



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

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

# **INTERNAL AUDIT ANNUAL REPORT 2018/19**

Report of the Chief Fire Officer

**Date:** 28 June 2019

**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 2018/19 to 2020/21.

## **CONTACT OFFICER**

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## 1. BACKGROUND

- 1.1 Nottinghamshire County Council has provided an Internal Audit service to the Fire 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 2018/19 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 included in the annual report (Sections 3 and 4).

## 2. REPORT

### NOTTINGHAMSHIRE COUNTY COUNCIL INTERNAL AUDITOR'S REPORT

- 2.1 The Auditor's report is attached at Appendix A. It is divided up into four sections:
  - A A narrative summary to 31 March 2019.
  - B A summary of reports issued to date.
  - C An analysis of progress against plan for 2018/19.
  - D Internal Audit Plan for 2019/20.
- 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 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 2018/19 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.”*
- 2.5 This statement will form part of the Annual Governance Statement to be reported to the Fire Authority in July as part of the Statement of Accounts.
- 2.5 Section B provides a summary of the assurance levels for all audits completed during the year. All but two audits were assessed as either Reasonable or Substantial Assurance. The two providing only limited assurance were the Prince's Trust and the Redkite system (recording of training and health and safety records). Follow-up work is being carried out

to confirm that agreed actions for priority 1 and 2 risk recommendations are being carried out.

### **Prince's Trust**

- 2.6 There have been ongoing issues around the Prince's Trust programme which has been struggling to attract and maintain sufficient numbers to make it cost efficient. Furthermore, there have been issues around outstanding funding from Rotherham College which went back two financial years. It became apparent that the service was not going to receive all the funding that it originally anticipated and this was partially written off in the 2018/19 accounts. Given the level of difficulties, the decision to close the programme was made by the Policy and Strategy Committee in February 2019.

### **Redkite**

- 2.7 The Service has increasingly become aware of issues around the Redkite system for recording firefighter training. In November 2018, Internal Audit were requested to undertake an audit using the contingency days in the audit plan. Whilst the audit has concluded that there is limited assurance, the recommendations have enabled an action plan to be agreed by the Executive Delivery Team (EDT) and progress is being closely monitored.
- 2.8 Section C shows the Auditors actual performance against planned activity for the year 2018/19. All audits have either been completed or are awaiting the final report with the exception of the audit of the Cardiff Checks which is now due to take place early in 2019/20.
- 2.9 Section D shows the internal audit plan for 2019/20 and the draft plan for 2020/21 and 2021/22, which represents the Internal Audit Strategy for the medium-term period. The plan for 2019/20 has been agreed by the Head of Finance following consultation with EDT, 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 future plans if required.
- 2.10 Four reports were presented to this Committee at its meeting on 29 March 2019. The remaining finalised reports are given in full in Appendices E to I of this report:
- Appendix B – Prince's Trust
  - Appendix C – Corporate Governance
  - Appendix D – Financial Management
  - Appendix E – Redkite – Training and Health and Safety Recording
  - Appendix F – Firefighter's Pension Governance

### **REVIEW OF INTERNAL AUDIT**

- 2.11 The requirement for an Authority to maintain an Internal Audit function is derived from local government legislation, including Section 112 of the Local Government Finance Act 1988 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”*

- 2.12 The responsibility for ensuring an effective internal audit function rests with the Authority Treasurer as part of their Section 112 obligations.
- 2.13 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.
- 2.14 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.
- 2.15 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.
- 2.16 There are regular reviews of audit plans and progress by senior managers and the audit team to monitor the work being carried out.
- 2.17 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**

Indirect financial implications relating to policy, procedure updates and staff training are contained within the report.

### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

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

### **5. EQUALITIES IMPLICATIONS**

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**

The contents of this report indicate compliance with statutory legislation and regulations relating to local authority finance and audit accounts and audit.

## **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 IMPLICATIONS**

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

## **10. RECOMMENDATIONS**

That Members note the contents of this report and approve the Internal Audit Strategy for 2020/21 to 2021/22, as set out in Section D of the Internal Audit Annual Report 2019/20.

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

None.

John Buckley  
**CHIEF FIRE OFFICER**

**INTERNAL AUDIT ANNUAL REPORT 2018/19  
TO THE CHIEF FIRE OFFICER**

<b><u>SECTION</u></b>	<b><u>CONTENTS</u></b>
<b>A</b>	<b>Narrative Summary to 31st March 2019</b>
<b>B</b>	<b>Summary of Reports Issued to Date</b>
<b>C</b>	<b>Detailed Analysis of Progress against Plan for 2018/19</b>
<b>D</b>	<b>Internal Audit Plan for 2019/20</b>

### INTERNAL AUDIT ANNUAL REPORT 2018/19

#### SUMMARY

#### **Audit coverage for the twelve months to the end of March 2019**

- 1.1. 11 audits were planned for completion in 2018/19. This included three audits brought forward from 2017/18.
- 1.2. Four<sup>1</sup> final reports were issued in fy 2018/19, comprising three reports relating 2017/18 audits and one relating to 2018/19.
- 1.3. Draft reports were issued in the year for another five audits (Prince's Trust, Pensions, Redkite Compliance, Financial Management and Corporate Governance) with final reports being issued after the year end (April/May 2019). A draft report for the audit of Contract Management was also issued in May 2019. The Cardiff Checks audit for fy 18/19 has been delayed at the request of the Fire Service until July 2019.
- 1.4. All but two areas reviewed to date as part of the 2018/19 Plan have been categorised as providing substantial or reasonable assurance. The two providing only limited assurance were the Prince's Trust and the Redkite system (recording of Training and Health and Safety records). Follow-up work is being carried out to confirm that agreed actions for priority 1 and 2 risk recommendations are being carried out.
- 1.5. Overall, the audit reports issued during the year confirmed that satisfactory control procedures are in operation.
- 1.6. A summary of draft and final reports issued in the 2018/19 financial year, together with the key 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.

#### **Audit Strategy**

- 2.1 A risk analysis and strategy for 2019/20 is attached. (Section D).

#### **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

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<sup>1</sup> In addition, 1 draft report was completed but not issued until after the year end and is referenced in Section B.

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.

- 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 112 officer for the Fire Authority under the Local Government and Finance Act 1988) 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.
- 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 2018/19 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.

