

# Dorset & Wiltshire Fire and Rescue Service

## Report of Internal Audit Activity

### Plan Progress 2021/22 Quarter 1

# Internal Audit Plan Progress 2021/22 Quarter 1

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# Internal Audit Plan Progress 2021/22 Quarter 1

## Introduction

This report summarises the Internal Audit activity completed for Dorset & Wiltshire Fire and Rescue Service in Quarter 1 2021/22 in line with the Annual Audit Plan approved by the Finance & Audit (F&A) Committee and the Chief Fire Officer in March 2021.

The schedule provided in Appendix 1 contains a list of all audits agreed in the Annual Audit Plan 2021/22.

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 1. 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 2020/21 Quarter 1

### Audit Summary

In Quarter 1 2021/22, 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
Operational Obsolescence	People & Asset Management Financial Management	HMICFRS Efficiency Pillar Priority 4	Final	Adequate	5	-	-	5
Pensions Administration and Employer Contributions Review	Financial Management	HMICFRS Efficiency Pillar Priority 4, 5	Final	Adequate	4	-	2	2

# Internal Audit Plan Progress 2021/22 Quarter 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 Service’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>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Partial</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>Adequate</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

From our work In Quarter 1, 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.

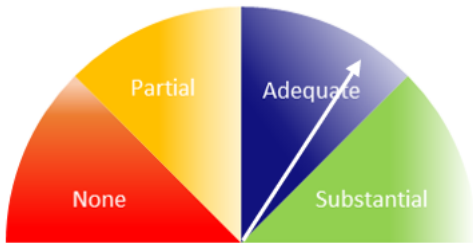
### Categorisation of Recommendations

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.

# Internal Audit Plan Progress 2021/22 Quarter 1

## Operational Obsolescence

Audit Opinion		Summary of Actions	
	<h3>Adequate</h3> <p>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>	Priority	Number
		Priority 1	0
		Priority 2	0
		Priority 3	5
		<b>Total</b>	<b>5</b>

### Audit Opinion:

Adequate Assurance

### Objectives:

To provide assurance that suitable arrangements and processes are in place which adequately inform and safeguard the Service's assets against operational obsolescence, misuse and/or misappropriation.

### Risk:

The Service's assets are not adequately managed and safeguarded, leading to operational obsolescence, misuse and/or misappropriation.

# Internal Audit Plan Progress 2021/22 Quarter 1

## Operational Obsolescence

### **Controls Tested:**

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

- An approved Asset Management Strategy or Framework exists, which provides expectations for the oversight and use of assets.
- A database of assets held by the Service is maintained and kept up to date.
- A Management group (or equivalent) is in place to provide the necessary oversight of assets.
- Assets are accounted for and sound stock control arrangements are in place.
- Assets are held securely, with access restricted.
- Adequate servicing procedures and maintenance schedules are in place to safeguard assets.
- Acquisition and disposal arrangements are in place and consistently followed.

### **Areas of good practice:**

- An Asset Management Framework document has been introduced in January 2021. This is a central, operational framework which sets out how all Service areas will manage assets in line with the Service's Asset Management Policy Statement.
- Integrated Asset Management Plans for Property (2021-28), Fleet (2019-24) and Equipment (2020-25) have been reviewed and updated regularly, to ensure they remain current. Each of these plans set out their respective governance arrangements, how the Service maintain their assets, and key information regarding their asset lifecycles.
- Management and staff interviewed during the audit showed a thorough understanding of their roles in ensuring the Service prevent operational obsolescence.
- Projects have been initiated to improve the systems used to manage the Service's assets, based on known system weaknesses and a drive for continual improvement.
- The Capital Programme has been analysed and regularly reviewed to ensure there are sufficient resources allocated towards the costs of maintaining and refurbishing the Service's assets, and to outline commitments to making efficiency savings where possible.
- Continual efforts have been made towards making efficiency savings, and to meet the corporate and environmental objectives of the Service.
- Acquisition and disposal of the Service's assets are managed in accordance with their financial procedures and are overseen as appropriate by Senior Management and the Finance Department. Some fleet disposals were sampled during the audit, which were seen to have been completed in accordance with requirements.

