Staffordshire Commissioner Fire and Rescue Authority
INTERNAL AUDIT PROGRESS REPORT

11th December 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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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 23rd October 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	Submitted for Review	
Fire Fighters Pensions administration & Pensions Payroll*	In Progress	
Budgetary Control, Financial Monitoring & Reporting	Not Started - Planned for January 2020	
Financial Ledger & Bank (Integra – NM)*	Not Started – Fieldwork commencing 17/2/20	
Payroll Processing Procedures*	Not Started – Fieldwork commencing 21/2/20	
Insurance Arrangements	Final Report Issued	Satisfactory
ICT Audits		
Firewatch – Application Audit	Final Report Issued	Satisfactory
Cybersecurity – Patch Management	Draft Report Issued	
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 meeting in October, the fieldwork for the Fire Fighter Pensions Audit has commenced, further onsite testing will be undertaken on the 10th and 11th December 2019. Fieldwork for the Police – Fire Collaboration audit has concluded, and a draft report has been produced. This is currently with the Police Internal Auditors for review before being passed to ourselves for review. The fieldwork for the Cybersecurity Patch Management audit has also concluded with the draft report having been submitted to the Head of ICT for their comment. Finally, the Firewatch Application audit has been finalised. A satisfactory assurance opinion was awarded with a total of 8 low priority recommendations being made. The management summary for this audit can be found in **Appendix 1**.

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 171 recommendations have been imported for monitoring and reporting. Of these recommendations, 1 is a high priority, 64 are a medium priority and 106 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.

Recommendations Summary

The table below summaries the status for each recommendation made to the Staffordshire Fire & Rescue Service. A further 5 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	64	56	0	1	2	1	4	7	0
Low	106	87	2	2	2	0	13	13	2
TOTALS	**171**	**144**	**2**	**3**	**4**	**1**	**17**	**20**	**4**

Overdue Recommendations

Of the 171 recommendations that Internal Audit are tracking, 24 have yet to be implemented with two having passed their agreed or revised action date. A summary of these recommendations is shown below with further detail being shown in **Appendix 2**.

Audit	Priority	Control Issue	Agreed Action Date	Revised Action Date
Fire Integra - System Security	Low	The business impact assessment does not consider timescales.	31/07/2019	-
Fire - Insurance Arrangements	Low	Claims received are not reconciled to service provider records to ensure all cases have been captured and progressed.	01/12/2019	-

Appendix 1
FINAL Report
Firewatch – Application Audit

1   Executive Summary

1.1   Scope and Background of Audit

1.1.1   Elements of Firewatch were implemented in 2014, since which time use of the system has developed further. The system provides the main interface into the payroll system and determines staff working patterns, crewing, absence and recording of leave details.

This audit focused *on the security, integrity and availability of the Firewatch system with regard to one of the important roles it plays providing crewing availability to the Fire Service.*

The system was upgraded on 26 November 2019 and is hosted on site and is not cloud based.

1.2   Summary of Audit Findings

Control Objectives Examined	No of Controls Evaluated	No of Adequate Controls	No of Partial Controls	No of Weak Controls
To provide assurance that key data protection principles are being complied with in the service area.	1	0	0	1
To ensure that controls are in place to provide assurance that access to computer resources is reasonable and restricted to authorized individuals.	6	6	0	0
To ensure that controls are in place to provide assurance that contingency planning provides for recovery of critical operations should interruptions occur.	3	0	0	3
To ensure that data is input in a controlled manner, is complete, accurate and valid.	4	2	0	2
To ensure that data output is complete, accurate valid, and that access to data output is adequately controlled.	7	6	0	1
TOTALS	**21**	**14**	**0**	**7**

1.2.1   The following issues were considered to be the key control weaknesses:

Rec Number	Risk Rating	Summary of Weakness	Agreed Action Date
1	Low Priority	The organisation's Data Retention policy / schedules were about to be reviewed. A self-assessment questionnaire highlighted some actions with regard to adhering to data retention schedules in respect to retaining, identifying data which can be disposed of and actually disposing of data once it was no longer required.	31/12/2021

2	Low Priority	There was no formal approach to requesting the restoration and application of back-up data to the Firewatch TRAIN system. These were often made verbally and therefore a log was not always available to examine or to monitor progress of the request.	Implemented
3	Low Priority	Procedural guidance had not been produced to support the process to restore data from back-ups. Further to this, a formal process had not been adopted to raise and track the requests to completion.	31/01/2020
4	Low Priority	A report confirming success of the back-ups, sent to the ICT team was not being evidenced by the person performing the check.	31/01/2020
5	Low Priority	There was no Business Continuity Plan in place with regard to supporting the Firewatch system.	01/04/2020
6	Low Priority	It was possible to access, complete and submit an Action Slip via the staff intranet which was not in adherence to proper practice.	31/12/2019
7	Low Priority	Checks on large scale inputs to Firewatch in terms of uploads of leave entitlements were being undertaken, but these were not being evidenced.	31/01/2020
8	Low Priority	Absence data was being manually transferred from Firewatch for manipulation within a spreadsheet by HR to track staff reaching trigger points defined by the Absence Management policy.	31/01/2020

This report focuses on the weaknesses in the Organisation's systems of control that were highlighted by this audit and recommends what Audit considers to be appropriate control improvements. This report contains the follow amount of recommendations

High	Medium	Low	Total
0	0	8	8

1.3   Summary of Control Assurance Provided

1.3.1   **Satisfactory -** Internal Audit 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.