## **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 2019

**SUMMARY OF REPORTS ISSUED TO THE FIRE AND RESCUE  
SERVICE FOR THE FINANCIAL YEAR 2018/19  
AS AT 31st MARCH 2019**

### 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 table. Based upon the audits carried out in the year, we have assessed them against the assurance criteria and categorised them as follows:

Level of Assurance	Definition	Audits	Report Ref
<b>Limited Assurance</b>	Risk Levels are High	<b>Prince's Trust</b>	2019-02
		<b>Redkite (Training Records Compliance)</b>	2019-07
<b>Reasonable Assurance</b>	Risk Levels are Acceptable	<b>Project Management</b>	2017-05
		<b>Purchasing and Creditor Payments</b>	2017-07
		<b>Members' and Officers' Expenses and Allowances</b>	2019-01
		<b>Corporate Governance</b>	2019-04
<b>Substantial Assurance</b>	Risk Levels are low	<b>Contract Management (draft)</b>	2019-06
		<b>Fire Fighters' Pensions Governance</b>	2019-03
<b>Other</b>	Consultancy - Report is for information only	<b>Financial Management System</b>	2019-05
		<b>Cardiff Checks 2017/18 Selection</b>	2017-02

## Audit Recommendations

A summary of the Priority 1 (P1) and Priority 2 (P2) recommendations for each of the audits issued is provided below:

Ref	Audit	P1	P2	Final/ Draft	Summary of Action Agreed
2019-07	Redkite – Training Records	3	3	Final	Priority areas were in relation to expired training, the quality and accuracy of training records in the Redkite system and the role of training verifiers.
2019-02	Prince's Trust	2	0	Final	As part of the close down of Prince's Trust, it was agreed that any discrepancies concerning outstanding income would be identified and pursued promptly.
2017-05	Project Management	2	5	Final	The priority areas were in relation to the approval of business cases by EDT and procedures for keeping track of project costs.
2017-07	Purchasing and Creditor Payments	2	2	Final	Priority actions were raised concerning the required checking of Fire Link invoices and controls over amendments to the online stores catalogue pricing data.
2019-01	Members' and Officers' Allowances	2	3	Final	The priority areas concerned the need for an expenses policy and the format of the expenses claim form.
2019-04	Corporate Governance	0	6	Final	Key actions were in relation to the issuing of guidance and training to those charged with Governance.
2019-06	Contract Management	4	0	Draft	Recommendations are in relation to completeness and accuracy of contracts register, succession planning and contract management policy and procedures.
2019-03	Fire Fighters'	0	3	Final	Recommendations were

Ref	Audit	P1	P2	Final/ Draft	Summary of Action Agreed
	Pensions Governance				made to enhance the controls around the role of the Scheme Manager, minuting actions and providing the Pensions Board with the Pension Regulators annual report.
2019-05	Financial Management	0	2	Final	Recommendations were made to enhance controls around reviewing systems administrator logs and evidencing approvals of virements.
2017-02	Cardiff Checks 2017 - 18 Selection	0	1	Final	A recommendation was made concerning the need to review contract longevity for future contracts.

Actions in relation to the above reports were agreed with management.

### **2018/19 AUDITS IN CARRIED FORWARD AT 31/3/19**

**Cardiff Checks (2018/19 selection) – Audit carried forward.**

### **Information and Advice**

In 2018 a new follow-up approach was adopted to obtain assurance that the actions proposed by management in response to Internal Audit's recommendations were being taken. This assurance was obtained in two phases, as set out below:

Priority rating of recommendation	Phase 1 Management assurance	Phase 2 Internal Audit Assurance
<b>High/Priority 1</b>	Assurance complied by Finance Team was sought from management that all agreed actions have been taken	Compliance testing scheduled to confirm all agreed actions relating to high priority recommendations are carried out consistently.
<b>Medium/Priority 2</b>		Compliance testing is scheduled for selected medium priority actions
<b>Low</b>		No Internal Audit compliance testing is carried out

Phase 1 of the process has been undertaken with report presented to the EDT by the Head of Finance. Additional testing is currently being undertaken by internal audit to confirm that agreed priority 1 actions have been completed satisfactorily. A report will be presented to EDT once this work is completed.

## SECTION C

### INTERNAL AUDIT ANNUAL PLAN AND ACTUAL DAYS 2018/19

Area of Service Activity	Planned Audit Days	Budget Days Utilised	Report Ref:	Report Status
<b>Audits in progress at year end 2017/18</b>				
Project Management			2017-05	Final issued
Cardiff Checks FY 17/18 Selection			2017-02	Final issued
Purchasing and Creditor Payments			2017-07	Final issued
<b>Audits undertaken during FY 2018/19</b>				
Members' and Officers' Allowances	<b>10</b>	<b>10</b>	2019-01	Final issued
Prince's' Trust	<b>10</b>	<b>10</b>	2019-02	Final issued
Fire Fighters' Pensions Governance	<b>10</b>	<b>10</b>	2019-03	Final issued
Corporate Governance	<b>10</b>	<b>10</b>	2019-04	Final issued
Financial Management	<b>10</b>	<b>10</b>	2019-05	Final issued
Contract Management	<b>10</b>	<b>10</b>	2019-06	Draft Issued June 2019
Redkite - Training and H&S Recording	<b>10</b>	<b>10</b>	2019-07	Final issued
Cardiff Checks FY 18/19 Selection	<b>10</b>	<b>0</b>	n/a	Postponed at request of NFRS - see note below
Follow up Actions	<b>5</b>	<b>5</b>	n/a	
Client Management Time	<b>7</b>	<b>7</b>	n/a	
<b>Total Audit Days for the Year</b>	<b>92</b>	<b>82</b>		

**Note**

**Carried forward to FY 19/20**

Cardiff Checks FY 18/19 Selection

10 days

## SECTION D

COMBINED FIRE AUTHORITY - INTERNAL AUDIT PLAN FOR 2019/20

SERVICE AREA	Assessed Risk	Audit Frequency (Years)	Year Last Audited	2018/19 Plan	2019/20 Proposed Draft Plan	Planned Time-scale	2020/21 Proposed Draft Plan	2021/22 Proposed Draft Plan
Contingency (to be allocated)					10		5	15
Cardiff Checks/Analytical Checks	Medium	Annual	2017/18	10	10	T1	10	
GDPR Compliance	Medium	Requested	-		10	T1		
Site and Information Security	Med/High	Requested	-		15	T1		
Capital	Medium	3	2016/17		10	T2		
Computer/ICT	Med/High	2	2016/17		10	T2		
Fuel - Depots	Med/High	Requested	-		10	T3		
Policy Management	Medium	Requested	-					
Anti-Fraud and Anti-Corruption Procedures	Medium	Requested	2015-16					
Assets Management	Medium	4	2017/18					
Collaboration with other Services	Med/High	Requested	-					20
Contract Management	Medium	3	2018/19	10				
Corporate Governance	Medium	2	2018/19	10				5
Financial Management	High	2	2018/19	10				5
Health and Safety Procedures Compliance	Medium	Requested	-				10	
Income and Debtors	Medium	3	2017/18					10
Members/Officers Expenses and Allowances	Medium	3	2018/19	10				
Partnerships	Medium	3	2018/19	10				
Payroll	Medium	3	2017/18					

SERVICE AREA	Assessed Risk	Audit Frequency (Years)	Year Last Audited	2018/19 Plan	2019/20 Proposed Draft Plan	Planned Time-scale	2020/21 Proposed Draft Plan	2021/22 Proposed Draft Plan
Pensions (Compliance)	Med/High	2	2018/19	10				
Performance Management	Medium	Requested	-					10
Project Management	High	2	2017/18					
Property/Premises	Medium	3	2017/18				10	
Purchase Cards	Medium	3	2016/17				10	
Purchasing and Creditor Payments	Medium	3	2017/18				10	
Redkite System - Training and Compliance Records	Med/High	Requested	2018/19	10				10
Risk Management	Medium	3	2016/17					
Transport	Medium	4	2015/16					
Travel Claims System		Requested	-				10	
Treasury Management	Medium	3	2017/18				10	
Audit Action Tracking		Annual	2018/19	5	10	T1-3	10	10
Client Management				7	7	T1-3	7	7
<b>Total planned days for the year</b>				<b>92</b>	<b>92</b>		<b>92</b>	<b>92</b>

