opinion**

2.1       In the areas examined, we assessed the controls to determine to what extent the risks are being mitigated.

2.2       In our opinion the level of assurance we can provide is: -

**REASONABLE ASSURANCE       Risk levels are acceptable**

**3       Risk areas examined**

3.1       During this audit we looked for controls to address the following key risks: -

| Risk title | Description |
| --- | --- |
| Contractual Arrangements and Key Performance Indicators (KPIs) | Contractual arrangements may be inadequate or expected performance may not be adequately specified or monitored. |
| Vehicle Maintenance Needs | Routine maintenance may not be in accordance with requirements or vehicles may not be serviced in a timely fashion. |

| Risk title | Description |
|---|---|
| Availability of Vehicles & Parts | Inability to keep sufficient vehicles operational. |
| Contract Payments | Payments made may be inaccurate. |
| Budget | Expenditure may exceed budget provision or budget provided may be inadequate for essential repairs and maintenance. |

3.2    The scale of the area reviewed is: -

| Metric – Fleet & Equipment Maintenance & Modification (Ac Codes 3100-3103) | 2020/21 | 2021/22 | 2022/23 (*estimate) |
|---|---|---|---|
| Budget £ | 465,300 | 821,342 | 785,342 |
| Actual Expenditure £ | 1,237,819 | 1,006,608 | 887,176* |
| Fleet vehicle numbers | 144 | 144 | 144 |

## 4    Audit findings

4.1    Following our work, and with reference to the other sources of independent assurance that were available, we consider the controls to be effective in the following risk areas: -

- **Contractual Arrangement and KPIs** – A servicing and repair contract was entered into in 2019 with VIA. We have confirmed compliance in terms of frequency of servicing, schedule of charges, dispute arrangements and the provision of KPI information in relation to repair times and work in progress. Performance review meetings are taking place regularly and provide a forum for forthcoming maintenance plans, day to day operational issues, KPIs and performance issues to be discussed. However, see recommendation 3 in relation to some potential improvements to KPI monitoring.

- **Vehicle Maintenance Needs** – Annual and 9-weekly maintenance scheduling has been established to ensure operational availability of the Red Fleet.  We confirmed that vehicles are satisfactorily maintained according to established schedules with flexibility to adapt to operational needs when required.

- **Availability of Vehicles and Parts** – Scheduling of vehicle and equipment servicing is planned in advance to ensure operational requirements can be met. The location and availability of vehicles is recorded on the daily vehicle movement logs to keep track of which vehicles are in the workshop or undergoing mobile repair. However, there are some weaknesses relating to the availability of vehicles and parts which are set out in recommendations 1 and 4.

- **Contract Payments –** All payments are checked against schedules of works by the Fleet Manager, include a purchase order and are signed off prior to payment at the weekly monitoring meetings.

- **Budget –** The contract sets out labour rates and the basis upon which they will increase in line with the Service Producers Price Index. Labour rates have been agreed for scheduled servicing and repairs in accordance with a schedule of rates. However, budget challenges still exist - see recommendation 2.

4.2    There were some control weakness and failures to comply with the standard controls, resulting in remaining risks. The attached Action Plan sets out these weaknesses, and our recommendations to address them.

4.3    A summary of the recommendations made, together with brief details of the related findings, is set out below: -

| Priority level | Number of Recommendations | Recommended action timescales |
|---|---|---|
| Priority 1 | 2 | Immediate |
| Priority 2 | 2 | Within two months |

**Priority 1 areas:**
- Availability of maintained fleet has been challenging due to unscheduled repairs and the condition of the fleet. Robust measures are needed to ensure the service remains operational by monitoring that repairs are finished in a timely manner.
- The need to continue to make savings and provide a realistic budget are needed to reduce the risk of overspends.

**Priority 2 areas:**
- All of the expected key performance indicators are not currently being monitored in accordance with the contract schedule.
- Risks associated with the age of the fleet, availability of genuine parts and delays in obtaining parts provide challenges to maintaining a fully operational fleet. These risks are not included on the corporate risk register.