## Internal Audit Plan Progress 2021/22 Quarter 1

### Summary of Recommendations:

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
The process and tracker used to track and monitor contractor compliance with inspection and maintenance schedules is inefficient.	We recommend that the Property Services Manager and Facilities & Contracts Manager revisit ways to make the planned maintenance procedure more efficient in the short and longer term.	Agreed, this has been looked at by the Lotus Notes Developers previously who identified that this would be a complex task to replicate the functionality anywhere near the level of efficiency the Estates Team have built into the existing process. However, it is in our plan to review again as part of the digital transformation programme, for example developing an intranet portal that works within the O365 environment.	Property Services Manager and Facilities & Contracts Manager  6 December 2021	3



## Internal Audit Plan Progress 2021/22 Quarter 1

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
There is currently no clear identification of the regularity of asset services maintenance checks and other inspections within the Service's Asset Management Plans or associated procedural guidance.	We recommend that the Head of Assets considers including a table of which checks are completed and their expected regularities within the Asset Management Plans and/or associated procedures for maintenance of assets, to ensure that the Service's expectations for asset checks are made clear and to hold employees to account for completing the checks as required.	Agreed, this will be referenced within the respective Estates, Fleet and Equipment plans.	Head of Assets 6 December 2021	3
Information regarding the Estate Management System is not included within the IPAMP.	We recommend that the Head of Assets and Property Services Manager revise the IPAMP to include an outline of the purpose and functions of the existing EMS. They could also consider including a summary of the respective benefits and timeframes of the migration towards a new EMS, including how this project aims to meet the Service's corporate objectives.	Agreed, information regarding the EMS will be added to the Estates plan.	Head of Assets and Property Services Manager 6 December 2021	3

## Internal Audit Plan Progress 2021/22 Quarter 1

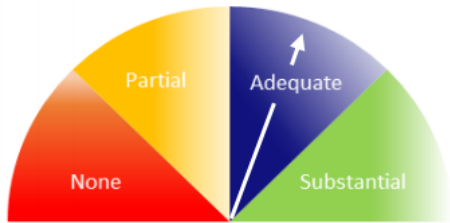
Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
Inconsistencies in how sites with more than one building are recorded in the Property Asset Register, and some key data missing from the Register for sampled Property assets.	<p>We recommend that the Property Services Manager:</p> <p>a) Continues to review how sites with multiple buildings are recorded within the Asset Register and assigns a timeframe for the work to correct the register entries to be completed, to ensure that the single agreed approach is applied to all relevant property assets in a timely manner.</p> <p>b) Continues to keep the 'front page' data captured within the Asset Register under review, to ensure that all key data fields are updated with relevant information as soon as possible.</p> <p>An overall timeframe and set of milestones or target dates could also be assigned to the project to update the Asset Register, to ensure that the work is appropriately prioritised and so they are able to demonstrate that sufficient progress is being made. Updates on progress should also be reported to the Head of Assets to ensure accountability.</p>	Agreed, the need for realignment of property sites with more than one title for the same place was identified prior to this audit. The ICT Team are currently developing code to assist the Estates Team to rectify this before the eventual migration to Office 365.	Property Services Manager 6 December 2021	3

## Internal Audit Plan Progress 2021/22 Quarter 1

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
KPI Reports for the Property Services Team are currently compiled manually from information within the Property Asset Database.	We recommend that the Property Services Manager revisits the KPI reporting process with a view to obtaining KPI information directly from the source data in the EMS, to make the process more efficient and enable a better use of their time.	Agreed, as with previous recommendation, the ICT Team is currently working on adjustments to Lotus Notes so that the KPI's can be linked.	Property Services Manager 6 December 2021	3

# Internal Audit Plan Progress 2021/22 Quarter 1

## Pensions Administration and Employer Contributions Review

Audit Opinion		Summary of Actions	
	<h3>Adequate</h3> <p>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>	Priority	Number
		Priority 1	0
		Priority 2	2
		Priority 3	2
		<b>Total</b>	<b>4</b>

### Audit Opinion:

Adequate Assurance

### Objectives:

To review the Service's pension administration and ensure that internal controls minimise the risk of error and fraud. Also, to provide assurance to Members that controls have been enhanced following the identification of inaccurate employer pension contributions.

### Risk:

Inaccurate, erroneous or fraudulent payments are made leading to financial loss, reputational damage and non-compliance with regulations.

# Internal Audit Plan Progress 2021/22 Quarter 1

## Pensions Administration and Employer Contributions Review

### **Controls Tested:**

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

- All new scheme members are enrolled into the scheme correctly and in line with the process.
- Payments from the Pension Fund are appropriately authorised and reviewed.
- Amendments, both permanent and temporary, are evidenced and authorised.
- Relevant corrections have been made to the inaccurate pensions' contributions.
- Checks have been performed on data to ensure all errors have been found.
- Procedures have been put in place to provide confidence that previous inaccuracies will not occur again.

Whilst scoped as two separate reviews, with separate Terms of Engagement documents produced; it has been deemed most appropriate to produce a single report, given that the findings ultimately impact upon the Service's control framework around pensions administration.