Please note - 2019-20 includes 10 days carried forward from 2018-19 for Cardiff Checks to be used in Q1

T1 = Term 1 (April - July)

T2 = Term 2 (August - November)

T3 = Term 3 (December - March)



Internal Audit Report

Report ref: 2019-02

OFFICIAL SENSITIVE

**To:** Chief Fire Officer  
**Subject:** Prince's Trust Funding and Reimbursements  
**Date:** April 2019

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## 1 Introduction

- 1.1 Nottinghamshire Fire and Rescue Service delivers the Prince's Trust Programme with support provided by the Nottinghamshire Police and Crime Commissioner. The course is designed to help improve the lives of unemployed young people between the ages of 16 and 25.
- 1.2 Internal Audit were asked to review the procedures regarding funding and reimbursement of expenses. A previous review carried out in fy 2015-16 identified that the Fire Authority would have to meet a shortfall in the income received for the Prince's Trust of around £44k in fy 2016-17. From documentation seen, the average number of attendees on courses in 2017-18 was 11.3 and 8.25 in 2018-19. The Prince's Trust sets NFRS a key performance indicator (KPI) of 13 learners per team. Funding is also based on the retention and achievement of the learners and the KPIs for this are set by the funding body at 98% for retention and achievement. In 2018-19, NFRS average was 79% retention and 76% achievement.

At the start of the audit, a problem was identified in relation to outstanding funding which spanned two financial years. The audit work was delayed following this finding so that the matter could be investigated by the Fire Service. Subsequent to this, it has emerged that the overall forecast net deficit for the 2018/19 fiscal year is expected to be in the region of £121k<sup>2</sup> which will have to met by NFRS. This shortfall was not anticipated, however has since been reported to senior officers resulting in action being taken.

A report was taken to the Finance and Resources Committee in January 2019 and a decision has subsequently been made at Policy and Strategy Committee (February 2019), to close the programme at the end of the academic year. In view of this, our findings are based upon activities up to closure of the programme.

## 2 Audit opinion

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<sup>2</sup> Report to Fire and Rescue Authority Policy and Strategy Committee on Prince's Trust Update – 1<sup>st</sup> February 2019

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

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



**LIMITED ASSURANCE**

**Risk levels are high**



### 3 Risk areas examined

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

<i>Risk title</i>	<i>Description</i>
Funding and Budgeting	Failure to obtain adequate funding and budget for shortfalls may impact on sustainable service delivery.
Reimbursement of Expenses	Policies and procedures for the reimbursement of volunteer and other expenses may not have been established resulting in inconsistencies and confusion over what can be reimbursed.
Volunteers	Induction procedures may not be explained, or may be inadequate leading to potential failures to comply with statutory requirements.

3.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>2016-17 Actual</i>	<i>2017-18 Actual</i>	<i>2018-19 Estimate</i>
<i>Expenditure (£)</i>	<i>£277k</i>	<i>£208k</i>	<i>£214k</i>
<i>Income (£)</i>	<i>£116k</i>	<i>£93k</i>	<i>£57k</i>
<i>Net Cost to the Fire Service (£)</i>	<i>£161k</i>	<i>£115k</i>	<i>£157k</i>
<i>Number of Students</i>	<i>Start 108 Finish 82</i>	<i>Start 69 Finish 50</i>	<i>Start 61 Finish 39</i>

### 4 Audit findings

4.1 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.

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

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	2	Immediate
Priority 2	0	Within two months

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**Priority 1 areas:**

- The list of learners held by the Fire Service has not been checked effectively to the list of learners identified and paid for by the college.
- Incomplete income received from the College has not been identified in a timely manner leading to the potential loss of funding available.

4.3 No advisory actions were discussed during the audit.

**Audit conducted by: Deborah Whitaker  
Auditor**

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

**Rob Disney, Group Manager Assurance**

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Audit Finding	Recommendation	Management Response
<b>Priority 1 areas</b> (Essential for effective internal control, must implement recommendations to improve existing control arrangements)		
<p><b>1. Record of Learners</b></p> <p>Through discussion it was established that, whilst lists of learners are maintained by NFRS, there has not been a robust comparison of amounts actually received from the colleges for the students attending. Nor has the Co-ordinator raised queries when students remained unfunded or appeared to be incorrectly funded.</p> <p><b>Risk:</b> Income due from the college may be forgone due to a lack of timely and robust checking against attendance records.</p>	<p>More thorough checks should be undertaken to ensure that the attendance records maintained by the college agree to the records maintained by the Fire Service so that income due can be accurately calculated.</p> <p>As the programme is prepared for closure, any queries should be raised promptly with the College so that discrepancies can be resolved in a timely fashion.</p>	<p><b>Response:</b></p> <p>Regular checks carried out with Delivery Partner Manager (DPM) and Finance to ensure all records are correct and any discrepancies raised with the college at the earliest opportunity.</p> <p><b>Date for implementation:</b> Start of 18-19 academic year.</p> <p><b>Officer responsible for implementation:</b> Delivery Partner Manager</p>
<p><b>2. Income</b></p> <p>The processes for reviewing amounts to be paid by the college and the reconciliation with NFRS records has not been robustly enforced. This has resulted in balances remaining outstanding for longer than necessary and a failure to promptly identify a reduced level of fees being received. There are still amounts outstanding from 2016-17. Lower levels of income being received by NFRS were not queried in a timely fashion and expectations of further interim payments did not materialise.</p> <p><b>Risk:</b> The anticipated funding may not be received, resulting in additional costs to the Fire Authority.</p>	<p>For any remaining income due, records should be checked promptly in order that any discrepancies can be identified and addressed quickly. Any remaining outstanding income should be pursued promptly.</p>	<p><b>Response:</b></p> <p>Once any payment schedules received these are checked by DPM and Finance, any discrepancies are flagged and invoices are presented in a timely manner.</p> <p><b>Date for implementation:</b> Start of 18-19 academic year.</p> <p><b>Officer responsible for implementation:</b> Delivery Partner Manager / Senior Accountant</p>



Internal Audit Report

Report ref: 2018/2019-04

OFFICIAL SENSITIVE

**To:** Chief Fire Officer  
**Subject:** Corporate Governance - NFRS  
**Date:** May 2019

**5 Introduction**

- 1.1 This report sets out the findings and recommendations arising from the 2018/2019 review of Corporate Governance within Nottinghamshire Fire and Rescue Service (NFRS).
- 1.2 Corporate Governance is the system of rules, practices and processes by which organisations are directed and controlled. It provides a framework for attaining the organisation's objectives and as such, corporate governance is central to the running of the Authority. The purpose of the audit is to review the Fire Authority's governance arrangements as set out in the Local Code of Governance and to assess compliance with the Integrated Risk Management Plan (IRMP).

**6 Audit opinion**

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



**REASONABLE ASSURANCE** Risk levels are acceptable

**7 Risk areas examined**

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

<i>Risk title</i>	<i>Description</i>
Decision Making	Without informed, transparent decisions that are subject to effective scrutiny, the Authority may fail to achieve value for money and members or officers may not be accountable for their decisions.
Members' and officers' training	Members and officers may not have the necessary support to develop their capacity and capabilities.

