

Internal Audit Progress Report
Performance and Overview Committee
(24th August 2016)

Cheshire Fire Authority / Fire & Rescue Service



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 from the remaining reviews to be reported against the Internal Audit Plan for 2015/16. The report also includes details of the initial progress made in respect of 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, all of which received Significant Assurance: -

- Capital Programme;
- Combined Financial Systems;
- Fire Cadet Groups;
- Local Code of Corporate Governance;
- NW Joint Control Centre;
- Operational Training; and
- Princes Trust.

The table below identifies the key areas from that 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 for 2016/17. Details of High Level actions are provided in Appendix C.

Title	Assurance Level	Recommendations	
Capital Programme	Significant	0 x Critical 0 x High	0 x Medium 1 x Low

Objective: To evaluate the systems and process in place to effectively manage the Capital Programme.

Summary: From the testing undertaken all key controls were found to be operating

effectively. The processes in place ensure that progress and financial status is accurately reported and monitored on a regular basis, any forecasted increase in costs is reported to allow decisions to be made on whether they are affordable and can be approved and the finance systems are such that invoices are checked for accuracy and against supporting records prior to approval.

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

One low recommendation to be actioned focused on developing a risk priority system should the demand for capital or funding available change from the overall capital programme/strategy. It is noted that all bids are currently reviewed, considered and approved by Members.

Executive/ Management Sponsor: Head of Finance

Title	Assurance Level	Recommendations	
Combined Financial Systems: <ul style="list-style-type: none">• Accounts Payable• Accounts Receivable• Financial Ledger	Significant	0 x Critical 0 x High	1 x Medium 2 x Low

Objective: To provide assurance on the design and operation of the key controls within Accounts Payable/Receivable and Financial Ledger.

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.

Key areas agreed for action (due to be completed by June 2016):

Medium recommendation to be actioned, focused on: -

- An audit trail should be retained to evidence the request and approval of any changes to user access levels in the ledger.

Two low recommendations to be actioned focused on ensuring the Authority's Debtor policy include details of the author, approval and date of the next review, ensuring that the deadlines and timescales, and where practicable and evidencing timely review of journals when queries are raised prior to input.

Executive/ Management Sponsor: Head of Finance



Title	Assurance Level	Recommendations	
Fire Cadet Groups	Significant	0 x Critical 0 x High	4 x Medium 2 x Low

Objective: To review the processes and arrangements in place for the operation of the fire cadet groups including fundraising, expenditure and financial management.

Summary: The cadets form part of the Authority's fire prevention strategy operating across the county in 24 locations, supported by volunteer leaders. The Fire Cadets Policy identifies the responsibilities and expectations of both the cadets and that of the Authority, including safeguarding and the unique specific requirements of the cadets including parental consent.

There are effective budget monitoring arrangements in place for the cadets, with analysis and supporting commentary provided by each cadet district. A sample of expenditure was tested and found to be appropriately authorised.

The main event for the cadets in 2015 was the Nepal School Project with 15 cadets and 9 volunteers who travelled to Nepal in October 2015. This project was financed through a number of fund raising activities including sponsored events. Income and expenditure was found to be appropriately recorded and monitored by the Finance Department.

The individual cadet groups operate local bank accounts that are managed outside of the Authority's control, it is noted that these are low value and generally relate to the collection of weekly subscriptions. The Finance Department and the Cadet Manager are aware of this and are in the process of reviewing these arrangements with the intention to bring these bank accounts under the Authority's umbrella and to develop operating procedures for income, expenditure and banking arrangements. Furthermore, there is a requirement to develop corporate policies and procedures for fundraising activities undertaken by employees and volunteers associated with the CFRS.

Disclosure and Barring Service (DBS) checks are undertaken on all potential employees or individuals engaged as volunteers in roles involving access to children, young people and vulnerable young adults. There is a process in place for the screening of individuals who have not been ordinarily resident within the UK prior to commencing employment or volunteer duties however, this needs to be captured in the Authority's Convictions Policy and the Volunteers Policy.



