Mersey Internal Audit Agency

Internal Audit Follow Up Report

Performance and Overview Committee (6th September 2017)

Cheshire Fire Authority / Fire & Rescue Service

MiAA

Contents

1. Introduction and Background

In making recommendations and agreeing action plans, it is intended that improvements may be made to both internal controls and operational effectiveness. However, in order to verify that the benefits of the process are achieved, it is necessary to subsequently follow up on the implementation of agreed actions, in order to fully assess:

- Whether implementation has occurred or been superseded by further events; and

- Whether the actions have produced the intended effect.

Follow-up is, therefore, a vital aspect of the internal audit process and it is our policy, in accordance with the Fire Authority's Internal Audit plan, to revisit previous assignments.

This paper sets out the completion of the most recent phase of follow-up reviews where we have been informed that action plans have been completed.

2. Objective

The objective of this follow up review is to provide the Policy Approval Group (PAG) and Performance & Overview Committee with independent assurance that actions flagged as closed by responsible officers have indeed been completed and can be evidenced as such.

3. Summary of Outstanding Actions

Section 4 provides a summary of all agreed Internal Audit actions due for implementation which were followed up during August 2017. Of the 41 actions due for implementation: -

- 20 were evidenced as implemented including all high risk actions and a further nine actions have been superseded;

- 12 actions were noted that whilst not complete, progress towards implementation was evidenced; and

A summary of these recommendations, including their status at August 2017, and revised dates for implementation are detailed in section 5. These actions will be monitored through the CFRS Action Tracker and will be followed up by MIAA and a further update provided to the Performance and Overview Committee.

4. Summary of Internal Audit Recommendations Followed-Up

The following table summarises all Internal Audit recommendations that have been agreed and which have been followed up during July/August 2017:

Audit Report	Year	Total Number of Agreed Actions Outstanding	Total No of Agreed Actions Ready for Review	Not Implemented	Not Implemented but Action Progressing	Implemented	Superseded
IT Core Infrastructure	2014/15	3	3	-	2	-	1
Capital Programmes	2015/16	1	1	-	-	-	1
Fire Cadets	2015/16	5	5	-	3	2	-
NW Control Centre	2015/16	3	3	-	2	1	-
Operational Training	2015/16	2	2	-	-	2	-
Princes Trust	2015/16	2	2	-	-	2	-
Unitary Performance Groups	2015/16	7	7	-	-	-	7
Insurance Arrangements	2016/17	5	5	-	3	2	-
On Call	2016/17	5	5	-	2	3	-
Combined Financial systems	2016/17	4	4	-	-	4	-

Audit Report	Year	Total Number of Agreed Actions Outstanding	Total No of Agreed Actions Ready for Review	Not Implemented	Not Implemented but Action Progressing	Implemented	Superseded
Station Management Framework	2016/17	4	4	-	-	4	-
Total		**41**	**41**	**-**	**12**	**20**	**9**

5.   Detailed Recommendations

The following table provides full details of those recommendations which are still outstanding following our review, along with the original agreed management responses and timescales.

I.T Core Infrastructure

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
3	Medium	The following areas require action: The issues associated with non-Microsoft software patching should be formally assessed and opportunities to reduce the risks identified. The reported gaps in malware protection need to be clearly understood and more proactively monitored and managed to minimise any exposure.	The ICT Operations Manager has now scheduled a bi annual patching schedule & audit of high use non Microsoft products such as Adobe Reader and if required, the software will be patched, however, this is dependent on resource availability. A more detailed monthly audit of endpoint protection has now been planned. Resources and budget would make this difficult to achieve and we believe the actions being carried out in regard	April 2016 Revised date: 31st March 2017	ICT Operations Manager / Head of ICT.	**Action Progressing** The remaining action to implement SolarWinds Patch Manager will be implemented in 2017/18.	31st March 2018

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
		Broader vulnerability management should be investigated to ensure all risks and Live exploits are understood in a timely fashion and mitigations implemented. One approach to this may be to register with a trusted independent third party security monitoring service.

Port locking should be switched into active mode with the objective of only allowing staff to use and write to specifically authorised and encrypted external storage devices in the first instance. Looking into preventing unauthorised reading capability would also be | to points 1 and 2 above will address this issue.

ICT Operations Manager has now created the necessary policies to implement the port locking element of BeCrypt Connect Protect and is being implemented across the service. | | | | |

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
		recommended. Any residual risk should be appropriately registered and managed through Corporate risk processes.					
5	Medium	Management should ensure that: Documentation covering contingency priorities, maximum recovery times and data loss in different outage scenarios, particularly computer room or widespread infrastructure outages, should be enhanced and approved by management to ensure arrangements align to operational expectations and local continuity arrangements.	This is already being addressed by a wider Business Impact Analysis being carried out by Operational, Planning & Assurance.	April 2016 Revised date: 31st March 2017	Operational Planning and Assurance	**Action Progressing** The remaining action to develop a new business continuity plan will be finalised once services and systems have moved from CFRS Headquarters.	31st December 2017

