

# Internal Audit Progress Report Performance and Overview Committee (July 2019)

Cheshire Fire Authority / Fire & Rescue Service

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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 against the Internal Audit Plan for 2018/19. 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 Audit Committee Attention

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

- Performance and Data Quality – Substantial Assurance
- Vehicle Fleet – High Assurance

Our work in relation to the NFI data matching is in progress and will be reported at a later date. Data from the Treasury was released in April 2019 and therefore this work runs across the year.

The table below identifies the key areas from our work and the actions to be delivered by management. Appendix A provides the categorisation of assurance levels and risk ratings and Appendix B confirms performance against plan. Details of High Level actions agreed are provided in Appendix C.

Title	Assurance Level	Recommendations	
Performance Reporting (2018/19 Plan)	Substantial	0 x Critical 0 x High	2 x Medium 2 x Low
<b>Management Sponsor:</b> Lee Shears, Head of Protection and Organisational Performance			
<b>Objective:</b> To provide assurance over the process for recording and reporting performance.			
<b>Summary:</b>			
At the time of the review, The Cheshire Fire and Rescue service were in the process of updating their Performance Management Framework (PMF) with a view for it to be approved in February / March 2019.			
The Business Intelligence Team (BI) acts as the focal point for collating performance information and for producing the reports that are required for the monitoring processes. The FireCore system draws on data that other departments own and are responsible for maintaining. Our review confirmed that a bespoke validation process has been produced by the Senior Research and Business Analyst area within the BI team, this has been developed to minimize known errors and is now run on a monthly basis.			

Title	Assurance Level	Recommendations
<p>On a quarterly basis performance reports are collated by the BI Team. The Performance and Overview Committee receive update reports on the Statutory Key Performance Indicators (KPIs) each quarter and the Service's Performance and Programme Board (members of the Service Management Team) also receive a quarterly review of performance against KPIs. This Board is responsible for monitoring and reviewing progress against performance targets and ensuring that action is taken where necessary.</p> <p>A data deep dive was undertaken on Cheshire East Unitary area to ensure accurate reporting was reflected within both local quarterly performance reports, collated by the Unitary Admin Manager and the quarterly performance reports to Performance and Overview Committee, collated by the Business Intelligence Team.</p> <p>Figures reported for KPIs 'Number of deaths in Primary Fires' and Injuries in Primary Fires' were satisfactory and data was reported accurately however we found minor discrepancies on four other KPIs reported to the P&amp;O Committee. It should be noted that these minor errors would not ultimately affect the overall RAG rating applied to each KPI.</p> <p>The four Unitary Area Delivery Plans for Cheshire West &amp; Chester, Cheshire East, Warrington, and Halton are developed to respond to local issues and priorities whilst reflecting the overarching strategic direction and aims and objectives of the IRMP and Corporate Plan.</p> <p>Our review confirmed that Station Managers meet at the quarterly Performance Scrutiny and Campaigns Group which interrogates performance and utilises local intelligence from Unitary Performance Groups to create targeted initiatives and campaigns.</p> <p>Departmental, Unitary and Community Action Plans (CAPs) are the building blocks in the performance management framework; they identify how each area will contribute towards achieving the aims and objectives as set out in the IRMP. All indicators in the IRMP are 'cascaded' down to the Departmental Plans.</p> <p>Community Action Plans draw direction from the Unitary Plans, further localising the priorities, actions and targets each Station needs to address to contribute effectively to delivery of the Plan. Each Station Manager is responsible for developing and monitoring their own suite of CAPs and understanding their contribution to delivery against Unitary Plans and IRMP.</p> <p>A Unitary Performance Group Report is produced every quarter which analyses performance collated from the BI team. Performance information is used to improve the day-to-day operation of services across CFRS. Reported performance, which is below expectation, is targeted and reviewed so that remedial actions can be introduced, lessons learnt and improvements made. Examples of strong performance are analysed and highlighted in order to share and promote good practice across the organisation.</p>		

