



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

INTERNAL AUDIT ANNUAL REPORT 2016/17

Report of the Chief Fire Officer

Date: 07 July 2017

Purpose of Report:

To bring to the attention of Members the annual report prepared by the Authority's Internal Auditors, which includes the Internal Audit Strategy for 2017/18 to 2019/20.

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1. BACKGROUND

- 1.1 Nottinghamshire County Council has provided an Internal Audit service to the Fire and Rescue Authority since its formation in 1998. The Finance and Resources Committee receives the Internal Auditor's annual report in accordance with its role as an audit committee.
- 1.2 The annual report for 2016/17 is attached in full as Appendix A to this report.
- 1.3 Under the provisions of the Code of Practice on Local Authority Accounting, the Authority is required to annually review its arrangements for the provision of Internal Audit and comment on that review. This report sets out the basis of that review and a draft statement on Internal Audit is attached.

2. REPORT

AUDITOR'S REPORT

- 2.1 The Auditor's report is divided up into four sections:
 - A A narrative summary to 31 March 2017.
 - B A summary of reports issued to date
 - C An analysis of progress against plan for 2016/17
 - D Internal Audit Plan for 2017/18
- 2.2 The Auditors again comment in their narrative summary that overall the audit reports issued during the year confirmed that satisfactory control procedures are in operation.
- 2.3 The narrative section also shows the level of Internal Audit Staff that have been employed on the Fire Authority contract as over 60% provided by senior and/or qualified staff.
- 2.4 The Auditors have also provided a view on the internal control environment and conclude that:

“From the work carried out during the 2016/17 financial year, we have been able to satisfy ourselves that the overall level of internal control is satisfactory and provides a good basis for effective financial and resource management.”

This statement will form part of the Annual Governance Statement to be reported to the Fire Authority in September as part of the Statement of Accounts.
- 2.5 Section B of the audit report gives a summary of the reports issued up to 31 March 2017 and gives a brief description of the levels of assurance that the auditors have given to each area of work.

- 2.6 In respect of the reports issued during 2016/17, as well as three further reports issued in April 2017, the Auditors assessed all of the relevant areas as showing reasonable levels of assurance, with the exception of two reports: the ICT Environmental & Physical Controls and Retained Firefighter Remuneration Procedure reports, which were both assessed as showing limited levels of assurance. The key risk areas identified in the ICT Environmental & Physical Controls report related to the maintenance of the server room, the IT inventory recording procedures and access and security. The recommendations in the report have now been implemented. The key risk areas identified in the Retained Firefighter Remuneration Procedure report were largely concerning adherence to procedures around attendance and recording of attendance. The recommendations in this report have also been implemented.
- 2.7 Section C shows the Auditors actual performance against planned activity for the year 2016/17. This shows that they completed 122 audit days from the planned delivery of 117 days but this is because 25 days were carried forward from 2015/16. The planned audit of Nottinghamshire Fire Safety Limited was deferred due to the review of governance which is underway, and 10 days are carried forward to 2017/18 for this audit.
- 2.8 Section D shows the internal audit plan for 2017/18 and the draft plan for 2018/19 and 2019/20, which represents the Internal Audit strategy for the medium term period. The plan for 2017/18 has been agreed by the Head of Finance following consultation with Heads of Departments, but there is sufficient flexibility to amend the plan if circumstances require alternative work to be carried out by the Auditors in the year. The draft plan for the following two years will be considered by Officers before the start of each year to allow for changing areas of risk to be accommodated within the future plan, if required.
- 2.9 Reports previously brought to this committee are given in full in Appendix B to this report.

REVIEW OF INTERNAL AUDIT

- 2.10 The requirement for an Authority to maintain an Internal Audit function is derived from local government legislation, including Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015 in that a relevant body must:

“maintain an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”

- 2.11 The responsibility for ensuring an effective internal audit function rests with the Authority Treasurer as part of his Section 151 obligations.
- 2.12 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.

- 2.13 These assurances, however, can only be relied upon providing the internal audit service is adequate to meet the needs of the organisation and is provided professionally.
- 2.14 The Internal Audit Service of the Authority 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.
- 2.15 There are regular reviews of audit plans and progress by senior managers and the audit team to monitor the work being carried out.
- 2.16 The External Auditors, in their general review of controls and as part of their specific annual audit, are required to comment on the adequacy or otherwise of Internal Audit. To date they have always been satisfied that the work of Internal Audit is sufficient for them to rely on their audit work and that the service is effective.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

4. HUMAN RESOURCES AND LERANING AND DEVELOPMENT IMPLICATIONS

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

5. EQUALITIES IMPLICATIONS

There are no implications for equalities 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 annual report 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

There are no collaboration implications arising directly from this report, as the Internal Audit service is outsourced. There may be opportunities for collaborative procurement of Internal Audit services in the future.

10. RECOMMENDATIONS

That Members note the contents of this report and approve the Internal Audit Strategy for 2017/18 to 2019/20, as set out in Section D of the Internal Audit Annual Report 2016/17.

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

None.

John Buckley
CHIEF FIRE OFFICER

INTERNAL AUDIT ANNUAL REPORT 2016/17
TO THE CHIEF FIRE OFFICER

<u>SECTION</u>	<u>CONTENTS</u>
A	Narrative Summary to 31st March 2017
B	Summary of Reports Issued to Date
C	Detailed Analysis of Progress against Plan for 2016/17
D	Internal Audit Plan for 2017/18

A

INTERNAL AUDIT ANNUAL REPORT 2016/17

SUMMARY

1 Audit coverage for the twelve months to the end of March 2017

- 1.1 Seventeen audits were planned for 2016/17. This included five audits brought forward from 2015/16 and the contingency which was used for the audit of Retained Firefighters Remuneration Procedures.
- 1.2 Eight¹ final reports were issued in 2016/17, comprising four reports relating to 2015/16 audits and four relating to 2016/17.
- 1.3 Draft reports have been issued in respect of five additional audits (Capital, Financial Management, Pensions, Risk Management and Anti-fraud and Anti-corruption Procedures). The audits of Cardiff Checks, Corporate Governance and Payroll Migration are substantially complete, with the draft reports due to be issued in May 2017. The remaining audit – NFRS Trading was deferred to 2017/18 at the request of the Head of Finance.
- 1.4 All but two of the areas reviewed to date as part of the 2016/17 Plan have been categorised as providing reasonable assurance. A limited assurance opinion was issued for the Retained Firefighter Remuneration Procedures audit and the ICT Environmental Controls audit. The Prince's Trust audit was a follow-up and this confirmed that progress had been made with implementation of the agreed actions.
- 1.5 Overall, the audit reports issued during the year confirmed that satisfactory control procedures are in operation.
- 1.6 A summary of reports issued in the 2016/17 financial year, together with the main findings, is attached (Section B).
- 1.7 Over 60% of the audit work carried out in the year was undertaken by senior and/or qualified staff.

2 Audit Strategy

- 2.1 A risk analysis and strategy for 2017/18 is attached. (Section D).

3 Annual Governance Statement

- 3.1 The Accounts and Audit Regulations 2011 require the Authority to review the effectiveness of its system of internal control and publish an Annual Governance Statement to cover the effectiveness of the Authority's systems for governance and internal control. The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) issue guidance to Local Authorities from time to time to assist with compliance.

¹ In addition, Financial Management, Anti-fraud & Anti-corruption and Risk Management reports were completed but not issued until after the year end and are referenced in Section B.

- 3.2 In order to satisfy the principles of effective risk management and internal control, the Authority needs to have in place effective risk management systems, including sound systems of internal control and an internal audit function. These arrangements need to ensure compliance with all applicable statutes and regulations and other relevant statements of best practice, and need to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively.
- 3.3 Internal Audit is appointed by the Chief Fire Officer and Head of Finance, under the delegated authority of the Treasurer (Section 151 officer for the Fire Authority) and provides management with an independent appraisal of these matters.
- 3.4 The scope and cyclical frequency of work carried out by Internal Audit during each financial year is mainly based on an assessment of (predominately) financial risk on all activities that form the responsibility of the Combined Fire Authority. Annual reviews of key control areas for the main financial systems are also conducted following discussions with external audit.
- 3.5 The objective of the audits is to form an opinion on the adequacy of the systems of internal control put in place by management; to review efficiency, effectiveness and best value issues and to ensure that the assets of the authority are properly safeguarded. Formal audit reporting procedures are in place to provide assurance to management where effective controls are being operated, and to make recommendations for change and improvement where control weaknesses are identified.
- 3.6 From the work carried out during the 2016/17 financial year, we have been able to satisfy ourselves that the overall level of internal control is satisfactory and provides a good basis for effective financial and resource management.
- 3.7 The Chief Fire Officer and his managers have responded positively to all recommendations made in the reports that have been finalised.

4 Conclusion

- 4.1 Based on the Internal Audit work completed during the year, we have concluded that the overall level of internal control is satisfactory.

Angela Wendels
Senior Auditor
31 March 2017

B

SUMMARY OF REPORTS ISSUED TO THE FIRE AND RESCUE SERVICE FOR THE FINANCIAL YEAR 2016/17 AS AT 31st MARCH 2017

Audit Opinion

In the areas examined, we have assessed the controls in place to determine their effectiveness in ensuring business objectives are met and risks are mitigated. The level of assurance provided following each audit is selected from the following range:



LIMITED ASSURANCE

Risk levels are high



REASONABLE ASSURANCE

Risk levels are acceptable



SUBSTANTIAL ASSURANCE

Risk levels are low

The following Final reports were issued during the 2016/17 financial year:

1. FRS 1602 – Transport Management

A **reasonable** level of assurance was given. One high, four medium and two low priority risks were identified and implemented.

2. FRS 1606 – Cardiff Checks 2015/16 selection

A sample of payments made during the year was selected for detailed checking, to confirm compliance with ordering, goods receipt, payment and other Fire and Rescue Service procedures. The payments were in respect of a staff training course at the Cognitive Centre, staff taxi fares, and legal charges. Eight recommendations were made in total and six were implemented.

3. FRS 1607 – Contract Management

A **reasonable** level of assurance was given. Three medium priority risks were identified and implemented.

4. FRS 2016-08 – Prince's Trust Partnership Follow-up

A **reasonable** level of assurance was given. One medium priority risk recommendation was made concerning the need to improve controls around the income reconciliations process. This recommendation was implemented.

5. FRS 2016-11 – Purchase Cards

A **reasonable** level of assurance was given. Four medium and two low priority risk recommendations were made and implementation was agreed. The medium risks related to the maintaining of and updating of card holder records, review of expenditure and checking and promptness of expenditure log reconciliations.

6. FRS 2016-13 – ICT – Environmental and Physical Controls

A **limited** level of assurance was given. Four high, four medium and one low priority risk recommendations were made and implementation was agreed. The key risk areas related to the maintenance of the server room, the IT inventory recording procedures and access and security.

7. FRS 2016-14 –Retained Firefighter Remuneration Procedures

A **limited** level of assurance was given. Four high and four medium priority risk recommendations were made and implementation was agreed. The key risk areas related to the adherence to and application of standard procedures, attendance at weekly drills, consistency in checking and monitoring attendance, correct recording of time and preventing unauthorised access to timesheets.

8. FRS 2016-15 – Payroll

A **reasonable** level of assurance was given. One medium and one low priority risk recommendations were made and implementation was agreed.

The following three additional audits were also completed in fy 2016/17 and final reports were issued during April 2017:

9. FRS 2016-04 - Financial Management – Final issued 7/4/17

A **reasonable** level of assurance was given. One high and three medium priority risk recommendations were made and implementation was agreed.

10. FRS 2016-16 - Anti-fraud and Anti-corruption Procedures – Final issued 7/4/17

A **reasonable** level of assurance was given. One high, six medium and two low priority risk recommendations were made and implementation was agreed.

11. FRS 2016-12 - Risk Management – Final issued 27/4/17

A **reasonable** level of assurance was given. Two medium and two low priority risk recommendations were made and implementation was agreed.

2016/17 AUDIT REPORTS AT DRAFT STAGE AT 31/3/17

12. Capital – Draft issued 7/3/17

13. Pensions – Draft issued 21/3/17

A summary of the issues raised as a result of these audits will be included in a future progress report, once the reports are finalised.

2016/17 AUDITS IN PROGRESS AT 31/3/17

14. Cardiff Checks (2016/17 selection) – Draft substantially complete - to be issued in May 2017

15. Corporate Governance – Draft issued 5/5/17

16. Payroll Migration – Draft substantially complete – to be issued in May 2017

17. NFRS Trading – Carried forward - to be undertaken in 2017/18



To: Chief Fire Officer
Subject: NFRS Transport
Date: January 2017

1 Introduction

- 1.1 We have audited the processes in place to provide assurance of the effective management, maintenance and operation of fleet vehicles operated by NFRS.
- 1.2 The service has a fleet of 160 vehicles including special appliances, rescue pump appliances and light vehicles such as vans.
- 1.3 This report sets out the findings of the review of the processes in place to ensure that the fleet is sufficient to meet the Service's needs, transport is provided effectively and safely, provides value for money and is secure and properly maintained.

2 Audit opinion

- 2.1 In the areas examined, we assessed the controls to determine to what extent the risks are being managed.
- 2.2 In our opinion the level of assurance we can provide is: -



Limited assurance



REASONABLE ASSURANCE

Risk levels are acceptable



Substantial Assurance

3 Risk areas examined

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

<i>Risk description</i>	<i>Significance</i>
1. Insufficient vehicles to meet operational needs	Preventing the Service from fulfilling its obligations or needing to hire in an excessive fleet of vehicles.
2. Vehicles are not maintained adequately	Prosecution for non-compliance with legal requirements.
3. Maintenance and running costs are not controlled	Overspending.
4. Vehicles are under-utilised	Inefficient use of resources.
5. Driver checks are not undertaken effectively	Banned or unsafe drivers may be in control of fleet vehicles causing danger to other staff and the public.
6. Vehicles are not held securely and accurately accounted for	Vehicle theft and inaccurate records.

3.2 The scale of the area reviewed is:

<i>Metric</i>	<i>2014-15 actual</i>	<i>2015-16 actual</i>	<i>2016-17 estimated</i>
<i>Capital Expenditure</i>	<i>£1,503,241</i>	<i>£1,090,000</i>	<i>£273,000</i>
<i>Revenue Expenditure</i>	<i>£2,315,504</i>	<i>£1,808,000</i>	<i>£1,697,000</i>

4 Audit findings

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

- Risk 1: Vehicle needs are identified in advance and procurement is planned to meet the needs within the budgets available.
- Risk 2: Vehicles are adequately maintained, repaired, taxed, insured and have an MOT.
- Risk 3: MPG for light vehicles, fuel and maintenance costs are monitored and unusually high costs are investigated (but see also para 4.3).
- Risk 5: Driver licences are checked annually with some exceptions.
- Risk 6: Vehicles are usually held securely and recorded on the fixed asset register (but see also para 4.3).

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 a brief summary of the medium priority areas, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
High priority	1	Immediate
Medium priority	4	Within two months
Low priority	2	Within six months
Value for money		As soon as practicable

High priority area:

- Risk 4: Vehicle telematics systems are not being used effectively leading to possible risk of financial, legal and reputational risks. (See Action Plan 1).

Medium priority areas:

- Risk 3: Not all costs are recorded on the Tranman cost monitoring system (See Action Plan 2 & 3).
- Risk 5: Driving licences for current employees were not all checked annually. (See Action Plan 4).
- Risk 6: Income from the sale of a vehicle was accounted for incorrectly. (See Action Plan 5).

Audit conducted by: Lesley Bulman, ACMA

Audit supervised by: Angela Wendels, FCCA

Rob Disney CPFA, Head of Internal Audit

Audit Finding	Recommendation	Management Response
High priority areas (essential for effective internal control, must implement recommendations to improve existing control arrangements)		
<p>1. Utilisation of Installed Telematics Systems</p> <p>Modern fleet vehicles are fitted with a range of on-board data systems, for instance automatic vehicle location systems, advanced driver behaviour management and CCTV. These systems are intended to provide driver feedback and enable monitoring to be undertaken in order to improve performance and efficiency.</p> <p>At the request of the chair of the Road Risk Group (RRG), a review of systems installed was carried out by the Transport Department and a report was presented to management in June 2015. This identified that many of these systems are not being used to their full potential. For instance the Lightfoot system was expected to make substantial cost savings and drive changes in occupational road risk, however the visual and audio monitoring part of the system has been deactivated. OnBoard is another system fitted to 12 Scania appliances. This provides GPS vehicle tracking, vehicle performance analysis, fault codes etc but has not been activated.</p> <p>The findings of this report also highlighted the potential legal and risk management implications of not utilising these systems. In particular, the exposure of the Fire Services to being held culpable for the offences of 'wilful blindness' by not using pre-existing telematics systems.</p> <p>Various recommendations were made as a result of the above review. However, since this report was issued in June 2015, there has been no further progress in implementing such systems meaning that the benefits have not been realised.</p> <p>Risk: <i>Financial, legal and reputational risks to the organisation.</i></p>	<p>Agreement should be sought on how best to use the information available and develop a vehicle telematics strategy and policy.</p> <p>This policy should be implemented as soon as possible.</p>	<p><u>Response of the Chief Fire Officer</u></p> <p>A report on vehicle mounted systems has now been actioned for newly procured vehicles and systems will be enabled including 'Lane Change', 'Electronic Stability Programme' and 'Active Emergency Braking'. CCTV is already utilised and a research project 'Eye tracking' in conjunction with Nottingham Trent University has been deployed with the Service's driving school over the last two, GPS (AVLS) is already used as part of vehicle event investigations.</p> <p>The Transport Manger, working to the road risk group will now be looking to consider other systems not currently in use to form part of the update to departmental procedures, these will include vehicle performance data within the newly adopted transport strategy, for example, how the Service can extend the life of vehicles.</p> <p>Actions will inform the Service risk register and risk appetite as to which systems offer tangible benefits to the Service. The Transport and Risk Managers will liaise with the Chair of the Road Risk group to advise which systems will be progressed.</p> <p><u>Date for implementation</u> May 2017</p> <p><u>Officer responsible for implementation</u> Transport Manager/Risk Manager</p>

