

# Internal Audit - Follow Up Report September 2018

## Performance and Overview Committee (5<sup>th</sup> September 2018)

Cheshire Fire Authority/ Fire & Rescue Service



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## 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- Whether implementation has occurred or been superseded by further events; and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 previously agreed actions.

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. Executive Summary

Section 4 provides a summary of all agreed Internal Audit actions due for implementation which were followed up during July/ August 2018. Of the 38 actions due for implementation:

- 28 were evidenced as implemented including one awaiting evidence of implementation ; and
- 10 actions were noted that whilst not complete, progress towards implementation was evidenced.

A summary of these recommendations, including their status at August 2018, and revised dates for implementation are detailed in section 4. Of those still outstanding, none are considered high risk. 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.

### 3. Summary of Outstanding Actions

The following table summarises all Internal Audit recommendations which have been followed up during July/August 2018:

Audit Report	Year	Number of Recommendations Outstanding	Total Number of Recommendations followed up				
			Recommendations not yet due	Implemented	Partially Implemented	Superseded	Not Implemented
IT Core Infrastructure	2014/15	2	-	2	-	-	-
Fire Cadets	2015/16	3	-	2	1	-	-
NW Control Centre	2015/16	2	-	1	1	-	-
Insurance Arrangements	2016/17	3	-	2	1	-	-
On Call	2016/17	2	-	2	-	-	-
Partnerships	2016/17	6	-	3(1*)	3	-	-
Site Specific Risk Information	2016/17	7	-	7	-	-	-
E&D Recruitment	2017/18	3	-	3	-	-	-
Business Continuity	2017/18	5	-	1	4	-	-
Business Audits/Fire Safety	2017/18	3	-	3	-	-	-
Station Management Framework	2017/18	2	-	2	-	-	-
<b>Totals</b>		<b>38</b>	<b>0</b>	<b>28(1*)</b>	<b>10</b>	<b>0</b>	<b>0</b>

\* Relates to actions confirmed by Management as completed, evidence to be provided / reviewed before being removed from the Tracker Report



## 4. Outstanding and partially Implemented Recommendations

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

### Fire Cadets

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	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 raiser 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, Head of Legal and Democratic Services, Head of Finance and Head of Prevention to agree the policy.	31/12/2016	DCFO, Head of Legal and Democratic Services, Head of Finance and Head of Prevention.	<b>Partially implemented</b> A Corporate Fundraising Policy has been drafted and is in the process of being reviewed by the Legal Department prior to formal approval.	31/10/2018

**NW Control Centre**

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	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 unanimity. The Agreement can be reviewed, but it is not a priority.	1/04/2017	Director of Governance and Commissioning	<p><b>Partially implemented</b></p> <p>The organisation have reviewed the document and currently undertaking a review. Since the audit the governance arrangements for fire and rescue have changed (twice) in Greater Manchester. This has opened up a wider debate about fire control and its future governance. Currently delaying updating the Members Agreement.</p> <p>An update will be provided once the agreement is amended and accepted by all parties to the NW Fire Control</p> <p>As at the time of the audit the Members Agreement is still fit for purpose, the key</p>	31/03/2019

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	Revised Deadline
						ingredients which protect the parties to the collaboration remain relevant and binding on the parties to NW Fire Control.	

#### Insurance Arrangements

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	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	This is part of the FARRG process and it is the intention to make benchmarking information available.	31/03/2017	Head of Finance	<b>Partially implemented</b>  The Health, Safety and Wellbeing Manager has taken responsibility for the recommendation  FRIC Board that sets the performance indicators. The Health, Safety and Wellbeing Manager has requested that they consider this is an indicator for the future which is being	31/10/2018

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	Revised Deadline
		and on members risk profiles.				requested at the Fire and Rescue Risk Group.	

