



Internal Audit Progress Report Performance & Overview Committee (February 2022)

Cheshire Fire and Rescue Service

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Your Team

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Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards.

1 Introduction

This report provides an update to the Performance and Overview Committee in respect of the progress made against the Internal Audit Plan for 2021/22 and brings to your attention matters relevant to your responsibilities as members of the Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request. In addition a consolidated follow up position is reported on a periodic basis to the Performance and Overview Committee.

This progress report covers the period September 2021 to January 2022.

2 Key Messages for Performance and Overview Committee Attention

Since the last meeting of the Committee, there has been focus on the following areas:

2021/22 Audit Reviews

The following reviews have been issued:

- Financial Systems (Substantial Assurance)
Overall, our review found sound financial controls in operation. One medium level risk recommendation was agreed in respect of budget setting.
- Health and Wellbeing (Substantial Assurance)
We found an effective system of control in relation to health and wellbeing and this was a key areas of focus for the service as part of the overarching People Strategy.
- National Fraud Initiative – Data Matches
A further position statement was issued in Dec 2021 following evaluation of the potential data matches.
- The following reviews are in progress:
 - Cyber – Organisational control
 - Working Time Arrangements
- Refer to Appendix C for details of Key Areas from our Work and Actions to be Delivered

Follow Up	Work is underway to evaluate the implementation status of prior year recommendations.
Audit Plan Changes	<p>Approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.</p> <ul style="list-style-type: none">• There are no current proposals to amend the approved audit plan.
Insights	<p>Audit Committee Chairs Webinars</p> <p>We are continuing to hold webinars with groups of NHS / Client Audit Committee Chairs focusing upon governance challenges and other key issues.</p> <p>Collaborative Masterclass Events - book via our website: www.miaa.nhs.uk</p> <ul style="list-style-type: none">• Behaviour Change: What Works? (11th March 2022)• Outlook for the public sector (31st March 2022)

Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

Below sets out the overview of delivery for your Head of Internal Audit Opinion for 21/22:

HOIA Opinion Area	Status	Assurance Level
Core/ Mandated Assurances		
Key Financial Controls	Complete	Substantial
National Fraud Initiative	Complete - Briefing issued May 21 and Dec 21	N/A
Risk Based Assurances		
Risk Management Board	Qtr 1 - 4	N/A
Cyber – Organisational Controls	Fieldwork	
Working Time Monitoring Arrangements	Fieldwork	
Operational Debrief and Learning	Planning	
Health and Wellbeing	Complete	Substantial
Follow Up		
Qtr 1	Completed	N/A
Qtr 4	Fieldwork	N/A

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

Appendix B: Performance Indicators

The primary measure of your internal auditor’s performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Every Report	Green	
Percentage of recommendations which are implemented	Twice per year	Green	Follow up reports are provided twice per year.
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff. The Senior Team delivering the Internal Audit Service are CCAB/IIA qualified.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA’s compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

Appendix C: Key Areas from our Work and Actions to be Delivered

Report Title	Financial Systems			
Executive Sponsor	Head of Finance			
Objective	To provide assurance that the key financial controls are appropriately designed and operating effectively in practice.			
Assurance Level	Substantial Assurance			
Recommendations	0 x Critical	0 x High	1 x Medium	0 x Low
Summary	<p>General Ledger</p> <p>Areas of good practice:</p> <ul style="list-style-type: none"> • Balance sheet control account reconciliations are completed monthly. Completion is recorded and evidenced which shows the status of each control account. • Our review of the Bank Current Account, Debtors Control Account and Creditors Account, for months 4-6 evidenced appropriate segregation of duties and each control account was completed in a timely manner and reconciled to the General Ledger and Trial Balance. • Our review of a sample of 20 journals between the periods July – September 2021 identified that in all instances adequate segregation of duties was in place between the person preparing and authorising the journal. • Audit review identified instances whereby journals were approved after they were posted, however it is felt by the Service that sufficient controls are in place as only Finance staff have the ability to post journals. This was raised as a recommendation during the 2019/20 review but was not accepted by the organisation, due to mitigating controls. <p>Accounts Payable</p> <p>Areas of good practice:</p> <ul style="list-style-type: none"> • Approval limits are built into the finance system Agresso. A review of the approval limits confirmed that they were in line with budget responsibilities that were set out in the Scheme of Delegation (SOD). However, as the SOD does not detail any 			

specific approval limits for each role, we were unable to test this.

