

Mersey Internal Audit Agency

Internal Audit Progress Report  
Performance and Overview Committee  
(1<sup>st</sup> March 2017)

Cheshire Fire Authority / Fire & Rescue Service



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CELEBRATING  
25 YEARS  
OF MIAA

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## 1. Introduction

This progress report provides an update to the Performance and Overview Committee in respect of the assurances, key issues and progress made in respect of the 2016/17 Audit Plan. 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.

## 2. Key Messages for Committee Attention

Since the previous meeting of the Performance and Overview Committee we have completed the following reviews: -

- Treasury Management – **High Assurance**
- Cash and Bank – **Significant Assurance**
- Payroll – **Significant Assurance**
- Station Management Framework – **Significant Assurance**
- On Call Availability – **Significant Assurance**

The table below identifies the key areas from that work and the actions to be delivered by management. Section 3 of the report provides details of the work in progress. Appendix A provides the categorisation of assurance levels and risk ratings and Appendix B confirms performance against plan for 2016/17. Details of High Level actions are provided in Appendix C.

Title	Assurance Level	Recommendations	
Combined Financial Systems:			
• Treasury Management	High	0 x Critical	1 x Medium
• Cash and Bank	Significant	0 x High	3 x Low
• Payroll	Significant		

**Objective:** To provide assurance on the design and operation of the key controls within Treasury Management, Cash and Bank and Payroll.

**Summary:** Overall, from the testing undertaken the key controls were found to be operating effectively with no significant issues identified. Some areas for enhancement were identified and these are detailed below.



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### Key areas agreed for action (due to be completed by March 2017):

One Medium recommendation to be actioned focused on: -

- **Cash and Bank Review** - The statements for the Standard Life Investment Liquidity Fund should be signed and dated to evidence that it is being regularly reconciled. This exercise should be undertaken and monitored by two separate individuals with appropriate authority to ensure appropriate segregation of duties.'

Three low recommendations to be actioned focused on the frequency of formalised performance meetings with the payroll provider, to review procedures in relation to raising debtors to ensure that they remain effective and efficient, communicate with other departments where necessary, and ensuring the supporting documentation for BACS payments is attached in all cases.

**Executive/ Management Sponsor:** Head of Finance

Title	Assurance Level	Recommendations	
Station Management Framework	Significant	0 x Critical 0 x High	0 x Medium 4 x Low

**Background:** The Station Management Framework is a system through which managers can assess, plan, manage and monitor station activity and performance, and ensure a quality approach to maintaining operational competence. The Framework is intended to provide overarching direction that delivers a clear view of the plans, strategies and policies required to provide an efficient safe and effective Service Delivery department.

The Framework requires relevant managers working the Wholetime Duty System (WDS), Day Crewing Duty System (DCS), Nucleus Duty System (NDS), and On Call Firefighter Duty System (OCS) to undertake audits of compliance against specified standards on a periodic basis to ensure the stations are operating in accordance with the Framework. Therefore, it places a requirement on all staff to take responsibility for adhering to the specified standards and aims to embed a culture of rigour into all areas of station management and performance management.

**Objective:** To provide assurance on the effectiveness of the controls and processes in place at a local level for compliance with the maintenance and operational

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preparedness parts of the Station Management Framework.

**Summary:** The Station Management Framework (SMF) involves good management of the fire stations, makes people accountable for specified activities and must be applied across all sites. Our review included a visit to four sites that covered each type of duty system and confirmed that the activities required to implement the Framework is robustly embedded at the stations and crews apply the Framework effectively on a day to day basis. These activities ensure compliance with the maintenance and operational preparedness parts of the Framework.

It is acknowledged that the Framework itself is in the process of being reviewed corporately and several areas of the Framework are being updated including some of the recording templates and how tasks are recorded to maintain strong oversight but to identify where enhancements to efficiency could be made.

The Framework encompasses validating daily and monthly sign off sheets to confirm activities have been completed. The sign off sheets are an effective tool for the stations to record and demonstrate at a glance how the framework has been applied and ensures continuity of service when there is a changeover of crews as any actions that need to be carried forward are recorded on the sign off sheets and the station handover book. There are robust controls in place to ensure all activities are carried out and signed off; however, we identified instances whereby the sign off sheet itself had not been signed but a sample check confirmed that there was alternative evidence to demonstrate that the underlying activity had been completed. All checks that had been completed were clearly visible at all sites and at all times. Historic sheets had been appropriately retained and archived at the end of the year.

