

# Internal Audit Follow Up Report (June 2021)

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- Whether implementation has occurred or been superseded by further events; and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 June 2021. Of the 20 recommendations reviewed this time:

- 15 were evidenced as implemented,
- 5 actions were noted as partially implemented and a revised date has been agreed for implementation.

A summary of these recommendations, including their status at June 2021 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 Follow-Up

The following table summarises all Internal Audit recommendations followed up during June 2021.

Audit Report	Year	Number of Recommendations Outstanding	Total Number of Recommendations followed up					Comments
			Recommendations not yet due	Implemented	Partially Implemented	Superseded	Not Implemented	
NW Control Centre	2015/16	1	-	-	1	-	-	See below
Performance Reporting	2018/19	4	-	3	1	-	-	See below
IT Service Continuity	2019/20	4	-	4	-	-	-	-
Collaborations /Partnerships FRIC	2019/20	4	-	2	2	-	-	See below
Payroll	2020/21	2	-	2	-	-	-	-
Pensions	2020/21	3	-	2	1	-	-	See below
Risk Management	2020/21	2	-	2	-	-	-	-
<b>Total</b>		<b>20</b>	<b>-</b>	<b>15</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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.

### NW Control Centre

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at June 2021	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	1/04/2017	Director of Governance and Commissioning	During 2020 visioning days have taken place involving the Board of Directors and Chief Fire Officers. These have been supported by external advisers, including a law firm, which has been reviewing the company documentation. Even with the challenges of working during Covid-19 there has been some real progress with the work to review the governance arrangements of the company and the company's relationship with the fire and rescue services that it serves. This should culminate in proposals to alter some of the company documentation, including	July 2021

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at June 2021	Revised Deadline
			can be reviewed, but it is not a priority.			the Members Agreement. I would expect this to happen in the next six to nine months.	

### Performance

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at June 2021	Revised Deadline
1	Medium	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.	Agreed. A new Performance Management Framework has been written and is awaiting approval.	30/9/20	Senior Business Intelligence Analyst	The revised PMF was due to be approved by SMT last year but was withdrawn by DCFO Waller as more improvements need to be made. The revised target date is now September 2021.	Sept 2021

**Pensions**

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at June 2021	Revised Deadline
1	Low	The organisation should ensure that all policies are subject to regular review.	HR policies are proactively managed by a designated officer via a HR Policy matrix on an ongoing basis. In light of the feedback received, work will be undertaken to update the policies which have been identified during the audit as being overdue for review, although as they are driven by national legislation / statutory requirements we believe that they are still current and do not contain out of date procedural information.	30/12/20	Senior Business Partner HR	Not yet completed in relation to specific pension policies. Request extension.	July 2021

**Collaboration/ Partnership - FRIC**

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at June 2021	Revised Deadline
1	Med	It is recommended that SMT receive key information from FRIC and FARRG to ensure escalation of risk and appropriate governance arrangements.	Reporting takes place informally to a member of SMT. However, this will be further developed so that SMT and Members have better visibility about the performance of the insurance arrangements.	June 2020	Director of Governance & Commissioning	Programmed. Report due to be presented to SMT in September 2021.	Sept 2021

Rec No	Risk Rating	Recommendation(s)	Management Response	Action Deadline	Person(s) Responsible	Status as at June 2021	Revised Deadline
3	Low	It is recommended that all documentation provided within CFRS policies are completed and formally agreed, maintained and reviewed	CFRS is reviewing its approach to collaboration and will consider this recommendation as part of that review.	March 2021	Director of Governance & Commissioning	Programmed. This will form part of the report that goes to SMT in September 2021.	Sept 2021

## 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.

## Report Distribution

Name	Report Distribution
Performance & Overview Committee	Final Report
Mark Cashin, Chief Fire Officer	Final Report
Andrew Leadbetter – Director of Governance and Commissioning	Final Report
Chris Astall- Planning, Risk Management, Internal Audit and Local Code of Corporate Governance Officer	Final Report

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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.