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<i>Risk title</i>	<i>Description</i>
and experience	
Standards of behaviour	Members and officers may be acting without integrity and compliance to codes of conduct.
Compliance with IRMP requirements	Insufficient preparation to comply with the requirements of the National Framework and GDPR.
Performance Management	The New Performance Management System may not be clearly communicated to all and embedded into the governance arrangements of NFRS.

7.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>2016-17 actual</i>	<i>2017-18 actual</i>	<i>2018-19 Estimate</i>
<i>Expenditure (£m)</i>	<i>42.240</i>	<i>44.064</i>	<i>44.646</i>
<i>Income (£m)</i>	<i>-1.474</i>	<i>-2.093</i>	<i>-1.819</i>
<i>Capital (£m)</i>	<i>2.048</i>	<i>4.060</i>	<i>0.918</i>

## 8 Audit findings

8.1 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: -

- Decision Making - The Fire Authority's governance arrangements are set out in the Local Code of Governance which is consistent with the CIPFA guidance on governance. It makes reference to the policy and decision making process and the management structure set up to discharge those policies. Members and staff have easy access to relevant information and guidance, which include policies, procedure and delegation profiles.
- Standards of Behaviour - Codes of conduct are in place and operating in accordance with the policy.
- IRMP - The Integrated Risk Management Plan sets out the strategic priorities of the Authority for the next five years. The IRMP covering the period 2014-2019 was approved and signed off by the Chief of the Fire Authority and the Chief of the Fire Service. Progress against the priorities was reported through the Statement of Assurance 2017-2018 which was approved by the Chief of the Fire Authority on 28/09/2018.
- Performance Management - A new strategic plan has been launched from 1/04/2019 to strengthen performance management. In future it is intended that performance will be reported regularly and in a more holistic way. As of the 7/05/2019, the Executive Delivery Team (EDT) and Strategic Leadership Team (SLT) will receive monthly reports showing progress against key performance measures. Members will also receive more comprehensive reports on the service's progress against priorities set out in the Strategic Plan through the Policy and Strategy Committee.

8.2 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.

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

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<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	0	Immediate
Priority 2	6	Within two months

**Priority 2 areas:**

- The Member's Handbook could not be located by management during the audit.
- Induction training, including governance for Members, was not effectively pursued.
- The employee induction procedures do not include the requirement to read key policies or procedures and there is no central record to confirm new staff joining NFRS have gone through the induction process.
- Policies governing the financial and non-financial management of the Authority have not been reviewed in accordance with the prescribed time scales and may therefore be out of date.
- The IRMP has not been fully embedded into the Authority's systems for reporting and monitoring purposes, as progress against expected outcomes is not reported to EDT and SLT, as well as Members.
- Actual outcomes required for reporting and monitoring performance internally were not recorded on the action plan of the IRMP against expected outcomes; some data required externally by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) could not be provided due to either information not being collected or not stored in a suitable manner.

4.4 No advisory actions were discussed during the audit.

**Audit conducted by: Jitendra Sheth  
Senior Auditor  
Audit supervised by: Angela Wendels  
Senior Auditor**

**Rob Disney, Group Manager Assurance**

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Audit Finding	Recommendation	Management Response
<b>Priority 2 areas</b> (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p><b>1. Guidance for Members</b>            We were unable to obtain the Members' Handbook following a request to the Head of Finance for sight of a copy. Although the Head of Finance subsequently raised an enquiry with other members of staff, a copy could not be found.</p> <p>In view of this, we are unable to confirm whether the original Members' Handbook is still available and whether it contains relevant and useful information for Members.</p> <p><b>Risk:</b> In the absence of a Members' Handbook, Members may not have a point of reference to guide them in their responsibilities towards NFRS, and as a source of other information relevant to their role.</p>	<p>A Members' Handbook should be written and made available to all Members.</p>	<p><b>Response</b>            There are several documents which together form the Members Handbook. These documents will be collated and circulated to Members.</p> <p><b>Date for implementation</b>            July 2019</p> <p><b>Officer responsible for implementation</b>            Monitoring Officer</p>
<p><b>2. Members' Training</b>            Training sessions are organised for Members during their tenure. Generally, training sessions are held shortly after the Council elections and at regular intervals thereafter. We found that although training sessions for Members had been organised in f/y 2018/2019, they were cancelled and not re-scheduled.</p> <p>Training is proposed for new and existing Members following the Local Authority Elections in May 2019.</p> <p><b>Risk:</b> Members who have not received training may not be sufficiently informed of NFRS's policies and procedures and how this relates to their role as a Member.</p>	<p>Training sessions should be organised for new and existing Members. Those Members unable to attend the training session should be offered an alternative date. Members who have not attended either training session should be sent material relating to the training.</p>	<p><b>Response</b>            A training session is being organised for all Members following the elections on 2 May 2019. Training material will be circulated following the session.</p> <p><b>Date for implementation</b>            July 2019</p> <p><b>Officer responsible for implementation</b>            Chief Fire Officer / Monitoring Officer</p>

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Audit Finding	Recommendation	Management Response
<p><b>3. Officers' Induction Training</b>            New employees are required to attend a mandatory induction in accordance with the Employee Induction Procedure. Our examination of the Employee Induction Procedure showed that it had not been updated since January 2011. Consequently, some of the processes may no longer apply or may have been replaced with new guidance.</p> <p>The induction process is managed locally within service areas, with managers responsible for undertaking this process. We found that there was no central record to confirm new staff joining NFRS had gone through the induction process.</p> <p><b>Risk:</b> Staff who are not appropriately inducted or given out of date information may not adhere to latest policies and procedures.</p>	<p>a) The induction process should be reviewed regularly to ensure it is in line with current practice.</p> <p>b) Staff should be inducted as a mandatory part of the recruitment process and a central record of induction compliance should be maintained.</p>	<p><b>Response</b>            The induction process is updated when new information becomes available (such as new e-learning packages that form part of the induction process.</p> <p>The induction procedure is due for renewal and will be reviewed accordingly.</p> <p>Induction will be added to HR records on completion.</p> <p><b>Date for implementation</b>            July 2019</p> <p><b>Officer responsible for implementation</b>            Head of People and OD</p>