4.4    No advisory actions were discussed during the audit.

**Audit conducted by: Angela Wendels**
**Senior Auditor**

**Audit supervised by: Andrew Howarth**
**Senior Auditor**

**Simon Lacey, Interim Chief Internal Auditor**

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| **Priority 1 areas** (Fundamental for effective governance, risk management and internal control, must implement recommendations to improve existing arrangements) | | |
| **1. Availability of Vehicles**<br><br>We are advised that the main reasons causing vehicles to be off the road are unscheduled repairs for defects and Systel issues. Systel is the smart ICT system which is used to track incidents and this matter has been escalated to ICT.<br><br>Another issue is where vehicles are off the road for extensive periods of time due to work in progress (WIP).  WIP stats are monitored at weekly performance meetings and do show that there are occasions when vehicles are off the road for an extensive period of time. In some instances, the WIP reports evidence vehicles that have been off the road for several months. Whilst this is reviewed at the weekly performance meetings, it is noted that performance stats for 22nd August 2022 show that there were 68/169 jobs (40%) in progress. Performance stats for October 2022 do provide evidence that performance has improved due to discussion between the Fleet Manager and contractor but there were still 58/317 (18%) jobs as work in progress at this time. Whilst no specific performance target has been set, the percentage of WIP appears high and indicates that some vehicles may be off the road for longer than acceptable.<br><br>**Risk:** Safety of crews and the general public may be impaired due to lack of operational vehicles. | **The Fleet Manager should continue to ensure that robust arrangements are in place to enable appropriate and prompt action to be taken when operational vehicles are off the road.**<br><br>**Consideration should be given as to what is good or acceptable performance for WIP so that targets can be set and measured against.** | **Response**<br>Targets will be set within the existing KPI Framework. This will entail specific dates are set for the return, to NFRS, of vehicles within agreed time frames. Failures can then be measured, and remedial action taken.<br><br>**Date for implementation**<br>May 2023<br><br>**Officer responsible for implementation**<br>Fleet Maintenance Manager |

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| **2. Budget Provision**<br><br>Following a significant overspend in 2020/21 of over £700,000 on the main vehicle maintenance budgets (planned and unplanned) the budgets were increased for subsequent years. We are advised that this overspend was partly due to the condition and age of the fleet at the start of the contract.<br><br>However, expenditure in 2022/23 to date indicates that the current budget may still be insufficient: | **A review of the current service is undertaken to ascertain any further areas where savings can be made without impacting on service delivery requirements.**<br><br>**Once the costs have been reviewed and no further savings can be made, a realistic budget to reflect expected cost should be set and reviewed annually as circumstances may change.** | **Response**<br>The NFRS annual Budget setting process starts 6 months before the budget is set. This process entails careful trend analysis of both current and future expenditure. It factors in the various contractual increases as well as projected supplier price increases. This allows a realistic budget to be set.<br><br>**Date for implementation**<br>September 2024<br><br>**Officer responsible for implementation**<br>Fleet Maintenance Manager |

| Budget Code | Budget | Actual to Period 7 | Prediction for full year based on period 7 |
|---|---|---|---|
| 3100 Planned Maintenance | £245,000 | £104,196 | £178,622 |
| 3102 Outsourced Maintenance | £50,000 | £46,718 | £80,088 |
| 3103 Unplanned Maintenance | £450,000 | £338,330 | £579,994 |
| TOTAL | £745,000 | £489,244 | £838,704 |

This indicates an overspend of up to £100,000 in 2022/23.

We are aware that budgets are expected to be increased in 2023/24 by approx. £65,000 and 17 new appliances are on order for 2024 to 2026 which should significantly bring maintenance costs down, although there is still a risk of a significant overspend in the meantime and labour rates are increasing by 5.66% from 1st April.

The Fleet Manager has been exploring options to cut costs including decommissioning of vehicles no longer needed, reusing any parts from training vehicles to meet needs elsewhere, rotating fleet to minimise mileage, getting drivers to collect parts rather than the contractor and obtaining an imprest stock of Scania parts to obtain a discount.