Title	Assurance Level	Recommendations	
<b>Key areas agreed for action:</b>			
<b>Two medium level risk recommendations were agreed:</b>			
<ul style="list-style-type: none"> <li>• As new systems have been implemented along with the development of the Blue-light Collaboration, a new PMF is currently being written and will need to be scrutinised, reviewed and approved by the Cheshire Fire Authority.</li> <li>• To ensure KPI RAG rating status are accurate and continue to reflect current incident reporting figures over quarterly performance reports, Cheshire Fire Authority should ensure:               <ul style="list-style-type: none"> <li>- Year to Date (YTD) figures are accurately reported over the quarterly performance reports, ensuring all figures are summed up to a correct YTD figure.</li> <li>- All KPIs reported within local performance reports should be reported within the P&amp;O Committee performance reports.</li> <li>- A consistent approach to local unitary reporting within P&amp;O committee, by ensuring all KPIs include the local unitary table stating each unitary station's performance.</li> </ul> </li> </ul>			
<b>Two low level risk recommendation were also agreed:</b>			
<ul style="list-style-type: none"> <li>• Standard Operating Procedures or an approved timetable should be either incorporated into the new PMF or be developed as a stand-alone document and distributed to each unitary area to ensure timely submissions and accurate data reporting to P&amp;O Committee.</li> <li>• A standardised approach / formal communication plan including specific questions asked by the BI team for the unitary areas to complete, may be beneficial for a more timely and effective reporting.</li> </ul>			
Vehicle Fleet	High	0 x Critical 0 x High	0 x Medium 1 x Low
<b>Management Sponsor:</b> Phill Cooper, Fleet Manager			
<b>Objective:</b> To ascertain whether the new vehicle management system has delivered it's anticipated benefits. We will also evaluate the arrangements in place to record and monitor the utilisation and management of the Authority's fleet and to assess the effectiveness of how this information is being used to inform decision making.			
<b>Summary:</b>			
A fleet management system called Fleetwave has recently been implemented in January 2019. At the time of the review, the implementation of Fleetwave was still in its infancy with the full implementation and realisation of benefits to be fulfilled by October 2019.			

Title	Assurance Level	Recommendations
<p>Once fully implemented, and all data has been entered within the system, Fleet vehicles will be fully monitored, ensuring regular maintenance of fleet vehicles. Fleetwave will enable tracking and reporting of information, including time and costs associated with the end-to-end maintenance of assets, vehicles and equipment.</p> <p>During the review, we obtained the contract for the purchase of services for Fleetwave, and have undertaken testing of a sample of 15 specification requirements which overall confirmed that Fleetwave is meeting it's high priority service requirements, and any gaps in benefits realisation is currently work in progress with a developed action plan monitored by the Fleet Manager.</p> <p>Fire vehicle technicians undertake a wide range of training and qualifications in order to ensure vehicles are maintained to the expected standard. Cheshire Fire and Rescue currently has seven technicians and Audit testing was undertaken to ensure all training and qualifications has been documented, were within date and reviewed when necessary. We found good practice regarding documentation held by the Fleet Manager maintaining a file of all training along with copies of each certificate.</p> <p>Audit review identified that a Vehicle must receive either an 'F' or 'E' service where appropriate, and arrangements must be put in place to allow for the replacement of vehicles receiving a service. Audit observation confirmed that Fleetwave has the reporting requirements to enable the Fleet Manager to assess upcoming services, including both F and E services, as well as MOT and Road Tax requirements. Due to the recent implementation of Fleetwave there have been some initial technical issues but nothing which required escalation.</p> <p>Although Fleetwave has yet to meet its overall expectation regarding data input and outputs of information, we can confirm that appropriate workarounds are currently in place and used by the Fleet Manager. An action plan is currently in place between the Project Manager of Fleetwave and the Cheshire Fire and Rescue Fleet Manager to resolve the current technical issues, however these issues are not affecting the overall performance of Fleetwave in its current format. Cheshire Fire and Rescue Service currently use the 15 year replacement programme of fleet vehicles, and this is frequently monitored by the Fleet Manager.</p> <p>Fleetwave has an incorporated fuel management system which allows the Fleet Manager to gain detailed visibility of accumulated fuel costs and individual transactions. With the automated integration of commercial fuel cards, The Fleet Manager can gain real-time insight into operating efficiencies such as fuel economy performance, CO2 emissions, which will ultimately support in the reduction of fuel costs and improve vehicle and driver performance.</p>		