Audit Finding	Recommendation	Management Response															
<p><b>4. Policies and Procedures</b> We found that there are a number of policies and procedures relating to non-financial matters that have not been updated since 2011/2012 including the following:</p> <table border="1" data-bbox="209 454 817 898"> <thead> <tr> <th>Policy/Procedure</th> <th>Date Created</th> <th>Date Updated/ Approved</th> </tr> </thead> <tbody> <tr> <td>Induction Procedure</td> <td>Jan 2011</td> <td>Not recorded</td> </tr> <tr> <td>Whistle Blowing Policy</td> <td>Not recorded</td> <td>Not recorded</td> </tr> <tr> <td>Guide to Supporting Disabled Employees</td> <td>Not recorded</td> <td>Not recorded</td> </tr> <tr> <td>Equality Policy</td> <td>Not recorded</td> <td>Not recorded</td> </tr> </tbody> </table> <p>Our discussions and review also showed that there are in excess of 100 policies and procedures, some of which we are informed, may no longer be relevant.</p> <p>We were also advised by the Head of Finance that key financial policies have not been reviewed and updated for at least 2 years. We were also unable to confirm these had been formally approved. These included:</p> <ul style="list-style-type: none"> <li>• Statement of Financial Principles - No date recorded on the copy received</li> <li>• Financial Regulations - No date recorded on the copy received but a version reviewed on 5/3/2015 was found</li> <li>• Financial Procedures - No date recorded on the copy received.</li> </ul> <p><b>Risk:</b> Staff may follow incorrect procedures and policies that no longer apply.</p>	Policy/Procedure	Date Created	Date Updated/ Approved	Induction Procedure	Jan 2011	Not recorded	Whistle Blowing Policy	Not recorded	Not recorded	Guide to Supporting Disabled Employees	Not recorded	Not recorded	Equality Policy	Not recorded	Not recorded	<p>a) The key policy documents governing the financial and non-financial management of the Authority should be reviewed periodically in accordance with the specified review date and presented to the relevant Committee for formal approval.</p> <p>b) Policies should be version controlled, with the date of approval recorded on the document.</p> <p>c) Any policies and procedures that are no longer relevant or applicable to the Authority should be removed from circulation.</p> <p>d) Consideration should be given to providing a link to Financial Principles, Financial Regulations and Financial Procedures in the Scheme of Management or to the creation of a Policy Library on the Intranet which could incorporate a list of all up to date policies.</p>	<p><b>Response</b> The review of policies is an area that is already under review by the Service. Policies are kept on SharePoint which includes details of review dates, so going forward this will provide a prompt to responsible officers. This will also assist with version control.</p> <p>The Financial Guidance Notes were internally reviewed in April 2017 and will be reviewed again following the completion of the Statement of Accounts.</p> <p><b>Date for implementation</b> The Policy review will be undertaken by September 2019. The review of individual policies will be prioritised as this will take substantially longer.</p> <p>The Financial Procedures will be updated by September 2019.</p> <p><b>Officer responsible for implementation</b> Head of Corporate Resources Head of Finance</p>
Policy/Procedure	Date Created	Date Updated/ Approved															
Induction Procedure	Jan 2011	Not recorded															
Whistle Blowing Policy	Not recorded	Not recorded															
Guide to Supporting Disabled Employees	Not recorded	Not recorded															
Equality Policy	Not recorded	Not recorded															

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Audit Finding	Recommendation	Management Response
<p><b>5. Embedding IRMP</b>            We found that the IRMP has not been fully embedded into the Authority's systems for reporting and monitoring purposes, as progress against expected outcomes is not reported to EDT and SLT on a regular basis.</p> <p>IRMP (2014-2019) includes an Action Plan (Page 26 of IRMP) which sets out six priorities of the Authority's - "Services to the Community"- and the expected outcomes against each area of activity.</p> <p>The six priorities are:</p> <ul style="list-style-type: none"> <li>• Service delivery</li> <li>• Employees &amp; Development</li> <li>• Improvement &amp; Governance</li> <li>• Engagement &amp; Partnerships</li> <li>• Environment</li> <li>• Inclusion &amp; Equality</li> </ul> <p>Progress against the above six priorities is reported annually through the Statement of Assurance. However, in year reporting of performance during 2018/2019 was piecemeal, with reports going to individual committees to inform Members how the services had performed against the expected outcomes. Performance was not reported holistically to the appropriate decision making bodies, ie EDT and SLT who have operational and strategic responsibility respectively for monitoring performance on a day to day basis.</p> <p><b>Risk:</b> The lack of an effective system of reporting performance to the appropriate decision making bodies of the Authority (EDT and the SLT) hinders effective monitoring.</p>	<p>IRMP should be fully embedded into the Authority's performance management system by ensuring a more holistic system of reporting and monitoring performance is in place which includes comprehensive performance data being reported to the EDT in the first instance and subsequently to SLT.</p>	<p><b>Response</b>            A new IRMP has been approved for 2019 to 2022 and a year one action plan has been drawn up by SLT. The action plan has been built into departmental business plans. The action plans and business plans will be monitored by EDT going forward.</p> <p><b>Date for implementation</b>            May 2019</p> <p><b>Officer responsible for implementation</b>            Chair of EDT</p>

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Audit Finding	Recommendation	Management Response
<p><b>6. Performance Management</b>            As stated above, IRMP (2014-2019) includes an Action Plan (Page 26 of the IRMP) which sets the six priorities of the Authority's - "Services to the Community"- and the expected outcomes against each area of the activity.</p> <p>Examination of the Action Plan showed that it had not been completed with actual outcomes.</p> <p>NFRS is also required to report on specific areas of performance externally to Her Majesty's Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS) by completing the annual Fire &amp; Rescue Service Inspections Data Collection Form. Our review of the return for f/y 2018/2019 showed that some data required in the return could not be provided, due to either targets not being set, or information not collected, or not stored in a sufficient way to calculate the breakdown.</p> <p>It is acknowledged that improvements are being made from April 2019 to ensure that a more robust system is in place to provide the required information.</p> <p><b>Risk:</b> Poor performance may not be identified and reported on a timely basis.</p>	<p>a) The Action Plan set out in the IRMP should be completed with actual outcomes and any significant departure from the expected outcome should be highlighted and reported.</p> <p>b) Procedures should be put in place to ensure all the information required by HMICFRS for the annual return is easily and quickly available.</p>	<p><b>Response</b>            The revised action plan (see Audit Finding 6) is being kept under review by EDT going forward.</p> <p>Performance Management is an area that is currently being reviewed. A new system is being introduced to facilitate this (PowerBI) which should help with automating the provision of information.</p> <p><b>Date for implementation</b>            The PowerBI system is installed and is anticipated to be operational by the end of the financial year.</p> <p><b>Officer responsible for implementation</b>            Head of Risk and Assurance</p>



Internal Audit Report

Report ref: 2019-05  
OFFICIAL SENSITIVE

To: The Chief Fire Officer  
Subject: Financial Management - NFRS  
Date: April 2019

9 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.

10 Audit opinion

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



SUBSTANTIAL ASSURANCE Risk levels are low

11 Risk areas examined

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

Risk title	Description
Budgetary Control and Monitoring	Budgets may not be effectively controlled, monitored, reviewed or subject to challenge.
System Access	Fraud or error may take place or be concealed due to inappropriate access to the system.
Budgetary Inputs	Budgets input into the system may not reflect the

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<i>Risk title</i>	<i>Description</i>
and Amendments	approved budgets.

11.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>2016-17 actual</i>	<i>2017-18 actual</i>	<i>2018-19 actual</i>
<i>Expenditure (£m)</i>	42.240	44.064	44.646
<i>Income (£m)</i>	-1.474	-2.093	-1.819
<i>Capital (£m)</i>	2.048	4.060	0.918

## 12 Audit findings

12.1 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: -

- Budgetary Control and Monitoring - Agresso produces financial reports and budgets are monitored on a regular basis.
- System Access - Policies and procedures exist to help prevent unauthorised access to the Agresso system.
- Budgetary Inputs and Amendments - Information is entered correctly into the system and controls ensure that unbalanced transactions cannot be posted.

12.2 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.

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

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	0	Immediate
Priority 2	2	Within two months

### Priority 2 areas:

- The system administrator activity is not reviewed, meaning that inappropriate or fraudulent activity may go undetected.
- Insufficient evidence within the Agresso system that virements have been requested or approved in line with financial procedures.

4.4 In addition to the findings presented in the Action Plan, advisory actions were discussed with management relating to user access right verification.