Medium priority areas (highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p>2. Maintenance Cost Monitoring Invoices are uploaded to Tranman which is the system used for cost monitoring. However, if there is a zero in the charge column for any line on the maintenance invoice, details of the entire invoice are not archived and therefore do not appear on the Tranman cost reports. Invoices for routine maintenance for six vehicles were examined. Two invoices totalling £382.24 and £2201.11 had not been archived.</p> <p>Risk: <i>Inaccuracy of actual costs on monitoring reports.</i></p>	<p>Options for working round this issue should be examined.</p>	<p><u>Response of the Chief Fire Officer</u> The transport team are to fully review its processes and procedures relating to Tranman as a budget for upgrade has already been earmarked. The transport team are also replacing outdated policies and will form part of the departments restructure into a single engineering section. The team will liaise with the Finance department to ensure that issues relating to invoicing are being accurately applied.</p> <p><u>Date for implementation</u> May 2017</p> <p><u>Officer responsible for implementation</u> Transport Manger/Risk manager</p>
<p>3. Accounting for General Expenses Costs which are not linked to a specific vehicle, for example general costs associated with the CCTV contract, are not included in Tranman Also, there is no reconciliation between Tranman and the financial management system, Agresso.</p> <p>Risk: <i>Costs may be mis-stated on monitoring reports.</i></p>	<p>Options for recording general costs in Tranman should be examined. Costs recorded on the Tranman system should be reconciled with expenditure on Agresso.</p>	<p><u>Response of the Chief Fire Officer</u> This will be considered as part of the upgrade to Tranman and the Transport Manager will be required to work with Finance to assure that reconciliation between systems is achieved, where the systems are capable of doing so.</p> <p><u>Date for implementation</u> March 2017</p> <p><u>Officer responsible for implementation</u> Transport Manager</p>

<p>4. Driver Licence Checks</p> <p>Annual driver licence checks are undertaken by 'DriverCheck' to ensure that all drivers have a valid licence and are eligible to drive the specified category of vehicle. Following a check, the date of the next check is recorded in the system to ensure continuity of checking. However, if an employee has left, this box would be left blank.</p> <p>A sample of 10 employees were checked. We noted one instance where a current employee's licence had not been checked since August 2014. The employee (No 2020) was therefore not on the chasing list issued by the service provider and had no planned date of next check recorded on the system. Therefore, further checking would not be undertaken for this employee.</p> <p>Risk: <i>Unsafe or banned drivers may be driving fleet vehicles.</i></p>	<p>Drivers on the system which have no date of next check, should be reviewed to confirm they are not current employees.</p>	<p><u>Response of the Chief Fire Officer</u></p> <p>The Services Risk Manager has been working with DriverCheck to establish what data the system is able to provide and how internal reporting can be improved and administered to ensure appropriate management information is acted upon. They will liaise with the HR manager and report to the ACFO as part of the road risk action plan already underway on its progress.</p> <p><u>Date for implementation</u> May 2017</p> <p><u>Officer responsible for implementation</u> Service Risk Manager</p> <p><u>Response of the Head of Human Resources</u> As above</p> <p><u>Date for implementation</u> As above</p> <p><u>Officer responsible for implementation</u> As above</p>
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<p>5. Income from Disposals We noted one instance (vehicle reg V601DRB) where income of £6,000 from the disposal of the vehicle was offset against repair costs of another vehicle. The net figure was shown in the accounts.</p> <p>Risk: <i>Failure to account for income and expenditure in accordance with financial reporting standards.</i></p>	<p>Income and expenditure should be accounted for separately in accordance with financial accounting principles.</p>	<p><u>Response of the Chief Fire Officer</u> The transport manager will be required to work with the finance team to ensure all matters relating to income from the disposal of assets by the service fully complies to financial reporting standards and fits with the wider action to update working practices across the team.</p> <p><u>Date for implementation</u> May 2017</p> <p><u>Officer responsible for implementation</u> Transport Manager</p>
<p>Low priority areas (desirable for effective internal control, may implement recommendations to improve existing control arrangements)</p>		
<p>6. Maintenance Cost Monitoring Regular monitoring of maintenance costs is undertaken but invoices are not routinely checked to ensure charges made are in line with those specified in the contract.</p> <p>Risk: <i>Inaccurate charges.</i></p>	<p>Periodic checking of sample invoices should be undertaken to ensure charges agree with those specified in the contracts.</p>	<p><u>Response of the Chief Fire Officer</u> The Transport Manager will be tasked with a detailed review of this action and ensure that procedures are fit for purpose and the monitoring of costs incurred by the Service are accurate. This will form part of the review, amendment and update of procedures applied across the section.</p> <p><u>Date for implementation</u> May 2017</p> <p><u>Officer responsible for implementation</u> Transport Manager</p>

<p>7. Vehicle Security</p> <p>We confirmed there are security arrangements regarding unattended vehicles including some vehicles which have central locking. We examined a sample of 5 light fleet vehicles on-site and found one van (FJ100AM) which had been left unlocked.</p> <p>Risk: <i>Vehicles could be stolen or damaged.</i></p>	<p>Staff should be reminded to maintain vehicles securely and lock them when not in use.</p>	<p><u>Response of the Chief Fire Officer</u></p> <p>Security of assets such as vehicles forms one element of the Service's arrangements for Protective Security and a programme of work is already underway and led by the Area Manager Corporate. Specifically with regards to pool vehicles the process for using these vehicles is to be amended as part of the newly approved transport strategy. The importance of vehicle security will also be communicated across the organisation via managers.</p> <p><u>Date for implementation</u></p> <p>Underway – scheduled for completion June 2017</p> <p><u>Officer responsible for implementation</u></p> <p>Area manager Corporate</p>
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Invoice 1 Training

1. Invoice Information

- 1.1 A payment was made to the Cognitive Centre - Internal Invoice No 9059451. This payment was in respect of a delegate attending a conference held in April 2015 and amounted to £295.
- 1.2 The invoice was paid on 25 March and posted to the correct account code which was staff conference expenses.

2. Summary of Findings

- 2.1 The order was raised on the system at the point the invoice was received and not the point the commitment was made with the supplier. As the invoice matched the order payment was made automatically.
- 2.2 The course was specific to the role of the delegate as Fire Setters Coordinator. Fire Setters Coordinators are staff who work with juveniles who deliberately set fires. The delegate is required, as part of their CPD process, to ensure they are up to date with relevant legislation. This was a specialised course and could not have been provided in-house.

3. Recommendation

- 3.1 An order should be raised at the point of commitment with the supplier and not on receipt of the invoice.

4. Response of the Chief Fire Officer

- 4.1 An intranet briefing note will be issued to all Requisitioners highlighting the need to ensure the proper process is followed when procuring goods or services to comply with the Procurement Policy and Financial Regulations.
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Invoice 2 Taxi Fees

1. Invoice Information

- 1.1 This payment to Trent Cars was in respect of taxi fees for the month of February 2015 for work related journeys travelled by an individual employee. The value of the invoice was £238.92 including VAT.
- 1.2 Because the invoice matched the order which was authorised by the Budget Holder, approval of the invoice was automatic.
- 1.3 The invoice was paid on 18 March and was coded to the public transport account code.

2. Summary of Findings

- 2.1 The level of expenditure for this service does not require a tendering process to be undertaken. However as this is a regular arrangement, the market should be tested to ensure that value for money is being obtained. The market was last tested in 2011. This supplier was chosen based not only on the price but also on the level of service required. Despite the regularity of use, there is no formal contract in place with this provider so prices charged can vary.
- 2.2 The user does not receive an acknowledgement at the point a journey is made with the taxi company. The user creates an order on the system to the value of the monthly travel, retrospectively and upon receipt of the invoice. In this instance the order was raised in the accounting system on 9 March 2015 for £239.92 although the order invoice value was £238.92.
- 2.3 The order on the system is authorised by the user's manager following a visual reasonableness test. Evidence of checking of the journeys made is not formally documented, however as part of the audit process we were able to match each journey to supporting documentation confirming the business need for the journey.
- 2.4 The rate charged by the company is only checked for reasonableness. The rate charged per mile is not shown on the invoice for individual journeys. As a result we were unable to confirm that the rate being charged is as agreed with the supplier. An exercise was carried out to establish the rate charged per mile based on the mileage between establishments as shown on the internet. This resulted in charges ranging between £1.28 and £1.97 per mile.
- 2.5 A proportion of the costs of the provision of the taxi service are funded through the Department of Works and Pensions under the Access to Work Scheme. The employer is required to contribute £0.58 per mile (£0.522 at the time of the claim being made) for travel in work and this is deducted from the DWP claim. A review of the reimbursement claim identified errors

had been made with the declaration of the mileages which resulted in an under claim of 79 miles (£41.24). Checking of the claim by a second person should have identified the error.

3. Recommendations

- 3.1 The market should be tested periodically to ensure the authority is obtaining best value for money.
- 3.2 A contract agreement should be drawn up for the provision of taxi journeys to the fire authority.
- 3.3 A single provider justification form should be completed in order to comply with Financial Procedures as regular expenditure is incurred with the single provider over the year in excess of £500.
- 3.4 Orders should be processed prior to the commitment with the supplier. This could be achieved by estimating the cost for the year and using a call off system.
- 3.5 The agreed rate of charge should be established in the contract and recorded on the suppliers invoice. Spot checks should be carried out to ensure the company is charging the specified rate.
- 3.6 Access to Work claims to the DWP should be subject to a checking process to ensure all the appropriate mileage claims are correct.

4. Response of the Chief Fire Officer

- 4.1 The Procurement Section will undertake market testing to ensure that the rates being charged are competitive and agree a schedule of rates.
- 4.2 It should be noted that in this particular case the member of staff uses the same supplier for travel to and from work which he partially funds himself. The member of staff is content using the current provider which caters for his guide dog, and the consistency of service is important to him. As such the Equality & Diversity department shall complete a Single Source Supplier Form.
- 4.3 A valuation order will be produced for an annual contract.
- 4.4 The Equality & Diversity Manager will ensure that appropriate checking takes place.

Invoice 3 Legal Charges

1. Invoice Information

1.1 This invoice was for the provision of various legal work undertaken by Browne Jacobson between October 2014 and January 2015. The work amounted to a gross payment of £9,282.72 for seven areas of legal work including areas of capital expenditure and HR issues. The invoice was paid on 25 February 2015.

1.2 The provision of legal work is exempt from the need to raise an order in the accounting system so no order was raised associated to the payment.

1.3 The provision of legal advice is subject to a framework agreement with EM Law Share (a legal services consortium for public bodies).

1.4 Due to the nature of the legal work completed, the invoice was subject to approval prior to payment by two authorisers and coded to two separate account codes for the revenue and capital elements of the legal fees.

2. Summary of Findings

2.1 A review of the narrative on the invoice does not provide the authoriser with sufficient detail to establish if the charges made are reasonable. As a result it is not possible for the authoriser of the payment to check the reasonableness of the charge made and to ensure it is complying with the framework agreement.

2.2 Levels of authorisation of the payments are recorded in the accounting system and detailed within the work flow system. Each project invoiced is authorised separately.

3. Recommendation

3.1 The supplier should be requested to provide a more detailed breakdown of the work carried out so the charges can be checked against the framework agreement.

4. Response of the Chief Fire Officer

4.1 Discussions will take place with the supplier to request a more detailed breakdown of charges on future invoices, to enable sufficient checking to take place.

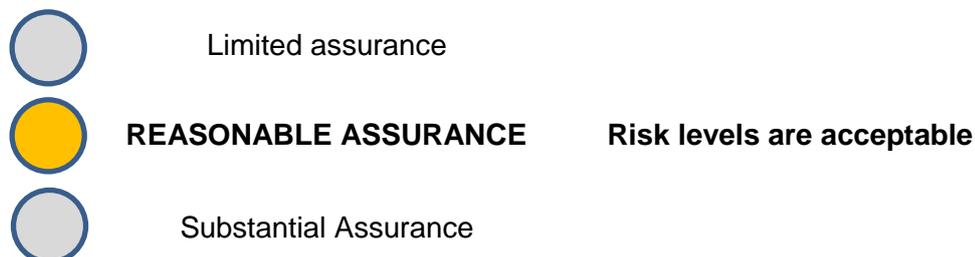
To: Chief Fire Officer
Subject: Procurement and Contract Management
Date: April 2016

1 Introduction

- 1.1 We have audited the procurement and contract management arrangements.
- 1.2 Since the previous audit, the Procurement Team have introduced the In-Tend procurement and contract management system.
- 1.3 The objectives of the system are:
- To ensure goods and services are procured in accordance with the Procurement Policy and Financial Regulations.
 - Achieve value for money and effectively manage all contracts.

2 Audit opinion

- 2.1 In the areas examined, we assessed the controls to determine to what extent the risks are being managed.
- 2.2 In our opinion the level of assurance we can provide is: -



3 Risk areas examined

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

<i>Risk description</i>	<i>Significance</i>
1. Lack of understanding of, or adherence to, policies or rules	Goods and services not procured in accordance with financial regulations, UK and EU legislation
2. Quotations or tenders not obtained as required	Best value not achieved across all services
3. Tender evaluation process not conducted effectively	Ineffective purchase of goods and services
4. Poor or ineffective contract management and reporting procedures	Poor performance and lack of control over service delivery
5. Lack of effective forward planning	Continued use of contractors on extended contracts

- 3.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>2013-14 actual</i>	<i>2014-15 actual</i>	<i>2015-16 estimated</i>
<i>Expenditure (£)</i>	11,130,785	12,866,805	11,800,204

4 Audit findings

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

- Risk 1: The Procurement Team operates in accordance with their Procurement Policy, procurement plan and Financial Regulations. Additional controls in the Financial Management System Agresso (or FMS), enable purchases of individual items over £10,000 to be approved by a senior officer.
- Risk 2: Quotations and tenders for large or complex purchases are usually retained in the In-Tend system and there is a facility to upload quotations into FMS for smaller purchases.
- Risk 3: The tender assessment process is transparent and decisions are documented.
- Risk 4: Contract performance is monitored and under-performance is managed in accordance with the requirements set out.
- Risk 5: Reminders are sent out automatically from the In-Tend system for all contracts logged to remind managers when contracts need to be re-tendered.

4.2 There were some control weaknesses 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 a brief summary of the medium priority areas, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
High priority		Immediate
Medium priority	3	Within two months
Low priority		Within six months
Value for money		As soon as practicable

Medium priority areas:

Risk 1 – Quotations are not always adequately maintained in the financial system. Once single source suppliers have been approved they are not reviewed for best value. (Action Plan 1).

Risk 4 – Appropriate written contracts are not always in place when contracts start. (Action Plan 2).

Risk 4 – Compliance with the requirements of the Local Government transparency code 2014 in terms of document retention needs to be addressed. (Action Plan 3).

Audit conducted by: Angela Wendels

Audit supervised by: Philip Dent

Rob Disney, Head of Internal Audit

Audit Finding	Recommendation	Management Response
Medium priority areas (highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p>1. Recording of quotations in Agresso</p> <p>In accordance with Financial Regulations there is a requirement to obtain quotations for purchases except where exemptions apply eg:</p> <ul style="list-style-type: none"> • The use of an existing framework or term contract where prices are pre-agreed; • Orders from the NFRS catalogue stock list through FMS; • The full justification for the purchase from single source supplier. <p>In Agresso there is the facility to upload scanned quotations. This ensures that any orders which have not been procured through In-Tend have an adequate audit trail linked to the order and therefore the authoriser can confirm best value has been achieved. We are advised that staff should be using this facility.</p> <p>We identified 42 suppliers where the aggregate spend was between £10,000 and £50,000 up to the end of period 8 in 2015-16. We examined a sample of 6 of these suppliers where procurement had not taken place through Procurement and Estates Department.</p> <p>We confirmed that quotations had been uploaded into Agresso in two out of six cases, however, for one ICT supplier there were two orders, both for around £15,000 where quotations had not been uploaded into the system. We confirmed that quotations had been retained elsewhere.</p> <p>In addition three out of six providers examined had been justified as single source suppliers. However, the procurement of these goods and services had not been reviewed since the contracts were let many years ago. Therefore, potential new suppliers may have been overlooked in such circumstances.</p> <p>Risk: <i>Lack of transparency. Best value not obtained.</i></p>	<p>a. Quotations obtained for goods and services not procured through In-Tend should be uploaded into Agresso so that there is an adequate audit trail.</p> <p>b. A review should be undertaken of all single source suppliers who have been used for three or more years, to ensure that the companies providing the goods or services still remain competitive and provide best value.</p>	<p><u>Response of The Chief Fire Officer</u></p> <p>Any requisition not utilising a 'specific product code' i.e. a generic code is to have the relevant quotations attached to the requisition within the Agresso system. Instruction to all requisitioners of this requirement is to be confirmed and any training to be able to carry out this function will be provided.</p> <p>Generally only one off purchases will be allowed for the use of a single source of supply. The process for the use of a single source of supply (SSS) form requires scrutiny by the Procurement Section who record all SSS Forms. Those SSS forms requesting repeat purchases or which do not fit the SSS criteria are normally rejected as not suitable for the SSS process or a formal contact put in place through the Procurement Section (if deemed applicable). The Procurement Section record all SSS forms received and provide written response to the originator that have been rejected (including the reasons for the rejection). Those requests that have been rejected are then normally procured in accordance with the Procurement Policy.</p> <p>If a contract is put in place through the Procurement Section this will be captured within the contracts database.</p> <p>The Procurement Section will review all contracts that are in place as a result of the SSS form process to ensure best value is being obtained.</p>

Audit Finding	Recommendation	Management Response
1. Recording of quotations in Agresso continued...		<p><u>Date for implementation</u> Immediate.</p> <p><u>Officer responsible for implementation</u> Procurement Manager Budget Managers and Heads of Departments</p>