Fire Cadets

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
3	Medium	The Authority should produce a Corporate Fundraising Policy that should be supplemented by comprehensive guidance for those involved in fundraising activities. The policy and procedures should identify the responsibilities of individuals, the Authority and require the implementation of adequate controls during fundraising including the security, recording and banking of funds collected.	CFRS fund raise for a number of charitable organisations, the majority of CFRS fundraising is for the Fire Fighters Charity. There is no specific fundraising policy and I believe this should be a service wide policy not just for youth engagement programmes. A discussion needs to take place with the DCFO, Director of Governance and Commissioning, Head of Finance and Head of Prevention to agree the policy.	July 2016 Revised date: 31st December 2016	DCFO, Director of Governance and Commissioning, Head of Finance and Head of Prevention.	**Action Progressing** A Corporate Fundraising Policy has been developed and is in the process of being agreed by the Legal Department prior to formal approval.	31st October 2017
4a	Medium	The Authority should review the process for the management of	With regards bank accounts, work is in progress to set up individual accounts for each	April 2016 Revised date:	Finance Manager	**Action Progressing** Although the cadet group	31st October 2017

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
		Cadets funds held locally including agreement on the records to be maintained locally and reporting arrangements to the Finance Department. The imprest and banking procedures established for the Prince's Trust groups could be adapted for the Fire Cadet Units for this purpose.	unit. Due to the fact all the cadet leaders are volunteers and not employed by the Service and only meet once a week this is taking a bit longer than originally estimated. The Fire Cadet Manger and Finance Officer have completed all the necessary paperwork which has been sent to each unit. These are in the process of being returned along with current banking information and totals.	31st December 2016		bank accounts have been brought under the umbrella of the Fire Authority; imprest and banking procedures established by the Princes Trust have not been fully adopted for the Fire Cadets.	
4b	Medium	The Authority should also ensure regular compliance with the Fire Cadet's Policy by undertaking a periodic audit of cadet unit accounts and arranging regular spot checks.		April 2016 Revised date: 31st March 2017	Fire Cadet Manager, Finance Department	**Action Progressing** The programme of audits will be completed once actions related to the banking arrangements are implemented.	31st October 2017

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
6	Low	The Authority should consider the introduction of an annual report summarising the activities of the year and benefits realised for the Authority in relation to promotion of the Fire Service's brand, reduction in anti-social behavior, reduction in fires and the development of future fire fighters.	Fire Cadets do amazing things all year round and this is promoted through internal and external press releases along with social media. Also to celebrate this CFRS have an annual cadet day. This day gives the opportunity for cadets from all around the county to get together, have competitions, fun and celebrate their achievements with a review of the year. The review highlights all the activities the cadets have been involved in and celebrates their success. Fire Authority Members, Principal Officers and local dignitaries such as the Lord Lieutenant. If the Authority would like a written annual report this could be done.	December 2016 Revised date: 31st March 2017	Fire Cadet manager	**Action Progressing** An annual report will be developed for the December reporting cycle.	31st December 2017

NW Control Centre

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
1	Medium	The members' agreement should be amended to reflect the correct number of Authorities that currently hold an interest in NWFC Ltd.	The documentation associated with Merseyside's withdrawal was completed and had to be formally accepted by the four remaining Authorities. At the time there was some discussion between officers about the Members Agreement and whether it needed to be updated. Whilst the document contains a number of provisions that are now only of historical interest (they have no practical impact) the Agreement remains fit for purpose in the way it binds the Authorities together – preventing them from making certain key changes to the company's governance unless there is	1st April 2017	Director of Governance and Commissioning	**Action Progressing** The previous agreement will be replaced as a result of devolution in Manchester. The agreement is intended to be developed and signed by 31st March 2018.	31st March 2018

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
			unanimity. The Agreement can be reviewed, but it is not a priority.				
4	Medium	The Authority should liaise with NWFC Ltd and ensure that the reporting of performance data provided by them reflects the standards and targets set by the Authority. The Authority should liaise with NWFC Ltd to ensure that all reporting functions are operating correctly and all data reported is correct.	Agreed. Some recent anomalies have caused difficulties and officers are attempting to find permanent solutions. Given the reporting that takes place to the company Board (as well as the Authority) there is little doubt that this will be resolved.	August 2016 Revised date: 31st March 2017	Director of Governance and Commissioning	**Action Progressing** CFRS is working with NWFC and reviewing the quarterly performance reports in greater detail for some areas that do not currently meet expectations in an effort to understand why. As part of this process CFRS will be examining the data collection methods.	31st December 2017

Insurance Arrangements

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
1	Medium	CFRS should agree the most effective reporting route for financial and operational information on protection arrangements with FRIC Ltd. The need for updates is more significant at year end to assess the financial outcomes of membership against previous arrangements, if additional contributions are required in the event of a significant number of high value claims across all members, impact of the change in excess from £1,000 to £5,000 and to assess the	The Head of Finance will incorporate regular monitoring of protection arrangements into the Authority's performance reporting process.	March 2017	Head of Finance	**Action Progressing** Information requirements needed by CFRS related to FRIC are being clarified with the DCFO and the Head of Legal.	31st September 2017