**Audit conducted by: Deborah Whitaker**  
Auditor

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

**Rob Disney, Group Manager Assurance**

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Audit Finding	Recommendation	Management Response
<b>Priority 2 areas</b> (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p><b>1. System Administrator action review</b>            Whilst the System Administrator's actions are automatically recorded within the system, there is no independent review of these activity logs.</p> <p><b>Risk:</b> Inappropriate or fraudulent system administration actions may not be identified.</p>	<p>Independent reviews of the System Administrator activity logs should be carried out and evidenced.</p>	<p><b>Response</b>            Agreed – will be reviewed going forward.</p> <p><b>Date for implementation</b>            May 2019</p> <p><b>Officer responsible for implementation</b>            Head of Finance</p>
<p><b>2. Virement request and approval evidence</b>            When reviewing the request and authorisation of virements, no documents to support the request or approval were stored within the Agresso system. All documents supporting virement requests and approval were held within other systems.</p> <p><b>Risk:</b> Loss of audit trail for virement movements.</p>	<p>Evidence of virement approvals and requests should be uploaded to the Agresso document store and linked with the virement.</p>	<p><b>Response</b>            Will be implemented with immediate effect.</p> <p><b>Date for implementation</b>            May 2019</p> <p><b>Officer responsible for implementation</b>            Systems Accountant</p>



Internal Audit Report

Report ref: 2019-07

To: Chief Fire Officer

OFFICIAL SENSITIVE

Subject: *NFRS - Redkite People Development System*

Date: April 2019

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**1** *Introduction*

- 1.1 We have carried out an audit of the service's Redkite People Development System which is used to record training that supports the maintenance of competencies for firefighters.
- 1.2 Staff should be assessed by their supervisors as competent against the required standards at set intervals, which for most standards is every two years. This is entered on Redkite by supervisors (Crew or Watch Managers) as 'assessed training.' In the interim, between these intervals, staff may carry out and enter training to prevent skills erosion. The terminology for this type of training is 'not assessed' training. Recommended frequencies for this interim training are included in Redkite. The quality of the 'assessed training' records entered by the supervisors should be reviewed ('verified') by Station Managers.
- 1.3 Our review followed management concerns that were raised with us about the timely completion of training, the quality of the training records, and management review of the records. These aspects were examined on this review.

**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**



- 2.3 This opinion reflects that, in the most significant control areas, the system is well designed but is not being used effectively.

**3** **Risk areas examined**

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

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<i>Risk title</i>	<i>Description</i>
Redkite System Parameters	The Redkite system may not be updated or configured to record all the necessary competencies and emerging training requirements which operational staff are required to maintain.
Data Quality, Completeness and Monitoring	The quality of the training records being input to Redkite by operational personnel or validated by management may not be fit for purpose or may be incomplete.
Corporate Overview	The intended purpose of using Redkite may not fulfil organisational expectations (to identify, learn and prevent causes of death in service or injury).

#### **4 Audit findings**

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

- Redkite System Parameters - The competencies built into the system are based on the National Occupational Standards (the 'standards'), which are supplemented by training activities developed by NFRS and are mapped to the standards. The standards are up-to-date. The training activities, were based on existing training requirements and were entered by an appropriate member of staff.
- Data Quality, Completeness and Monitoring - Redkite contains a dashboard, and can produce reports, which alert staff and their supervisors to the training that they need to do. A description of the activity supporting the training can be entered as free text. 'Assessed Training' is always entered by the supervisor and we found that it is entered promptly. The work of the supervisors can be reviewed ('verified') by Station Managers.
- Corporate Overview - NFRS has a policy relating to training that covers the purpose and use of Redkite. Redkite contains a user guide which has been supplemented by tutorial videos developed in-house by NFRS for staff, supervisors, and verifiers.

4.2 There was one notable limitation in the scope of our review. Within the time allocated for the review we were unable to obtain access to, and therefore assess, the tutorial videos on Redkite. We obtained access to Redkite but further access rights would have been needed to view the tutorials.

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 brief details of the related findings, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	3	Immediate
Priority 2	3	Within two months

**Priority 1 areas:**

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- Approximately 14% of 'assessed training' against the standards had not been completed.

- Evidence to support driving competencies was based on insufficient evidence in almost half of the cases we looked at. Most commonly, training was signed off on experience of driving to incidents and events rather than formal training. We also found examples of training that appeared to be irrelevant to the specified competency or not clearly described.

- Some Station Managers are not carrying out a sufficient number of verifications of the training entered by supervisors on behalf of their staff.

**Priority 2 areas:**

- Training records are held on a number of different systems and no central record is maintained.

- There is uncertainty whether all of the standards are mapped to training.

- The training policy does not include the corporate review of training records, and is not specific on the roles of supervisors and managers.

4.4 No advisory actions were discussed during the audit.

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

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

**Rob Disney, Group Manager Assurance**

Audit Finding	Recommendation	Management Response
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**Priority 1 areas** (Essential for effective internal control, must implement recommendations to improve existing control arrangements)

**1. Expired Training**

A 'status of competence' report can be run from Redkite on the number of training episodes that have been completed, and the number that are expired.

We ran such a report for completed 'assessed training' against the standards at each fire station. At the time of our audit the reports showed that 4,375 competencies had been completed but a further 699 had expired. This indicates a level of non-compliance of approx. 14%.

The stations that stand out as accounting for the highest numbers of expired training are Arnold (88), London Road (65) and Newark (61). Mansfield (33) has a similar proportion of expired training but is a smaller station. The table below shows how these figures compare as a percentage of all training.



These 'status of competence' reports had to be run separately for each fire station as Redkite could not produce one report that analysed by fire station. Also, the report does not include totals, so the reports had to be exported and totals added manually. These aspects make the analysis

The level of expired competencies should be addressed. The fire stations with the highest numbers could be prioritised.

Management information should be reported corporately on the above.

Improved reporting of the 'status of competence' report should be explored. This would include the reports totalling the columns of completed and expired training, and producing a report that analyses by fire station to overcome having to run separate reports for each fire station.

**Response**

Review of currently recorded competencies against operational standards. Expired competencies identified, to be prioritised and addressed over the next 6 months.

Training and guidance to be given to operational supervisors and middle managers in the use of management / 'status of competence' reports to identify training needs and the ongoing competency status of operational crews.

A system for ongoing management, maintenance and administration of Redkite is to be established.

Maintenance and competency to be reported 6 monthly, via the internal governance structure (EDT/SLT).

