



**DORSET & WILTSHIRE  
FIRE AND RESCUE**



Item 20/07 Appendix A

# Dorset & Wiltshire Fire and Rescue Service

## Report of Internal Audit Activity

### Plan Progress 2019-20 Quarter 4

**Internal Audit ■ Risk ■ Special Investigations ■ Consultancy**

Unrestricted

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### The contacts at SWAP in connection with this report are:

#### David Hill

Chief Executive

Tel: 01935 848 540

[david.hill@swapaudit.co.uk](mailto:david.hill@swapaudit.co.uk)

#### Laura Wicks

Assistant Director

Tel: 01935 848 540

[laura.wicks@swapaudit.co.uk](mailto:laura.wicks@swapaudit.co.uk)

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## Internal Audit Plan Progress 2019/20 Quarter 4

This report summarises the Internal Audit activity completed for Dorset & Wiltshire Fire and Rescue Service in Quarter 4 (2019/20) in line with the Annual Audit Plan approved by the Finance & Audit Committee and the Chief Fire Officer in March 2019.

The schedule provided in Appendix 1 contains a list of all Audits agreed in the Annual Audit Plan 2019/20.

We have provided a summary of activity which outlines our assurance opinion and the number and priority of any recommendations that we made in relation to the Audit work undertaken in Quarter 4. To assist the Committee in its monitoring and scrutiny role, a summary of each audit (objective, risk, controls tested, findings and recommendations) has also been provided, the content of which has been discussed and agreed with the responsible Director.

The scope for each Audit is agreed in advance with nominated managers. This process intends to focus on the key risks to which that area of the Services activity is exposed and the associated controls which we would expect to be in place to ensure that risk is managed.

The key controls have been assessed against those we would expect to find in place if best practice in relation to the effective management of risk, the delivery of good governance and the attainment of management objectives is to be achieved. Where applicable, selected and targeted testing has been used to support the findings and conclusions reached.

We have performed our work in accordance with the principles of the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS) in so far as they are applicable to an assignment of this nature and you our client.

## Internal Audit Plan Progress 2019/20 Quarter 4

### Summary

In Quarter 4 of 2019/20, the following Audits were completed in accordance with the Audit Plan:

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Priority of Recommendations		
						1	2	3
Financial Management Systems	Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Adequate	2	-	-	2
Procurement Cards and Fuel Cards	Commissioning & Procurement Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar	Final	Partial	4	-	1	3
Risk Critical Information	Information Management Risk Management	HMICFRS Effectiveness Pillar DWFRS HMICFRS Hot Debrief Improvement Priority 1, 2, 3, 4, 5		Adequate	2	-	1	1

## Assurance Definitions


Each completed Audit has been awarded an “Assurance opinion” rating. This opinion takes account of whether the risks material to the achievement of the organisation’s objectives for this area are adequately managed and controlled. The Assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in the below:

Assurance Definitions	
<b>None</b>	The areas reviewed were found to be inadequately controlled. Risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Adequate</b>	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Substantial</b>	The areas reviewed were found to be substantially controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

From our work In Quarter 4, we have made recommendations which seek to strengthen the Services controls within each Audit area. We highlight those matters of that we believe merit acknowledgement in terms of good practice or undermine the system’s control environment, and which require attention by management. All improvement actions are allocated a priority grading and have been agreed with the management teams in the appropriate area.

Categorisation of Recommendations	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.

## Executive Summary

Audit Opinion		Recommendation Summary	
	<p>Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>	Priority	Number
		Priority 1	0
		Priority 2	0
		Priority 3	2
<b>Total</b>		<b>2</b>	

Adequate Assurance

**Objectives:**

To provide assurance that the Service has robust and well controlled financial management systems, which are supported by a framework of rules, standards and processes designed to effectively manage its finances.

**Risk:**

Financial management framework and systems are weak, leading to ineffective service provision and increased likelihood of financial loss.

**Controls Tested:**

- Financial regulations and procedures set clear guidelines in relation to management of funds, are accessible and up to date.
- Reconciliations are completed accurately and timely between key Financial Management Systems.

