Staffordshire Commissioner Fire and Rescue Authority
INTERNAL AUDIT PROGRESS REPORT

24th July 2019
Report to the Ethics, Transparency and Audit Panel

Our Mission
To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

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Contacts

Deborah Harris

Interim Chief Internal Auditor

01785 276406

deborah.harris@staffordshire.gov.uk

Alexander Cannon

ICT Audit Manager

01785 895334

alex.cannon@staffordshire.gov.uk

Internal Audit Service

Staffordshire County Council

2nd Floor, 1 Staffordshire Place

Tipping Street

Stafford

ST16 2DH

Introduction

This report presents the progress made against the Internal Audit Annual Plan for 2019/20 in addition to providing an update for the Ethics, Transparency and Audit Panel (ETAP) on Internal Audit activity since the last meeting held on 29th May 2019. It also provides information on the progress against recommendations made to the Fire & Rescue Service by Internal Audit.

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

- **Substantial Assurance (positive opinion)** - We are able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.

- **Satisfactory Assurance (positive opinion)** - We are able to offer satisfactory assurance as most of the areas reviewed were found to be adequately controlled. Generally, risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

- **Limited Assurance (negative opinion)** - We are able to offer limited assurance in relation to the areas reviewed and the effectiveness of the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

2019/20 Audit Plan Progress

Audit Name	Status	Assurance
General Audits		
Police – Fire Collaboration	Planning	
Fire Fighters Pensions administration & Pensions Payroll*	Not Started - Planned for Q3	
Budgetary Control, Financial Monitoring & Reporting	Not Started - Planned for Q2	
Financial Ledger & Bank (Integra – NML)*	Not Started - Planned for Q4	
Payroll Processing Procedures*	Not Started - Planned for Q4	
Insurance Arrangements	In progress	
ICT Audits		
Firewatch – Application Audit	Not Started - Planned for Q1	
Cybersecurity – Patch Management	Not Started - Planned for Q1	
Anti-Fraud Culture		
Fraudwatch Publication	Not Started - Planned for Q4	N/A
Detection		
National Fraud Initiative 2018	In progress	
Development and undertaking of Data Analytics	Planning	
Prevention		
Fraud Risk Assessment	Not Started - Planned for Q4	N/A
Fraud and Corruption Checklists	*Completed as part of the above systems audits	

Since the last ETAP in May 2019, the audit fieldwork has commenced for our independent audit review of Staffordshire Fire and Rescue Service's insurance arrangements. In addition, the scoping exercise for our work relating to the delivery and management of Fire/Police collaboration opportunities is underway.

Adjustments to the Internal Audit Plan
No changes have been made to the 2019/20 Internal Audit Plan.
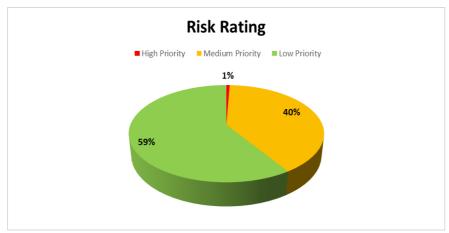
Audit Recommendations

As part of Internal Audit's service to the Staffordshire Fire and Rescue Service, we record, monitor and report on all recommendations that have been made in our audit reports.

Risk Rating

Each recommendation that we make is risk assessed, and based on an assessment of likelihood and impact, 1 of the 3 following priority levels will be awarded:

- High Priority
- Medium Priority
- Low Priority

Since the implementation of an Audit Management System in 2016 which is used to monitor all recommendations, a total of 154 recommendations have been imported for monitoring and reporting. Of these recommendations, 1 is a high priority, 62 are a medium priority and 91 are a low priority.

Risk Rating

■ High Priority ■ Medium Priority ■ Low Priority

1%
40%
59%

Action Status

Each recommendation that is imported into the Audit Management System is allocated a responsible officer and an agreed action date, which are detailed in the internal audit's final report. Once this agreed action date has passed, an email is sent to the responsible officer asking them to provide an update on the progress made against the recommendation.