**Risk:** Budget will continue to be overspent.

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| **Priority 2 areas** (Desirable for effective governance, risk management and internal control, should implement recommendations to improve existing arrangements) | | |
| **3. Performance Measures Monitoring**<br><br>KPIs are set out in Appendix 18 of the contract with VIA. The contractor is required to maintain a daily electronic fleet management system which will supply management data and reports on a quarterly basis. This includes:<br><br>- Time taken to complete planned maintenance<br>- Number of open jobs (work in progress)<br>- Call out time<br>- Vehicle downtime calculations<br>- Maintenance of agreed stock levels to be held by the contractor<br>- Time vehicle not worked on due to spares availability<br>- Time waiting for third party to complete repairs<br>- Time vehicle not worked on due to labour availability<br>- Number of repair events per vehicle per month<br><br>It is intended that failure of KPIs are discussed at the weekly meetings. Whilst this is being undertaken, currently only the first two indicators in the above list are being regularly monitored.<br><br>The Fleet Manager has indicated that it is intended that other KPIs will start to be monitored in the future.<br><br>**Risk:** NFRS management lack the performance data to enable contractor performance to be accurately measured and assessed. | **In order that poor performance can be addressed, management should request that all of the agreed performance data be provided in accordance with the contract terms.** | **Response**<br>The headline KPI's have been monitored on a weekly basis since the start of the contract. The additional KPI's are now being introduced and will be monitored going forward.<br><br>**Date for implementation**<br>April 2023<br><br>**Officer responsible for implementation**<br>Fleet Maintenance Manager |

| Audit Finding | Recommendation | Management Response |
| --- | --- | --- |
| **4. Availability of Replacement Parts**<br><br>In order to respond immediately and effectively to emergency incidents, the Fire Service is required to have functional vehicles and equipment.<br><br>Management have advised that there is increasing difficulty getting hold of parts for some vehicles and Angus Light Portable Pumps (LPPs). As a result, parts sometimes have to be taken from other pumps or vehicles or non-genuine parts have to be used to keep vehicles operational. In addition, there are sometimes delays when ordering parts from a specific supplier which may also lead to operational issues.<br><br>Examples include:<br>• Fuel tank for a Renault Zoe (19 plate under warranty) – the vehicle has been at the main dealer since November 2022 and the vehicle remains out of service in late January 2023 pending the new part.<br>• Non-genuine batteries have been purchased for a car because the manufacturer could not provide one for 8 weeks.<br>• There are currently 6 LPP's off the run because of various parts issues but the lead times are more than 100 weeks in some cases.<br>• The age of some vehicles means that certain engine parts are no longer available.<br>• Where genuine parts cannot be sourced through the vehicle manufacturers, it has been necessary to obtain alternative parts from another Fire Service or through Amazon and eBay to maintain operational vehicles.<br><br>The Fleet Manager has advised that the above issues are noted by SLT and he is currently putting forward an SLT paper to purchase 15 new LPPs in the next 3 years. This, and the addition of new appliances from 2024 will offer a solution in the medium to longer-term, but meanwhile the risks remain and could potentially get worse. The ability to adequately maintain the fleet and manage the operational risk has not been formally recorded on the risk register.<br><br>**Risk:** The lack of availability of parts may result in non-genuine parts being used or vehicles becoming non-operational. This risk is not recognised on the risk register. | **Given the age and condition of the fleet, management should consider including the current lack of availability of parts and vehicles as a risk on the corporate risk register so that contingency arrangements can be considered in line with the associated risks.** | **Response**<br>To be included on the corporate Risk Register.<br><br>**Date for implementation**<br>March 2023<br><br>**Officer responsible for implementation**<br>Fleet Maintenance Manager |

Nottinghamshire
County Council

| Internal Audit Report | Report ref: 2021-08 |

**OFFICIAL SENSITIVE**

**To:**      **The Chief Fire Officer, Notts Fire and Rescue Service**

**Subject:**      **NFRS - Asset disposal procedures**

**Date:**      **March 2022**

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## 1       Introduction

1.1     The purpose of the review is to examine disposals records to confirm compliance with the policy and procedures and to assess whether the Fire Service actions support best practice in relation to land and property, fleet and operational equipment and ICT equipment disposals.

.2     A mandatory disposals policy (POL 2125) along with associated policies and procedures have been established and is aimed at guaranteeing NFRS controls the disposal of all assets via an auditable approval route, ensuring risks are managed, best value is achieved, and the corporate branding is protected.