**Date for implementation**

September 2019

**Officer responsible for implementation**

AM Service Delivery / Head of People and OD/  
Head of Assurance, Risk and Operational Training

6 monthly report to go to EDT

Audit Finding	Recommendation	Management Response
<p>more time consuming.</p> <p>We were informed that these reports are not monitored corporately to identify non-compliance.</p> <p><b>Risk:</b> Firefighters do not have, or do not demonstrate that they have, the required competencies.</p>		

Audit Finding	Recommendation	Management Response
<p><b>2. Quality of training records</b></p> <p>We selected a limited sample of training activities by five members of staff. On Redkite their staff numbers were 2132 at Arnold, 5048 at Stockhill, 4071 at Newark, 4191 at Warsop and 2452 at Blidworth. The first four were drivers. The latter, a retained firefighter, was not a driver.</p> <p>We checked the evidence supporting their completed 'assessed training' in three areas. These were 9m ladder, hydraulic cutters, and the four driver competencies - emergency, non-emergency, slow speed manoeuvres, and knowledge &amp; understanding.</p> <p>All five had satisfactory evidence to support their competency with 9m ladder and hydraulic cutters.</p> <p>The evidence to support the driving competencies was less satisfactory. Four of the sample were drivers and there are four driver competencies, meaning that 16 competencies were checked in total. Of these, seven competencies had been based on insufficient evidence.</p> <p>The most common issue was that the training was signed off on experience rather than formal training, for example driving to incidents and events. We judged this to be the case for staff number 2132 (for emergency and slow speed manoeuvres), 5048 (for knowledge &amp; understanding) and 4191 (for all four driving elements).</p> <p>A further issue is that training was entered which was irrelevant to the competency it was evidencing. For example, under slow speed manoeuvres staff number 2132 included activity number '645996', described as 'Appliance change over, testing of pumps/ladders.' Also for this employee, although the 9m ladder competency was satisfactorily evidenced, there were two other activities evidencing this competency whose relevance to it was unclear. Activity number '651870' was described as 'pump change over testing of equipment' and activity number '1092486' was described as 'House Fire.'</p> <p><b>Risk:</b> Firefighters are assessed as competent based on experience which might be insufficient or irrelevant.</p>	<p>Consider making it a requirement that 'assessed training' is based on evidence-based or formal training such as 'drill / exercises' only.</p> <p>The provision of driving competencies, may need to be expanded and reliance placed upon planned and verifiable activities rather than driving to incidents.</p> <p>The evidence supporting the training, which is free text, should directly refer to the type of training that it is recorded against.</p>	<p><b>Response</b></p> <p>Guidance to be published on the assessment of evidence based or formal training, and the standards of assessment expected by NFRS.</p> <p>Guidance and exceptions of how, what and the quality of evidence should be recorded to be published.</p> <p>A system of management, maintenance and administration of Redkite is to be established.</p> <p>A rolling programme of quality assurance to be implemented, to quality assure training records and the verification process.</p> <p><b>Date for implementation</b> September 2019</p> <p><b>Officer responsible for implementation</b> AM Service Delivery / Head of People and OD/ Head of Assurance, Risk and Operational Training</p>

Audit Finding	Recommendation	Management Response
<p><b>3. Managers' Verifications of the work of Supervisors</b></p> <p>Station Managers are expected to carry out verifications of the quality of the training records supervised by their Crew or Watch Managers. The recommended frequency is that they verify the work of each Crew or Watch Manager at least once a year, for each verifying at least three training activities.</p> <p>A Verifications Due Report showed that the work of 34 supervisors had not been verified in the last 12 months and so are now overdue.</p> <p>Nine staff currently carry out the Station Manager verifications. A Verifications Undertaken report showed that, at the time of our review, in the last 12 months (9 Jan 2018 to 9 Jan 2019) four had done no verifications. Two had each done 39 verifications but the others had done significantly fewer.</p> <p>Although we have not further analysed the above figures, they indicate that some Station Managers are not carrying out a sufficient number of verifications. We have also been informed that these statistics are not corporately monitored or acted upon. The system does not prompt the Station Managers to carry out these verifications.</p> <p><b>Risk:</b> The training records supervised by the Crew or Watch Managers may be of variable quality, and those of lower quality are not identified and rectified.</p>	<p>The insufficient number of verifications undertaken by each Station Manager, and the number of supervisors whose work has, or has not, been verified in the last 12 months, should be addressed.</p> <p>Management information should be reported corporately on the above.</p> <p>The feasibility of whether the system can be enhanced to prompt the Station Managers to carry out these verifications, should be explored.</p>	<p><b>Response</b></p> <p>Guidance to be published on the assessment of evidence based or formal training, and the standards of assessment expected by NFRS.</p> <p>Clarification and training of the role of Station Managers as verifiers to be undertaken. Guidance and exceptions of how, what and the quality of evidence should be recorded to be published.</p> <p>A system of management, maintenance and administration of Redkite is to be established.</p> <p>A rolling programme of quality assurance to be implemented, to quality assure training records and the verification process, which will include checks on the verification of records.</p> <p><b>Date for implementation</b></p> <p>Redkite training from system provider will commence in April 2019. Full implementation may take several months.</p> <p>Progress on completion of verifications immediate.</p> <p>Completion deadline December 2019</p> <p><b>Officer responsible for implementation</b></p> <p>AM Service Delivery / Head of Assurance, Risk and Operational Training</p>

Audit Finding	Recommendation	Management Response
<b>Priority 2 areas</b> (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p><b>4. Fragmentation of training records</b> Training records are maintained on a number of different systems.</p> <p>Because this was an audit of Redkite we did not explore the other systems in detail but the purposes of them appeared to be well defined and we understand that:</p> <ul style="list-style-type: none"> <li>• One File is for recording the acquisition of competencies</li> <li>• Redkite is for recording the maintenance of competencies</li> <li>• i-Trent is for formally attended training courses</li> <li>• NFRS Learn is for e-learning.</li> </ul> <p><b>Risk:</b> The process of monitoring training competencies is fragmented and may be difficult to undertake.</p>	<p>Consider having a centralised repository for recording all training and competencies for firefighters. This may be feasible within Redkite. It would provide more robust and comprehensive evidence which can be more readily monitored by management.</p>	<p><b>Response</b></p> <p>Included in L&amp;D business plan 19/20 and some work has already commenced on specifying system needs with a view to integrating systems wherever possible.</p> <p>A project plan is in development and the process will be managed the project management process.</p> <p><b>Date for implementation</b> March 2020</p> <p><b>Officer responsible for implementation</b> Head of People and OD</p>
<p><b>5. Entry of training requirements into Redkite</b> Redkite is based primarily on the National Occupational Standards. NFRS entered its own training activities, based on existing training requirements, and mapped these to the standards. This mapping should enable the standards to be automatically achieved from the completion of the training activities. The system administrator informed us that in case any standards are not mapped to training, they recommend that the achievement of the standards is reviewed during staff appraisals. This indicates an uncertainty about the completeness of the mapping.</p> <p><b>Risk:</b> Achievement of the standards is not appropriately maintained.</p>	<p>A review should be carried out to check that all standards are mapped to appropriate training activities.</p>	<p><b>Response</b></p> <p>Agreed. A review will be undertaken, led by competency recording group who will be established to agree standards of competence within the Redkite system.</p> <p><b>Date for implementation</b> December 2019</p> <p><b>Officer responsible for implementation</b> AM Service Delivery / Head of Assurance, Risk and Operational Training</p>