Audit Finding	Recommendation	Management Response
<p>2. Contractual arrangements</p> <p>The requirement to prepare a contract is specified in Financial Regulations. The Procurement Policy states that:</p> <p><i>'At the end of the procurement process there will generally be a requirement to enter into a contract with a supplier; this may be done by using the standard NFRS terms and conditions for low value or simple purchases. For other, more involved or complicated contracts a formal bespoke or industry standard form of contract may be used.'</i></p> <p>We are aware that the Procurement and Estates department are currently working with a legal firm to produce standard contracts for simple or low value contracts to ensure a more consistent approach. Bespoke or tailored contracts are used for higher value or more complicated requirements.</p> <p>We confirmed that all purchases going through Procurement Team comply with the procurement policy and since January 2015 they have been using a procurement plan which sets out the type and form of contract to be used at the outset. We selected a sample of eight suppliers where the annual spend was in excess of £30,000 per annum and all but one had contracts in place. The exception was Rosenbauer UK plc, which provide fire helmets. Between April and November 2015 the annual spend with this supplier was just over £38,000, yet there was no contract in place and there are inadequate records maintained to determine when the last tender took place.</p> <p>Risk: <i>Contract terms not defined. Failure to obtain value for money.</i></p>	<p>Wherever possible goods and service being tendered should be procured through Procurement and Estates Department so that the procurement plan can be followed and appropriate terms can be incorporated into the contract.</p>	<p><u>Response of The Chief Fire Officer</u></p> <p>The existing agreement (verbal and partially written arrangements through emails) with Rosenbauer has arisen from the procurement of fire helmets and thermal image cameras some time ago. Both the helmets and cameras were selected through a procurement process and are now the standardised issued to NFRS Fire Fighters from a rigorous selection process.</p> <p>The cameras (and replacement batteries) are a specialist piece of equipment that requires specific training and technical support and will remain in service with NFRS as a standardised piece of equipment until either the need changes or it becomes necessary to replace the entire stock of cameras. Retaining the cameras and the purchase of replacements when defective via a single source (in this case Rosenbauer) provides best value (see also below ref written agreement) when considering the training implications if this wasn't a standard piece of equipment across NFRS.</p> <p>A large proportion of the annual spend with regards to the helmets with Rosenbauer is in the refurbishment of helmets rather than straightforward replacement with new. This was an initiative started 3 years ago from a suggestion by one of the procurement staff. Whereas previously only new fire helmets were issued to staff when the need arose (new starters, lost or damaged helmets) Fire Fighters are now issued with reconditioned helmets; where possible this will be from existing stock.</p>

Audit Finding	Recommendation	Management Response
<p>2. Contractual arrangements continued...</p>		<p>The helmets are sent off to Rosenbauer for refurbishment where components of the inner lining are replaced and the outer shell tested and certified safe to use. This is carried out a cost of £75 - 100 per helmet compared with the cost of a new replacement helmet at £157. This initiative now extends the safe working life of the helmet and in doing so provides better value for money.</p> <p>The Procurement Section are to confirm the existing ad-hoc agreement with Rosenbauer into an agreed written form of contract for both the thermal image cameras, batteries and helmets.</p> <p>All procurement, where practicable, is to be carried out through the Procurement Section.</p> <p><u>Date for implementation</u> Immediate.</p> <p><u>Officer responsible for implementation</u> Procurement Manager Equipment Manager</p>

Audit Finding	Recommendation	Management Response
<p>3. Procurement Records</p> <p>In 2013 the Procurement and Estates department invested in a new e-tendering module called In-Tend. This system has the capability to run e-tendering procedures for large and small tenders and enables users to maintain an audit trail of all documentation to comply with the Local Government transparency code 2014. It is possible to record all contracts whether or not procured through the module so that there is a central record of all contracts enabling easy access and better monitoring to be undertaken. The system is also set up to send out pre-determined reminders to the contract managers in sufficient time to allow contracts to be re-tendered.</p> <p>Whilst Managers are encouraged to procure all suitable new contracts through In-Tend, it is the intention to record all documentation relating to existing contracts on the database so that the documents may be retained in accordance with the transparency code and to ensure the benefits of the system can be realised.</p> <p>The Procurement and Estates department sent out a proforma requesting details of all contracts together with procurement records and contracts so that all could be properly recorded and procured in a timely fashion. This was some years ago. The Team has access to all other departmental business plans to help them identify any procurement needs so that these can be managed through In-Tend.</p> <p>However, we examined nine contracts with suppliers where expenditure was over £10,000 and identified seven out of nine cases where contract records were not included in the In-Tend system. In addition, ICT have over 70 supply contracts (some very old) and the majority are not recorded on the contracts register.</p> <p>Risk: <i>The In-Tend system is not fully utilised. Non-compliance with the transparency code.</i></p>	<p>a. A document retention proforma, setting out the requirements under the transparency code, should be sent to all managers to ensure compliance with the code.</p> <p>b. All contracts together with the required documentation should be stored in the In-Tend system and review dates should be set so that automatic reminders are sent to managers when required.</p>	<p><u>Response of The Chief Fire Officer</u></p> <p>The message to have all contracts registered on the central database will be reinforced to all Heads of Department and budget holders</p> <p>A contract database form has been issued to all Heads of Departments and budget holders directing they complete the form and return to the Procurement Section with relevant contract documentation. The Procurement Section will update the contracts database and set reminders as required in-order to ensure retenders are undertaken in a timely manner.</p> <p>All future procurements managed by the Procurement Section will be added to the contracts database at the point of contract award/supplier acceptance to ensure compliance.</p> <p>Reminder messages to Heads of Departments and budget managers will be sent out on a quarterly basis to ensure any contracts awarded not via the procurement section are captured and entered into the database.</p> <p><u>Date for implementation</u> Immediate.</p> <p><u>Officer responsible for implementation</u> Procurement Manager Budget Managers and Heads of Departments</p>

To: Chief Fire Officer
Subject: Prince's Trust Team Programme
Date: May 2016

1 Introduction

- 1.1 We have audited the arrangements for the effective management of the Prince's Trust Team Programme, in which the NFRS work with a number of key partners
- 1.2 The objective of the programme is to improve the lives of unemployed young people between the ages of 16 and 25. This is achieved through community projects and team-building activities.

2 Audit opinion

- 2.1 In the areas examined, we assessed the controls to determine to what extent the risks are being managed.
- 2.2 In our opinion the level of assurance we can provide is: -



LIMITED ASSURANCE

Risk levels are high



Reasonable assurance



Substantial assurance

As we have provided only limited assurance, a follow-up review will be arranged in six months' time to assess progress in implementing our recommendations.

3 Risk areas examined

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

<i>Risk description</i>	<i>Significance</i>
1. Failure to obtain adequate funding	It may not be possible to continue to deliver and sustain the service.
2. Not meeting target outcomes or not measuring performance accurately	Too few young people may gain the skills needed or improve their job prospects.
3. Lack of flexibility to change when funding changes	It may be difficult to alter the scale of the programmes or increase or decrease numbers accordingly.
4. Health, safety and risk management requirements not met	There may be accidents and injury, or other risks may materialise.
5. Assets not recorded or maintained securely	Items may be lost or stolen, or may not be identifiable or recoverable after loss.
6. Lack of adequate budgetary control	Budgets may become overspent or there may be waste.

3.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>2013-14 actual</i>	<i>2014-15 actual</i>	<i>2015-16 estimated</i>
<i>Expenditure (£)</i>	<i>592,634</i>	<i>413,218</i>	<i>314,340</i>
<i>Income (£)</i>	<i>443,260</i>	<i>261,614</i>	<i>201,634</i>
<i>Net Cost to Fire Service (£)</i>	<i>149,374</i>	<i>151,604</i>	<i>112,706</i>
<i>Number of Students</i>	<i>160</i>	<i>142</i>	<i>108</i>

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: -

- Risk 2: Delivery against quality and performance targets are measured and outcomes are being achieved.
- Risk 4: Health and safety and risk management requirements are set out and are complied with.
- Risk 5: Assets are adequately recorded and their security is controlled.
- Risk 6: Spending against budgets is controlled and monitored.

4.2 There were some control weaknesses 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 a brief summary of the high and medium priority areas, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
High priority	1	Immediate
Medium priority	3	Within two months
Low priority		Within six months
Value for money		As soon as practicable

High priority areas:

Risk 3: Funding sources may not be not sustainable in medium to long term. (Action Point 1)

Medium priority areas:

Risk 1: Insufficient numbers of students are being recruited to break even. (Action Point 2)

Risk 1: There have been some inaccuracies in payments received. (Action Point 3)

Risk 2: Partnership activity is not monitored sufficiently by the NFRS Service Delivery Group. (Action Point 4)

Audit conducted by: Angela Wendels, FCCA

Audit supervised by: Philip Dent, CPFA

Rob Disney CPFA, Head of Internal Audit

Audit Finding	Recommendation	Management Response															
High priority areas (essential for effective internal control, must implement recommendations to improve existing control arrangements)																	
<p>1. Future Funding Arrangements</p> <p>The Skills Funding Agency (SFA) and Education Funding Agency (EFA) both provided funding to three Nottinghamshire colleges which was used for the provision of Princes Trust programmes run by NFRS during academic years 2014-15 and 2015-16. Income in 2015-16 was below target due mainly to the withdrawal of funding from two of the three colleges. The decline in funding is demonstrated below:</p> <table border="1" data-bbox="73 608 831 831"> <thead> <tr> <th>Metric</th> <th>2014-15 actual</th> <th>2015-16 estimate</th> </tr> </thead> <tbody> <tr> <td>Expenditure</td> <td>£413,218</td> <td>£314,340</td> </tr> <tr> <td>Income</td> <td>£261,614</td> <td>£201,634</td> </tr> <tr> <td>Net Cost to Fire Service</td> <td>£151,604</td> <td>£112,706</td> </tr> <tr> <td>No of Students</td> <td>142</td> <td>108</td> </tr> </tbody> </table> <p>In December 2015, Central College also indicated that their funding would cease for 2016-17 due to a reduction in their funding.</p> <p>At the time of audit, the projected net cost to NFRS to run the remaining teams for the current financial year was £250,000 although, due to various underspends and the securing of some further funding, this estimate has since been revised to £112,706 net cost (as shown above). This cost will have to be met by NFRS. Based upon the current estimated number of students (180) and staffing (4 Team Leaders and Programme Delivery Manager), the annual cost of delivering the same level of service for financial year 2016-17 is estimated to be around £320k, although Policy and Strategy Committee have now decided to reduce the number of teams for next financial year. We are advised that options are being explored for the future funding of the programme but as yet, no funding has been secured.</p>	Metric	2014-15 actual	2015-16 estimate	Expenditure	£413,218	£314,340	Income	£261,614	£201,634	Net Cost to Fire Service	£151,604	£112,706	No of Students	142	108	<p>Alternative funding options need to be explored and a clear and objective strategy for future funding partners is needed to ensure a sustainable future.</p>	<p><u>Response of Chief Fire Officer</u></p> <p>The Policy & Strategy Committee on 29th January 2016 approved a recommendation to reduce the number of teams per year from 15 to 6. This was in the light of the reduction in funding and will be implemented from September 2016, involving the deletion of posts. This will reduce the cost of running the activity to around £150,000.</p> <p>The Policy & Strategy Committee agreed to fund the cost of the activity for an interim period whilst more secure funding is sought. A further report will be made to the same Committee in November 2016.</p> <p>The current strategy is to explore all feasible funding options and this is in line with the Authority's Priority 4 in the 2014-2019 integrated risk management plan (IRMP) to broaden prevention work to include anti-social behaviour and well-being.</p> <p>We are continuing to talk to further education colleges about future funding and, although colleges are interested in supporting the activity, it is clear that they cannot guarantee longer term funding support.</p>
Metric	2014-15 actual	2015-16 estimate															
Expenditure	£413,218	£314,340															
Income	£261,614	£201,634															
Net Cost to Fire Service	£151,604	£112,706															
No of Students	142	108															

Audit Finding	Recommendation	Management Response
<p>1. Future Funding Arrangements continued...</p> <p>Risk: <i>Inadequate funding to sustain the programme, so the full cost could fall upon the NFRS.</i></p>		<p>The possibility of drawing down funding directly from the SFA is being actively pursued. Early indications are that this could still present a level of risk to the Authority but discussions are continuing, with the potential that this could be done in collaboration with other partners.</p> <p><u>Date for implementation</u> Currently in progress</p> <p><u>Officer responsible for implementation</u> Head of People & OD</p>

Audit Finding	Recommendation	Management Response																			
Medium priority areas (highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)																					
<p>2. Recruitment of Students</p> <p>At the start of the 2015-16 financial year, there was an average performance target for each course. The Principal Accountant calculated the optimum number of students needed to cover costs was 210. This would generate income of £376,299 pa. To achieve this, NFRS planned to run five teams each with 14 students, three times a year. As funding for different age groups and different colleges varied, an average mix of students per team would achieve the following estimated income:</p> <table border="1" data-bbox="73 619 846 778"> <thead> <tr> <th>Base income per team</th> <th>Teams per year</th> <th>Total Income</th> <th>Extra Residential Funding pa</th> <th>Budget for year</th> </tr> </thead> <tbody> <tr> <td>£ 23,634</td> <td>15</td> <td>£ 354,512</td> <td>£ 21,789</td> <td>£376,299¹</td> </tr> </tbody> </table> <p>Targets have since been revised to 180 students due to a reduction in staffing levels meaning that there are now only 4 teams. Performance for 14-15 and 15-16 financial years are as follows:</p> <table border="1" data-bbox="73 922 846 1042"> <thead> <tr> <th>Financial Year</th> <th>Target</th> <th>Students</th> </tr> </thead> <tbody> <tr> <td>2014-15</td> <td>210 (15 teams)</td> <td>142 (Average 9.5 per team)</td> </tr> <tr> <td>2015-16</td> <td>120 (12 teams)</td> <td>110 (Estimate - 11 per team)</td> </tr> </tbody> </table> <p>The above figures suggest performance targets in 2014-15 were not achieved and performance in 2015-16 is also below target.</p> <p>Risk: <i>Loss of income through failure to achieve the required number of students. Budget overspend.</i></p>	Base income per team	Teams per year	Total Income	Extra Residential Funding pa	Budget for year	£ 23,634	15	£ 354,512	£ 21,789	£376,299¹	Financial Year	Target	Students	2014-15	210 (15 teams)	142 (Average 9.5 per team)	2015-16	120 (12 teams)	110 (Estimate - 11 per team)	<p>NFRS should review their current recruitment and retention processes and determine whether alternative approaches are needed to ensure adequate placements can be achieved.</p>	<p><u>Response of Chief Fire Officer</u></p> <p>A review of recruitment and retention processes has been carried out and the Authority's Executive Partner from the Prince's Trust has been involved with recent recruitment activity. Examples of new approaches identified include the use of social media as well as using ex-Prince's Trust students to help communicate the benefits of the programme to potential students.</p> <p>A further piece of work has been identified to create a set of recruitment guidance notes for Team Leaders which highlight best practice in this area.</p> <p><u>Date for implementation</u></p> <p>By 30 June 2016</p> <p><u>Officer responsible for implementation</u></p> <p>Head of People & OD</p>
Base income per team	Teams per year	Total Income	Extra Residential Funding pa	Budget for year																	
£ 23,634	15	£ 354,512	£ 21,789	£376,299¹																	
Financial Year	Target	Students																			
2014-15	210 (15 teams)	142 (Average 9.5 per team)																			
2015-16	120 (12 teams)	110 (Estimate - 11 per team)																			

¹ Figures in tables provided by NFRS Finance Section

Audit Finding	Recommendation	Management Response
<p>3. Activity and Performance Monitoring</p> <p>The Partnership Working Policy sets out how NFRS will work in partnership with other organisations to achieve its objectives. As part of the internal governance arrangements (section 7), partnership activity should be monitored and performance managed by the NFRS Service Delivery Group. The group should meet on a two monthly basis and consist of the following NFRS staff:</p> <ul style="list-style-type: none"> ▪ Partnership Delivery Manager ▪ Response Area Manager ▪ Response Group Managers ▪ Head of Fire Protection ▪ Head of Community Safety ▪ GM Corporate Services ▪ Performance Manager <p>The Partnership Delivery Manager was not aware of the requirement to meet in accordance with this policy and has not taken part in any Service Delivery Group meetings.</p> <p>Risk: <i>Under-performance is not monitored.</i></p>	<p>All relevant staff should be made aware of the requirements set out in the NFRS Partnership Working Policy.</p>	<p><u>Response of Chief Fire Officer</u></p> <p>The Partnership Working Policy requires review and this will be raised at the next Executive Delivery Team meeting.</p> <p>The Prince's Trust carries out an annual quality review, looking at recruitment, retention, qualification and progression of students. The results are shared with the Prince's Trust Delivery Manager but will in future also be communicated to the Head of People & OD.</p> <p>The Executive Partner from the Prince's Trust reviews the performance of every team individually and reports the results of this to the Prince's Trust Delivery Manager.</p> <p>During the interim period, whilst the Partnership Working Policy is being reviewed, the monitoring of the performance of the Prince's Trust activity will be undertaken by the Executive Delivery Team with effect from April 2016. Any issues arising will be reported to the Strategic Leadership Team.</p> <p>The Deputy Chief Fire Officer is closely monitoring the current situation with the Prince's Trust activity and is providing scrutiny at this level.</p> <p><u>Date for implementation</u></p> <p>To start immediately</p> <p><u>Officer responsible for implementation</u></p> <p>Head of People & OD</p>

Audit Finding	Recommendation	Management Response
<p>4. Income Reconciliations</p> <p>In order to obtain payment for placements, NFRS is required to submit a schedule to the College on a monthly basis in accordance with the terms of the contract. This lists learners who are on a learning break, have withdrawn or completed the course successfully. Supporting evidence which shows learning outcomes is also submitted to the college for verification. From this the college can determine the amount of funding payable per student. The college then submits a payment schedule to NFRS.</p> <p>NFRS is expected to check this list to make sure the details are correct and advise the college promptly if there are any errors. If there are any errors notified, the associated funding will be corrected in the following period's funding report.</p> <p>In the past checks were not routinely made to ensure the amounts shown on the College's schedules were correct, resulting in payment and year-end accruals errors. As a result of this, a Trainee Accountant has been tasked with checking current and previous schedules and discussing any discrepancies with the college.</p> <p>As a result of recent checking, it was identified that there were seven discrepancies for West Notts College, from 47 students, where it appears NFRS has been paid less than the full amount for students that have completed the course. It is not clear why the full amount has not been paid.</p> <p>There were also four discrepancies for students aged 16-18 at Central College, where NFRS has been paid the full amount for students that have not completed the programme. Again the reason for the error is not yet known. At the date of audit, data for 19+ students had not yet been examined.</p> <p>Risk: <i>NFRS may be paid incorrectly.</i></p>	<p>a. The college should be requested to provide details of any calculations whereby the student is not eligible to full funding.</p> <p>b. Checks should be undertaken promptly and comprehensively, to ensure that the expected fees for all enrolled students are accurately recorded and calculated, and any discrepancies are logged and notified to the College in accordance with the payment process.</p> <p>c. Checks should be made to ensure that all fees have been received in accordance with the invoices.</p> <p>d. Accruals in respect of the year-end should be checked to ensure that they have been correctly calculated.</p>	<p><u>Response of Chief Fire Officer</u></p> <p>b & d: A timely reconciliation process for income received has already been implemented and is carried out jointly by Finance Department staff and the Prince's Trust Delivery Manager. It must be recognised that there is a significant delay between the end of a course and the receipt of funding due to the external verification process and this may therefore mean that year end accruals have to be estimated based on reasonable assumptions and may turn out to be inaccurate. The accruals will be checked to ensure that assumptions made are reasonable.</p> <p>c: Sales ledger processes already exist to check that income is received and action taken if not.</p> <p>a: The historic discrepancies relating to some students have not been pursued because the partnership with one college has now ended and the maximum amount claimable within the contract for the other college has been claimed. In future, however, any discrepancies will be queried as soon as the reconciliation work is carried out.</p> <p><u>Date for implementation</u> Immediate</p> <p><u>Officer responsible for implementation</u> Head of Finance</p>

To: Chief Fire Officer
Subject: FRS - Purchase Cards
Date: October 2016

1 Introduction

- 1.1 This report sets out the findings and recommendations arising from a recent review of the Fire & Rescue Service’s Purchasing Card system. The Fire Authority has around 50 card holders and spends on average £7,000 per month through this scheme. The monthly limit across all cards is £110,000.
- 1.2 The purpose of this audit was to evaluate the controls in operation to ensure that the purchase card scheme operates in accordance with policy and provides a secure, efficient and effective method of payment.