### Partnerships

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	Revised Deadline
1	Medium	CFRS should review and update its Partnership Policy to clarify what CFRS defines as a partnership and to reflect new national and local requirements	The Partnership Policy will be reviewed and updated in 2017 to reflect changes at a local and national level	30/09/2017	Partnerships Co-ordinator / Head of Prevention	<b>Partially implemented</b> The Prevention Partnership policy has been updated with the audit recommendations and is currently being quality assured by the Prevention Department. The Policy should be published within the next 3 months.	December 2018
3	Medium	CFRS should review where key duties previously undertaken by the Partnership Steering Group are to	Reports will be received by SMT through the Programme Management Board. Principal responsibility for oversight of	31/07/2017		<b>Partially implemented</b> As part of the Quality Assurance process the re-assignment of partnerships	Awaiting Evidence

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	Revised Deadline
		be reassigned to ensure there remains robust oversight of partnerships across CFRS.	partnerships will be the Performance Scrutiny Group who have responsibility for monitoring delivery of projects and the IRMP.			oversight and monitoring previously undertaken by the Partnership Steering Group will now be the responsibility of the Service Management Team (SMT).	
4	Medium	<p>i) The Prevention Team should work with the CFRS Legal Team to define and agree the minimum standard for a partnership agreement. Whether that be a MoU or SLA the agreement should provide additional assurance responsibilities for CFRS and its partners are agreed.</p> <p>ii) As planned, signed copies of agreements should be uploaded to CPS</p>	<p>i) For new partnerships and partnership renewals, the Legal Team will further consider the most effective agreement to be used to provide additional assurance that responsibilities of CFRS and its partners are agreed.</p> <p>ii) Signed copies of agreements will be added to CPS. The Prevention Team will confirm that signed agreements are in place for partnerships where it was identified a signed agreement could not be evidenced.</p>	31/12/2017	Head of Prevention	<p><b>Partially implemented</b></p> <p>i) The legal team agreed MOU would be the minimum standard for a partnership agreement and the policy has been updated to reflect this.</p> <p>ii) Signed copies of agreements will be uploaded to the new CPS site when available, incorporating the improvements to the partnerships tab.</p>	December 2018

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	Revised Deadline
6	Low	As planned, training should be provided to partnership leads on requirements in the Partnership Policy to ensure key partnership documentation has been fully completed.	As part of the uploading of partnerships into CPS, training will be provided to partnership leads to ensure there is clarity on actions required to comply with the Partnership Policy.	31/12/2017	Unitary Performance Managers	<b>Partially implemented</b>  Training will be provided to partnership leads to ensure there is clarity on actions required to comply with the Partnership Policy, once CPS has been updated and the policy published.	December 2018

### Business Continuity

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	Revised Deadline
2	Medium	CFRS should: -  • Develop a three year schedule with Cheshire Constabulary to detail the timing and assurances from live incidents and table top business continuity plan tests.	• A three year schedule will be developed with Cheshire Constabulary to detail the timing and assurances from live incidents and table top business continuity plan tests. This will be established alongside developing agreeing a standardisation of	28 <sup>th</sup> February 2018  31 <sup>st</sup> March 2018	Operational Support, Risk, Research & Development Lead	<b>Partially implemented</b>  The Constabulary's approach to Business Continuity differs to CFRS. The differences in approach at the two organisations need further investigation and agreement.	December 2018

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	Revised Deadline
		<ul style="list-style-type: none"> <li>Report the results and assurances of testing in revised reporting arrangements to senior management (recommendation 4 refers).</li> </ul>	<p>approach, documentation and systems for business continuity with Cheshire Constabulary.</p> <ul style="list-style-type: none"> <li>Revised reporting arrangements will be taken to the Risk Management Board for approval in March 2018</li> </ul>				
3	Medium	<p>CFRS should: -</p> <ul style="list-style-type: none"> <li>Develop an agreed schedule of regular meetings with business continuity leads at Cheshire Constabulary.</li> <li>Agree a work plan and action log detailing actions required from each partner. This should include agreeing a shared risk appetite and risk scoring process.</li> <li>Agree with Cheshire Constabulary the</li> </ul>	<ul style="list-style-type: none"> <li>An agreed schedule of regular meetings will be agreed between business continuity leads at CFRS and Cheshire Constabulary.</li> <li>CFRS and Cheshire Constabulary will work to develop a standardisation in approach, documentation and systems for business continuity. As part of this work a work plan and action log detailing actions.</li> <li>As part of developing a testing schedule CFRS will clarify with Cheshire</li> </ul>	<ul style="list-style-type: none"> <li>28<sup>th</sup> February 2018</li> <li>30<sup>th</sup> June 2018</li> <li>30<sup>th</sup> June 2018</li> <li>30<sup>th</sup> June 2018</li> </ul>	Operational Support, Risk, Research & Development Lead	<p><b>Partially implemented</b></p> <p>The Constabulary's approach to Business Continuity differs to CFRS. The differences in approach at the two organisations need further investigation and agreement.</p>	December 2018