Title	Assurance Level	Recommendations
<p>Our review confirmed that Fleetwave has Fleet Management Reporting tools integrated within the system. This provides the user with relevant fleet performance analytics and actionable reports. Reports are presented in an easy to interpret, graphical format with the ability to drill down and interrogate information as needed.</p>		
<p><b>Key areas agreed for action:</b></p>		
<p><b>One low level recommendation</b> was agreed in relation to setting up a regular contract meeting to monitor performance and output requirements against the contract in place to ensure benefits realisations are consistently being met through formal contract meeting</p>		

### 3. Work in Progress and Planned

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

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#### Work In progress

- National Fraud Initiative – Finance and Payroll matches being reviewed
- Volunteers – Fieldwork
- Collaboration/ Partnerships – Terms of Reference

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#### Work planned

- HMICFRS – Phase 1 support July 2019

### 4. Request for Audit Plan Changes

It is recognised that we may need to update the audit plan during the year as different risks emerge. Any proposed changes to the plan are discussed with the Service Management Team 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 for consideration by the committee.

## 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: 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 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. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA’s compliance with the Public Sector Internal Audit Standards.

## Overview of Output Delivery (2018/19 Plan)

REVIEW TITLE	PLANNED REPORTING TO P & O				ASSURANCE LEVEL	Commentary
	Sep	Nov	Feb	April		
<b>CORPORATE SERVICES</b>						
Financial Systems: Oracle Fusion			✓		N/A	Complete
Local Code of Corporate Governance		✓		✓	N/A	Working group attendance / support/ HOIA
National Fraud Initiative				•		In progress
<b>PROTECTION &amp; ORGANISATIONAL PERFORMANCE</b>						
Performance Reporting				✓	Substantial	Complete
HMICFRS				•		Q2 & Q4 19/20
<b>SERVICE DELIVERY / OPERATIONAL POLICY &amp; ASSURANCE</b>						
Operational Training		✓			Substantial	Complete
Vehicle Fleet				✓	High	Complete
Station Management Framework			✓		Substantial	Complete
<b>PREVENTION</b>						
Safe and Well		✓			Substantial	Complete
<b>FOLLOW-UP AND CONTINGENCY</b>						
Follow-up	✓					Final Report
Contingency		✓		✓		Risk Management Board

### Key

o = Planned • = In Progress

✓ = Complete

## Overview of Output Delivery (2019/20 Plan)

REVIEW TITLE	PLANNED REPORTING TO P & O				ASSURANCE LEVEL	Commentary
	Sep	Nov	Feb	April		
<b>CORPORATE SERVICES</b>						
Financial Systems			o			
Cost Improvement		o				
Risk Management Board	o	o	o	o		
IT resilience / BCP		o				
National Fraud Initiative (Carry forward)		•				In progress
<b>PROTECTION &amp; ORGANISATIONAL PERFORMANCE</b>						
Professional Standards				o		
HMICFRS (Carry Forward)				•		
<b>SERVICE DELIVERY / OPERATIONAL POLICY &amp; ASSURANCE</b>						
Collaboration/ Partnerships	•					Planning
<b>PREVENTION</b>						
Safety Central Volunteers	•					In progress
<b>FOLLOW-UP AND CONTINGENCY</b>						
Follow-up	•					In progress
Contingency						

### Key

o = Planned • = In Progress

✓ = Complete



## Appendix C: Critical / High Risk Recommendations

There were no Critical or High Risk recommendations raised within any of the finalised report this period.