We tested a sample of transactions for compliance with documented procedures and controls.

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: -

<i>Risk title</i>	<i>Description</i>
The issue and return of cards is not managed effectively.	Cards are issued inappropriately or not returned after employee leaves.
Spending limits and transaction controls are not effective.	Cards are used inappropriately and changes to credit limits or usage are not authorised.
Purchases are not authorised or	No transaction log is maintained or

appropriately accounted for or card is not used in accordance with the scheme.	purchases are not checked against receipts. NFRS funds are misused on inappropriate purchases.
Transaction logs are not checked or verified by Finance against credit card bills before payment.	Inappropriate use of cards or inaccurate charges are not identified or investigated.

3.2 The scale of the area reviewed is:

<i>Metric</i>	<i>2014-15 actual</i>	<i>2015-16 actual</i>	<i>2016-17 estimated</i>
<i>Annual Expenditure</i>	<i>£108,603</i>	<i>£83,331</i>	<i>£103,000</i>
<i>No of Card Holders</i>	<i>N/K but similar to 2016/17</i>		<i>53</i>

4 Audit findings

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

- Purchase card spending and transactional limits have been established and are operating effectively.
- Transaction logs are independently checked against invoices and receipts on a monthly basis.
- Instances of misuse of the cards or suspicious transactions are investigated and prompt and appropriate action is taken.

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 a brief summary of the medium priority areas, is set out below:-

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
High priority	0	Immediate
Medium priority	4	Within two months
Low priority	2	Within six months
Value for money	0	As soon as practicable

Medium Priority areas:

- We noted an omission on the master record of cardholders, indicating scope for tighter cross-referencing to live cards.
- Testing identified two cards for which the master record had not been updated after the cardholders concerned had left the service, and there was a delay of several months before the cards were cancelled with the bank.
- Sample testing identified some lack of evidence that supervising managers are reviewing how staff are using their purchase cards.
- We found a number of instances of non-compliance with the cardholder obligations, including the incomplete and delayed submission of supporting documentation to Finance.

In addition to the above, documentation confirming the authorisation of the new cards in our sample could not be located. A new procedure has been introduced during the audit to retain the authorising e-mails in the card holder's personal file.

**Audit conducted by: Lesley Bulman
Auditor**

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

Rob Disney, Head of Internal Audit

Internal Audit draft report 2016-11 - Oct 2016	ACTION PLAN FRS - Purchase Cards	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
Medium priority areas (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p>1. Control spreadsheet</p> <p>A master spreadsheet is maintained to record all purchase card user details, spend limits and general information. We noted one current card holder (PK) was not listed on the live section of the control sheet. We are advised that the control spreadsheet is checked from time to time, but in this instance, an omission had occurred.</p> <p>Risk: <i>Inadequate control over purchasing cards.</i></p>	<p>The live cards should be cross-referenced to the control sheet to ensure that the records are accurate.</p>	<p><i>Agreed. This will become a quarterly task for the Senior Accountancy Assistant.</i></p> <p><i>In addition if leavers are identified by the Purchase Ledger Assistants they will cross reference the leaver to the list of card holders to ensure that this is up to date.</i></p> <p><u>Date for implementation</u> <i>November 2016</i></p> <p><u>Officer responsible for implementation</u> <i>Assistant Head of Finance.</i></p>

Audit Finding	Recommendation	Management Response
<p>2. Card Cancellation</p> <p>Card history including additions, deletions, variations and fraudulent activity are all recorded on the master spreadsheet. We examined this spreadsheet to check whether 3 leavers' cards in the last year had been cancelled. However, only one card was recorded as cancelled on the spreadsheet and the other 2 (SE and SA) were shown as still being live. We confirmed that there had been no transactions on any of the above cards and the cards had been cancelled with the bank but not recorded on the spreadsheet. It was also noted that there were several months delay between the leaving date and the cancellation date.</p> <p>Risk: Purchases may be made after staff have left the service.</p>	<ol style="list-style-type: none"> 1. Cancellation of the cards should be included in the leaver process and undertaken promptly to prevent unauthorised use. 2. The master spreadsheet should be updated promptly when changes are made. 	<ol style="list-style-type: none"> <i>1. The HR department will update their standard letter to leavers so that the procurement card is listed. If leavers are identified by the Purchase Ledger Assistants they will cross reference the leaver to the list of card holders to ensure that this is up to date.</i> <i>2. The spreadsheet will be amended so that there is a clear heading of all the different changes and the log of these will also include date amended. Hyperlinks will be added for completeness.</i> <p><u>Date for implementation</u> November 2016</p> <p><u>Officer responsible for implementation</u></p> <ol style="list-style-type: none"> <i>1. Head of HR</i> <i>2. Assistant Head of Finance.</i>

Internal Audit draft report 2016-11 - Oct 2016	ACTION PLAN FRS - Purchase Cards	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>3. Transaction logs</p> <p>Staff are required to complete a monthly log of all purchases and this should be checked by their manager to receipts and the card statement before being passed on to Finance for processing the journals. This confirms all transactions are legitimate and accurate. However we sampled 3 monthly transaction sheets for a sample of 12 card holders and found two instances (IW and AT) where the transaction logs had not been signed by the individual and/or their manager.</p> <p>Risk: <i>Inappropriate use of the card may go undetected.</i></p>	<p>Managers should be reminded that all transaction logs should be independently checked and authorised.</p>	<p><i>An internal document will be produced for all the findings of the audit and circulated to all procurement card holders to remind them of the procedures and their responsibilities.</i></p> <p><i>The finance section will be reminded to check all logs have a relevant signature prior to processing.</i></p> <p><u>Date for implementation</u> <i>November 2016</i></p> <p><u>Officer responsible for implementation</u> <i>Assistant Head of Finance.</i></p>

Internal Audit draft report 2016-11 - Oct 2016	ACTION PLAN FRS - Purchase Cards	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>4. Transaction checking</p> <p>1. The Purchase Card Acknowledgement Form sets out the agreement terms for all card holders. The form states that the card holder agrees to be responsible for the timely completion and submission of the Purchasing card log sheet and submit all documents to the Finance Department by 27th of each month. Also, transactions must be supported by VAT invoices so that Nottinghamshire Fire & Rescue Service can claim the VAT back. We examined a sample of 16 card-holder transaction logs and compared them to the card statements and receipts provided. One transaction log did not agree to the corresponding invoice dated 23/4/16 (IW). The amount recorded on the log was for £1,080 and the amount on the invoice was £720, although the log had been signed by the Manager as correct.</p> <p>2. Two card holders (PH and RC) did not provide receipts for all transactions. Hand written notes of the expenditure were received from PH, whilst RC provided no receipt for a purchase from Amazon although it appears VAT was payable.</p> <p>3. There were noticeable delays in the return of some logs. Only two card holders returned the log by the 27th of the month and 6/16 were received after the date of the invoice payment (9/5/16).</p> <p>4. Checks and reconciliations are undertaken on a monthly basis. However, the late return of logs meant the May and June reconciliations had not been completed as at the end of July. This also has a knock on effect on the posting of journals meaning that commitments are not shown on the accounts in a timely fashion.</p> <p>Risk: <i>Inadequate control of expenditure. Non-compliance with VAT requirements. Delayed identification and notification of disputed payments. Delays in posting commitments to accounts.</i></p>	<ol style="list-style-type: none"> 1. Transaction logs should be checked to supporting receipts and invoice to ensure that the amounts paid match the receipts 2. All transactions should be supported by receipts, including VAT receipts where applicable. 3. All transaction logs should be returned promptly to Finance Department. 4. Reconciliations and journal postings should be carried out promptly each month. 	<p><i>An internal document will be produced for all the findings of the audit and circulated to all procurement card holders to remind them of the procedures and their responsibilities.</i></p> <p><i>The Finance section will reconcile the procurement cards on a monthly basis. If returns are late this shall be addressed by notifying line managers.</i></p> <p><u>Date for implementation</u> <i>November 2016</i></p> <p><u>Officer responsible for implementation</u> <i>Assistant Head of Finance.</i></p>

Internal Audit draft report 2016-11 - Oct 2016	ACTION PLAN FRS - Purchase Cards	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
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Low priority areas (Desirable for effective internal control, may implement recommendations to improve existing control arrangements)

<p>5. Staff Agreement to Terms & Conditions of Use</p> <p>Cardholders are required to complete a Purchasing Card Acknowledgement form upon receipt of their purchasing card. A copy of this is retained on their Personnel folder in HR Department. This confirms that they have received the card and have been made aware of the internal procedures concerning the use of the card. From a sample of 10 card holders, we found an acknowledgement on file in only 5 cases.</p> <p>Risk: <i>Misuse of the cards may be difficult to control.</i></p>	<p>All card holders should be required to sign an agreement for the use of the card and a copy of this should be retained.</p>	<p><i>A new agreement form will be sent out to all card holders and the signed copy of this will be scanned in as a hyperlink to the working papers. The returned forms will also be sent to HR for filing on the PR file.</i></p> <p><u>Date for implementation</u> <i>November 2016</i></p> <p><u>Officer responsible for implementation</u> <i>Assistant Head of Finance.</i></p>
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<p>6. Changes to card limits</p> <p>In order for purchase card limits to be amended, employees or their Manager must request a change in monthly or transaction limit. If this is justified, The Head or Assistant Head of Finance must contact the bank to make the agreed changes. Eight temporary or permanent increases to card limits were examined. The reasons for the increases were not recorded and there was no audit trail.</p> <p>Risk: <i>Increases which are not appropriate may be actioned.</i></p>	<p>The reason for increasing monthly or transactional limits should be justified and documented.</p>	<p><i>The spread sheet log will be amended so that all changes of use/limits have an email from line managers and these will be hyperlinked into the spreadsheet for completeness.</i></p> <p><i>The Senior Accountants now have the authority to contact the bank and make changes. This has been implemented for business continuity reasons.</i></p> <p><u>Date for implementation</u> <i>November 2016</i></p> <p><u>Officer responsible for implementation</u> <i>Assistant Head of Finance.</i></p>
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To: Chief Fire Officer

Subject: ICT Physical & Environmental Controls

Date: January 2017

1 Introduction

- 1.1 We have recently completed a review of the controls in place to protect the ICT equipment from specific physical and environmental risks that could adversely affect the provision of ICT services.
- 1.2 The management objective is to manage the IT equipment to ensure that appropriate physical and environmental controls are in place to provide the continued operation of IT resources across the service.

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



As we have provided only limited assurance, a follow-up review will be arranged in six months' time to assess progress in implementing our recommendations.

3 Risk areas examined

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

<i>Risk title</i>	<i>Description</i>
Physical security of computing facilities	Equipment is at risk of theft, damage or unauthorised access
Service loss or interruption	The loss of equipment or interruption of a service may result in service not being able to meet its obligations.
Financial costs to the Authority	Additional financial costs may have to be borne by the Authority.

4 Audit findings

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

- Controls are in place to restrict access and provide security to the server rooms.
- Service continuity is aided by the presence of smoke detectors, fire suppression equipment and alternative power supplies.
- Satisfactory insurance arrangements are in place for ICT equipment through the general insurance policy.

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 a brief summary of the high and medium priority areas, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
High priority	4	Immediate
Medium priority	4	Within two months
Low priority	1	Within six months
Value for money	0	As soon as practicable

High Priority areas:

- Server rooms were generally untidy and could put equipment and services at risk in the event of a fire.
- Servers at HQ are at risk of damage from water leaks.
- The IT inventory has not been kept up to date.
- Reviews of access to the ICT department and its equipment locations are not performed in line with policy.

Medium Priority areas:

- Policy regarding the location of keys to locations that hold ICT equipment are being contravened.
- Security access reports are not produced and reviewed by ICT management.
- Training in fire suppression has not been provided to all staff.
- Housekeeping within the server rooms is not conducive to ensuring that assets are maintained in an appropriate environment.

Audit conducted by: Helen Lomas
Auditor
Audit supervised by: Paul Bellamy
Audit Manager

Rob Disney, Head of Internal Audit

Internal Audit final report 2016-13 – January 2017	ACTION PLAN ICT Physical & Environmental Controls	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
High priority areas (Essential for effective internal control, must implement recommendations to improve existing control arrangements)		
<p>1. Server room cleanliness</p> <p>The main server room and the server in the A block at HQ and the server room at Highfields are all extremely untidy and contain discarded equipment packaging, old telephones and general rubbish.</p> <p><i>Risk: Equipment is at increased risk of accidental damage and the consequences of a fire would be heightened by the untidiness of the server rooms and the presence of combustible materials.</i></p>	<p>The server rooms should be cleaned and all obsolete material and equipment removed.</p> <p>Regular checks should be carried out to ensure that the server room remains clean and tidy.</p>	<p>Both HQ server rooms have now been cleaned and tidied. Policies to be re-written around regular inspections and cleanliness of the HQ Server Room.</p> <p><u>Date for implementation</u> 03 March 2017</p> <p><u>Officer responsible for implementation</u> ICT Operations Manager</p>
<p>2. Risk of water damage</p> <p>Although the risk of damage as a result of flooding is not thought to be significant, there are concerns regarding the routing and condition of water carrying pipework in the server rooms at HQ.</p> <p>A minor water leak was noted from the air conditioning unit within the main server room at one of the elbow joints near the unit. This was pointed out during the audit checking process.</p> <p>A lack of maintenance and poor positioning of water or heating pipework could result in water damage to equipment.</p> <p>The air conditioning unit within the A block server room was damaged with the broken vent being left next to the unit.</p> <p><i>Risk: Potential loss or interruption to the ICT service.</i></p>	<p>The inspection and maintenance of pipework in the vicinity of the servers should be prioritised and action taken to ensure that the risk of water leaking onto equipment is eliminated.</p> <p>The air conditioning unit should be examined and fixed.</p>	<p>Two server cabinets under the pipework are being removed from the Server Room. Repair work on the air-conditioning system in the Server Room has been escalated to Estates to resolve issues.</p> <p><u>Date for implementation</u> 03 March 2017</p> <p><u>Officer responsible for implementation</u> ICT Operations Manager</p>

Internal Audit final report 2016-13 – January 2017	ACTION PLAN ICT Physical & Environmental Controls	OFFICIAL SENSITIVE
--	--	--------------------

Audit Finding	Recommendation	Management Response
<p>3. Management of the IT inventory</p> <p>An inventory of the server equipment as detailed in policy documents is no longer maintained by IT. As a result it is not possible to identify the purpose of each item of electrical equipment, which are currently in use and which are obsolete.</p> <p>Risk: <i>Without an appropriate and up to date inventory record the authority will not be able to uniquely identify the assets in event of loss.</i></p>	<p>An inventory record should be compiled of the assets within the server room to ensure the authority can uniquely identify all assets. This could also be used to establish which items of equipment are currently in use and which could be disposed of.</p>	<p>An asset register of Server Room equipment to be compiled and stored on SharePoint. Internal meeting held within ICT on 16-12-2016 to discuss rationalisation of virtual servers that are no-longer required.</p> <p><u>Date for implementation</u> 03 February 2017</p> <p><u>Officer responsible for implementation</u> Technical Project Manager - PSN</p>
<p>4. Security Access</p> <p>Section 5.2 of the Security Policy requires the Head of ICT to review team access every three months. No evidence could be found of such reviews having been carried out.</p> <p>As part of the audit process a list of people with electronic key fob access was reviewed. This showed a considerable number of people with access to the server room including non IT staff, former employees and contractors, both named and generic.</p> <p>Discussions with staff showed that there is a lack of clarity regarding the control and use of keys to access server rooms.</p> <p>Risk: <i>Inappropriate access to ICT equipment.</i></p>	<p>An immediate review should take place of all the active access rights to ensure they are restricted to appropriate people. Reviews of team access to the ICT department and the locations in which ICT equipment is held should be performed in accordance with the frequency described in the Security Policy.</p> <p>Control over server room keys should be in accordance with policy and applied consistently across the organisation.</p>	<p>Security policy POL2060 this is now completed. NFRS Control Room Manager has confirmed that access can be removed for Control Room staff. Audit of staff access to server room under way with the assistance of NFRS Estates Team.</p> <p><u>Date for implementation</u> 03 March 2017</p> <p><u>Officer responsible for implementation</u> ICT Operations Manager</p>