## 2       Audit opinion

2.1     In the areas examined, we assessed the controls to determine to what extent the risks are being mitigated.

2.2     In our opinion the level of assurance we can provide is: -

**LIMITED ASSURANCE       Risk levels are high**

## 3       Risk areas examined

3.1     During this audit we looked for controls to address the following key risks: -

| Risk title | Description |
|---|---|
| Policies and Procedures | Policies and procedures may be inadequate in relation to disposals procedures or there may be a lack of compliance with policies. |
| Audit Trail | Records of disposals may not be adequately maintained, or records may not be retained in accordance with the retentions policy. |
| Information Security | The process for removing data from ICT equipment may be inadequate and may result in the loss of sensitive or confidential data to third parties. |
| Disposal Method | Assets may not be disposed of in line with disposal route detailed in the policy or approved on the disposal form. |

3.2	The scale of the area reviewed is: -

| Metric (from balance sheet) | Asset Valuations as at 31st March 2020 £000 | Asset Valuations as at 31st March 2021 £000 | Difference |
|---|---|---|---|
| Land and Buildings | 56,555 | 56,630 | 75 |
| Vehicles, Plant and Equipment | 6,953 | 6,679 | (274) |
| Totals | 63,508 | 63,309 | (199) |
| Assets disposed of during the year | 15 | 235 | |

## 4	Audit findings

4.1	Following our work, we consider the controls to be effective in the following risk areas: -

- **Disposals Policies and Procedures** - there is a comprehensive policy (POL 2125) which sets out the requirements for disposing of assets (excluding land and property) appropriately in a safe, secure, and auditable manner, outlining control measures to ensure best practice and best value is achieved. This applies to ICT and office equipment, fleet and equipment and other tangible assets.
- **Audit Trail** - systems are in place to record and reflect the disposal status of assets in sufficient detail. This includes separate systems for the recording of fleet and equipment (Tranman), land and property (Concerto) and ICT equipment (Asset Register Database).
- **Disposal Method** - the assets disposal policy sets out specific ways in which assets may be disposed of via approved routes which offer best value and requires the appropriate manager approval according to type of asset and value.

4.2	There were some control weaknesses and some failures to comply with the standard controls, resulting in remaining risks. The attached Action Plan sets out these weaknesses, and our recommendations to address them.

4.3	A summary of the recommendations made, together with brief details of the related findings, is set out below: -

| Priority level | Number of Recommendations | Recommended action timescales |
|---|---|---|
| Priority 1 | 4 | Immediate |
| Priority 2 | 2 | Within two months |

**Priority 1 areas:**
- Records of the disposal of fleet and equipment is incomplete in the Tranman system.
- Some records in relation to fleet and equipment disposals in the last 4 years could not be located, although records should be retained for 6 years in line with policy and best practice.

- The ICT asset database does not include adequate details in terms of value of assets, reason for and status of disposals.
- Surplus, redundant ICT equipment has not been disposed of for several years.

**Priority 2 areas:**
- The disposal procedures for land and property are not included in the Estates policy as specified in the Asset Disposals Policy and Financial Regulations.
- ICT were not able to provide details of any recent disposals under the Waste Electrical and Electronic Equipment (WEEE) Regulations so testing of compliance could not be undertaken.

4.4    No advisory actions were discussed during the audit.

**Audit conducted by: Angela Wendels**
**Senior Auditor**

**Audit supervised by: Philip Dent**
**Audit Supervisor**

**Rob Disney, Group Manager Assurance**

| **Audit Finding** | **Recommendation** | **Management Response** |
|---|---|---|
| **Priority 1 areas**<br>(Fundamental for effective governance, risk management and internal control, must implement recommendations to improve existing arrangements) | | |