In addition, a self-assessment questionnaire was completed by the Service in relation to the following areas:

- Accounts Payable
- Accounts Receivable
- Main Accounting and General Ledger

We were aware of the July 2019 External Audit Report and this was discussed at the initial meeting with the Head of Financial Services. Two significant findings were reported in relation to the financial management system (Agresso):

- Authentication security settings are not aligned to industry standards.
- User access right reviews are not formally documented.

These areas were not covered as part of the scope of this review. The External Auditors will return at the end of this financial year and will be re-testing these areas, before reporting in July 2020.

**Areas of good practice:**

- 1) The self-assessment completed signposts to good coverage of financial controls within the areas outlined above.

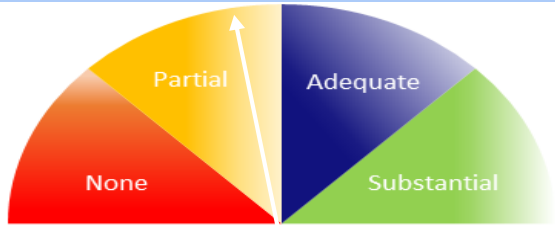
**Summary of Recommendations:**

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>We reviewed the key financial documents for the Service and the following findings were identified:</p> <ul style="list-style-type: none"> <li>▪ The latest version of Financial Regulations is not available under ‘Key Financial Plans and Policies’ on the website. A more recent version is available online under the Members’ Handbook.</li> <li>▪ The latest versions of the Medium-Term Financial Plan (MTFP) and Treasury Management Policy Statement are not available under ‘Key Financial Plans and Policies’ on the website. More recent versions are available through the minutes of the Fire Authority.</li> <li>▪ None of the key financial documents are located on the staff intranet (Connect).</li> </ul>	<p>We recommend that the Head of Financial Services ensures that:</p> <ul style="list-style-type: none"> <li>▪ Financial Regulations, the MTFP are published consistently on the website.</li> <li>▪ The latest version of all key financial documentation is added to the website and to the staff Connect Intranet.</li> </ul>	<p>Agreed. All document links have been updated and include links to the 2020-21 documents approved by the Authority on 12 February 2020.</p>	<p>Head of Financial Services  <b>Complete</b></p>	<p>3</p>

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>There is a risk that key stakeholders are not kept informed of latest financial documentation and increased risk of non-compliance, leading to financial loss.</p>				
<p>The controls below were identified following self-assessment as areas to consider for future audits:</p> <ol style="list-style-type: none"> <li>1. Monitoring of invoices with no order and education of budget holders.</li> <li>2. Exception reporting process prior to the creditor BACS run.</li> <li>3. System access and privilege arrangements.</li> </ol> <p>There is an increased risk of non-compliance, inaccurate or fraudulent transactions, leading to financial loss, reputational damage.</p>	<p>We recommend that the Head of Financial Services considers the areas identified as part of the financial key control self-assessment for inclusion in the 2020-21 Internal Audit Plan.</p>	<p>The Finance Team will review their procedures around controls 1 and 2 as part of normal business, but at this stage there is no significant risk that would warrant a change to the 2020-21 proposed internal audit plan. Control 3 will be reviewed by Deloitte LLP as a follow up to the recommendation included in the 2018-19 annual audit report.</p>	<p>Head of Financial Services  <b>Complete</b></p>	<p>3</p>



## Executive Summary

Audit Opinion		Recommendation Summary	
	<p>In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>	Priority	Number
		Priority 1	0
		Priority 2	1
		Priority 3	3
		<b>Total</b>	<b>4</b>

**Audit Opinion:**

Partial Assurance

**Objectives:**

The objective of the audit is to provide assurance that card use supports the organisation in achieving its outcomes by maximising value from the spend within a clear framework of accountability and responsibility.

**Risk:**

The anticipated benefits of using procurement and fuel cards are not realised due to card misuse or a lack of guidance to staff on how to use the cards effectively.

**Controls Tested:**

The following areas of control were covered under the scope of this audit programme:

- Card Assignment - Cards are only held by authorised officers or vehicles with a valid business need.
- Card Security - Cards cannot be accessed by those without authority to use them.
- Financial Limits/ Category Management – Suitable restrictions are in place and matched to business need.
- Policy and Guidance - The Service is clear about how it expects procurement and fuel cards to be used.
- Transaction Processing - Accounting records are maintained and transactions are transparent.
- Monitoring and Review - Management and the bank review card use on an ongoing basis

We were unable to complete some of the testing and details of these limitations are as follows:

- Four of the five sampled (procurement) cardholder agreements were not located due to archiving of the forms.
- We were unable to verify that card category management was compliant with expectations, again due to archiving of the forms used.
- Card issuer rules and any external monitoring were not reviewed due to time available.