Management have identified the need for improved support for the Cadets including risk management and have assigned a number of Area Advisors to support each group. In addition, to this the Health, Safety and Wellbeing Manager in conjunction with the Fire Cadet Manager have recognised the need to undertake risk assessment audits on cadet groups to ensure that they are operating safely and in compliance with the Health and Safety Management Policy.

Key areas agreed for action (due to be completed between June and December 2016):

Medium recommendations to be actioned, focused on: -

- Determining the checks that should be taken for the employment or volunteering activity across the service for applicants who have not previously resided in the UK before. This should then be reflected within the Authority's Convictions and Volunteers Policies.
- The Health, Safety and Wellbeing Manager in conjunction with the Fire Cadet Manager should undertake a risk assessment audit on the cadet groups to ensure that they are operating safely and in compliance with the Health and Safety Management Policy. This is to be coordinated by the Cadet Area Advisor role and a health and safety checklist will be developed.
- Producing 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.
 - Local bank accounts and managing of funds: -
 - (i) Cadet group bank accounts are set up through the Authority, including bank mandates and receipt of financial statements.
 - (ii) Review the process for the management of the cadet funds held locally including agreement on the records to be maintained 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.
 - (iii) Undertaking a periodic audit of cadet unit accounts and arranging regular spot checks to ensure compliance with the Fire Cadet's Policy.



Two low recommendations to be actioned focused on continuing to look at opportunities and developing the financial plan for the use of third party monies received through fundraising or donations, and to consider the introduction of an annual report summarising the activities and achievements of the year.

Executive/ Management Sponsor: Head of Prevention

Title	Assurance Level	Recommendations
Local Code of Corporate Governance	Significant	N/A

Background: The Code of Corporate Governance in Local Government provides an overall framework that is intended to be followed as best practice for developing and maintaining a local code of governance. The Framework defines the principles that should underpin the governance of each local government body and provides a structure to help individual authorities with their own approach to governance. The six core principles are described below:

- Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and role.
- Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Principle 5: Developing the capacity and capability of members and officers to be effective.
- Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

In accordance with guidance, the Authority has developed and maintained a Local Code of Corporate Governance including a 'Framework' that provides a structure for monitoring compliance and assurance under the six principles of the code and the



publication of an Annual Governance Statement (AGS) to report on compliance. The framework has also recently been updated to include monitoring compliance with the National Framework requirements and is included in the Framework as Principle 7.

Objective: To undertake an independent review of the evidence which supports the Local Code of Corporate Governance (Principles 1 & 2) as included in the Framework to ensure it is relevant, robust and to identify any areas of improvement.

Summary: Based on the areas reviewed we can conclude that overall, sufficient evidence was available to support the conclusions recorded within the Local Code of Corporate Governance Framework (Principles 1 & 2) and thus demonstrating compliance with those outlined in the Code of Corporate Governance in Local Government. There were some areas for consideration on the development of this document and inclusion of further evidence, which were provided to management at the time of the review and an action plan was agreed. Management indicated that the Local Code of Corporate Governance Framework would be updated to reflect the findings of this review and this has been taken into account when forming our opinion level.

Executive/ Management Sponsor: Head of Planning, Performance and Communications

Title	Assurance Level	Recommendations	
North West Joint Control Centre	Significant	0 x Critical 0 x High	5 x Medium 0 x Low

Objective: To evaluate the effectiveness of the governance and 3rd party assurance arrangements in place regarding the management, reporting and performance monitoring of the North West Joint Control Centre run by North West Fire Control Ltd (NWFC).

Summary: There is a formal Members' Agreement in place that makes clear the interests of the Authority and the roles and responsibilities of the owners of NWFC. Merseyside Fire & Rescue were originally part of the project but withdrew leaving only four services continuing. The Members Agreement requires updating to reflect this, albeit this has and does not impact on the operation of this agreement.