The Framework covers many activities and therefore effective planning procedures are required to ensure all activities are completed and are done so on a timely basis. Our review confirmed that at the sites tested, effective planning procedures were in place and were operating successfully.

For the activities that are required to take place, the appendix in the Framework provides details of the standards to which specific activities must be completed. Our review confirmed that the standards had been printed off and were easily accessible at all the sites, but in practice as the standards are applied on a daily basis they are not necessarily required to be referred to.

Station specific activities have been identified at the stations visited and included within the sign off sheets, however, there were some inconsistencies between the sites

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on how these had been incorporated onto the sign off sheets.

The Framework requires some information to be forwarded to Headquarters. Our review confirmed that majority of this aspect was completed by staff by having access to shared drives and systems with the Headquarters that allowed information to be updated directly. Testing confirmed that all activities that had to be forwarded to Headquarters had been completed.

**Key areas agreed for action (due to be completed by March 2017):**

Four low recommendations to be actioned focused on crews being reminded of the importance of signing off all activities on the sign off sheets, introducing version control to ensure consistent use of the latest form, reviewing the process for recording missing/defective items, introducing version control for sign off sheets, and ensuring On Call Service Specific Information issued by Headquarter and held locally is accurate and up to date.

**Executive/ Management Sponsor:** Deputy Chief Fire Officer / Head of Service Delivery

Title	Assurance Level	Recommendations	
On Call Availability	Significant	0 x Critical 0 x High	5 x Medium 0 x Low

**Background:** Cheshire Fire and Rescue Service has nineteen on call stations across the service with eleven of these operating wholly as on call stations and the remaining eight connected to a second appliance on the station. The primary role of the on call stations is to respond to incidents and to ensure that an appliance is immediately available and ready to respond to incidents with all crew living and/or working within five minutes of their designated stations. Each year on call pumps attend around 20% of operational incidents attended by the Service.

**Objective:** To assess the effectiveness of the on call availability arrangements in place.

**Summary:** The review identified that there have been significant developments with regards to on call availability in recent years and that going forward with the initiatives in place that this improvement will continue. There are new on call stations with crews currently in development and after more firefighters have progressed from development to competent phases of training, more appliances will be available for operation.

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The Service has a clear strategy in place which is developed in line with the Authority's Emergency Response Programme (ERP), which is designed to ensure the most efficient and cost effective use of its fire stations, engines and staffing systems and incorporates on call availability. The strategy is approved as part of the Integrated Risk Management Plan (IRMP) and is overseen by the Head of Service Delivery and performance against this is considered by the Performance and Overview Committee.

The 'Gartan' system is a staffing management system used for monitoring the availability of on call personnel and the operational resources that they are responsible for staffing. It records performance and presents availability in 'real' time, which is important to ensure that accurate information is held in order to ensure operational attendance can be effectively managed when attendance at an incident may be required. The introduction of 'Gartan' has also provided significant improvements in efficiency as appliance availability is updated electronically.

It was noted that the Call Support Manager and Watch Managers review the 'Gartan' system and on call availability on a daily basis to ensure that the system is being used appropriately and updated to show a true and accurate reflection of fire fighter availability. Performance information is being used to inform the management of on call firefighters however, there is no requirement for On Call Station Managers to provide a monthly performance report to the On Call Manager to assist with the overall monitoring.

There is a strong performance and oversight process in place both locally by On Call Managers and Watch Managers at station level and through the Head of Service Delivery who monitors availability and performance across all stations, through quarterly performance monitoring to the Performance and Overview Committee and through the Unitary Performance Groups.

Testing also identified that a the sample of salary payments made to on call firefighters payments were correct and authorised and that all retainer fees were paid in line with the contracted hours.

Additional work is required with regards to ensuring that on call firefighters are updating their availability on a regular and timely basis, that changes in contracted hours are communicated effectively across all relevant departments and managing the process for identifying, communicating and resolving breaches consistently. Once the new functionality within the 'Gartan' system is in use this will assist with the monitoring of the service. The Authority would benefit from a standardised approach to monitoring across all on call stations and this would assist with the preparation of

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monthly performance reporting.