Internal Audit final report 2016-13 – January 2017	ACTION PLAN ICT Physical & Environmental Controls	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
Medium priority areas (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p>5. Server Security</p> <p>Section 2.1.6 of the IT Infrastructure Security Policy requires all keys to ICT areas to be held by the ICT department. However, the key for the server room in Block A at HQ is held in the estates office and the key for the server room at Highfield is in the possession of the reception staff.</p> <p>Risk: <i>There is the risk of unauthorised access to servers.</i></p>	<p>In accordance with the approved policy, keys to ICT areas should only be held by the ICT department.</p>	<p>Security policy POL2091 to be updated to include Estates and Corporate Admin as approved key holders who can provide out of hours' access for contractors and external parties to server rooms.</p> <p><u>Date for implementation</u> 03 March 2017</p> <p><u>Officer responsible for implementation</u> Head of ICT</p>
<p>6. Security Breaches</p> <p>There was no evidence that reports of access to the server rooms have been produced and reviewed, as required by section 5.3 of the Security - HQ Server Room Policy.</p> <p>Risk: <i>Unauthorised access might not be detected.</i></p>	<p>Access reports should be produced and reviewed in accordance with policy.</p> <p>Similar arrangements should be established for the server rooms at HQ and the one at Highfields.</p>	<p>A SharePoint based access tracking list will be created and managed by the NFRS ICT Service Desk.</p> <p><u>Date for implementation</u> 03 February 2017</p> <p><u>Officer responsible for implementation</u> Technical Project Manager – PSN/ ICT Service Desk Manager</p>

Internal Audit final report 2016-13 – January 2017	ACTION PLAN ICT Physical & Environmental Controls	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>7. Fire Suppression Training</p> <p>Training was provided to staff when the suppression system was installed in 2012, but there has been no follow up training or any formal training of new staff since that time.</p> <p>Risk: <i>Lack of ability to respond to a fire risk.</i></p>	<p>Training requirements in respect of fire suppression equipment should be determined and delivered to existing staff and new members of staff.</p>	<p>Training to be researched and discussions to be held with Estates for implementation. Discussions had with Estates and awaiting a Training Schedule.</p> <p><u>Date for implementation</u> 31 March 2017</p> <p><u>Officer responsible for implementation</u> ICT Operations Manager</p>
<p>8. Housekeeping and Maintenance</p> <p>Housekeeping and maintenance within the server area is poor, with discarded equipment lying about in all of the server rooms. Disconnected and unlabelled wires were observed hanging from various units within the server room.</p> <p>The door to the server cabinets were left open.</p> <p>During the audit it was noted that the alarm system for the A Block server had been left in the manual position following maintenance by contractors. This was reset to Auto during the audit visit.</p> <p>Maintenance records for the regular checking of smoke detection, fire suppression, alarm and air conditioning equipment were requested during the audit but were not available for inspection.</p> <p>Risk: <i>Poor housekeeping can result in equipment being damaged and lead to various health and safety issues, including an increased fire risk.</i></p>	<p>Efforts should be made to dispose of any discarded or unused equipment. Wires which are no longer in use should be disconnected and removed. Those that are to be retained but are not in use should be labelled. Areas around the servers should be cleaned and maintained regularly.</p> <p>Server doors should be kept closed to protect equipment.</p> <p>Assurance should be obtained that checks and maintenance of smoke detection, fire suppression, alarm and air conditioning equipment takes place and evidential documentation is retained for inspection.</p>	<p>The Server Room has already been cleaned up to remove all unwanted materials. Weekly and daily checks have been Implemented..</p> <p><u>Date for implementation</u> 20 December 2016</p> <p><u>Officer responsible for implementation</u> Technical Project Manager - PSN</p>

Internal Audit final report 2016-13 – January 2017	ACTION PLAN ICT Physical & Environmental Controls	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
Low priority areas (Desirable for effective internal control, may implement recommendations to improve existing control arrangements)		
<p>9. Alternative Power Supply</p> <p>We were informed that the storeroom housing the alternative power supply for the main server was kept locked. During the audit it was found to be unlocked.</p> <p>Risk: <i>Unauthorised access could be gained to the UPS.</i></p>	<p>The storeroom should be kept locked when not occupied.</p>	<p>This is now kept locked and monitored at all times by the ICT Service Desk.</p> <p><u>Date for implementation</u></p> <p><u>Officer responsible for implementation</u> <i>Technical Project Manager – PSN/ ICT Service Desk Manager</i></p>

OFFICIAL SENSITIVE

To: Chief Fire Officer

Subject: FRS - Retained Firefighter Remuneration Procedures

Date: March 2017

1 Introduction

1.1 Concerns were raised by management regarding possible inconsistencies and errors relating to the claiming of fees and allowances by retained firefighters. Audit were asked to review the effectiveness of the controls in place to mitigate against fraudulent or incorrect practices in the claiming and payment of retained firefighters and to identify poor attendance. Retained firefighters receive a nationally agreed payment for the work they undertake and payments comprise retainer fees and allowances based on the hours per week firefighters are contracted to be on call, plus payments for responding to calls, maintaining the equipment, carrying out community fire safety work and other duties.

1.2 The objectives of the system are to ensure that:

- there is a clear policy or guidance in place setting out the practises which must be followed concerning attendance and payment management
- management and other staff are aware of these policies and are complying with them
- the policies are operating effectively and consistently across the board
- management controls ensure that potential fraud and errors are picked before payments are processed.

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



As we have provided only limited assurance, a follow-up review will be arranged in six months' time to assess progress in implementing our recommendations.

3 Risk areas examined

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

<i>Risk title</i>	<i>Description</i>
Inadequate policies, procedures or guidance	Confusion and inconsistencies due to lack of staff and management understanding and adherence to intended policy
Inadequate contracts, administrative training and awareness	Misunderstanding or lack of adherence to correct procedures
Alteration of attendance records	More than one claim made for the same time period or claims made without attendance
Inadequate checking of timesheets and eligible payments	No validation against source data, or inconsistent treatment of allowances
Inaccurate or duplicate payments	Inaccurate information is entered into the payroll system or incorrect payments are made

4 Audit findings

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

- The national joint council for local authority fire and rescue services provides the national policy on remuneration.
- Standard attendance records were used across all Fire Stations and records of attendance are retained.
- There is separation of duties between the input and authorisation of time sheets.
- Controls are in place to prevent duplicate claims from being processed.

4.2 There were some control weaknesses 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 a brief summary of the high and medium priority areas, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
High priority	2	Immediate
Medium priority	7	Within two months
Low priority	0	Within six months
Value for money	0	As soon as practicable

High Priority areas:

- Rules and procedures are inconsistently applied or misunderstood.
- In some cases, declared attendance at weekly drills does not meet the minimum attendance requirements.

Medium Priority areas:

- Inconsistencies were seen in the completion and checking of attendance forms (T43b).
- Inaccuracies were seen in the coding of administrative time.
- There were some instances where attendance had been entered on to the payroll return several days before the event.
- Although attendance is monitored by the watch managers, insufficient cover has sometimes lead to the pump being off the run.
- Inadequate controls where staff on-call have failed to turn out.
- Inadequate controls to prevent alteration of attendance records.
- Inadequate timesheet checking and verification procedures.

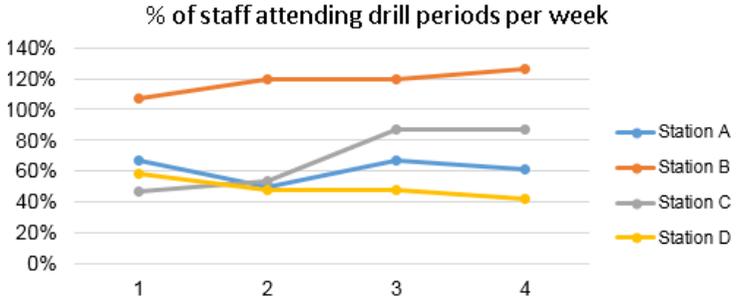
**Audit conducted by: Angela Wendels
Senior Auditor
Audit supervised by: Philip Dent
Audit Manager**

Rob Disney, Head of Internal Audit

Internal Audit report 2016-14 – March 2017	ACTION PLAN FRS - Retained Firefighter Remuneration Procedures	OFFICIAL SENSITIVE
--	--	---------------------------

Audit Finding	Recommendation	Management Response
High priority areas (Essential for effective internal control, must implement recommendations to improve existing control arrangements)		
<p>1. Standard Policy/Guidance</p> <p>Beyond the national role map that provides national policy on remuneration, there is no NFRS written guidance or procedures concerning retained firefighter fees and allowances.</p> <p><i>Risk: Intended rules and procedures are inconsistently applied or standard terms are misunderstood.</i></p>	<p>Written policy guidance and procedures concerning retained firefighters allowances should be established. These should be made available and communicated to all staff so that there is a clear understanding of the rules.</p>	<p>The On Call Review is being undertaken currently and will result in the issuing of guidance for RDS Supervisory Managers, which will cover this issue.</p> <p><u>Date for implementation</u> 30 April 2017</p> <p><u>Officer responsible for implementation</u> Area Manager (Shaping the Future Team) Area Manager (Service Delivery)</p>

Internal Audit report 2016-14 – March 2017	ACTION PLAN FRS - Retained Firefighter Remuneration Procedures	OFFICIAL SENSITIVE
--	--	---------------------------

Audit Finding	Recommendation	Management Response																									
<p>2. Drill Attendance</p> <p>a. There is a mandatory requirement for retained firefighters to attend 47-48 weekly drills per annum (min 2 hours per week). Alternative drills are provided for staff who cannot attend the main drill. All watch managers confirmed they were aware of the requirements.</p> <p>However, we examined attendance records (RDS T53b forms) over different 4 weekly periods at 4 station sampled and found that the average number of staff attending a drill period was between 40% and 87% of staff. However, for one station the records indicated that some staff had regularly attended more than one drill per week:</p>  <table border="1" data-bbox="67 686 806 989"> <caption>% of staff attending drill periods per week</caption> <thead> <tr> <th>Week</th> <th>Station A</th> <th>Station B</th> <th>Station C</th> <th>Station D</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>65%</td> <td>105%</td> <td>45%</td> <td>55%</td> </tr> <tr> <td>2</td> <td>50%</td> <td>120%</td> <td>50%</td> <td>45%</td> </tr> <tr> <td>3</td> <td>65%</td> <td>120%</td> <td>85%</td> <td>45%</td> </tr> <tr> <td>4</td> <td>60%</td> <td>125%</td> <td>85%</td> <td>40%</td> </tr> </tbody> </table> <p>b. Where attendance was over 100% we were told that there had been some mis-codings where some staff were recorded as having attended both the normal and the additional drill in the same week. However, in some instances staff had actually been carrying out tests and inventory checking but coding it to drills. Management confirmed they had told staff to code their time in this way.</p> <p>c. We confirmed with all other stations that non-attendance at drills is recorded on the attendance (F2) forms and manual records of drills and other attendance are retained on the 'retained cover schedule'. However evidence of monitoring drill attendance could only be provided for one station (Station C). Evidence of action taken for non-attendance at drills could not be provided. See Appendix A for key.</p> <p>Risk: <i>Inadequate capability to perform required duties. Incorrect accounting of time spent.</i></p>	Week	Station A	Station B	Station C	Station D	1	65%	105%	45%	55%	2	50%	120%	50%	45%	3	65%	120%	85%	45%	4	60%	125%	85%	40%	<p>a. Non-attendance at drills should be recorded and monitored.</p> <p>b. Time should be allocated to the correct codes.</p> <p>c. Attendance management procedures should be sufficiently robust to ensure that appropriate action is taken for non-attendance at drills.</p>	<p>a. It will be reiterated to local managers that they must monitor attendance at drill nights. This issue will be included in the new performance framework for Service Delivery. In due course the aim is to build the facility to report on drill attendance in the rostering system.</p> <p>b. The RDS Guidance document referred to above will clarify coding to ensure consistency.</p> <p>c. The expectation of what Supervisory Managers should do about non-attendance will be included in the RDS Guidance document.</p> <p><u>Date for implementation</u> 30 April 2017</p> <p><u>Officer responsible for implementation</u> Area Manager (Shaping the Future Team) Area Manager (Service Delivery)</p>
Week	Station A	Station B	Station C	Station D																							
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Internal Audit report 2016-14 – March 2017	ACTION PLAN FRS - Retained Firefighter Remuneration Procedures	OFFICIAL SENSITIVE
--	---	---------------------------

Audit Finding	Recommendation	Management Response
Medium priority areas (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p>2. Drill Attendance Cont...</p> <p><i>Risk: Inadequate capability to perform required duties. Incorrect accounting of time spent.</i></p>		
<p>3. Time Recording Forms</p> <p>Form RDS T53b is used to record attendance at drills, incidents, training and other activities. However, inconsistencies were seen in the completion and checking of these forms.</p> <p><i>Risk: Inconsistencies and inadequacies in the completion of the forms.</i></p>	<p>Explanatory notes which tie in with the written policy guidance and procedures should be established for the completion of and checking of manual form RDS T53b.</p>	<p>The RDS Guidance document will include information on how to complete the T53b form and on what checks should be made.</p> <p><u>Date for implementation</u> 30 April 2017</p> <p><u>Officer responsible for implementation</u> Area Manager (Shaping the Future Team) Area Manager (Service Delivery)</p>

Internal Audit report 2016-14 – March 2017	ACTION PLAN FRS - Retained Firefighter Remuneration Procedures	OFFICIAL SENSITIVE
--	--	---------------------------

Audit Finding	Recommendation	Management Response																																								
<p>4. Coding Attendance</p> <p>We examined 4 weekly attendance returns (Form F2) for each station and saw some inconsistencies in the use of station admin ('G') codes:</p> <table border="1" data-bbox="69 475 909 778"> <thead> <tr> <th>Station</th> <th>A</th> <th>B</th> <th>C</th> <th>D</th> </tr> </thead> <tbody> <tr> <td colspan="5" style="text-align: center;">Time in hours - for month sampled</td> </tr> <tr> <td>F8 Tests</td> <td>6.17</td> <td>51.00</td> <td>42.00</td> <td>35.00</td> </tr> <tr> <td>F2 Cleaning</td> <td>9.25</td> <td>4.25</td> <td>2.00</td> <td>0.00</td> </tr> <tr> <td>G16 Station Audit</td> <td>7.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>G13 & G14 Weekly/Monthly Returns</td> <td>0.00</td> <td>6.00</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>G17 General Admin</td> <td>6.00</td> <td>4.00</td> <td>13.00</td> <td>29.42</td> </tr> <tr> <td>G11 Staff Availability Checks</td> <td>4.00</td> <td>4.00</td> <td>5.00</td> <td>0.00</td> </tr> </tbody> </table> <p>Only one of the 4 stations sampled (B) had correctly used codes G13 and G14 for completion of weekly and monthly returns, although all Managers complete these returns. One Station (D) did not use code G11 for availability checks but instead coded all their 'admin' to code G17 - general admin duties. There are a total of 17 'G' codes although the majority of time is coded to G17. In two instances (C and D) 13 and 29 hours respectively were coded to G17 for the month sampled rather than coding time to the relevant range of codes.</p> <p>We also note that the amount of time coded to tests (F8) varies from 6 hours per month up to 51 hours indicating possible coding errors.</p> <p>Whilst stations have been provided with a wide range of time codes, we understand that management do not currently monitor this level of detail.</p> <p>Risk: <i>Inaccurate analysis information.</i></p>	Station	A	B	C	D	Time in hours - for month sampled					F8 Tests	6.17	51.00	42.00	35.00	F2 Cleaning	9.25	4.25	2.00	0.00	G16 Station Audit	7.00	0.00	0.00	0.00	G13 & G14 Weekly/Monthly Returns	0.00	6.00	0.00	0.00	G17 General Admin	6.00	4.00	13.00	29.42	G11 Staff Availability Checks	4.00	4.00	5.00	0.00	<p>a. To enable management to analyse and monitor how time is used more effectively, time should be correctly coded to the relevant analysis codes.</p> <p>b. To reduce the complexity of the coding structure and provide more qualitative analysis, a range of performance indicators should be developed and appropriate codes used to facilitate the accurate collection of performance data.</p>	<p>The RDS Guidance document will simplify and standardise coding and recommend removal of the weekly "budget" of hours expected in some areas with the aim of promoting accurate recording.</p> <p>The Finance Department provides data on cost comparison between Stations, which is used by Service Delivery District Managers and this is being built into the Station audit process and will assist with the management of performance.</p> <p><u>Date for implementation</u> 30 April 2017</p> <p><u>Officer responsible for implementation</u> Area Manager (Shaping the Future Team) Area Manager (Service Delivery)</p>
Station	A	B	C	D																																						
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Internal Audit report 2016-14 – March 2017	ACTION PLAN FRS - Retained Firefighter Remuneration Procedures	OFFICIAL SENSITIVE
--	--	---------------------------

Audit Finding	Recommendation	Management Response																																	
<p>5. Timesheet Input</p> <p>From our sample of 4 stations, we identified two stations where staff inputting or checking weekly attendance returns (Form F2) were not listed as attending on the day of input or were assigned to other duties:</p> <table border="1" data-bbox="73 507 618 624"> <thead> <tr> <th>Station</th> <th>F2 Ref No</th> <th>F2 Entered Date</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>F204812</td> <td>18/05/2016</td> </tr> <tr> <td>D</td> <td>F204625</td> <td>23/03/2016</td> </tr> </tbody> </table> <p>There were also occasions whereby the person inputting the timesheet data had completed the details before the last day of the month meaning that they could not have verified attendance after that period:</p> <table border="1" data-bbox="73 826 772 1051"> <thead> <tr> <th>Station</th> <th>F2 Ref No</th> <th>F2 Entered Date</th> <th>Period End</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>F204819</td> <td>25/05/2016</td> <td>26/05/2016</td> </tr> <tr> <td>A</td> <td>F204845</td> <td>28/05/2016</td> <td>31/05/2016</td> </tr> <tr> <td>C</td> <td>F204776</td> <td>02/05/2016</td> <td>11/05/2016</td> </tr> <tr> <td>C</td> <td>F204796</td> <td>11/05/2016</td> <td>17/05/2016</td> </tr> <tr> <td>C</td> <td>F204816</td> <td>17/05/2016</td> <td>18/05/2016</td> </tr> </tbody> </table> <p>Risk: Staff may be paid incorrectly.</p>	Station	F2 Ref No	F2 Entered Date	A	F204812	18/05/2016	D	F204625	23/03/2016	Station	F2 Ref No	F2 Entered Date	Period End	A	F204819	25/05/2016	26/05/2016	A	F204845	28/05/2016	31/05/2016	C	F204776	02/05/2016	11/05/2016	C	F204796	11/05/2016	17/05/2016	C	F204816	17/05/2016	18/05/2016	<p>a. Staff completing the F2 sheets should do so after the end of the pay period.</p> <p>b. Controls to prevent prior completion of timesheets should be explored.</p>	<p>Supervisory Managers will be reminded that they are accountable for what they check and sign off, so they must follow the RDS Guidance document.</p> <p><u>Date for implementation</u> 30 April 2017</p> <p><u>Officer responsible for implementation</u> Area Manager (Shaping the Future Team) Area Manager (Service Delivery)</p>
Station	F2 Ref No	F2 Entered Date																																	
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Internal Audit report 2016-14 – March 2017	ACTION PLAN FRS - Retained Firefighter Remuneration Procedures	OFFICIAL SENSITIVE
--	--	---------------------------