Audit review confirmed that there is a Co-operation Agreement in place which details the process and expectations with regards to contract and performance management and the method used in establishing the costs applicable for each Authority. The



agreement has been signed and agreed by both Cheshire and Lancashire Fire Authorities; however, the remaining two owners have not signed and returned their documentation.

The Board of Directors of NW Fire Control Ltd consists of eight elected members, two from each Authority. Other representatives from Cheshire Fire have included the Head of Legal & Democratic Services and the Assistant Chief Fire Officer. The Board meets regularly and receives a quarterly performance report to provide assurance on the performance of the service with regards to faults, activity impact and performance measures, including national targets set by the Chief Fire Officers' Association (CFOA) specifically with regards to call handling and resource mobilisation upon which NWFC Ltd have to report.

There are currently two forums for discussing the progress and performance of NWFC Ltd. These are the Operation Group and the Change Advisory Board (CAB). The Operation Group discusses operational changes that may impact on NWFC Ltd and solutions while the CAB discusses all technical aspects such as changes, performance, improvements and upgrades. At the time of the review supporting documentation was still outstanding with regards to the minutes of the CAB meetings; however, monthly action logs, minutes and agendas have been received and reviewed from the last three Operations Group meetings.

The Authority is in the process of developing an annual audit process for NWFC Ltd. The aim of this audit is to compliment the regular performance monitoring and to provide assurance that the information reported gives an accurate reflection of performance. This is currently being developed and discussed by numerous officers from each Authority to decide upon an agreed approach. The Authority would therefore benefit from agreeing on and implementing this process at the earliest opportunity.

Review of the minutes of the Performance and Overview Committee confirmed that performance of NWFC Ltd was last reported to the Committee on August 2015. The report presented provided information on the Call Handling and Mobilising System and Call Volumes from May 2014 to April 2015. The report referred to national targets set by the CFOA and measured the performance of NWFC Ltd against these targets. It was noted that there were problems with the reporting tool which had resulted in information reported to the Committee which was set against a more difficult measure, e.g. the report referred to a five second target for call answering when the national target was 10 seconds. It has been confirmed that since August 2015 this



problem with the reporting tool has been rectified.

Key areas agreed for action (due to be completed between July 2016 and April 2017):

Medium recommendations to be actioned, focused on: -

- Amending the members’ agreement to reflect the correct number of Authorities that currently hold an interest in NWFC Ltd. It is noted that the Agreement remains fit for purpose in the way it binds the four remaining Authorities together.
- Formally signing the Co-operation Agreements by the remaining Authorities and then correctly dating as confirmation that all parties have agreed to the governance arrangements to monitor the performance of NWFC Ltd.
- To agree the timeframe for reporting performance of NWFC Ltd to the Authority on a periodic basis. Meetings of the CAB should be documented and minuted to provide an audit trail of agenda items discussed.
- 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, that all reporting functions are operating correctly and all data reported is correct.
- An annual audit process should be agreed upon by the stakeholders and implemented at the earliest opportunity to provide assurance that the performance information provided by NWFC Ltd is accurate. Within the annual audit process assurances should be provided on the quality of services and training of staff.

Executive/ Management Sponsor: Head of Legal and Democratic Services

Title	Assurance Level	Recommendations	
Operational Training	Significant	0 x Critical 0 x High	4 x Medium 2 x Low

Objective: To evaluate the arrangements in place to deliver, record and monitor compliance with Cheshire Fire & Rescue Service’s Operational Training Strategy.

Summary: It is concluded that CFRS demonstrate a strong commitment in ensuring that its operational staff, from people joining the service through to experienced firefighters obtain and maintain the skills and competencies needed to fulfil their roles. This approach is underpinned by an overall strategy, supported by individual training



module policies and an annual training plan which details the operational training required for its staff each year.

From the testing undertaken it was found that the Operational Policy and Assurance (OPA) Admin Hub play an important role in providing the administrative support to ensure that there is a strong internal recording and monitoring system in place to support the training of operational staff at the right times, and overall supporting records were in place to demonstrate the training completed.