| **Audit Finding** | **Recommendation** | **Management Response** |
|---|---|---|
| **1. Tranman System - Completeness of Records**<br>A review of records showed that Tranman records for the disposal of vehicles and equipment are incomplete. From the list of 187 assets identified as disposed of in the last six years, less than half include the date the item was commissioned, disposed of or the disposal method as shown below:<br><br>| *Details* | Date Commissioned | Disposal Date | Disposal Method |<br>\|---\|---\|---\|---\|<br>\| *Amount with dates* \| 87 \| 78 \| 81 \|<br>\| *Blanks* \| 100 \| 109 \| 106 \|<br><br>The Assets Disposal Policy para 2.1.5 requires that the asset management database be updated once an asset has been disposed of.<br><br>In addition, the disposals policy states asset disposal should be undertaken in such a way as to ensure best value is achieved by NFRS. The Tranman database captures details in relation to the purchase and sale of assets, but does not include purchase price, estimated value at the point of disposal or any sales proceeds. The addition of such data could provide additional management insight into whether best value has been achieved.<br><br>**Risk:** Incomplete or inaccurate audit trail of assets disposed of may be recorded. Lack of evidence to demonstrate effective stewardship of public funds. | a. **Tranman should be updated once an asset has been disposed of to ensure that records are complete and accurate.**<br><br>b. **Consideration should be given to including purchase and sales proceeds in the database for transparency purposes and to provide better management information.** | **Response**<br>Will be incorporated in all future disposals.<br><br>**Date for implementation**<br>With immediate effect.<br><br>**Officer responsible for implementation**<br>Head of Procurement and Resources / Engineering Manager |

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| **2. Fleet and Equipment Disposals Records**<br>We selected a sample of 10/187 disposals (between 2018 and 2021) to carry out a detailed review of adherence to the disposals policy. Records in relation to the sample were limited, due in part to a move of headquarters and archiving of paper records. We were therefore unable to provide full assurance concerning compliance.<br><br>We did examine records provided in relation to 5/10 transactions and found the following: | **Records in relation to disposed of assets should be kept 6 years in accordance with the records retentions policy.**<br><br>**Implementation of recommendation 1a should ensure that accuracy of records in Tranman is maintained.** | **Response**<br>Will be incorporated in all future disposals.<br><br>**Date for implementation**<br>With immediate effect.<br><br>**Officer responsible for implementation**<br>Head of Procurement and Resources / Engineering Manager |

| Item Disposed of | Accuracy of Records | Comments |
|---|---|---|
| Vehicle FE02AVY | Shown in Tranman as 'donation' when sold for £2,400 | Approval evidenced and matches method of disposal |
| Vehicle FJ13ZKU | Tranman shows as sold by auction and records confirm this. | No evidence of approval to dispose provided |
| Vehicle FJ11AGU | Approved and shown as auctioned with estimated value £4,000 | No evidence of actual sale provided |
| ANG0343 – Angus Pump | Shown in Tranman as donation | Disposal form completed and marked for donation |
| Vehicle FJ57CXM | Sold at auction for £3,720 but method of disposal blank in Tranman | No evidence of approval to dispose. |

The above indicates inaccuracies in Tranman records and a lack of complete audit trail in terms of disposal approvals and sales.

The Asset Disposal Policy para 2.6 and the Record Retention Schedule Policy set out requirements to retain records in relation to the disposal for a minimum of 6 years.

**Risk:** Lack of evidence to demonstrate effective stewardship of public funds and compliance with the Policy.

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| **3. Record of Disposal of ICT Equipment**<br>ICT equipment is recorded on the asset database, however the purchase date, cost of asset, reason for and method of disposal are not recorded. Also, when an asset is decommissioned, it currently appears as having been disposed of, even when this is not the case. This is a flaw with the system that is expected to be addressed.<br><br>Whilst financial information in relation to the cost or disposal values of ICT equipment is not currently recorded, it is intended that this would be included in the future and used alongside the rolling replacement programme. Improvements are also planned in terms of recording assets no longer in use as 'expired' until they have been physically disposed of.<br><br>**Risk:** The database of assets may be out of date or incomplete or there may be lack of evidence to demonstrate effective stewardship of public funds. | **The planned changes to the ICT asset database concerning financial data and disposal status should be undertaken along with populating the date of purchase, reason and method of disposal.** | **Response**<br>Agreed.<br><br>**Date for implementation**<br>September 2022<br><br>**Officer responsible for implementation**<br>Area Manager Corporate Support and ICT |