Audit Finding	Recommendation	Management Response
<p>6. Staff Availability</p> <p>a. It is commonly understood that retained staff are required to be available for a minimum of 84 hours per week in order to receive the lower retention fee. However, their contracts state that 'Where an employee provides less than 120 hours per week, they will be paid at 75% of the annual retainer of an employee providing full cover'. There is no reference to a minimum of 84 hours in the contract.</p> <p>b. Staff are required to record their weekly availability in the Systel system in order that the Watch Manager can check and arrange cover for the forthcoming week. We found inconsistencies between the number of hours retained staff are actually available per week and in some cases staff were falling short of the 84 hour requirement.</p> <p>c. The number of hours staff are available are not generally monitored as long as the pump is on the run. Staff may book time off for 'social leave' if they do not wish to be called out. There is no standard protocol on when staff may book social leave or how much social leave they can book even where this impacts on service availability.</p> <p>d. Although Systel reports are available, they are not fully utilised to determine how many hours staff are actually available. At one station (D), 7/19 staff had not met the minimum retention hours (84 hours per week) and this was not being adequately monitored. Similarly, other stations were not able to confirm how many hours staff were available. One station (B) with 14 staff reported regular instances whereby crewing levels are particularly bad during the day and the appliance is off the run most days from around 07:00 till after lunch.</p> <p>Risk: Lack of clarity concerning contractual requirements. Inadequate resources to respond to a fire.</p>	<p>a. The minimum number of hours availability should be clarified and documented within the policy and employee certificate of availability. Variances to the norm should be agreed in writing and incorporated into the contract.</p> <p>b. The consequences for non-compliance with the certificate of availability should be agreed and incorporated into the standard policy guidance.</p> <p>c. Clarification should be given regarding the rules for ensuring that the certificate of availability is met.</p> <p>d. Managers should utilise Systel reports to monitor staff availability and identify staff who are falling short of the requirements in order that appropriate action can be taken.</p>	<p>a and b. Availability hours is an issue which is currently being considered with alternative options explored with the aim of increasing availability. Each RDS staff member has an individual certificate of availability, and this will be monitored in the individual's Performance Development Review.</p> <p>c. RDS Guidance document will clarify to Supervisory Managers how they should monitor and manage appliance availability.</p> <p>d. Monitoring of this should be happening through the performance framework and guidance has already been issued on it. Service Delivery is proactively targeting people who are not meeting the 84 hour target and who are not available at the times of high demand.</p> <p><u>Date for implementation</u> 30 April 2017</p> <p><u>Officer responsible for implementation</u> Area Manager (Shaping the Future Team) Area Manager (Service Delivery)</p>

Internal Audit report 2016-14 – March 2017	ACTION PLAN FRS - Retained Firefighter Remuneration Procedures	OFFICIAL SENSITIVE
--	--	---------------------------

Audit Finding	Recommendation	Management Response																																													
<p>7. Callouts</p> <p>a. In a sample of 10 incidents at each of the stations sampled, we identified several instances whereby one or more members of staff on call did not turn out to an incident. See table below.</p> <table border="1" data-bbox="73 459 884 997"> <thead> <tr> <th>Station</th> <th>Numbers not turning out</th> <th>Reason</th> <th>Date</th> <th>Action Taken</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>1</td> <td>Pager did not go off</td> <td>4/8/16</td> <td>Reported fault</td> </tr> <tr> <td>B</td> <td>1</td> <td>Not specified</td> <td>12/3/16</td> <td>Not recorded</td> </tr> <tr> <td>B</td> <td>2</td> <td>Not specified</td> <td>31/3/16</td> <td>2 Staff not on call were called in to cover</td> </tr> <tr> <td>C</td> <td>1</td> <td>Did not turn in</td> <td>7/2/16</td> <td>Not recorded</td> </tr> <tr> <td>C</td> <td>2</td> <td>Did not turn in</td> <td>27/5/16</td> <td>Not recorded</td> </tr> <tr> <td>C</td> <td>1</td> <td>Unexplained</td> <td>3/6/16</td> <td>Not recorded</td> </tr> <tr> <td>D</td> <td>1</td> <td>Could not remember</td> <td>27/8/16</td> <td>Reason for absence form completed</td> </tr> <tr> <td>D</td> <td>1</td> <td>Lack of power</td> <td>4/10/16</td> <td>As above</td> </tr> </tbody> </table> <p>b. The reason for non-attendance or action taken were not always documented and whilst watch managers did indicate that they discussed the reason for absence with the person concerned, in most cases there was no evidence of action having been taken.</p> <p>c. Only one manager had a process in place to record 'reason for absence' on a form and follow this up at a supervision meeting with the person concerned. Such procedures are not evidenced at other stations.</p> <p>Risk: Failure to turn up when on call could result in delays or failure to respond to an emergency due to insufficient numbers. Ineffective attendance management.</p>	Station	Numbers not turning out	Reason	Date	Action Taken	A	1	Pager did not go off	4/8/16	Reported fault	B	1	Not specified	12/3/16	Not recorded	B	2	Not specified	31/3/16	2 Staff not on call were called in to cover	C	1	Did not turn in	7/2/16	Not recorded	C	2	Did not turn in	27/5/16	Not recorded	C	1	Unexplained	3/6/16	Not recorded	D	1	Could not remember	27/8/16	Reason for absence form completed	D	1	Lack of power	4/10/16	As above	<p>a. Standard procedures should be adopted across all stations to monitor non-attendance at call out.</p> <p>b. Records should show reason for non-attendance so that the issues may be addressed.</p> <p>c. Management should take appropriate action where staff fail to turn out without good reason when on duty.</p>	<p>This is a local management issue and expectations have been communicated. Non-turnouts are being followed up and action taken where appropriate.</p> <p>The RDS Guidance document will clarify this.</p> <p><u>Date for implementation</u> 30 April 2017</p> <p><u>Officer responsible for implementation</u> Area Manager (Shaping the Future Team) Area Manager (Service Delivery)</p>
Station	Numbers not turning out	Reason	Date	Action Taken																																											
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Internal Audit report 2016-14 – March 2017	ACTION PLAN FRS - Retained Firefighter Remuneration Procedures	OFFICIAL SENSITIVE
---	---	---------------------------

Audit Finding	Recommendation	Management Response
<p>8. Attendance Records</p> <p>a. Staff attending incidents, drills and other activities are required to sign in and record their attendance. Standardised attendance forms (T53b) have been issued to all stations. The form includes spaces to record:</p> <ul style="list-style-type: none"> • Date • Sheet number • Incident or drill • Nominated crew • Register of attendance at drill or incident (or absence) • Other attendances • Signatures of persons completing and authorising forms <p>Best practice requires that these details are completed fully. From our sample testing, there was no evidence of alterations being made to attendance sheets, however controls to prevent alteration or falsifying attendance are inadequate in some cases.</p> <p>b. Management are required to sequentially number their sheets. However 2/4 stations (A & B) did not comply with this requirement. In one instance (A) the sheet number and signature box had been removed from the T53b template. In this case, there was no evidence of checking undertaken or controls to prevent fraudulent entries from being made.</p> <p>Risk: <i>Unauthorised, incorrect or fraudulent entries may be made.</i></p>	<p>a. Standard attendance forms should be used in their original format and in accordance with best practice.</p> <p>b. All forms should be sequentially numbered and signed to show who has checked and authorised them.</p>	<p>The RDS Guidance document will include information on how to complete the T53b form to take account of the issues identified.</p> <p><u>Date for implementation</u> <i>30 April 2017</i></p> <p><u>Officer responsible for implementation</u> <i>Area Manager (Shaping the Future Team)</i> <i>Area Manager (Service Delivery)</i></p>

Internal Audit report 2016-14 – March 2017	ACTION PLAN FRS - Retained Firefighter Remuneration Procedures	OFFICIAL SENSITIVE
--	--	---------------------------

Audit Finding	Recommendation	Management Response																									
<p>9. Attendance Record Checking and Controls</p> <p>a. T53b forms include pre-printed names of all staff so that each employee may sign in against their name when in attendance. In some cases the officer in charge records any absences next to the persons name so that the forms cannot be amended. Preventative controls do not operate across all sites:</p> <p>Attendance Record Controls</p> <table border="1" data-bbox="73 598 907 1289"> <thead> <tr> <th>Station</th> <th>Drills</th> <th>Incidents</th> <th>Other</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">A</td> <td>Red ticks when checked - absence marked on forms</td> <td>As drills</td> <td>Red ticks and Z below last entry.</td> <td>Empty spaces between lines allow alterations to be made before checking</td> </tr> <tr> <td style="text-align: center;">B</td> <td>No evidence of checking</td> <td>No evidence</td> <td>No evidence</td> <td>Signature strip and sheet number boxes removed</td> </tr> <tr> <td style="text-align: center;">C</td> <td>Absences marked on form, form ticked and initialled</td> <td>As drills</td> <td>Ticks and initials against entry</td> <td>Empty spaces between lines allow alterations to be made before checking</td> </tr> <tr> <td style="text-align: center;">D</td> <td>Non-attendance code entered</td> <td>Ticks against entries but non-attendance left blank</td> <td>Ticks against entries</td> <td>Non-attendance left blank on form</td> </tr> </tbody> </table>	Station	Drills	Incidents	Other	Comments	A	Red ticks when checked - absence marked on forms	As drills	Red ticks and Z below last entry.	Empty spaces between lines allow alterations to be made before checking	B	No evidence of checking	No evidence	No evidence	Signature strip and sheet number boxes removed	C	Absences marked on form, form ticked and initialled	As drills	Ticks and initials against entry	Empty spaces between lines allow alterations to be made before checking	D	Non-attendance code entered	Ticks against entries but non-attendance left blank	Ticks against entries	Non-attendance left blank on form	<p>a. When forms are completed, they should be checked by the responsible officer and standardised procedures should be followed to prevent additional entries or unauthorised alterations from being made.</p> <p>b. Attendance records should be checked as part of the periodic station audits to ensure standardised controls are operating.</p>	<p>The RDS Guidance document will include information on how to complete the T53b form to take account of the issues identified.</p> <p>Station audits do take place although they don't currently cover checking of these particular issues. The checking of T53b forms will be introduced.</p> <p><u>Date for implementation</u> 30 April 2017</p> <p><u>Officer responsible for implementation</u> Area Manager (Shaping the Future Team) Area Manager (Service Delivery)</p>
Station	Drills	Incidents	Other	Comments																							
A	Red ticks when checked - absence marked on forms	As drills	Red ticks and Z below last entry.	Empty spaces between lines allow alterations to be made before checking																							
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Internal Audit report 2016-14 – March 2017	ACTION PLAN FRS - Retained Firefighter Remuneration Procedures	OFFICIAL SENSITIVE
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<p>9. Attendance Record Checking and Controls Cont..</p> <p>b. In all cases, completed forms are stored in a file in the office prior to input into the payroll form (F2). In some cases this can be for up to a month, thus providing an opportunity for them to be accessed and amended before being submitted for payment.</p> <p>Risk: <i>Unauthorised changes to attendance records.</i></p>		
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To: Chief Fire Officer

Subject: Fire Payroll

Date: October 2016

1 Introduction

- 1.1 This report sets out the findings and recommendations arising from a recent review of the Fire & Rescue Service's Payroll System.

Payroll services are provided by Nottinghamshire County Council Payroll using the SAP system. NFRS are responsible for the administration and management of the payroll data, which is carried out by staff at Fire Headquarters.

- 1.2 The purpose of the audit was to evaluate the controls in operation to ensure that accurate and timely payments are made to genuine employees, all deductions are made correctly and all transactions are accounted for accurately in the Financial Management System.

We tested a sample of transactions for compliance with documented procedures and controls.

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: -

<i>Risk title</i>	<i>Description</i>
Inadequate control over new starters	New starters are added without authorisation
Inadequate procedures over leavers	Leavers are not removed correctly and promptly from the system
Failure to make accurate payments	Payments and deductions made are not

and deductions	checked for accuracy and validated
Failure to obtain authorisation for variations	Variations are made to pay without authorisation
Failure to comply with statutory return deadlines	The monthly payroll, statutory returns and payments to HMRC and other bodies are not processed accurately and on time.
Payroll transactions are not accurately recorded in the accounting system.	Inaccurate accounting records are maintained.

3.2 The scale of the area reviewed is:

<i>Metric</i>	<i>2014-15 actual</i>	<i>2015-16 actual</i>	<i>2016-17 estimated</i>
<i>Total Net Expenditure (£m)</i>	<i>£42.690</i>	<i>£40.912</i>	<i>£40.513</i>
<i>Staff Costs (£m)</i>	<i>£32.448</i>	<i>£32.173</i>	<i>£31.946</i>
<i>No of Employees (Ave FTE over year)</i>	<i>851</i>	<i>826</i>	<i>798</i>

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: -

- We confirmed procedures for recording, calculating and processing payments and deductions are satisfactory.
- We confirmed the procedures for authorising and monitoring variations to payroll are satisfactory.
- Procedures ensure that statutory returns and payments to HMRC and other bodies are processed accurately and on time.
- We confirmed there is a monthly reconciliation between the payroll and accounting systems and payroll transactions are recorded accurately.

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 a brief summary of the medium priority area, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
High priority	0	Immediate
Medium priority	1	Within two months
Low priority	1	Within six months
Value for money	0	As soon as practicable

Medium Priority areas:

- Inadequate procedures for checking and reviewing new starter reports.

**Audit conducted by: Lesley Bulman
Auditor**

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

Rob Disney, Head of Internal Audit

Internal Audit draft report 2016-15 – October 2016	ACTION PLAN Fire Payroll	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
Medium priority areas (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p>1. New Starters Exception Report</p> <p>There is currently no exception report specifically on new starters, although we are advised that HR previously produced a starters report for checking but this hasn't been done recently. Details of new starters are included in the monthly HR salaries elements report which is over 7,000 lines and difficult to check. We were advised this report was checked but the checked reports were not retained.</p> <p>Finance also confirmed that they reconcile the budget for whole-time pay but this is based upon numbers not individuals.</p> <p>In addition, we examined a sample of 10 new starter forms. We noted one instance of a new starter being underpaid (employee no 4028224) as the pro-rata hours were input incorrectly into the payroll system. This was addressed during the audit.</p> <p>Risk: <i>Incorrect or false details of new starters may be entered or new starters may be paid incorrectly.</i></p>	<p>1. The exception report detailing new starters should be reinstated and reviewed on a monthly basis. Checked reports should be initialled and retained.</p> <p>2. More robust checks on pro-rata hours should be undertaken.</p>	<p>1. Historically a report has been run from Payroll re starters and leavers. This has lapsed recently but will be re-instated as part of monthly schedule.</p> <p>2. All work to be continued to be checked for accuracy and amended as necessary.</p> <p><u>Date for implementation</u> Dec 2016</p> <p><u>Officer responsible for implementation</u> Julie Hary</p>

Internal Audit draft report 2016-15 – October 2016	ACTION PLAN Fire Payroll	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
Low priority areas (Desirable for effective internal control, may implement recommendations to improve existing control arrangements)		
<p>2. Leaver Checklist</p> <p>HR department produce Cyborg forms when someone leaves. These are sent to payroll for action. The line manager is responsible for ensuring the leaver check list is completed and all security passes, keys and equipment are recovered. However, HR do not receive confirmation that the manager of the leaver has completed their part of the leaving process.</p> <p>Risk: <i>Ex-employees may have access to NFRS property and systems.</i></p>	<p>HR should be advised when the manager has completed their part of the leaver process.</p>	<p>A letter is currently sent to a leaver’s manager to notify and remind them to collect passes etc. The IT access and security pass entry is disconnected at time of leaving.</p> <p>It has been discussed with HR to implement a new procedure when the new HR/Payroll systems are in place Apr 16 to trigger an email reminder whereby the manager would be prompted to confirm their completion of the leaving process.</p> <p><u>Date for implementation</u></p> <p>Apr 2016</p> <p><u>Officer responsible for implementation</u></p> <p>Jackie Haughton/Antonia Shearstone</p>

To: Chief Fire Officer

Subject: NFRS - Financial Management

Date: April 2017

1 Introduction

- 1.1 We have audited the controls in place for the effective management of the financial system (Agresso).
- 1.2 The objective of the system controls in place are to ensure the following:
- User access to the system is appropriate.
 - The integrity of the system has been maintained following recent system updates.
 - All input to the financial systems, whether input directly or via feeder systems, is complete, authorised and accurately calculated and coded.
 - The system provides complete and accurate data for the production of annual accounts and financial returns.
 - Accounting codes are controlled effectively and are adequate for both financial and management reporting requirements and budgets are monitored effectively.

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: -

<i>Risk title</i>	<i>Description</i>
System Access	Fraud or error may take place or be concealed due to inappropriate access to the system.

System integrity	Reports and financial statements are incomplete and do not provide accurate financial information.
Input controls	Information is entered incorrectly into the system, therefore impacting upon the accuracy of financial reporting.
Production of the accounts	Decisions are made on the basis of incorrect information and statutory accounts do not correctly reflect the authority's transactions.
Budget codes	Budget holder approves payments to wrong codes or expenditure may exceed the approved level and action is not taken to correct potential errors.