There are some areas where processes could be enhanced. There is a need to ensure that refresher training detailed within all training policies is clearly aligned to the actual frequency training is delivered. It is not suggested that the timeliness of this training needs to change; however, it is important that the timescales for this is clearly understood by all staff within CFRS. It is acknowledged that attendance is closely monitored by the Admin hub in order to mitigate this.

All skills held by each operational member of staff is maintained on the Gartan Availability / Duty Management system. These skills are recorded by OPA Admin staff for each individual on their Gartan record. This can then be used by Station Managers to ensure that operational staff have skills and training that are up to date to perform particular duties or if training has expired, whether this impacts on what duties they may perform including for certain competencies such as the 'EFAD' skill, which relates to driving fire appliances. This skill must be reassessed every 5 years, if this skill expired it would result in the member of staff being unable to drive the appliance. During sampling of 15 on call and 10 whole time fire fighters, there were three examples identified where skills had expired but had not been removed from the Gartan system. All errors were highlighted to management at the time of review however, it is important that a wider review is completed in order to ensure that any other errors are known.

There are a number of elements which link in to operational training which all have different reporting lines, namely operational training, station management framework and incident commander training. Whilst, it is not suggested that the responsibilities for the management for these different elements should change, CFRS should consider whether the monitoring of these aspects of training delivery could be incorporated into the wider performance monitoring of operational training in order to provide a more comprehensive picture in relation to the skills, maintenance of skills and competencies across the Service. In addition, some improvements were identified relating to attendance monitoring, updating of policies and storing of attendance



monitoring forms.

Key areas agreed for action (due to be completed between March 2016 and March 2017):

Medium recommendations to be actioned, focused on: -

- Key actions for training records: -
 - (i) Operational crews to be advised to review skill sets on Gartan and advise Operational Policy and Assurance Department of any discrepancies.
 - (ii) Discuss with staff co-ordinating training the importance of prioritising staff for available courses in order to minimise / prevent chances of skills exceeding the recommended expiry date.
 - (iii) To re-issue guidance regarding the completion of Green attendance forms and the requirement to indicate whether or not individuals have reached the required benchmark in all cases.
 - (iv) To check the set-up of new training courses for the 2016/2017 training year to ensure the correct set up in terms of Skill ID's that will ultimately update Gartan via the overnight changes file. Consideration will also be given as to utilising expiry dates for whole time staff.
- All training policies are reviewed and where necessary they should be updated to provide further clarity on the timescales for refresher training.
- The reason for trainer days lost should be formally recorded. This can then be used to highlight all the themes that have caused this and to highlight how these days are being used and identify any areas for improvement. Attendance monitoring for incident commander training should be developed.
- To look at the feasibility of developing an overarching performance framework for operational training which brings together aspects of operational training, station management framework and incident commander training.

Two low recommendations to be actioned focused on recording the date of ratification on the Incident Command training policy, updating it where required following recently published Incident Command Guidance, and scanning attendance forms onto the system to negate the need to operate a manual filing system which



should assist in retrieving documents when needed.

Executive/ Management Sponsor: Head of Operational Policy and Assurance

Title	Assurance Level	Recommendations	
Princes Trust (PT)	Significant	0 x Critical 1 x High	2 x Medium 1 x Low

Objective: To assess the processes and financial arrangements in place for managing income and expenditure for projects through the Prince’s Trust (PT) partnership. In addition, the review will assess how these budgets are being utilised, the approval process for new projects and the arrangements in place to monitor success against required outcomes.

Summary: The strength of the PT Programme is the outcomes it achieves for attendees that have frequently experienced personal difficulties. An independent report produced by Matrix on CFRS PT course identified that “the outcomes of the CFRS Princes Trust were highly positive”. In order to enhance external publicity an annual report is to be considered by CFRS which will demonstrate the outcomes achieved through the year, with annual statistics of the progression to employment and training of attendees.