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	Revised Deadline
		<p>nature and frequency of assurances for which they are the lead for.</p> <ul style="list-style-type: none"> <li>As planned CFRS Business Impact Assessments should be reviewed and updated to reflect changes as a result of Blue Light Collaboration.</li> </ul>	<p>Constabulary the nature and frequency of assurances for which they are the lead for.</p> <ul style="list-style-type: none"> <li>As part of the development of a standardisation of approach Business Impact Assessments will be reviewed and updated to reflect changes as a result of Blue Light Collaboration.</li> </ul>				
4	Medium	<ul style="list-style-type: none"> <li>To further strengthen assurances escalated to senior management CFRS should develop a RAG rated report providing assurances that business continuity plans for the Joint Corporate Services Teams located at Clemonds Hey (BLC) have been reviewed, tested and from assurances from</li> </ul>	<ul style="list-style-type: none"> <li>Revised reporting arrangements will be taken to the RMB for approval in March 2018 including references to learning gained from joint working with CFOA, Cheshire Constabulary, national reports or guidance and progress against planned business continuity testing.</li> <li>An annual report will be reported to the RMB in October 2018</li> </ul>	<ul style="list-style-type: none"> <li>30<sup>th</sup> June 2018</li> <li>October 2018</li> </ul>	Operational Support, Risk, Research & Development Lead	<p><b>Partially implemented</b></p> <p>Development work on the Cheshire Planning System (CPS) or Police equivalent will need to be completed to create/amend and view the reporting system. To allow RAG process to be developed and agreed between stakeholders. A formal reporting process in relation to the assurances to be provided to CFRS is also under negotiation.</p>	December 2018

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	Revised Deadline
		<p>Cheshire Constabulary for services they have responsibility for.</p> <ul style="list-style-type: none"> <li>An annual report should be reported to the RMB which includes references to learning gained from joint working with CFOA, Cheshire Constabulary, national reports or guidance and progress against planned business continuity testing.</li> </ul>					
5	Low	<ul style="list-style-type: none"> <li>As planned, quarterly Business Continuity Champion meetings should be held with agreed actions monitored to provide assurance they are completed.</li> <li>To accompany the role of Business Continuity</li> </ul>	<ul style="list-style-type: none"> <li>Business Continuity Champion meetings will be held with agreed actions monitored to provide assurance they are completed.</li> <li>Business Continuity Champions will continue to raise awareness of business continuity within their departments.</li> </ul>	<ul style="list-style-type: none"> <li>29<sup>th</sup> February 2018</li> <li>30<sup>th</sup> April 2018</li> <li>29<sup>th</sup> February 2018</li> </ul>	Operational Support, Risk, Research & Development Lead	<p><b>Partially implemented</b></p> <p>New departmental Business Continuity leads have been identified, with the line management responsibilities agreed. The Operational Policy and Assurance administration hubs will allow more support in the development of regular meetings and</p>	December 2018

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at September 2018	Revised Deadline
		<p>Champions, CFRS and Cheshire Constabulary should consider processes to periodically raise the profile of business continuity across each organisation. This includes participation in national awareness campaigns by Resilience Direct.</p> <ul style="list-style-type: none"> <li>CFRS should request business continuity to be included periodically at CFRS service and departmental meetings.</li> </ul>	<p>Additionally CFRS will update its business continuity intranet page and consider its involvement in the national business continuity event held in May each year.</p> <ul style="list-style-type: none"> <li>Business continuity will be included at CFRS departmental meetings to raise the awareness of business continuity and actions required to be completed.</li> </ul>			<p>inclusion as standard agenda items.</p> <p>Prior to completion further engagement meetings are required.</p>	

## Appendix A: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system 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: Follow-Up Distribution and Contacts

### Report Distribution

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

### Review prepared on behalf of MIAA by

Name:	Lyndon Wiles
Title:	Principal Auditor
	0161 743 2029
	Lyndon.wiles@miaa.nhs.uk

Name:	Kevin Lloyd
Title:	Assistant Director
	0161 743 2028 / 07585401639
	kevin.lloyd@miaa.nhs.uk

### 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.