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
		effectiveness of FRIC Ltd over the past year.					
3	Medium	CFRS should request Regis to include in quarterly reports the length of time it takes to close claims and additional information on claims related to public and employer liability. FRIC Ltd members should receive assurances on the effectiveness of services provided by Regis including third party assurances where applicable. CFRS should raise with other members the need to have access to FRIC Ltd Board minutes	FRIC has already put the following measures in place: Claim lifecycle information was included in the original specification and as systems develop the information will come on stream. Regarding Public and Employer liability claims, further information will be made available but on a case by case basis as in some cases the nature of these claims may be sensitive. There is a performance review mechanism in the FRIC/Regis contract which includes regular review meetings. These may be attended by members of FRIC. In addition, the	March 2017	Head of Finance	**Action Progressing** On Huddle each member's KPI dashboard is available which includes motor, public and employers liability claim numbers. Third party assurance for financial transactions are received from an independent auditor. Every 6 months the FRIC Chairman reviews Regis key performance indicators, Additionally Board members complete a survey informing of issues and a meeting with Regis to work through feedback. Areas Outstanding Any FRIC Member can attend Board meetings as	31st September 2017

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
		and agendas so that they have additional understanding of the governance and performance of FRIC Ltd.	Chairman of FRIC gauges member satisfaction in advance of the meetings. FRIC is mindful that it is a separate company and must act in the best interest of all Members. However, it was recently agreed that an Exec Report would be published summarising the business of each quarter for members information. The Head of Finance will continue to discuss these matters with FRIC but this is an evolving process which is improving as the FRIC and Regis management processes become embedded.			an observer. Board minutes and Papers are kept separately and not circulated to the wider group. This will be raised by CFRS in September 2017. Claim lifecycle information and information on public and employer liability is currently still not included. However, CFRS is to continue to request this to FARRG.	

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
4	Medium	CFRS as planned should work with other members to develop a report summarising learning from analysis of risk profiles of members. The report can be used alongside information in quarterly reports if it is agreed that contributions of members should be based on claims made and on members risk profiles.	This is part of the FARRG process and it is the intention to make benchmarking information available.	March 2017	Director of Governance and Commissioning	**Action Progressing** The risk profiles for members were due for resubmission in June 2017. The Cheshire profile has been approved by Senior Management and uploaded to the FARRG website. At August 2017 FARRG are waiting for all members to upload their profile so that an analysis across members can be undertaken.	31st October 2017

On Call Availability

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
1	Medium	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.	A new report has been incorporated into Gartan which will make performance reporting easier. This will also fit into a piece of work to refresh individual declarations of availability into Gartan The new functionality is currently undergoing UAT and then can be incorporated into the live environment.	1st April 2017	On Call Support Manager / Project and Systems Administrator	**Action Progressing** The new reporting functionality to assist with measuring performance against contract patterns is now available for use within Gartan. CFRS is entering into wider collaboration with the HR Department preparing to move over to Cheshire Police, as a result HR have not been able to facilitate this exercise at this time as it was deemed too time consuming weighed against the benefits. In the interim a list of On Call Staff with no contract patterns in Gartan have been identified and are in the process of being approached to ensure that all On Call staff then have contract patterns stored within the system.	31st October 2017

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
						Once this has been complete, a further exercise will be conducted by local mangers to ensure that individual contract patterns are up to date and accurate for the staff at their station and this will be detailed in the On Call Station Information folder	
3	Medium	The Authority should look into 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.	Managers have been given some flexibility to manage the process for identifying, communicating and resolving breaches. The approaches adopted have achieved mixed result across stations. Therefore, the matter will be discussed at the On-Call Managers on 7th February to share best practice and agree on the optimum solution. To take forward the above recommendation.	28th February 2017	On Call Support Managers	**Action Progressing** The recommendation was discussed at the On Call Mangers meeting in February 2017. It was decided that further consultation would be required with all On Call staff and a range of options presented to the Head of Service Delivery for approval prior to finalising and been incorporated into service policies. This was due to be discussed at the On Call mangers conference in June. This was postponed and is now scheduled to take place in September where the various	31st October 2017

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at August 2017	Revised Deadline
						options will be discussed further and agreed upon.	

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: • the efficient and effective use of resources • the safeguarding of assets • the preparation of reliable financial and operational information • compliance with laws and regulations.
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: • has a low impact on the achievement of the key system, function or process objectives; • has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
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: Follow-Up Distribution and Contacts

Follow-Up Report Distribution

Name	Title	Report Distribution
Performance & Overview Committee		Final Report (PDF)

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Acknowledgement and Further Information

MIAA would like to thank all staff for their co-operation and assistance in completing this follow-up review.

This report has been prepared as commissioned by the organisation, and is for your sole use. If you have any queries regarding this review please contact the Audit Manager. To discuss any other issues then please contact the Director.