**Areas of good practice:**

- Procurement card limits fall within the agreed authorised signatory amounts in Agresso.
- Fuel cards cannot be used for sundry purchases.
- Transactions over £500 are published on the DWFRS website.
- There have been no identified instances of misuse to date.

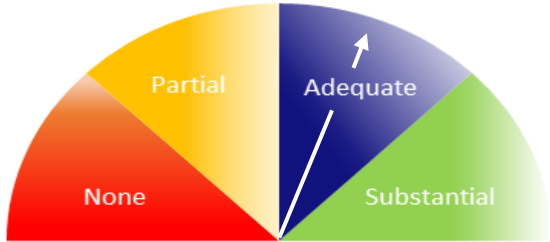
**Summary of Recommendations:**

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>Use of fuel cards is currently included within the Dorset Fire and Rescue Service guidance for 'Management and Use of Service Vehicles'. This procedure is currently being reviewed for the first time since combination in 2016. The revised procedures were provided by the Fleet and Equipment Manager and will shortly be entering a period of consultation with staff. Although there is clear progress here, a recommendation has been made to ensure that accountability and timeliness is formally monitored.</p> <p>There is a risk that procedures do not reflect the requirements of the card use, leading to increased risk of misuse, leading consequently to financial loss, reputational damage.</p>	<p>We recommend that the Fleet and Equipment Manager ensures that the 'Management and Use of Service Vehicles' procedure is reviewed and approved following consultation. The approved version should then be sent specifically to the locations from where fuel card vehicles are operating. Consideration should be given to positive confirmation from Station Managers that staff have read and understood this procedure.</p>	<p>The vehicle procedure has been reviewed and issued for consultation in line with the recommendation. The approved version will be communicated to all appropriate staff using established Service mechanisms.</p>	<p>Fleet and Equipment Manager  31 March 2020</p>	<p>3</p>

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>Vehicle details, including mileage and assigned fuel cards are stored in the Fleet Management System. There is no process for reconciliation between the data in the system and the statement produced by the card provider, Allstar.</p> <p>This would be a useful control to check that the data held in the Fleet Management System reflects the location and use of cards in each vehicle. It would also help to identify unused cards, something that is currently not monitored.</p> <p>Reduced assurance around location of cards and the accuracy of data held in the Fleet Management System.</p>	<p>We recommend that the Fleet Administrator performs a periodic reconciliation between the location of all live cards and the Fleet Management System records. The reconciliation should be authorised by the Fleet and Equipment Manager following the investigation of any discrepancies. Dormant cards should also be identified as part of the process and discussed with the Fleet and Equipment Manager, with a view to cancellation.</p>	<p>A new process has now been implemented to establish a reconciliation process between the location of fuel cards and the Fleet Management systems records. This process will be subject to review by the Fleet and Equipment Manager in line with the recommendation.</p>	<p>Fleet and Equipment Manager</p> <p><b>Complete</b></p>	<p>3</p>
<p>The Procurement Card Procedures state that limits are set for a single transaction and a monthly cumulative amounts permitted depending on the individual's role and responsibility within the Authority.</p> <p>We reviewed the list of cardholders provided by Finance. There are two officers with a significantly higher monthly limit. These anomalies are due to the historic arrangements, prior to combination. There are currently two differing sets of cards, but the Service</p>	<p>We recommend that the Financial Services team reviews the cardholder limits following the procurement process for cards. Limits for individual and monthly transactions should be consistently applied across the Service in line with agreed authorised signatory amounts.</p>	<p>A review of Cardholder limits will be undertaken in line with the recommendation.</p>	<p>Chief Accountant</p> <p>30 June 2020</p>	<p>3</p>