Following this response, the recommendation is given a status to enable us to monitor and categorise the progress of recommendations. The following status' can be assigned to a recommendation:

- **Implemented** – Audit have been informed that the control weakness has been addressed
- **Partially Implemented** – Audit have been informed that the agreed action is a work in progress, some elements may have been implemented.
- **Outstanding** - Action has been agreed upon with management but is yet to be implemented.
- **Deferred** - The agreed actions have been deferred until a later date (e.g. it may be dependent on another activity, action or upgrade).
- **Superseded** – Audit have been informed that the control weakness no longer exists due to changes in the system or business process.
- **Risk Accepted** – Management accept the risk and no mitigating action will be taken to address the control weakness identified

INTERNAL AUDIT PROGRESS REPORT

Recommendations Summary

The table below summaries the status for each recommendation made to the Staffordshire Fire & Rescue Service. A further 4 recommendations have been implemented since the last ETAP meeting.

Priority	Recs Made	Implemented	No Action to be Taken		Not Yet Implemented			Agreed/Revised Action Date	
		Implemented	Superseded	Risk Accepted	Deferred	Partially Implemented	Outstanding	Not Overdue	Overdue
High	1	1	0	0	0	0	0	0	0
Medium	62	50	0	1	2	0	9	7	4
Low	91	79	2	2	2	0	6	6	2
TOTALS	**154**	**130**	**2**	**3**	**4**	**0**	**15**	**13**	**6**

Overdue Recommendations

Of the 154 recommendations that Internal Audit are tracking, 19 have yet to be implemented with six having passed their agreed or revised action date. A summary of these recommendations is shown below with further detail being shown in **Appendix 1**.

Audit	Priority	Control Issue	Agreed Action Date	Revised Action Date
Blue Light Collaboration - Fleet Management Workshop	Low	The Partnership does not have policies and procedure documents which outline how the Workshop should run.	31/03/2018	31/03/2019
Fire Fighters Pensions Administration and Payroll	Medium	A lump sum payment made was not recorded within the My Pension system.	01/07/2019	-
Fire Fighters Pensions Administration and Payroll	Medium	Four SF&RS officers have read-only access to the WYPF My Pension system, but their access is extremely limited as very little supporting documentation is visible.	01/07/2019	-
Fire Fighters Pensions Administration and Payroll	Low	There is a 3-year gap between disaster recovery testing being performed. This does not provide up to date assurance that the pensions administration system can be reconstructed if required.	01/06/2019	-
Fire Fighters Pensions Administration and Payroll	Medium	The level of the contractors delegated authority has not been documented.	01/07/2019	-
Fire Integra - System Security	Medium	Audit logs are reviewed but not in a structured manner, and reviews are not documented. Checking of logs can act as deterrent as it increases the possibility of fraudulent activity being identified. This work will support other control measures in place to detect fraudulent activity	30/04/2019	-

Appendix 1

Overdue Audit Recommendations

1250	Blue Light Collaboration - Fleet Management Workshop				Report Issued	16/05/2017
Rec Number	Rating	Action Date	Revised Action Date	Status	Reminders Sent	Responsible Officer
4	Low Priority	30/03/2018	30/03/2019	Deferred	3	Strategic Head of Transport

Control Issue

The Partnership does not have policies and procedure documents which outline how the Workshop should run.

Recommendation

The creation of the policies and procedures should be prioritised, approved by the Board, and shared will Workshop employees.

Action Details

This will be a job from the Fleet Engineering Manager when the post has been filled.

Status Updates

Update received from the Strategic Head of Transport 30/11/2018 - The position responsible for completing this recommendation is once again vacant, any new starter will not be with us before March.

This recommendation has been followed up as part of the 2017/18 Fleet Management audit review. Through the testing of ten stores purchases, it was found that there was a lack of clear vehicles maintenance programme documentation and maintenance policies and procedures had not been documented.

Recommendation 4 of the 2017/18 audit review refers:
- Once the DVSA has produced its updated guidance, the Workshop Controller / Fleet Engineering Manager should update the Strategy & Review Plan and ensure it aligns with the Matrix. It should clearly define the categories of vehicles and their maintenance programmes and remove the requirement for a BW service if this is no longer a requirement. The structure diagram of the workshop should also be updated to reflect current practice;
- The Fleet Operation, Equipment Maintenance Schedules, Servicing and Vehicle Servicing Equipment policies and procedures should all be confirmed and communicated to staff as soon as possible;
- The quality assurance process should be outlined in the Policy; and
- Acceptable use for staff using the workshop for personal vehicles should be outlined in the Policy.