**Key areas agreed for action (due to be completed by April 2017):**

Five Medium recommendations to be actioned focused on: -

- The new functionality in 'Gartan' should be implemented as soon as possible to further enhance the monitoring of on call availability. All changes in contracted hours should be communicated to the relevant departments on a timely basis. This will ensure that any gaps can be identified so that a review of availability can be carried out and on call firefighters recruited if required.
- All on call fire fighters should be reminded of the expectation to update the Gartan system with their availability two weeks in advance. Compliance against this requirement should be reported to the On Call Support Manager on a monthly basis.
- As part of the On Call Managers meeting, to review the process for managing breaches and informing managers and the other crew members about pump availability to ensure a consistent and effective approach across all stations.
- Monthly performance reports should be prepared for each on call station for the attention of the On Call Managers. Reports should detail the performance along with any anomalies and performance issues.
- A standardised approach to monitoring performance and contracted hours of on call staff should be introduced across all on call stations to ensure a consistent system cross the county. A standardised approach will assist with further reporting within the Authority.

**Executive/ Management Sponsor:** Deputy Chief Fire Officer / Head of Service Delivery

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### 3. Work in Progress

The following pieces of work are in progress and will be reported to the Committee following completion:

#### Work In progress

- **Site Specific Risk Information (SSRI)** – to provide assurance that the Service has an effective process in place to gather, store and disseminate Site Specific Risk Information (SSRI). **Fieldwork complete, closedown meeting arranged.**
- **National Fraud Initiative** – to review the data reports provided by the Cabinet Office and to investigate any identified discrepancies by providing a reason for the match and, where required, make the appropriate changes). **Fieldwork in progress.**

### Request for Audit Plan Changes

Policy Approval Group approval will be requested for any amendments to the original plan and this will be reported to the Performance and Overview Committee to facilitate the monitoring process. There are no proposed amendments to the audit plan.



## Appendix A: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.
Significant	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be minimal or they would be unlikely to occur.
Limited	There are weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of the key system, function or process objectives but should not have a significant impact on the achievement of organisational objectives.
No	There are weaknesses in the design and/or operation of controls which [in aggregate] have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisational objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> <li>the efficient and effective use of resources</li> <li>the safeguarding of assets</li> <li>the preparation of reliable financial and operational information</li> <li>compliance with laws and regulations.</li> </ul>
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> <li>has a low impact on the achievement of the key system, function or process objectives;</li> <li>has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.



## Appendix B: Contract Performance

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The plan has also been discussed with lead officers to determine the appropriate timing of individual work-streams to accommodate organisational priorities, availability, mandatory requirements and external audit views.

### General Performance Indicators

The following provides some general performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Status	Summary
Progress against plan	Green	Audit reviews are on track in terms of planned completion.
Timeliness	Green	Generally, reviews are progressing in line with planned delivery.
Qualified Staff	Green	MIAA Audit Staff consist of: <ul style="list-style-type: none"> <li>• 65% Qualified (CCAB, IIA etc.)</li> <li>• 35% Part Qualified</li> </ul>
Quality	Green	MIAA operate systems to ISO Quality Standards. Triennial review by External Audit was positive.

### Overview of Output Delivery

REVIEW TITLE	PLANNED COMPLETION				ASSURANCE LEVEL	Commentary
	Aug	Nov	Mar	May	High / Significant / Limited / No	
<b>FINANCE &amp; RESOURCES</b>						
Counter Fraud Arrangements				•		Providing Support on National Fraud Initiative
Financial Systems			•		<b>High / Significant</b>	Final Reports Issued
Insurance Arrangements		•			<b>Significant</b>	Final Report issued
<b>PERFORMANCE</b>						



REVIEW TITLE	PLANNED COMPLETION				ASSURANCE LEVEL	Commentary
	Aug	Nov	Mar	May	High / Significant / Limited / No	
On Call Availability			●		Significant	Final Report Issued
Partnership Arrangements				○		Initial Scoping in Progress
<b>OPERATIONAL COMPLIANCE</b>						
IT Critical Applications				○		
Site Specific Risk Information			●			Fieldwork Complete
Station Management Framework			●		Significant	Final Report Issued
<b>GOVERNANCE, RISK AND LEGALITY</b>						
ALARM Benchmarking		●				Complete
Statement of Assurance				○		Initial Scoping in Progress
<b>FOLLOW-UP AND CONTINGENCY</b>						
Follow-up		●		○		See Follow Up Report
Contingency						

Key ○ = Planned ● = In Progress / Complete



## Appendix C: Critical/ High Risk Recommendations

There were no high or critical risk recommendations included within the reports.