- Audit testing of a sample of 10 purchase orders (PO) confirmed that there was adequate segregation of duties between the person requesting and authorising a purchase order. All orders reviewed were approved appropriately by a member of management.
- Our review of the invoice payment process highlighted payments are processed online through BACS. A payment report is run and checked by 2 senior members of Finance staff, prior to payment processing. A clear audit trail to support the payment run is retained and was evidenced.
- Our testing highlighted that amendment to supplier details is controlled through the Fire Service Finance Department, on request from suppliers. A log is maintained to evidence all changes and updates to details made. Evidence is in place to support the amendment to supplier details. A procedure to support the process is in place.

Accounts Receivable

Areas of good practice:

- Evidence was in place to demonstrate that the Fire Service actively chase outstanding debt. Audit review of a sample of aged debt found that there was adequate evidence to demonstrate follow-up to recover, as this forms part of the debtor account reconciliation.
- Our testing on a sample of debtor invoices confirmed there is sufficient back up for the debt in terms of a valid Purchase Order and supporting information. Appropriate segregation of duties was also in place.
- Audit review identified that as at September 2021 total aged debt was £8774.82 and discussions with key staff at the time of the review identified that there have been no debt write-offs for the year to date.

Treasury Management

Areas of good practice:

- Audit review of the current bank mandate in place identified there have been changes in signatories in the past 12 months. Our review confirmed these were appropriate.

	<ul style="list-style-type: none"> Evidence was in place to demonstrate that the financial forecast outturn, including cash flow is regularly reported to the Performance and Overview Committee. <p>Budgetary Control</p> <p>Areas of good practice:</p> <ul style="list-style-type: none"> Our review confirmed that the final 2021/22 budget was approved by Cheshire Fire Authority in February 2021. The Treasurer presented a report in February 2021 to the Fire Authority which sought Members’ approval for the Authority’s budget for 2021-22, and its Medium-Term Financial Plan (MTFP) for 2021-26. Our review also confirmed that budget holders are regularly updated on actual vs budget spend via budget monitoring reports which are sent to each budget holder monthly. Our review identified that each budget holder and their delegated limits were set out within Agresso. Evidence was also provided regarding changes to the Scheme of Delegation and an appropriate authorisation process is in place for changes in budget holder, delegated limits and cost centres.
<p>Key Areas Agreed for Action</p>	<p>One medium level risk recommendation was raised as It was noted that although in previous years, where each budget holder would sign off and approve their specific department’s budget, this was not done for the year 2021/22.</p>
<p>Key Risks Highlighted with No Agreed Action</p>	<p>N/A</p>

Report Title	Health and Wellbeing			
Executive Sponsor	Head of Operational Policy & Assurance			
Objective	To evaluate health and wellbeing processes across the Service and assess the effectiveness of the arrangements that are in place.			
Assurance Level	Substantial Assurance			
Recommendations	0 x Critical	0 x High	0 x Medium	1 x Low
Summary	<p>Policies / Procedures</p> <p>Areas of good practice:</p> <ul style="list-style-type: none"> • The Service has two strategies which underpin health and wellbeing in the Service. These are: • People Strategy 2021 – 2023: This strategy sets the direction and focus for people related activity and incorporates the six areas of improvement outlined in the National People Strategy which was approved by the National Fire Chief’s Council in 2017. • Mental Health Strategy 2021 – 2025: This strategy was developed with service managers, staff, members of the Mental Health Steering Group and members of the Fire Authority. It provides a framework to enable the entire Service to support positive mental health and wellbeing. • A number of policies were evidenced to support the framework. These include: <ul style="list-style-type: none"> - Health and Safety Management Policy - Mental Health and Wellbeing Policy - Fitness Policy - Lone Working Policy • All policies reviewed were approved appropriately and are within their current review date. <p>Roles & Responsibilities</p> <p>Areas of good practice:</p> <ul style="list-style-type: none"> • The Mental Health and Wellbeing Policy is available on the intranet and clearly sets out roles and responsibilities for the Service, the Senior Management Team, Line Departments, 			

Managers, and their employees. The policy promotes employee wellbeing and good health and outlines the support and advice available to staff regarding traumatic events, workplace stress, and managing their overall wellbeing. Responsibilities and accountabilities were also noted for all levels of staff within the Lone Working Policy, Fitness Policy and the Health and Safety Policy.

- Cheshire Fire Authority approved the establishment of a permanent Mental Health Advisor post in 2019, who has now been in post for 2 years. Their principal and core responsibilities were clearly laid out within their job description.
- The number of TRiM (Trauma Risk Management) practitioners now stands at 55 across the Service, and there are 16 Mental Health First Aiders within the Service, who have completed mental health first aid training and are available to be contacted via the Intranet.
- Occupational Health advisors and their contact details are also available via the Intranet.