The Strategic Head of Transport for Fire confirmed that: -
- Replacement criteria is in progress
- Service and Maintenance criteria is in progress
- Workshop Operating manual is being reversed engineered, beginning with revised service sheets and requirements that will be loaded into the new FMS

1872	Fire Fighters Pensions Administration and Payroll				Report Issued	24/04/2019
Rec Number	Rating	Action Date	Revised Action Date	Status	Reminders Sent	Responsible Officer
6	Medium	01/07/2019	-	Outstanding	1	Pensions Co-ordinator

Control Issue

A lump sum payment made was not recorded within the My Pension system.

Recommendation

The exception identified should be investigated and resolved. A reconciliation should be performed to identify other instances where a lump sum is not recorded correctly, and these should be rectified.

Action Details

This was a one-off issue that was not picked-up on the transfer of data to WYPF. The data held within finance for lump sum payments has been verified as correct.
This will be closely monitored during 2019/20 to ensure that there are no reoccurrences of this issue.

Status Updates

None

1872	Fire Fighters Pensions Administration and Payroll				Report Issued	24/04/2019
Rec Number	Rating	Action Date	Revised Action Date	Status	Reminders Sent	Responsible Officer
10	Medium	01/07/2019	-	Outstanding	1	Pensions Co-ordinator

Control Issue

Four SF&RS officers have read-only access to the WYPF My Pension system, but their access is extremely limited as very little supporting documentation is visible.

Recommendation

Read-only access for SF&RS officers should be improved to ensure data and supporting documents visible to the officers is sufficient.

Action Details

The Pensions Co-ordinator has been reviewing the required access and is in discussion with the relevant member of staff at WYPF.

Status Updates

None

1872	Fire Fighters Pensions Administration and Payroll				Report Issued	24/04/2019
Rec Number	Rating	Action Date	Revised Action Date	Status	Reminders Sent	Responsible Officer
11	Low	01/06/2019	-	Outstanding	2	Director of FAR

Control Issue

There is a 3-year gap between disaster recovery testing being performed. This does not provide up to date assurance that the pensions administration system can be reconstructed if required.

Recommendation

The Director of Finance, Assets & Resources should review the backup and disaster recovery arrangements with WYPF to determine whether the length of time between disaster recovery testing is acceptable. Appropriate action should be taken, as determined.

Action Details

This is to be discussed and reviewed with WYFP.

Status Updates

None

1872	Fire Fighters Pensions Administration and Payroll				Report Issued	24/04/2019
Rec Number	Rating	Action Date	Revised Action Date	Status	Reminders Sent	Responsible Officer
12	Medium	01/07/2019	-	Outstanding	1	Director of FAR

Control Issue

The level of the contractors delegated authority has not been documented.

Recommendation

The level of the contractors delegated authority should be agreed and documented, and processes should be in place to monitor the contractor's adherence to the powers that have been delegated to it.

Action Details

The delegations are being update and will be reported through the Strategic Governance Board

Status Updates

None

1877	Fire Integra - System Security				Report Issued	02/04/2019
Rec Number	Rating	Action Date	Revised Action Date	Status	Reminders Sent	Responsible Officer
4	Medium	30/04/2019	-	Outstanding	1	Financial Services Manager

Control Issue

Audit logs are reviewed but not in a structured manner, and reviews are not documented.   Checking of logs can act as deterrent as it increases the possibility of fraudulent activity being identified. This work will support other control measures in place to detect fraudulent activity.

Recommendation

It is recommended that:

The frequency of reviews, and responsibility for carrying out the reviews should be determined. If necessary, training should be provided to enable the reviewer to identify erroneous activity.
Procedures for reporting and dealing with erroneous data should be written, including how to investigate and report anomalies.
Audit logs are reviewed on a regular basis by someone independent of system administrators, preferably the system owner.
A log should be maintained detailing what has been reviewed, when, by whom and any anomalies identified, and action taken
Management should also establish if the audit logs include activity carried out by Capita users (whether generic accounts or individual accounts).

Action Details

The Financial services Manager stated that she will appoint the Staffordshire Fire & Rescues Information Security Manager to review the Audit Logs periodically. We will discuss the risk areas to view and a way of recording that activity.

Status Updates

None