3.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>2014-15 actual</i>	<i>2015-16 actual</i>	<i>2016-17 estimated</i>
<i>Expenditure (£m)</i>	<i>40.797</i>	<i>40.910</i>	<i>40.844</i>
<i>Income (£m)</i>	<i>1.846</i>	<i>2.337</i>	<i>2.027</i>
<i>Capital (£m)</i>	<i>0.202</i>	<i>5.282</i>	<i>2.539</i>

4 Audit findings

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

- Policies and procedures exist to help prevent unauthorised access to the Agresso system.
- Agresso produces financial reports and budgets are monitored on a regular basis.
- Information is entered correctly into the system and controls ensure that invalid or unbalanced transactions cannot be posted.
- Year-end reports are externally audited to ensure compliance with statutory requirements.

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 a brief summary of the high and medium priority areas, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
High priority	1	Immediate
Medium priority	2	Within two months
Low priority	4	Within six months
Value for money	0	As soon as practicable

High Priority areas:

- Due to an error, it has not been possible to fully reconcile the bank records to Agresso since May 2016.

Medium Priority areas:

- Unauthorised access to computer system may not be fully prevented due to unattended and unlocked computer screens.
- Insufficient evidence that all virements are appropriately approved, and not all approvals are uploaded or scanned into the Agresso document store.

**Audit conducted by: Angela Wendels
Senior Auditor
Audit supervised by: Philip Dent
Audit Manager**

Rob Disney, Head of Internal Audit

Internal Audit Final Report 2016-04 – April 2017	ACTION PLAN NFRS - Financial Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
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High priority areas (Essential for effective internal control, must implement recommendations to improve existing control arrangements)

<p>1. Bank Reconciliations</p> <p>The Senior Accountancy Assistant had carried out or attempted to undertake monthly bank reconciliation reports for the period April to November 2016. However, since May there has been a discrepancy of £20,936.34 which is thought to relate to an error in Agresso. Therefore it had not been possible to fully reconcile the accounts to the bank. This issue has been highlighted to the Systems Accountant and is currently being investigated. In addition, we were advised that a number of errors had occurred affecting the reconciliation process and a number of reconciliations were found to be incomplete.</p> <p>Reconciliation records are held electronically, however, evidence of checking and authorising by the Assistant Head of Finance could not be located. The Senior Accountancy Assistant is uncertain of how or where such records should be maintained (eg electronically or manually).</p> <p>Risk: <i>Errors go unnoticed or are not promptly challenged.</i></p>	<p>a. Further attempts to identify and rectify the discrepancy should be undertaken.</p> <p>b. Bank reconciliations should be undertaken promptly on a monthly basis.</p> <p>c. A record of bank reconciliation authorisation should be maintained.</p>	<p>(a) <i>The bank reconciliation discrepancy was something which needed to be rectified by the Systems Accountant within Agresso. The reason that this wasn't done in a timely way was because the Systems Accountant was on secondment to a project. This was rectified as soon as the Systems Accountant returned from secondment. It should be noted that it was known at the time what the discrepancy related to and bank reconciliations continued to be performed throughout the period with this issue as an outstanding item.</i></p> <p>(b) <i>The Senior Accountancy Assistant aims to carry out the reconciliations on a monthly basis at the beginning of the month.</i></p> <p>(c) <i>An electronic process for authorising bank reconciliations was implemented in May 2016. The Senior Accountancy Assistant now files email authorisations.</i></p> <p><u>Date for implementation</u> 28 March 2017</p> <p><u>Officer responsible for implementation</u> Assistant Head of Finance</p>
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Internal Audit Final Report 2016-04 – April 2017	ACTION PLAN NFRS - Financial Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
Medium priority areas (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p>2. Agresso System Access</p> <p>The NFRS IT Systems Access Policy - POL 2089 Section 5.1 says that 'It is the responsibility of the user to prevent their user name and password being used to gain unauthorised access to NFRS systems by ... "Ensuring that any PC they are using that is left unattended is locked or logged out'.</p> <p>Whilst we are advised that screen savers have been programmed to activate after 7 minutes of inactivity, during the audit we observed an instance whereby a member of the Finance Section left their PC unlocked and unattended.</p> <p>Risk: <i>Unauthorised access to the Agresso system.</i></p>	<p>Staff should be reminded of the requirement to lock their PC when leaving it unattended.</p>	<p><i>All finance staff have received a reminder of the policy and instructions have been given as to how to use a keyboard shortcut to lock screens.</i></p> <p><u>Date for implementation</u> <i>06 March 2017</i></p> <p><u>Officer responsible for implementation</u> <i>Assistant Head of Finance</i></p>

Internal Audit Final Report 2016-04 – April 2017	ACTION PLAN NFRS - Financial Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response												
<p>3. Virement Approvals Records</p> <p>a. In accordance with Financial Procedures section 11.3 - 'Temporary or permanent virements between budget heads within a department are permitted up to a value of £25k subject to the signed approval of the budget holder.' Para 11.5 states that 'permanent virements between non-pay budget heads held by different departments must be approved by the Corporate Management Board, regardless of value.' We examined a random sample of four virements from a total of 14 in the year to date. It was evident from the information provided that the appropriate consent was not obtained in two instances:</p> <table border="1" data-bbox="76 659 907 1002"> <thead> <tr> <th>Batch No</th> <th>Value</th> <th>Purpose</th> <th>Evidence Provided</th> </tr> </thead> <tbody> <tr> <td>487</td> <td>£2,000</td> <td>Permanent virement from partnership budget to ICT budget</td> <td>Email from budget holder</td> </tr> <tr> <td>488</td> <td>£15,000</td> <td>Transfer between project codes</td> <td>Discussed at budget meeting and agreed by telephone (recorded in budget working papers)</td> </tr> </tbody> </table> <p>b. Within Agresso there is a facility to upload scanned and saved documents to the document store which can then be accessed via Agresso. However, it was noted that not all transaction records are uploaded to the system. For instance, information to support virement approvals was found within users email boxes rather than in the Agresso document store.</p> <p>Risk: <i>Unauthorised virements. Evidence to support approval of transactions could be mislaid or difficult to find.</i></p>	Batch No	Value	Purpose	Evidence Provided	487	£2,000	Permanent virement from partnership budget to ICT budget	Email from budget holder	488	£15,000	Transfer between project codes	Discussed at budget meeting and agreed by telephone (recorded in budget working papers)	<p>a. In accordance with Financial Procedures Section 11, written approvals for virements should be obtained from the relevant budget holder, team or committee.</p> <p>b. Evidence of approvals should be uploaded to the document store and linked with the virement.</p>	<p><i>A reminder has been sent to all Accountants in the Team of the financial procedure for virements and of the requirement to attach evidence of authorisation to transactions in Agresso.</i></p> <p><u>Date for implementation</u> <i>06 March 2017</i></p> <p><u>Officer responsible for implementation</u> <i>Assistant Head of Finance</i></p>
Batch No	Value	Purpose	Evidence Provided											
487	£2,000	Permanent virement from partnership budget to ICT budget	Email from budget holder											
488	£15,000	Transfer between project codes	Discussed at budget meeting and agreed by telephone (recorded in budget working papers)											

Internal Audit Final Report 2016-04 – April 2017	ACTION PLAN NFRS - Financial Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
Low priority areas (Desirable for effective internal control, may implement recommendations to improve existing control arrangements)		
<p>4. Log of System Administrator Actions</p> <p>We were advised by the Head of Finance that she had until recently been reviewing system administrator activity logs on a bi-monthly basis. However, this had ceased whilst the Systems Administrator was working on the Agresso upgrade project. It was confirmed that checking would be re-introduced now that the project has come to an end.</p> <p><i>Risk: Inappropriate or fraudulent system administrator actions may not be identified.</i></p>	<p>No recommendation - this issue is being addressed.</p>	<p><i>N/a</i></p>
<p>5. User Access Rights Reviews</p> <p>Occasionally members of staff are given additional access rights. For instance one employee has temporary Systems Administrator access whilst he is working on the Agresso upgrade project. There are processes in place to remove or revoke access levels when someone leaves or changes their job and we were informed that a review of user access rights is undertaken periodically to ensure access levels remain appropriate. However, records of such checks are not maintained.</p> <p><i>Risk: Inappropriate user access is not identified promptly.</i></p>	<p>When periodic checks of user access rights are undertaken, a record should be maintained of the date the checks were undertaken, the person undertaking them and a list of changes that were subsequently made.</p>	<p><i>A record of checks will be implemented.</i></p> <p><u>Date for implementation</u> <i>28 March 2017</i></p> <p><u>Officer responsible for implementation</u> <i>Systems Accountant</i></p>

Internal Audit Final Report 2016-04 – April 2017	ACTION PLAN NFRS - Financial Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>6. Agresso Training and Guidance Notes</p> <p>At the previous audit review it was recommended that guidance notes for the Agresso system should be posted on the intranet. The Agresso system has recently undergone an upgrade resulting in some changes. Whilst the Approvals Guidance for Budget Holders has been amended, the Systems Accountant is aware that amendments are needed to the Agresso Reports Guidance. Once amended it is intended that this information would be made available via the intranet and all staff would be adequately trained.</p> <p><i>Risk: Inability of budget holders to run their own reports.</i></p>	<p>No recommendation - this issue is being addressed.</p>	<p><i>N/a</i></p>
<p>7. Capital Budgets</p> <p>The capital budget for fy 2016/17 was discussed with budget holders and approved by the Combined Fire Authority (CFA) in February 2016. The Assistant Head of Finance compiles reports which go to the Executive Delivery Team (EDT), Senior Leadership Team (SLT) and Finance and Resources Committee. However, capital budgets have not yet been put into Agresso. The Assistant Head of Finance is aware of this and has confirmed that the capital budgets will be recorded in Agresso shortly. Meanwhile, correct budget figures are used for reporting purposes.</p> <p><i>Risk: Inability to rely upon information in Agresso for budget monitoring and profiling purposes.</i></p>	<p>No recommendation - this issue is being addressed.</p>	<p><i>N/a</i></p>

To: Chief Fire Officer

Subject: Anti-fraud and anti-corruption procedures

Date: April 2017

1 Introduction

- 1.1 We have audited the policies, practices and controls in place to mitigate against the risk of fraud and corruption perpetrated by employees, Members, suppliers and the general public.
- 1.2 The objectives are to ensure that:
 - policies and procedures are in place to identify, assess and manage risks of fraud and corruption
 - these policies and procedures are up to date and are being complied with
 - roles and responsibilities are clearly defined and understood
 - staff are aware of and trained in the policies and procedures and kept up to date with changes
 - the control environment and framework are robust

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: -

<i>Risk title</i>	<i>Description</i>
Anti-fraud and anti-corruption policies and strategies are inadequate	Management does not have up to date anti-fraud and anti-corruption policies in place or they are not understood in relation to financial regulations or employee and member codes of conduct.

The fraud risk assessments process is inadequate	Fraud and corruption risk is not identified, assessed or managed adequately.
Ineffective fraud risk management	The organisation does not provide clear messages that they are serious about countering fraud.
Poor control framework	Systems implemented without adequate consideration of controls needed to prevent or detect fraud. Internal audit recommendations are not implemented.
Inadequate control environment	The organisation does not have sufficient or adequate or trained staff to take action against possible fraud and corruption activities.

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: -

- The Fire Authority has an established anti-fraud and anti-corruption policy. The whistle-blowing policy works alongside this and any allegations raised are investigated in accordance with the policy.
- Anti-fraud and anti-corruption procedures, associated policies and standards of probity are available to staff and members and are posted on the intranet.
- System controls are designed to operate in accordance with the Scheme of Financial Management. There is separation of duties within systems.

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 a brief summary of the high and medium priority areas, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
High priority	1	Immediate
Medium priority	6	Within two months
Low priority	2	Within six months
Value for money	0	As soon as practicable

High Priority areas:

- A register of employee interests is not maintained in accordance with Policy POL 2064.

Medium Priority areas:

- The anti-fraud and whistle-blowing policies had not been updated in the last

5 years and do not reflect the current management structure.

- Roles and responsibilities for notifying and carrying out fraud and corruption investigations are not clearly defined within the anti-fraud and whistle-blowing policies.
- Whilst risk assessments are carried out and reviewed on a regular basis, no corporate fraud risk assessment is carried out.
- There are inadequate procedures concerning the maintaining and reviewing of the register of gifts and hospitality.
- Responsibility for the implementation of audit recommendations lies with individual managers, however, there are no formal arrangements to ensure that all audit recommendations are implemented.
- Policies are posted on the intranet, however, there is no process in place to raise awareness or ensure that policies are read and understood.

**Audit conducted by: Angela Wendels
Senior Auditor
Audit supervised by: Philip Dent
Audit Manager**

Rob Disney, Head of Internal Audit

Internal Audit final report 2016-16 – Apr 2017	ACTION PLAN Anti-fraud and anti-corruption procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
High priority areas (Essential for effective internal control, must implement recommendations to improve existing control arrangements)		
<p>1. Register of Employee Interests</p> <p>In accordance with the register of employee interests policy, POL 2064, there is a requirement to maintain a register of employee interests which provides details of any financial or non-financial interests that employees may have which could conflict with the Authority's interest. Employees must complete forms and send them to Human Resources Department if they have an interest to declare. The register should be maintained by the Human Resources Department. However, no such record could be provided to Audit.</p> <p>Risk: <i>Safeguards are not put in place where staff members have a financial or non-financial interest.</i></p>	<p>a. The register of employee interests should be maintained in accordance with the policy.</p> <p>b. All staff should be asked to complete the register of interests form if they have an interest to declare and annual reminders should be issued to staff.</p>	<p><i>The Register of Employee Interests will be developed as a Sharepoint form for employees to complete on the Intranet, with an email alert to be sent to the Head of People and OD and to the Head of Finance whenever an interest is registered. A reminder to employees to register any interests if applicable will be published on the Intranet annually.</i></p> <p><u>Date for implementation</u> 30 June 2017</p> <p><u>Officer responsible for implementation</u> Head of People and Organisational Development</p>

Internal Audit final report 2016-16 – Apr 2017	ACTION PLAN Anti-fraud and anti-corruption procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
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Medium priority areas (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)

2. Fraud and Associated Policy Review

Whilst there is an anti-fraud and anti-corruption policy in place together with associated policies including whistle blowing and gifts and hospitality, these policies date back to 2007. Each policy has a review date, however, these dates have lapsed.

Policy	Policy Date
Anti-fraud	2007
Gifts & Hospitality	2007
Whistle Blowing	2011

Within the anti-fraud policy there is a statement which sets out that the policy should be reviewed on an annual basis and where amendments to policies and procedures occur as a result of legislative and regulations amendments. However, the policy has not been updated, although there has been a staff restructure.

Risk: *Incorrect procedures may be followed. Resilience to fraud and corruption may be compromised.*

The anti-fraud policy, whistle blowing and gifts and hospitality policies should be regularly reviewed and updated according to agreed best practice.

The Whistleblowing Policy was reviewed in November 2016.

The Gifts and Hospitality has been reviewed and is due to go through the consultation process. The Anti-Fraud Policy, which will be re-named The Anti-Fraud and Anti-Corruption Policy, will be reviewed by 31 May 2017.

Date for implementation
31 May 2017

Officer responsible for implementation
Head of Finance

Internal Audit final report 2016-16 – Apr 2017	ACTION PLAN Anti-fraud and anti-corruption procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>3. Roles and Responsibilities in Fraud Investigations</p> <p>Roles and responsibilities of individuals are not clearly defined in the anti-fraud policy. Under the heading 3.5 'raising concerns' it states that staff should follow the guidance in the whistle-blowing policy'. It then goes on to say that 'the Head of Finance and Resources will act as the initial contact point for staff'. Whilst para 3.3 of the anti-fraud policy states that 'all staff are encouraged to inform their line managers if they suspect a case of fraud'.</p> <p>The policy also only sets out the ways for staff and members of the public to voice their concerns and does not refer to the role of elected members.</p> <p>A recent restructure has resulted in a change of job roles and the Head of Finance and Resources role has been allocated to several section heads. This now means it is unclear who should take responsibility for this role.</p> <p>Risk: <i>Allegations are not reported or escalated correctly.</i></p>	<p>a. Roles, responsibilities and the fraud response procedure should be more clearly defined and updated within the policy.</p> <p>b. Consideration should be given to developing a flow chart setting out the key stages of the fraud response process and this should be shared with all staff and members and be incorporated into the revised anti-fraud policy.</p>	<p><i>The revised Anti-Fraud and Anti-Corruption Policy will clarify the fraud response procedure and will be shared with employees and Members.</i></p> <p><u>Date for implementation</u> <i>31 May 2017</i></p> <p><u>Officer responsible for implementation</u> <i>Head of Finance</i></p>

Internal Audit final report 2016-16 – Apr 2017	ACTION PLAN Anti-fraud and anti-corruption procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>4. Fraud Risk Assessment</p> <p>The risk of fraud is identified on the corporate risk register with a risk score of very high. Whilst management does have in place some existing controls which reduce this risk, there is no corporate fraud risk assessment undertaken which might identify the types of fraud and corruption and where they might occur in the Authority.</p> <p>Risk: <i>Vulnerability to fraud and corruption by failing to identify existing or emerging risks.</i></p>	<p>a. A corporate fraud risk assessment to include all risk areas should be completed and updated as necessary.</p> <p>b. Key controls and other measures should be put in place or enhanced to mitigate against the risks identified.</p>	<p><i>A corporate fraud risk assessment will be undertaken, separately from the policy, and will be updated annually and shared with members of the Executive Delivery Team. The risk assessment will include control measures.</i></p> <p><u>Date for implementation</u> <i>31 May 2017</i></p> <p><u>Officer responsible for implementation</u> <i>Head of Finance</i></p>

Internal Audit final report 2016-16 – Apr 2017	ACTION PLAN Anti-fraud and anti-corruption procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>5. Register of Gifts and Hospitality</p> <p>The gifts and hospitality policy para 4.1 states that a register of all gifts and hospitality will be maintained. No register is maintained, however copies of forms are held by the Monitoring Officer and are signed by her as they are received.</p> <p>Paragraph 4.2 of the policy states that the register will be inspected annually by the Treasurer and public upon request as part of the transparency code, however, annual inspections are not undertaken.</p> <p>We examined all declarations of gifts and hospitality received between 1st April 2015 and 31st March 2016. There were 25 forms on file. We found several instances where similar gifts or hospitality had been accepted by one member of staff and not another. For instance cricket match tickets were accepted by MJ but not NT. Guidance on what can and cannot be accepted is unclear.</p> <p>Risk: <i>Inappropriate gifts or hospitality could be accepted without scrutiny.</i></p>	<p>a. A central register of gifts and hospitality should be maintained in line with the requirements set out in the gifts and hospitality policy para 4.1.</p> <p>b. The register should be inspected annually by the Treasurer and made available for any public inspection in line with para 4.2 of the policy.</p> <p>c. The policy could provide examples of what is acceptable and not acceptable.</p>	<p><i>The Gifts and Hospitality Policy has been revised (subject to consultation), and now gives greater clarity about the acceptance or non-acceptance of gifts / hospitality. Declarations will now be recorded by the Finance Department, inspected after the end of the financial year by the Treasurer, and published on the Service's website.</i></p> <p><u>Date for implementation</u> 31 May 2017</p> <p><u>Officer responsible for implementation</u> Head of Finance</p>