Whilst it is clear that the Princes Trust is an important programme for CFRS and is identified as providing positive outcomes, the operation of the programme and its courses is at a significant cost to the Authority; with an overall cost of £194,000 in 2014/15, and another significant contribution expected in 2015/16, above the allocated budget of £120,000. It is noted that the overall financial performance of the scheme was reported to the Performance and Overview Committee as part of the Prevention and Protection Department report.

The Prince’s Trust programme is delivered by seven teams across the county, each running three courses per year. The standard cost of running courses at a single location was established as £36,840. The costs have been reviewed and reduced where possible; however, a significant element of the costs remain fixed and relates to salaries, vehicles and the residential course. An analysis of expenditure and income incurred and income raised by each PT team for running a course highlighted that financial performance varies across the seven teams. A key contributor of this relates to the ability to reach the required attendance levels on its courses across the seven teams. Management are aware that there have been difficulties in recruiting enough



attendees for all 21 courses being organised, in particular at certain locations and are looking at solutions to address this. It is clear that there is a need to consider how overall costs for this programme can be managed through looking at opportunities for further cost reduction, increased attendance or through restricting how the courses are delivered. This is an area that is under continual review by CFRS management

High Risk

There are appropriate financial controls for expenditure, banking and the imprest system. Some minor exceptions were noted relating to the completeness of monthly imprest procedures and ensuring there is regular review of expenditure by regional teams to ensure that VAT due to the Authority is fully claimed.

The PT team employed by the Authority have to comply with the Authority's governance arrangements, policies and procedures including risk management, testing confirmed that these arrangements were being complied with. There have been formal negotiations with Mid-Cheshire College with a letter of intent agreed for the next three years outlining responsibilities of both parties and the courses to be delivered. A detailed program is in place identifying what is expected and being delivered each week, with a detailed report produced for each course identifying the achievements.

As part of the recruitment process prior to commencement eligibility checks are in place including the identification of personal and health issues, including appropriate risk assessments being undertaken and considered during the program. Risk management arrangements are in place, including that of generic risks associated with outdoor activities. Appropriate DBS checks were identified and had been completed and reviewed for the PT staff employed through CFRS.

Key areas agreed for action (due to be completed by August 2016 and ongoing):

One High Risk Recommendation is detailed in Appendix C.

Medium recommendations to be actioned, focused on: -

- Prince's Trust Teams and the Finance Department should ensure that monthly transaction listings, reconciliations and bank reconciliations are fully completed with any discrepancies identified and followed up. Furthermore, the review process should identify items/expenditure that is classed as non-business on the VAT returns and where applicable, obtain VAT receipts in order to reclaim any VAT due to the Authority.
- The Authority should undertake a comprehensive review of the convictions and



volunteers policies to ensure that they fully reflect the current organisational and statutory requirements.

One low recommendation to be actioned focused on the consideration of developing an overarching annual report relating to the outcomes of the Princes Trust programme.

Executive/ Management Sponsor: Head of Prevention

3. Work in Progress

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

Work In progress

2016/17

- **Insurance Arrangements** – The review will assess the effectiveness of the revised insurance arrangements in place at the Authority
Terms of Reference agreed, fieldwork in progress.
- **On Call Availability** – to assess the effectiveness of the On Call Availability arrangements in place at the Authority
Terms of Reference agreed, 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"> 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: <ul style="list-style-type: none"> 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: 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"> • 65% Qualified (CCAB, IIA etc.) • 35% Part Qualified
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	Feb	Apr	High / Significant / Limited / No	
FINANCE & RESOURCES						
Counter Fraud Arrangements				○		
Financial Systems			○			
Insurance Arrangements		●				Terms of Reference agreed, fieldwork in progress.
PERFORMANCE						