Audit Finding	Recommendation	Management Response
<p><b>6. Policy on Training</b> The policy relevant to this area is the 'Operational Competency Framework - Policy.'</p> <p>There are three aspects of policy that we looked for. We found that the policy covers two of these, the completion of training records, and the management review of training records. It does not cover the corporate review of management information on training records. We were informed that there are no such reviews.</p> <p>We also consider that the policy is limited in its coverage of the following two aspects, which are areas that need improvement as noted elsewhere in this report.</p> <p><b>The role of the supervisory managers (Crew or Watch Managers) in maintaining the training records</b> In relation to this, the policy only says that 'although much of the station based record keeping is done by supervisory managers it is still the responsibility of the individual to ensure their competencies and training records are kept up to date.'</p> <p><b>The role of the Station Managers in verifying the quality of the training records supervised by their Crew or Watch Managers</b> The policy only says, under the heading Quality Assurance, 'Line Managers – Assurance comes from those responsible for delivering objectives and operations.'</p> <p><b>Risk:</b> The role of staff in completing and reviewing training records is not properly specified or complied with.</p>	<p>The Policy should be expanded to cover the corporate review of management information on training records. Elsewhere in this report we have recommended two specific aspects that should be reviewed corporately.</p> <p>The Policy should be more specific on the role of the supervisory managers, who input and approve the 'assessed training.'</p> <p>The Policy should be more specific on the role of the Station Managers in verifying the quality of the training records supervised by their Crew or Watch Managers.</p>	<p><b>Response</b> Agreed. Will be updated.</p> <p><b>Date for implementation</b> April 2019</p> <p><b>Officer responsible for implementation</b> Group Manager L&amp;D</p>

**To:** The Chief Fire Officer

**Subject:** Governance Arrangement for the Fire Fighters' Pension

**Date:** April 2019

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## **5 Introduction**

- 1.1 This audit examined the information governance arrangements for the Fire Fighters' Pension.
- 1.2 A Pensions Board has been established and its purpose is to assist Nottinghamshire and City of Nottingham Fire and Rescue Authority (The Fire Authority) in its role as the Scheme Manager of the Fire Fighters Pension Schemes (1992, 2006, 2015 and Retained Modified). Such assistance is to:
- secure compliance with the Scheme's regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme.
  - ensure the effective and efficient governance and administration of the Scheme.

The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board Members:

- should act always in the interests of the Scheme and not seek to promote the interests of any stakeholder group above another.
- should be subject to and abide by Fire Authority's Codes of Conduct for Members and Employees.

## **6 Audit opinion**

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



**SUBSTANTIAL ASSURANCE** Risk levels are low

## 7 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>
Communication to Members	Adequate or accurate information may not be provided to members to allow them to make informed decisions concerning their pension.
Internal Disputes Resolution	Internal disputes may not be appropriately managed and may remain unresolved.
Pension Law - Breaches	Failure to understand latest reforms concerning the governance and administration of public service schemes, may result in failure to comply with the law and address poor standards and non-compliance.
Oversight	Adequate oversight of systems and procedures may not be in place or scrutinised.
Member Training	The Pensions Board and Fire Service staff may not be adequately trained and have the capacity to challenge effectively.
Pension Board Meetings	The Pensions Board business cycle may not achieve comprehensive oversight of activity and issues arising.

3.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>June 2018 actual</i>
Active pensioners	663
Dependants	399
Deferred members	849
<b>Total</b>	<b>1,911</b>

## 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: -

- Oversight - Provider cyber-security and GDPR compliance - The 2019 pension administration contract with Leicestershire County Council requires the provider to inform NFRS of any incident giving rise to an actual, suspected or potential loss of personal data. Cyber security surrounding data transmission between NFRS and the provider have been assessed by both parties.
- Pension Board Member Training - Board members are encouraged to follow a structured e-learning training tool-kit provided by the Pensions Regulator. They also receive a cyclical programme of training at the conclusion of Pension Board meetings.
- Pensions Board Meetings - The Risk Register is updated on an ongoing

basis and reviewed at each meeting of the Pension Board.

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 brief details of the related findings, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	0	Immediate
Priority 2	3	Within two months

**Priority 2 areas:**

- Governance arrangements are good. However, the role and terms of reference of the Responsible Officer in supporting the Pension Board should be formalised and kept under review in response to the potential creation of a joint Pension Board with Leicestershire and Derbyshire.
- Contract management meetings are not formally recorded.
- The Pension Board does not currently have the opportunity to be informed of the completed NFRS response to the Pension Regulator's Annual Public Service Governance and Administration survey.

4.4 No advisory actions were discussed during the audit.

**Audit conducted by: Ian Munro  
Senior Auditor  
Audit supervised by: Angela Wendels  
Senior Auditor**

**Rob Disney, Group Manager Assurance**

Internal Audit report 2019-03 – April 2019	<b>ACTION PLAN</b> <b>Fire Fighter Pensions Governance - NFRS</b>	<b>OFFICIAL SENSITIVE</b>
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Audit Finding	Recommendation	Management Response
<b>Priority 2 areas</b> (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p><b>1. Pension Board Responsible Officer terms of reference</b></p> <p>The Constitution of the Board defines the role of members. There is however, no corresponding definition of the role and responsibilities of the Scheme Manager. The Scheme Manager plays an active and pivotal role in ensuring that members receive technical and professional guidance and training to adequately discharge their responsibilities.</p> <p>The probable creation of a Joint Firefighters Pension Board with Leicestershire and Derbyshire and the need for clarity as to respective governance arrangements increases the need for the Scheme Manager’s role to be clearly defined.</p> <p><b>Risk:</b> The Board is unsighted on issues and receives variable support.</p>	<ul style="list-style-type: none"> <li>a) That the role of the Scheme Manager is formalised by the Fire Authority.</li> <li>b) That the annual report from the Pension Board to the Fire Authority covers both the activity of the Pension Board and also the Scheme Manager.</li> </ul>	<p><b>Response</b> Accepted. This will be incorporated in the next report to Fire Authority.</p> <p><b>Date for implementation</b> July 2019</p> <p><b>Officer responsible for implementation</b> Scheme Manager</p>
<p><b>2. Contract management</b></p> <p>Pensions administration is undertaken by a contract provider; Leicestershire County Council. We have not had sight of the contract that pre-dates the current contract which came into effect on 1/1/2019. The provider attends meetings of the Pension Board to receive questions and deliver technical advice if required. Contract management meetings are informal and not supported by minutes. An annual evaluation of contract performance is not presented to the Pension Board for assurance purposes.</p> <p><b>Risk:</b> Contract non-compliance is not reported.</p>	<ul style="list-style-type: none"> <li>a) Contract management meetings are recorded and agreed actions are minuted.</li> <li>b) An annual assessment of provider contract performance is reported to the Pension Board.</li> </ul>	<p><b>Response</b> Contract management will be added to the agenda for the Regional Pension Meetings where performance can be reviewed by all 3 regional Fire Authorities. Minutes are taken at this meeting.</p> <p><b>Date for implementation</b> June 2019</p> <p><b>Officer responsible for implementation</b> Scheme Manager</p>

Internal Audit report 2019-03 – April 2019	<b>ACTION PLAN</b> <b>Fire Fighter Pensions Governance - NFRS</b>	<b>OFFICIAL SENSITIVE</b>
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Audit Finding	Recommendation	Management Response
<p><b>3. Pension Board Assurance</b></p> <p>Each year Fire Pension schemes are surveyed by The Pension Regulator and required to complete a Public Sector Governance and Administration Survey. The Pensions Board does not have sight of the completed response from NFRS.</p> <p><b>Risk:</b> The Pension Board is unaware of potential issues identified.</p>	<p>The Pension Board should receive the completed survey at the earliest opportunity.</p>	<p><b>Response</b> Learning opportunities from the 2018 survey will be reported to the Pension Board when results are published. NFRS completed response will be completed from the 2019 return.</p> <p><b>Date for implementation</b> October 19 Board for response to 2018 survey March 2020 for completed 2019 survey.</p> <p><b>Officer responsible for implementation</b> Scheme Manager</p>