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| **4. Disposal of Surplus ICT Equipment**<br>The ICT team have recently completed a programme of replacement and the replaced items have been decommissioned for disposal. However, we were advised that ICT have not disposed of any assets in the last 3 years, except for a few minor items via WEEE waste as outlined above.<br><br>We have identified from the 2020/21 accounts, that additions of £255k have been made to replace old equipment and provide for working from home, thus indicating potentially high levels of surplus equipment in need of disposal. Furthermore, the Fire Service is currently in the process of moving premises, meaning that surplus equipment will have to be relocated or held in storage and no completed disposal forms in relation to this equipment could be provided.<br><br>**Risk:** Theft or misappropriation of assets and data. | a.  **Surplus ICT equipment should be disposed of promptly and in accordance with the assets disposal policy.**<br><br>b.  **Considering the limited assurance around the disposals of ICT equipment, an audit should be undertaken in 2022/23 to confirm the recommended actions have been undertaken and revisions to the ICT database have taken effect.** | **Response**<br>Agreed.<br><br>**Date for implementation**<br>September 2022 (recommendation a)<br>March 2023 (recommendation b)<br><br>**Officer responsible for implementation**<br>Area Manager Corporate Support and ICT |

| Audit Finding | Recommendation | Management Response |
| --- | --- | --- |
| **Priority 2 areas (**highly desirable for effective internal control, should implement recommendations to improve existing control arrangements) | | |
| **5. Disposals of Land and Property**<br>The Assets Disposals Policy (POL 2125) para 1.1.5 states that the disposal of land and buildings are subject to separate authority policies within the scheme of financial management. Financial Regulations para 4.28 states that the Fire Authority's process and procedures regarding the disposal of surplus land and property are in the Estates Policies, however from discussions with the Head of Procurement and Resources, there are no such Estates Policies which include the disposal of surplus land and property.<br><br>**Risk:** Disposals and land and property may not be subject to appropriate controls. | **The procedures in relation to the disposal of surplus land and property should be formally set out, approved, and made available to relevant staff to comply with.** | **Response**<br>Will include in new property strategy.<br><br>**Date for implementation**<br>December 2022<br><br>**Officer responsible for implementation**<br>Head of Procurement and Resources |

| Audit Finding | Recommendation | Management Response |
| --- | --- | --- |
| **6. Compliance with WEEE Regulations**<br>We were advised that several electrical ICT assets, with no residual value were disposed of through a contractor and that these disposals were undertaken in accordance with WEEE regulations in 2019.<br><br>Items disposed of by the 3rd party under the data destruction and WEEE contract should provide certificates for any such disposals. However, ICT were not able to provide details of any recent disposals, certificates, or approvals for disposal, so testing of compliance could not be undertaken.<br><br>**Risk:** The Fire Service may be prosecuted if they cannot not demonstrate compliance with WEEE Regulations. | **Confirmation that WEEE Regulations have been complied with should be obtained and recorded on the Concerto database to ensure accuracy and completeness.** | **Response**<br>Agreed.<br>Report being reviewed by SLT to ensure compliance to existing procedures is complied with by all departments.<br>**30 April 22**<br><br>Disposal Policy to be reviewed and updated to create requirement for all disposal forms to be held centrally and records updated on Concerto. **September 22.**<br><br>Responsibility for ICT disposals be allocated to a post within the team. All ICT staff to be made aware of requirements of disposal policy. **30 April 22**<br><br>**Date for implementation**<br>See above<br><br>**Officer responsible for implementation**<br>Becky Smeathers (SLT review)<br>Head of Procurement (Disposal Policy)<br>Damien West (ICT compliance) |

**Nottinghamshire County Council**

| Internal Audit Report |   Report ref: 2022-05 |

**OFFICIAL SENSITIVE**

**To:**       **Chief Fire Officer**

**Subject:**   **NFRS - Budget Management**

**Date:**       **March 2023**

---

### 1       Introduction

1.1    We have carried out an audit of the Service's Budget Management arrangements.

1.2    The Service should have robust budget planning and monitoring processes in place, to plan and control its expenditure, and prepare for cost pressures.