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>will be imminently going through a procurement exercise for the supply of ongoing cards.</p> <p>There is a risk that cardholder limits are not consistent with procedures, leading to increased risk of financial loss and non-compliance with financial regulations</p>				
<p>The Procurement Card procedures do not include reference to the requirement for authorisation of the transaction log. In practice, this is a requirement as confirmed by the Head of Financial Services and as displayed on the standard proforma that is completed.</p> <p>A sample of monthly transactions were reviewed and two identified as not authorised.</p> <p>There is a lack of separation of duty and increased risk that inappropriate transactions are not detected, leading to financial loss, reputational damage.</p>	<p>We recommend that the Head of Financial Services ensures the Procurement Card procedures are updated to include requirement of authorisation on monthly transaction logs. Cardholders should be reminded of this requirement and non-compliances should be followed up by Financial Services.</p>	<p>The Procurement Card Procedure will be reviewed and updated to reflect the recommendations</p>	<p>Chief Accountant 30 June 2020</p>	<p>2</p>

## Executive Summary

Audit Opinion		Recommendation Summary	
	<p>Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>	Priority	Number
		Priority 1	0
		Priority 2	1
		Priority 3	1
		<b>Total</b>	<b>2</b>

**Audit Opinion:**

Adequate Assurance

**Objectives:**

The objective of the audit is to provide assurance that up to date risk critical information is maintained and available in order to keep the public, staff and the environment safe.

**Risk:**

The public, employees and/or the environment suffers harm because up to date and complete risk critical information is not available.

**Controls Tested:**

The following areas of control were covered under the scope of this audit programme:

- Adequate procedures, knowledge and access exists to ensure that information is identified, classified and recorded.
- The content of risk critical information is reviewed and tested.
- Risk critical information is available and accessible when required.
- Actions from the previous HMICFRS report are addressed.

The following areas have not been covered:

- Training in relation to risk information. This area was limited to discussions during a site visit.
- The consistency of risk scoring, although assurances are taken from discussion with relevant officers and through review of the process documentation which governs this.
- Any processes relating to the Operational Effectiveness Database (outside of agreed scope).
- The content of Resilience Direct (outside of agreed scope).

A visit was made to Sherborne Fire Station where we reviewed the information made and technology available to operational staff.

**Areas of good practice:**

- Embedded procedure for identifying and managing operational risk information, including assessment framework
- Multiple triggers exist for notification of new sites
- Risk information is made available to operational staff en-route to an emergency call
- Risk information is now made available on a portable tablet, allowing for more accurate assessment of risk at the scene
- The Resilience Direct portal allows for cross-border sharing of risk information
- Actions from the previous HMICFRS report have been considered and risk exposure reduced through implementation of additional control and process.

**Summary of Recommendations:**

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>A spreadsheet is maintained by the Risk Information Officer as the true master of risk information and is sent out every month to Area Management Teams listing all risk sites, their last inspection date and when the next inspection is due by.</p> <p>The spreadsheet was created because:</p> <ul style="list-style-type: none"> <li>• Inspection dates could previously be extended in the Community Fire Risk Management Information System (CFRMIS) system making it look like the inspection wasn't due, when in fact it was.</li> <li>• The CFRMIS system doesn't have the capability to generate planned and timely reminders to responsible officers.</li> <li>• There were historical discrepancies between CFRMIS and the Airbus system.</li> </ul> <p>In addition, the CFRMIS system is designed only to hold level three information. Level 2 information such as floor plans and level 4 and 5 information such as tactical plans are held on the Airbus server and backed up frequently. A copy is available to operational staff on the shared drive.</p>	<p>In the absence of a single system being available to capture all risk information, we recommend that the Head of Response Support reviews the current arrangements for capturing and monitoring risk critical information. Consideration should be given to:</p> <ul style="list-style-type: none"> <li>▪ The level of resource currently required to update systems.</li> <li>▪ The risk of incorrect information to operational staff, given the multiple location sources of background documents and the manual intervention required.</li> </ul> <p>The ability to produce reports to accurately and promptly show the live status of each risk and any other management information required.</p>	<p>The facility to extend dates on CFRMIS has been closed. All review dates have been reset and any Site specific Risk Information (SSRIs) that were subsequently reclassified as being overdue have since been reviewed.</p> <p>Whilst resource intensive a fully managed and monitored process exists to ensure the organisation has full oversight of the risk inspection process. Work is underway to provide a robust automated system in future.</p>	<p>Head of Response Support</p> <p><b>Complete</b></p>	<p>2</p>