2   **Positive Assurance**

We attempted to establish whether the Organisation's system of control for the following areas contained all the key controls expected of a sound and robust process. Through a combination of control evaluation and testing we confirmed that the following adequate controls were in operation:

2.1   Identity and Access Management

- Access to Firewatch was via single sign-on through Citrix. All password controls were applied through Citrix where the organisation's Password Management policy was being adhered to.

- We confirmed that the Firewatch system prevented duplicated user IDs being set up; user accounts were not deleted and could not be deleted without detaching reporting references and links within the system; and audit logs were maintained of key changes made within the system. We also confirmed that Firewatch user accounts were not shared (e.g. generic accounts such as 'admin' or 'test') and were all in the name of the individual.

- New user accounts for Firewatch were processed by the Firewatch Integration Team only upon receipt of an Action Slip from Human Resources. Other additions would be made by other departments such as the Learning & Development Team.

- Firewatch systems administration duties were restricted to three persons within the Fire Services Firewatch Integration Team.

- Confirmation to set up a new user, deactivate a user or amend their details was instigated via use of an Action Slip from HR.

- Audit logs or trails were maintained and retained by the Firewatch system. These identified who made changes to the system and are suitably date stamped.

2.2   Transaction Data Input

- Inputs to Firewatch all required the use of a PIN both to process a record and to approve one. There was an audit trail which recorded key actions such as inputs and approvals and these could be viewed by the Firewatch Integration Team.

- Testing was performed in a safe environment to see how inputs affected the system and how they would impact on crewing and availability. The Firewatch Integration Team explained that test scripts were used where the tester would log outcomes and the effect on the system a particular input would have. If successful, these elements of a system would effectively be signed off. If unsuccessful, this would require further investigation and potentially a system rebuild by Infographics and the process of testing would recommence, starting with the element that failed and then the remainder of the tests in case other developments in the new build have had an unexpected negative impact.

2.3   Transaction Data Output

- A schedule of outputs from Firewatch was not in place. However, the production of reports from Firewatch was restricted by user permissions and instructions were available e.g. written procedural guidance and training videos explained how and why these should be used.

- A series of reports from Firewatch were produced to assist Station Managers perform quality assurance checks on batches of data relating to staff pay entered and verified

by Crew (or Watch) Managers. These checks were performed by Station Managers and queries were raised based on their findings. Once queries were resolved, the batches were sent to Payroll for final authorisation and payment.

- A series of written procedural documentation had been produced by the Firewatch Integration Team to support the process to examine and resolve errors contained in output reports from the system. This had been complemented more recently by a number of training videos demonstrating the processes to follow in the system to undertake specific actions. All documents were available on the intranet (Staffnet).

- Error logs were maintained for errors reported on Firewatch on a system known as Track-it. These were used by the in-house Payroll Team to identify errors on Retained Firefighter pay claims and by the officers testing the new versions/builds of the Firewatch system. Each of these were logged and investigated with outcomes and subsequent actions being evidenced through adequate document retention.

- Permissions were set in the system based on a series of templates which had been set up for different staff types e.g. Fire Fighter, Crew Manager, Chief Fire Officer which allowed specific users to be able to view certain records and placed restrictions on other records. Each user was assigned a suite of reports, set up as their favourites which they could produce from Firewatch. If a report was not visible in their list, it would not be part of their permissions and could not be produced by them.

Appendix 2

Overdue Audit Recommendations

1877	Fire Integra - System Security				Report Issued	02/04/2019
Rec Number	Rating	Action Date	Revised Action Date	Status	Reminders Sent	Responsible Officer
7	Low Priority	31/07/2019	-	Outstanding	1	Head of ICT

Control Issue

The business impact assessment does not consider timescales.

Recommendation

Management should consider including short, medium and long term effects within the risk assessment.

Action Details

A Business Impact Assessment will be carried out to consider the short term, medium term and long-term impact.

Status Updates

Update from Corrina Bradley 8/7/19 - Waiting for feedback from WL regarding BIA.

2001	Fire - Insurance Arrangements				Report Issued	23/10/2019
Rec Number	Rating	Action Date	Revised Action Date	Status	Reminders Sent	Responsible Officer
7	Low Priority	1/12/2019	-	Outstanding	1	Head of Joint Emergency Transport Services

Control Issue

Claims received are not reconciled to service provider records to ensure all cases have been captured and progressed.

Recommendation

Claims received should be reconciled with the broker and motor vehicle insurance provider records to ensure all cases have been captured and progressed.

Action Details

The Transport Admin Assistant does have access to the Travelers Motor records and their database and uses this to enter any changes to the MID, however has not used it to its full potential. The database allows the user to see the progression of the claims through to completion.

Status Updates

None