### 2       Audit opinion

2.1     In the areas examined, we assessed the controls to determine to what extent the risks are being mitigated.

2.2     In our opinion the level of assurance we can provide is: -

**SUBSTANTIAL ASSURANCE**       **Risk levels are low**

### 3       Risk areas examined

3.1    During this audit we looked for controls to address the following key risks: -

| Risk title | Description |
|---|---|
| Governance | Governance and control processes may not be operating effectively, responsibilities of budget management may not be clear, or procedures may not be fully complied with. |
| Budget Preparation | Budgets may be unrealistic and not take account of available funding, cost pressures, and reserves |
| Budget Monitoring | Appropriate monitoring processes may not be in place and followed. Forecasting may not be carried out timely. |
| Budgetary Control | Variances from budget may not be sufficiently monitored and controlled. |

3.2     The budget for 2022/23 was £46,006k.  At the time of our review in December 2022 the forecast outturn for the year was within budget.


**4        Audit findings**

4.1     Following our work, we consider the controls to be effective in the following risk areas: -

- Governance - The budget is agreed by the Fire & Rescue Authority, in February before the start of the financial year. Budgets are allocated to appropriate Budget Holders. There are procedures and guidance on budget preparation and reporting, with training and assistance provided to the budget holders by the Finance team.

- Budget Preparation - Realistic budgets are set before the financial year taking account of available funding, the previous year's outturn, expected cost pressures (for example in 2023/24 fuel, electricity, gas, and pay awards) and the use of reserves.  The risks to service delivery of potential budget cuts are recognised and addressed – in particular prior to the 2023/24 budget a review was commissioned and a public consultation undertaken, the Futures 2025 Efficiency Strategy Consultation.

- Budget Monitoring - Budget holders are supported to monitor their budgets monthly, by budget support officers from the Finance Team. Forecast out turns of the year end position are produced. At the time of our review in December 2022 the forecast outturn for the year was within budget. The budget position is monitored monthly by the Finance Team and reported monthly to the Strategic Leadership Team (SLT) and quarterly to the Finance & Resources Committee.

- Budgetary Control - Variances from budget are identified and explained on a monthly basis by the Finance Team and reported to the Finance & Resources Committee and to SLT, with actions to address them where necessary.  The impact of measures to control spending are recognised and considered.  In-year changes to budgets (virements) are properly reported and approved.


4.2     We found just one potential control weakness, as set out in the attached action plan, with our recommendation to address it.

4.3     A summary of the recommendation made, with brief details of the related finding, is set out below:

| Priority level | Number of Recommendations | Recommended action timescales |
|---|---|---|
| Priority 1 | 0 | Immediate |
| Priority 2 | 1 | Within two months |

Priority 2 area:

- Monthly Forecasting:  It is not clear how many budget forecasts are re-checked each month.  The introduction of system generated emails to budget holders, to prompt budget their monitoring, and which will require a response, is still under review.

**Audit conducted by: Emily Jackson**
**Apprentice Internal Auditor**

**Audit supervised by: Andrew Howarth**
**Senior Auditor**

**Simon Lacey, Interim Chief Internal Auditor**

| Audit Finding | Recommendation | Management Response |
|---|---|---|
| **Priority 2 area**<br>(Desirable for effective governance, risk management and internal control, should implement recommendations to improve existing arrangements) | | |
| **1. Monthly Forecasting**<br>  a. Forecasts of the year-end position are produced monthly for every budget, but it is not clear how many forecasts are re-checked each month.<br><br>  b. A previous action from our 2022 audit of the Financial Management Code is still under review although it might not be achievable.  This was to improve budget monitoring by introducing system generated emails to budget holders, to prompt their budget monitoring, and which will require a response.<br><br>**Risk:** Forecast variances from budget are not identified promptly, so that timely corrective action can be taken. | a.  The number of forecasts that are re-checked each month, should be monitored.<br><br>b.  Continue to consider the introduction of system generated emails to budget holders, to prompt their budget monitoring, and which will require a response. | **Response**<br><br>a. Accountants will update the budget monitoring spreadsheet stating all the forecast outturn monitored including those with no change**.**<br>b. The System Accountant has been supplied from LFRS the report, however it was not compliant with our configuration, and it has not been achievable to get this to work within NFRS. Accountants meet with budget holders monthly and forecast outturns are updated in the system after the meetings. A report can be produced in Agresso by account, showing the movement in year on the outturns by month.<br><br>**Date for implementation**<br>March 2023<br><br>**Officer responsible for implementation**<br>Assistant Head of Finance |