Staff Communications

Areas of good practice:

- The Service was able to demonstrate a number of initiatives and communications to their employees regarding physical health, mental health, and their wellbeing. These included:
 - The Green Bulletin – This is a weekly email highlighting topics for mental health and health and wellbeing, such as the Mental Health Conference, Awareness of Mental Health Day and opportunities to get together to talk about Mental Health. It also highlights Transformation, Equality, and Inclusion.
 - A Monthly Newsletter which included a dedicated monthly column on mental health and wellbeing in the Alert publication.
- Between October 2020 and February 2021, the Mental Health Advisor accompanied HR colleagues on 110 ‘Attendance Management and Wellbeing Roadshow’ visits, sharing the new Mental Health and Wellbeing Policy.
- Staff were also able to raise concerns relating to the Covid-19 Pandemic and enabled the Mental Health Advisor to showcase a number of documents that had been developed during the

Pandemic to help staff maintain positive mental health. This included a 'Post Covid-19 return to work' document.

- Documents relating to the Covid-19 pandemic were available on the intranet, which included a 'Covid-19 Safe workplace guide' and a 'Coronavirus and your wellbeing' document which contained advice on how to improve staff wellbeing at home and in the office during the pandemic.
- The Intranet highlights all key contacts including Health and Wellbeing Manager, fitness advisor and all details of occupational health staff. There is a mental health and wellbeing tab on the homepage of the Intranet to make accessing information easier and includes the contact details of Mental Health First Aiders and TRiM practitioners with photographs, so staff can better recognise those who can provide support.

Opportunities for Staff to raise issues and input into ongoing development of Health and Wellbeing

- The service has developed multiple opportunities for staff to be able to feed into the ongoing development of health and wellbeing arrangements. These include:
 - Staff Engagement Forum – The Staff Engagement Forum was initially created in 2018 to improve engagement by providing a platform to enable staff to identify and contribute to issues affecting them in the workplace, and to help shape future plans within the Service.
- Membership includes a total of 16 members of staff who were appointed to the Forum after expressions of interest was sent out. The Chief Fire Officer also attends at the end of each meeting to directly hear the feedback of Forum members. Topics discussed at the forum include Morale, Health and Wellbeing.
- The forum has developed an action plan which is presented to Cheshire Fire Authority on a quarterly basis. This action plans includes agreed objectives and actions with status of implementation. Our review confirmed discussions and suggestions from the forum had resulted in 4 objectives under 'Morale and Wellbeing' of which 2 have been implemented, and 4 objectives within 'Mental Health and Wellbeing' which have all been implemented.

- Wellbeing Community Group - This group operates on social media as a Facebook group but more recently, the activities have extended to socially distanced face-to-face activities such as group walks, meditation and other wellbeing activities such as yoga. The Wellbeing Community Group is a staff led initiative that links in with the Mental Health Steering Group and currently has a membership of approximately 70 members from within the Service.
- Appraisals - Following a review of the appraisal process, a new section on Wellbeing has been introduced around mental health and wellbeing and highlight potential concerns of staff. The new section of the appraisal is based on the Health and Safety Executive risk assessment standards.
- Occupational Health - Occupational Health, at the time of the review, is outsourced to Healthwork, A UK based provider of Occupational Health services. Discussions confirmed that referrals to Occupational Health were through self-referrals or referrals from a staff member's line manager. Information and contact details regarding occupational health officers is clearly stated on the intranet.

Governance and Reporting

Areas of good practice:

- A Mental Health Steering Group (MHSG) was established in December 2020 which was implemented to oversee the delivery of the Mental Health Strategy and to support the Service's aspiration and objectives within their policies. Our Review confirmed that the MHSG has an approved Terms of Reference and clearly describes the groups objectives.
- MHSG has also helped to draft an action plan which is used to monitor the progress and delivery of the Mental Health Strategy Our review of minutes in July 2021 highlighted that that action plan was brought to the meeting and updates were provided and monitored.
- The Service has a Health, Safety and Wellbeing Committee which meets on quarterly basis. Our review of the most recent minutes in August 2021 highlighted that a Health and Wellbeing update was submitted, which included updates on initiatives and issues amongst the service as well as actions. Members of the MHSG also attend and report to this committee.

	<ul style="list-style-type: none">• On a 6-month basis, a mental health update report is submitted the Performance and Overview Committee to provide an overview of key mental health developments within the Service and to highlight upcoming work.• In June 2021, the staff engagement forum paper was presented to the Cheshire Fire Authority.
Key Areas Agreed for Action	Whilst we recognise that the Performance and Overview Committee receive an annual Health and Safety report, Health and Wellbeing only forms a minor section of this report. We therefore raised one low level risk recommendation in relation to strengthening the assurances to Performance & Overview Committee in relation to Health and wellbeing.
Key Risks Highlighted with No Agreed Action	N/A