Internal Audit final report 2016-16 – Apr 2017	ACTION PLAN Anti-fraud and anti-corruption procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>6. Audit Recommendations and Action Tracking</p> <p>Individual managers are responsible for ensuring that audit recommendations are implemented in accordance with the action plan. However, there are no formal requirements to report upon progress. Whilst an annual report is presented to Finance and Resources Committee, this does not include progress in terms of implementation. The risk of fraud is highlighted within the corporate risk register and internal audit is one of the controls referred to in the management of fraud, however, this is based upon the assertion that all recommendations are implemented in a timely fashion. There is no mechanism for reporting on progress.</p> <p>Risk: <i>Recommendations may not be fully implemented and so fraud risks remain.</i></p>	<p>a. To ensure more timely and effective action tracking, consideration should be given to the internal audit function carrying out routine action tracking.</p> <p>b. Progress regarding medium and high risk audit recommendations should be reported to the Fire Authority on a regular basis so that any outstanding risks can be identified.</p>	<p><i>It is agreed that Internal Audit could in future carry out follow-up checks on medium and high risk recommendations from previous reports. This would be achieved within the current budget for audit days.</i></p> <p><i>Progress on audit recommendations will be reported annually to the Executive Delivery Team, with a summary of progress reported to the Finance and Resources Committee as part of the Internal Audit Annual Report covering report.</i></p> <p><u>Date for implementation</u> 30 June 2017</p> <p><u>Officer responsible for implementation</u> Assistant Head of Finance</p>

Internal Audit final report 2016-16 – Apr 2017	ACTION PLAN Anti-fraud and anti-corruption procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>7. Raising Awareness of Policies and Procedures</p> <p>The anti-fraud policy has been posted on the intranet. However, staff and members may not be aware of its existence or the content of the policy. There is no process currently in place to raise awareness of existing policies and no alerts or training provided to ensure that policies are read and understood.</p> <p>Risk: <i>Lack of understanding or adherence to the policies. Policies not embedded within the organisation.</i></p>	<p>a. The anti-fraud and anti-corruption policy should be refreshed and relaunched to raise awareness of fraud risks and how staff and members should respond if suspicions arise.</p> <p>b. The fraud risk assessment is used as a basis to consider any targeted training that would be appropriate for specific staff.</p>	<p><i>The Service will be using a system called “NetConsent” soon, and the Anti-Fraud and Anti-Corruption Policy and the Gifts and Hospitality Policy will be subject to NetConsent by Managers within the Service. This will require Managers to read and confirm that they have read policies before they can access further systems. These policies will be circulated to elected Members separately.</i></p> <p><u>Date for implementation</u> 30 September 2017</p> <p><u>Officer responsible for implementation</u> Assistant Head of Finance</p>

Low priority areas (Desirable for effective internal control, may implement recommendations to improve existing control arrangements)

<p>8. Anti-fraud Staff Training</p> <p>The anti-fraud policy states that 'Nottinghamshire Fire & Rescue Service recognises that to ensure this strategy is effective, staff are required to be trained in the appropriate anti-fraud and anti-corruption procedures and that training will need to be reinforced regularly.' No recent or regular training has been undertaken.</p> <p>Risk: <i>Anti-fraud and corruption strategy may not be effective.</i></p>	<p>Regular training in anti-fraud and anti-corruption procedures should be given to those charged with investigating alleged financial irregularities.</p>	<p><i>Once the Anti-Fraud and Anti-Corruption Policy has been reviewed, appropriate training for those involved will be considered.</i></p> <p><u>Date for implementation</u> 31 October 2017</p> <p><u>Officer responsible for implementation</u> Head of Finance</p>
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Internal Audit final report 2016-16 – Apr 2017	ACTION PLAN Anti-fraud and anti-corruption procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>9. Register of Irregularities</p> <p>There is no central register of irregularities. Information is compiled annually by the Head of Finance and reported upon within the Annual Accounts.</p> <p>Risk: <i>Inadequate oversight of irregularities.</i></p>	<p>a. Consideration should be given to having a process of collating data such as a central register of irregularities which would make such information more readily accessible for monitoring purposes.</p> <p>b. The register could be used to inform future reviews of the fraud risk assessment.</p>	<p><i>The information which is currently compiled annually will become an ongoing record of significant issues for the Authority, which will include irregularities if there are any. This record will be held by the Head of Finance, and will be shared with the Head of People and OD as appropriate.</i></p> <p><u>Date for implementation</u> 31 October 2017</p> <p><u>Officer responsible for implementation</u> Head of Finance</p>



To: Chief Fire Officer

Subject: NFRS - Risk Management

Date: April 2017

1 Introduction

- 1.1 This report sets out the findings and recommendations arising from a recent review of the arrangements for business risk management. The objective of these arrangements is to confirm that there is an effective framework in place to support the process.
- 1.2 Testing was focused on risk management standards and the procedures followed by the Fire Authority.

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: -

<i>Risk title</i>	<i>Description</i>
Risk management framework	An ineffective framework is in place to support risk management.
Risk identification	New and emerging corporate risks are not identified and assessed on a timely basis.
Risk mitigation	Action taken in response to corporate risks do not mitigate against the risk occurring.
Independent assurance	Inadequate oversight of the risk management process results in a negative impact on the organisation.

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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: -

- A Corporate Risk Management Policy is in place and is kept up to date.
- There are procedures in place to identify and assess new and emerging corporate risks and key risks are recorded on the Corporate Risk Register.
- The risk management system provides a mechanism for escalating and mitigating against corporate risks identified.
- Regular reports on risk management are received by the Finance and Resources Committee.

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 a brief summary of the medium priority areas, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
High priority	0	Immediate
Medium priority	2	Within two months
Low priority	2	Within six months
Value for money	0	As soon as practicable

Medium Priority areas:

- Scope to strengthen the ability of Members to scrutinise risk management actions by setting out the rationale for changes in the risk register.
- A lack of evidence to show that risks have been reviewed by management and mitigating action has been taken.

**Audit conducted by: Stephen Mangan
Senior Auditor
Audit supervised by: Angela Wendels
Senior Auditor**

Rob Disney, Head of Internal Audit

Internal Audit report 2016-12 – April 2017	ACTION PLAN NFRS - Risk Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
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Internal Audit report 2016-12 – April 2017	ACTION PLAN NFRS - Risk Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
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Medium priority areas (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)

Internal Audit report 2016-12 – April 2017	ACTION PLAN NFRS - Risk Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>1. Risk Management Reporting to Members</p> <p>Reports on Corporate Risk Management are presented to the Finance and Resources Committee on a 6 monthly basis. These provide Members with an oversight of key risks to which the Authority is exposed. The purpose of the report is to give Members the opportunity to debate any of the risks or associated control measures as part of the assurance and scrutiny process. A copy of the Corporate Risk Register is included in the report as an appendix.</p> <p>a. We examined the two most recent reports from January and October 2016. We noted that both reports highlighted the top 3-4 risks in terms of severity and key action taken to mitigate against those risks, although the October report provided very little detail. The number of risks on the Corporate Risk Register had reduced from 17 in January to 13 in October without explanation even though two of the risks removed were previously listed as 'high' risk.</p> <p>b. A number of the risk scores had been amended but reasons for changes were not specified. For instance, risk 8 – workforce sustainability - inherent risk has changed from 12 to 16 and residual risk score has increased from 9 to 12. In both cases, likelihood has increased. The wording recorded in the corporate risk register in both cases is identical so it is not clear why the risk has increased.</p> <p>c. In some instances further controls required were shown in the 'actions in progress' column, however, it was not clear if these actions had been undertaken or were still in progress by the next review period and some of the agreed action had been removed without explanation. For example in January 2016, risk 6 – Health, Safety and Welfare. A case study of Meridian Lightweight Technologies was being undertaken to test adequacy of site specific risk identification. The outcome of this was not mentioned in the report and this has now been removed from the 'further controls required' column in the Corporate Risk Register.</p> <p>Risk: <i>Inability of Members to scrutinise actions taken and assess the effectiveness of control measures.</i></p>	<p>To provide Members with improved transparency of corporate risks and any subsequent changes, additional information and a rationale should be provided to highlight where:</p> <p>a. risks have been added or deleted</p> <p>b. risk scores have been amended</p> <p>c. action has been taken to mitigate against risks.</p>	<p>This recommendation is accepted and in future the covering report to the Finance and Resources Committee will include explanations of all material changes to the Corporate Risk Register, including a rationale for removing risks from the register.</p> <p><u>Date for implementation</u> <i>From the July 2017 F&R Committee</i></p> <p><u>Officer responsible for implementation</u> <i>Business Risk Manager</i></p>

Internal Audit report 2016-12 – April 2017	ACTION PLAN NFRS - Risk Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response																									
<p>2. Risk Progress</p> <p>The Service conducts its risk management activities in accordance with best practice and professional guidance such as ISO 31000. ISO requires that risks are monitored. This means to continually check and assess whether or not required or expected performance levels are actually being achieved. The Service Leadership Team (SLT) are responsible for managing the risks detailed in the corporate risk register, monitoring progress of corporate risks, assessing the controls in place and ensuring that effective action is taken to respond to the risks identified.</p> <p>Whilst it is acknowledged that corporate risks are discussed at SLT, the minutes of the meetings do not provide sufficient evidence that risk progress has been reviewed or relevant action has been taken to mitigate against risks.</p> <p>It was noted that 4 risks were removed from the corporate risk register between January and October 2016, however, there is no reference to this in the minutes to suggest that mitigating action has been taken and these items are no longer a risk:</p> <table border="1" data-bbox="76 938 896 1295"> <thead> <tr> <th>Risk No</th> <th>Title</th> <th>Inherent Score</th> <th>Residual Score</th> <th>Action Taken/ Reason Removed</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Major Multi-Agency Incident</td> <td>16VH</td> <td>12H</td> <td>N/a</td> </tr> <tr> <td>11</td> <td>Employee and Member Conduct</td> <td>12VH</td> <td>6M</td> <td>N/a</td> </tr> <tr> <td>13</td> <td>State Aid Challenge</td> <td>6M</td> <td>6M</td> <td>N/a</td> </tr> <tr> <td>14</td> <td>Major ICT Systems</td> <td>15VH</td> <td>9H</td> <td>N/a</td> </tr> </tbody> </table> <p>Risk: <i>Effective action to mitigate risks it not taken. Risks removed inappropriately.</i></p>	Risk No	Title	Inherent Score	Residual Score	Action Taken/ Reason Removed	4	Major Multi-Agency Incident	16VH	12H	N/a	11	Employee and Member Conduct	12VH	6M	N/a	13	State Aid Challenge	6M	6M	N/a	14	Major ICT Systems	15VH	9H	N/a	<p>Where risks are discussed or progress is made, actions and outcomes should be recorded in the SLT minutes.</p>	<p>Future discussions about risk, including the reasons for any changes to risk registers at both Strategic Leadership Team and Executive Delivery Team meetings will be minuted.</p> <p><u>Date for implementation</u> <i>Immediately</i></p> <p><u>Officer responsible for implementation</u> <i>Area Manager Corporate Support</i></p>
Risk No	Title	Inherent Score	Residual Score	Action Taken/ Reason Removed																							
4	Major Multi-Agency Incident	16VH	12H	N/a																							
11	Employee and Member Conduct	12VH	6M	N/a																							
13	State Aid Challenge	6M	6M	N/a																							
14	Major ICT Systems	15VH	9H	N/a																							

Internal Audit report 2016-12 – April 2017	ACTION PLAN NFRS - Risk Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
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Low priority areas (Desirable for effective internal control, may implement recommendations to improve existing control arrangements)

<p>3. Risk Management Guidance</p> <p>The NFRS Corporate Management Policy (Document 1009) was approved by Members in October 2016 and covers key aspects of the overall approach to risk management including:</p> <ul style="list-style-type: none"> • Scope of policy • Reporting arrangements • Roles and Responsibilities) • Monitoring – audit and review • Definitions • Support information <p>Within the policy it states that all employees are responsible for conducting corporate risk management activity in accordance with the Service's corporate risk management policy and associated framework of procedures and guidance. These procedures and guidance do not currently exist, although it is acknowledged that the Business Risk Manager is intending to amend the policy and include further guidance with the policy.</p> <p>Risk: <i>Lack of clarity concerning risk management activity.</i></p>	<p>The guidance referred to in the Corporate Risk Management Policy should be provided for the benefit of all staff and Members.</p>	<p>The Corporate Risk Management Policy is currently being reviewed and will include guidance for users of the policy.</p> <p><u>Date for implementation</u> <i>June 2017</i></p> <p><u>Officer responsible for implementation</u> <i>Business Risk Manager</i></p>
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Internal Audit report 2016-12 – April 2017	ACTION PLAN NFRS - Risk Management	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>4. Risk Management Annual Report</p> <p>The Corporate Risk Management Policy para 1.7 states that 'The Risk Appetite is the level of risk that the Fire Authority, through the Finance and Resources Committee is willing to accept in the discharge of its functions and is both determined and monitored on the basis of an annual report from the Business Risk Manager.'</p> <p>The Business Risk Manager indicated that such a report is not produced although updates on corporate risks are provided to Members on a six-monthly basis.</p> <p>Risk: <i>Inadequate reporting.</i></p>	<p>Consideration should be given as to whether the requirement for an annual report should be removed from the Corporate Risk Management Policy and relevant matters should be added to six monthly updates to Members as part of the report to Finance and Resources Committee.</p>	<p>This recommendation is accepted. The review of the Corporate Risk Management Policy will incorporate the removal of the reference to an annual report to the Finance and Resources Committee. The six monthly updates to Committee will include any relevant matters.</p> <p><u>Date for implementation</u> <i>From the July 2017 F&R Committee</i></p> <p><u>Officer responsible for implementation</u> <i>Business Risk Manager</i></p>

C

INTERNAL AUDIT ANNUAL PLAN AND ACTUAL DAYS 2016/17

Area of Service Activity	Planned Audit Days	Actual Days	Report Ref:	Comments
Audits in progress at year end 2015-16				
Transport Management	n/a	n/a	FRS 1602	Draft issued 11/3/16. Final report issued 31/1/17
Cardiff Checks 15/16	n/a	n/a	FRS 1606	Draft Issued 26/4/16. Final report issued 18/1/17
Contract Management	n/a	n/a	FRS 1607	Draft issued 8/4/16. Final report issued 28/4/16
ICT - Environmental and Physical Controls	10	10	FRS 2016-13	Draft issued 28/10/16. Final report issued 16/1/17
Payroll System	3	3	FRS 2016-15	Draft issued 20/10/16. Final report issued 14/11/16
Anti-Fraud & Anti-corruption Procedures	4	4	FRS 2016-16	Draft Issued 28/10/16. Final report issued 7/4/17
Audits undertaken during 2016-17 Including carry forwards				
Capital	10	10	FRS 2016-01	Draft issued 7/3/17
Cardiff Checks 16/17	10	10	FRS 2016-02	In progress (substantially complete)
Corporate Governance	10	10	FRS 2016-03	Draft report issued 5/5/17
Financial Management	10	10	FRS 2016-04	Final report issued 7/4/17
Notts FRS Trading	0	0	FRS 2016-07	Postponed to fy 2017/18
Princes Trust Partnership Follow up	5	5	FRS 2016-08	Final report issued 23/3/17
Payroll Migration	2	2	FRS 2016-09	In progress (final testing)
Pensions	6	6	FRS 2016-10	Draft issued 21/3/17
Purchase Cards	5	10	FRS 2016-11	Final report issued 28/2/17
Risk Management	10	10	FRS 2016-12	Final report issued 27/4/17
Retained Fire Fighter Remuneration Procedures (using 5 days contingency and 10 days from Officers and Members allowances)	15	15	FRS 2016-14	Final report issued 14/3/17
Client Management	7	7	N/A	
Days carried forward to complete outstanding audits (Notts FRS Trading)	10	10		
Total Audit Days for the Year	117	122		

D

COMBINED FIRE AUTHORITY - INTERNAL AUDIT PLAN FOR 2017/18

SERVICE AREA	Assessed Risk	Audit Frequency (Years)	Year Last Audited	2017/18 Plan	2018/19 Proposed Draft Plan	2019/20 Proposed Draft Plan
Contingency (to be allocated)				3	10	0
Anti-Fraud and Anti-corruption Procedures	Medium	Requested	2015/16			
Asset Management (Redkite System)	Medium	4	2014/15	10		
Capital	Medium	3	2016/17			10
Cardiff Checks	Medium	Annual	2016/17	10	10	10
Contract Management	Medium	3	2016/17			10
Corporate Governance	Medium	2	2016/17		10	
Establishment Expenses	Low		2012/13		10	
Financial Management	High	2	2016/17		10	
Project Management	High	2	-	10		
Income & Debtors	Medium	3	2015/16	10		
Members/Officers Allowances	Medium	3	-		10	
Notts FRS Trading Ltd	Medium	3	2012/13*			
Partnerships	Medium	3	2015/16			10
Payroll	Medium	3	2016/17			10
Payroll Migration - post implementation	High	Requested	-	7		
Pensions	High	3	2016/17		10	
Property/Premises	Medium	3	-	10		
Purchase Cards	Medium	3	2016/17			10
Purchasing & Creditor Payments	Medium	3	2014/15	10		
Risk Management	Medium	3	2016/17			10
Transport	Medium	4	2015/16		10	10
Treasury Management	Medium	3	2014/15	10		
Follow-up Audits		Annual		5	5	5
Client Management				7	7	7
Total planned days for the year				92	92	92

Carried forward audit days from 2016/17

* Notts FRS Trading Ltd