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>The current process for uploading information to the Airbus system is a manual upload. A download is taken from the CFRMIS system periodically by the Operational Risk Team and this must be then uploaded to the Airbus system manually. There is no interface between CFRMIS and Airbus.</p> <p>There is increased risk or error, leading to decisions in an emergency being compromised and possible risk of injury or death to staff and/or public.</p>				



Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>We reviewed the current dataset in the monitoring spreadsheet and the following issues were identified:</p> <ul style="list-style-type: none"> <li>• One site is awaiting naming confirmation and has exceeded the three-month window of inspection for new items. The record exists as a level 3 site under a different name so there is no risk attached here, just an administrative task.</li> <li>• One site identified as new in August 2019 has yet to receive an initial inspection. This site is recorded in the system under 'gas, fuels, chemicals'. Other similar sites have a level 3 assessment and therefore SSRI is essential.</li> <li>• One level 3 site has been reviewed, but the Provision of Operational Risk Information System (PORIS) assessment rejected by the Operational Risk Team and has now exceeded the scheduled inspection window.</li> <li>• One level 3 site is overdue for inspection and no rationale is offered.</li> </ul> <p>There is increased risk of possible injury or death to staff and/ or public should inspections not be carried out in line with agreed timing protocol.</p>	<p>We recommend that the Head of Response Support follows up the overdue inspections for the two new sites and two existing sites. These should be escalated where necessary to senior management.</p>	<p>Outstanding inspections will be undertaken, reviewed and published. Area Management teams monitor expiry dates of remaining risk inspection programme to ensure all are addressed prior to the expiry date. Existing governance structures will be utilised to escalate where appropriate.</p>	<p>Area Manager – Bournemouth, Christchurch and Poole &amp; Dorset</p> <p>30 April 2020</p>	<p>3</p>

## Appendix 1 - 2019/20 Audit Plan and Performance

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Recommendations		
						1	2	3
<b>2019/20</b>								
Q1 Planned and Reactive Maintenance	People and Asset Management Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Adequate	3	-	1	2
Q1 Payroll	People and Asset Management Performance Management Financial Management	Strategic Risk 0006, 232 HMICFRS Efficiency Priority 4, 5	Final	Partial	7	-	6	1
Q2 Medium Term Financial Plan and Capital Strategy	Financial Management Performance Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	-	-	-	-
Q2 ICT Strategy	Performance Management Information Management	Strategic Risk 0006 Priority 4	Final	Adequate	3	-	3	-
Q3 Business Continuity Planning / Multi-agency response arrangements/ Resilience	Performance Management Corporate Governance Risk Management People & Assets Management	HMICFRS – Effectiveness & Efficiency Pillars Priority 1, 2, 3, 4, 5	Final	Substantial	-	-	-	-
Q3 Recruitment and Workforce Planning	People & Asset Management Performance Management Financial Management	Strategic Risk 232 HMICFRS People Pillar Priority 5	Final	Substantial	3	-	-	3
Q4 Financial Management Systems	Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Adequate	2	-	-	2

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Recommendations		
						1	2	3
Q4 Procurement Cards and Fuel Cards	Commissioning & Procurement Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar	Final	Partial	4	-	1	3
Q4 Risk Critical Information	Information Management Risk Management	HMICFRS Effectiveness Pillar Priority 1, 2, 3, 4, 5	Final	Adequate	2	-	1	1
Follow ups			Not Started					

## Appendix 1 - 2019/20 Audit Plan and Performance

The performance results for progress against the internal audit plan for Quarter 4 of the 2019/20 Internal Audit Plan are as follows:

Performance Target	Average Performance	
	% of the Annual Plan	Number of Assignments
<b><u>Audit Plan – Percentage Progress</u></b>		
Final, Draft, Discussion, Removed	100%	10
In progress, Ongoing	-	-
Not yet started	-	-
	100%	10*

The completion of the plan is currently on target with follow up reviews being undertaken throughout the course of the year. As part of the Internal Audit Service and to review performance, SWAP will regularly ask the Service to complete a customer satisfaction questionnaire. At the time of preparing this report, 4 customer satisfaction reports had been issued to the Service and the feedback was, on average 100%.

\*2 audits were combined in Quarter 3 to make a total of 10 audits planned for the year.