REVIEW TITLE	PLANNED COMPLETION				ASSURANCE LEVEL	Commentary
	Aug	Nov	Feb	Apr	High / Significant / Limited / No	
On Call Availability		●				Terms of Reference agreed, fieldwork in progress.
Partnership Arrangements			○			
OPERATIONAL COMPLIANCE						
IT Critical Applications				○		
Pilot Inspection Exercise			○			
Site Risk Information				○		
Station Management Audits			○			
GOVERNANCE, RISK AND LEGALITY						
Risk Maturity – Departmental/Station Level			○			
Statement of Assurance				○		
FOLLOW-UP AND CONTINGENCY						
Follow-up		○		○		See Follow Up Report
Contingency						

Key ○ = Planned ● = In Progress / Complete



Appendix C: Critical/ High Risk Recommendations

There was one high risk recommendation included within the reports

Prince's Trust Review

Operating Effectiveness

1. Cost of the Prince's Trust Programme

Issue Identified – Whilst it is clear that the Princes Trust (PT) is an important programme for CFRS and is producing positive outcomes, the operation of this is at a significant cost to the Authority; with an overall cost of £194,000 in 2014/15, with another significant contribution expected in 2015/16, above the budget allocated of £120,000. It is noted that the overall financial performance of the scheme was reported to the Performance and Overview Committee as part of the Prevention and Protection Department report.

The Prince's Trust programme is delivered by seven teams across the county, each running three courses per year. The standard cost of running courses at a single location was established as £36,840. The costs have been reviewed and reduced where possible, however a significant element of the costs remains fixed and relates to salaries, vehicles and the residential course. An analysis of expenditure and income incurred and income raised by each PT team for running a course highlighted that in Crewe and Winsford one course in quarter 4 (2014/15) made a surplus of £2,042 and £4,793 respectively, whereas the other five locations, within the same period cumulatively cost the Authority £49,639 to run one course.

The Prince's Trust Programme guidance and procedure document requires a minimum of fourteen young people to start on a course. The Authority's agreement agreed with Mid-Cheshire College is to have a minimum of nine 16-18 year olds and five 19-25 year olds on each course which is required to generate a net income of £36,919 for the Authority after deduction of agreed fees. A sample of courses reviewed during the audit highlighted that the requirement of the minimum number of attendees at courses run by the Authority is not always being met and maybe the root cause of the overall financial position. Management are aware that there have been difficulties in recruiting enough attendees for all the 21 courses being organised, in particular at certain locations and are looking at solutions to address this.

Risk Rating – HIGH

Specific Risk – The Prince's Trust programme exceeds the current level of contribution from

the authority resulting in additional and unplanned financial support to the programme.

Failure to secure the minimum number of attendees results in a significant financial cost to the Authority.

Recommendation: The Authority should undertake a comprehensive and formal review of how the Prince's Trust Programme is delivered across the county in order to reduce the total cost of running the programme across the seven locations. The Authority's financial contribution to the programme should be reconsidered to ensure that the programmes achieves the budget contribution position without the requirement of unplanned financial support. The financial position of the Prince's Trust programme should also be included in the Authority's risk register to ensure that controls in place to manage overspend against budget are consistently monitored.

Management Response (Remedial Action Agreed): Work is ongoing with CFRS Finance Department looking at income and expenditure of the Prince's Trust Team programme. Significant work has taken place in reducing the expenditure and producing a true cost of the programme along with more accurate forecasting of future teams income. Team meetings are to be held with the staff to inform them of the current financial position and making them aware of what is required to ensure their teams recruit and retain the required numbers to make the programme financially viable. CFRS PT delivery has also been reduced from 21 teams per academic year to 18. Regular meetings with the Finance department are held where the budget is reviewed. There is also a robust staff performance management system in place which reviews team numbers and each team has to produce detailed recruitment plans. Further work is taking place reviewing the expenditure and the possibility of reducing the number of additional qualifications delivered to reduce the cost but this may have an adverse effect on recruitment and retention. PT finance is not a new issue and we have been dealing with this for a few years now.

Responsibility for action – Deputy Chief Fire Officer

Deadline for Action – Ongoing