### **Areas of good practice:**

- Standard documentation is provided to new starters regarding pensions schemes.
- Access permissions to i-Trent are suitable.
- A process is in place to oversee individuals who have opted out of pensions schemes.
- The current pension bandings and rates set within i-Trent are correct.
- A standardised process is in place for those reaching retirement age.
- A contract is in place to define the arrangements in place for Fire Pensions administration from West Yorkshire Pension Fund, who are a well established provider.
- Regular client meetings and submission of key performance indicators are in place with West Yorkshire Pension Fund. SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.
- LGPS pensions administration is in place via the Wiltshire Pension Fund, as per their statutory responsibility.
- Monthly reconciliations are performed on all pension schemes, with no issues found within those sampled during this review.
- The monthly journals reviewed within this audit were found to be accurate.
- The payment processes to the pension's administrators are robust and include sign off by the Chief Accountant.

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- The Chief Accountant makes submissions to the Home Office on Fire pension deficit/surplus estimates and actuals, as per the Home Office requirements.
- The employer contribution rate error has now been corrected, with the shortfall addressed.

### Summary of Recommendations:

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
Future changes to pension bandings and rates should be supported by evidence of review and sign off.	We recommend that the HR Business Partner & Relations Manager implements a more formal system for review and sign off of future changes to pensions bandings and rates. As part of this process, it should be ensured that each officer confirms they have obtained source information themselves in order to review the correctness of the data.	The HR Business Partner and Employee Relations Manager will develop a formal two-level system of review to sign off future changes to pension bandings and rates. This process will ensure that the Employee Relations Officer and HR Business Partner and Employee Relations Manager each refer to and record their own document source to ensure errors are not replicated through use of shared documents.	HR Business Partner & Relations Manager  Complete	2

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Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
Data analytics performed to support this review has highlighted discrepancies in employer contributions, despite the figures within i-Trent appearing to be correct.	We recommend that the Employee Relations Officer: a) investigates the discrepancies found in the reports b) introduces a periodic check of reports to check for reasonableness of pensionable pay and the calculated contributions, with any anomalies reviewed and actioned.	Whilst the risk and impact of discrepancies is low, the Employee Relations Officer will: a) undertake a robust review of any discrepancies in the report and b) develop and implement a process for periodic checking of pensionable pay and calculations, with review and sign off the HR Business Partner & Employee Relations Manager	Employee Relations Officer  a) 31 December 2021  b) Complete	2
The incorrect employer rate (26.8%) is listed on the new starter Fire Pension Factsheet.	We recommend that the Employee Relations Advisor ensures that the Fire Pension Factsheet which is provided to new starters is updated to include the correct employer contribution rate.	The Fire Pension Factsheet has been updated to include the correct employer contribution rate. The HR Business Partner & Employee Relations Manager to implement an annual review and sign off process to ensure the Factsheet remains up to date.	Employee Relations Advisor  Complete	3
The client liaison and performance management arrangements in place with the Wiltshire Pension Fund could be improved.	We recommend that the HR Business Partner and Employee Relations Manager continues with their efforts to improve the client liaison and performance monitoring arrangements with Wiltshire Pension Fund.	The HR Business Partner and Employee Relations Manager will formalise SLA/contract management arrangements with Wiltshire Pension Fund, including implementation of regular review meetings to include monitoring of performance against key performance indicators.	HR Business Partner and Employee Relations Manager  Complete	3

# Internal Audit Plan Progress 2021/22 Quarter 1

## Appendix 1 – 2020/21 Audit Plan and Performance

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Recommendations		
						1	2	3
Operational Obsolescence	People & Asset Management Financial Management	HMICFRS Efficiency Pillar Priority 4	Final	Adequate	5	-	-	5
Pensions Administration and Employer Contributions Review	Financial Management	HMICFRS Efficiency Pillar Priority 4, 5	Final	Adequate	4	-	2	2
General Ledger - Cash and Bank	People & Asset Management Financial Management Performance Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Not Started					
Corporate Performance Management Framework	Performance Management Corporate Governance Risk Management People & Assets Management	HMICFRS – Effectiveness & Efficiency Pillars Priority 4	Not Started					
Skills Management and Competency Recording	People & Asset Management Performance Management	HMICFRS People pillar Priority 5	Not Started					
Leadership Development	People & Asset Management Performance Management	HMICFRS People Pillar Priority 5	Not Started					
Strategic Planning and Stakeholder Engagement	Performance Management People & Assets Management Corporate Governance	HMICFRS Effectiveness and Efficiency Pillar Priority 1,2,3, 4	Not Started					



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Fixed Assets and Inventories – Stock, Stores and Equipment	People & Asset Management	HMICFRS Efficiency Pillar Priority 4	Not Started					
Follow Ups	All	All	Not Started					

The performance results for progress against the Internal Audit Plan 2021/22 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	25%	2
In progress, Ongoing	-	-
Not yet started	75%	6
	100%	8

The completion of the plan is currently on target with follow up reviews being undertaken throughout the course of the year.