Dorset & Wiltshire Fire and Rescue Authority

Internal Audit Report for the Dorset & Wiltshire Fire and Rescue Service

2018/19 Block 2 - August 2018

Client Focused

Providing Guidance

Driving Forward

Clear Assurance

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Audit visit: April/ May 2018
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Introduction

This report summarises the outcome of work completed to date against the operational audit plan approved by the Dorset & Wiltshire Fire and Rescue Authority (the Authority), Finance, Governance & Audit Committee (now Finance & Governance Committee) and the Chief Fire Officer and incorporates cumulative data in support of internal audit performance and how our work during the year feeds in to our annual opinion.

The sequence and timing of individual reviews has been discussed and agreed with management to ensure the completion of all audits within the agreed Internal Audit Strategy 2018/19 in a timely manner. The scope for each review has been agreed with nominated managers and is intended to focus on the key risks to which that area of the organisation's activity is exposed and the associated controls which we would expect to be in place to ensure that risk is managed within the risk appetite approved by the Strategic Leadership Team (SLT). Our approach is to document and evaluate the adequacy of controls operating within the system. The key controls operated by management have been assessed against the controls 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.

The Executive summary which follows provides an assurance opinion which arises from the outcomes of the audits undertaken in this block of work and which have been discussed with senior management. The highlights emerging from each area subject to review are shown in the more detailed commentary that is then provided.

A summary of progress against the years planned operational activity is enclosed along with details of opinions and recommendations; this will provide assurance regarding delivery of the plan against the timetable established by the Finance, Governance & Audit Committee in March 2018.

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.

We therefore report by exception and only highlight those matters of significance that we believe merit acknowledgement in terms of good practice or undermine the system's control environment and which require attention by management.

If any matters require clarification prior to the meeting of the Finance & Governance Committee please do not hesitate to contact the Engagement Director, whose contact details appear on the contents page of this report.

Executive summary

The results of our visit to Dorset & Wiltshire Fire and Rescue Service (the Service) are summarised in this section of the report and are considered in relation to each area reviewed.

The extent of comment in relation to each audit area is restricted deliberately so as to highlight the significant issues that we believe need to be drawn to the attention of the Finance & Governance Committee and management. We provide an opinion in relation to each audit area that relates to the level of assurance that can be provided as evidenced within each review; and takes account of the issues identified and the recommendations made. The opinion is expressed in terms of the control framework for the area under review, as currently laid down and operated, and takes account of whether the risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled. The opinion is therefore expressed as substantial, adequate or limited.

These are supported by a more detailed analysis of each review that is contained as an audit highlights summary which follows this executive summary.

| Audit Area | Opinion | Recommendations | | | | |
		F	S	MA	Total	Agreed
1. Health and Wellbeing	Substantial	0	1	2	3	3
2. Energy Management	Adequate	0	3	1	4	4

Fundamental (F)	-	The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan.
Significant (S)	-	Attention to be given to resolving the position as the organisation may be subject to significant risks.
Merits Attention (MA)	-	Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness.

As part of our service to you as our client we will follow-up on those recommendations made during the periods which we are on-site and report assurance or otherwise regarding completion of management actions at the next Finance & Governance Committee meeting. Where follow-up is required to be undertaken within a more immediate timescale we will be pleased to arrange for this to be undertaken, whilst recognising that there may be implications on time allocation within the operational plan.

Health and Wellbeing

Executive summary – Health and Wellbeing

1.1 The HR Health and Wellbeing team has undertaken a significant amount of work drafting procedures to guide staff on health and well being issues following the merger of Dorset and Wiltshire Fire and Rescue Services. The audit found there are extensive guidance procedures in place, these are fit for purpose and are readily accessible to staff through the CONNECT application.

1.2 Operational staff aged over 22 are contractually required to have health assessments every three years and annual fitness tests. Staff that fail the health assessment and / or annual fitness test are put on an improvement plan and offered support measures such as bespoke fitness plans, nutritional advice, referrals to occupational health, psychological counselling, access to Work mental health support and are encouraged to access the services provided by the Fire Fighters Charity for recuperation and rehabilitation.

1.4 In accordance with the Attendance Management procedure, staff have to notify their line manager if they are sick and report the sickness to the sickness reporting line. This information is recorded on the HR MIS system. The HR Health and Wellbeing team circulates a monthly report to HR Business Partners highlighting staff that have hit sickness trigger points, who in turn inform the relevant line managers. The audit identified there is a need for the HR Business Partners to reinforce this process. Furthermore, sickness reports contain sensitive personal data but are not always password protected when they are circulated so there is a risk of unauthorised access to sensitive data.

1.5 As part of the audit, we selected a sample of 10 staff to verify whether trigger meetings had been conducted by line managers, if return to work interviews were undertaken by line managers, whether annual fitness tests and three year health assessments were completed and if failed, and whether action plans were in place to improve staff health and wellbeing. The audit found that in 7 out of 10 staff sampled there was no evidence of trigger meetings being completed by line managers and 5 of 10 staff sampled did not have evidence of a return to work interview on the HR MIS system.

1.6 As well as being on HR MIS, data in respect of health and wellbeing (sickness absence data, results of fitness tests and health assessments) is on the Sycle performance system so that it is available to members of the People Delivery Team, the SLT and other stakeholders within the organisation. A Quarterly management report covering key health and wellbeing information is also submitted to the People Delivery Team and Finance & Governance Committee so that organisational trends can be monitored and action taken where required.

1.7 DWFRS is supported by three external providers contracted to provide occupational health, physiotherapy and counselling services. The contracts were negotiated by the Procurement team to ensure best value. At present the HR Health and Wellbeing team is producing performance meeting agendas, recording the minutes and maintaining the actions log which is the contractual responsibility of the external providers and an inefficient use of internal resource.

Key control areas subject to review

1. Policies and procedures
2. Monitoring and review of absence records
3. Personal review meetings include coverage of health and wellbeing
4. There is a formal health review programme
5. Support is available for staff to achieve and maintain fitness standards
6. There is support available for other wellbeing issues
7. Timely management information is issued
8. Appropriate data security exists
9. External providers are effectively procured and monitored

Executive summary – Energy Management

1.1 DWFRS has implemented a process through which its use of energy is being reviewed and which has responded following Combination to the need to align procurement of energy in terms of electricity, gas, fuel and water as well as take measures to consider future options in terms of environmental sustainability.

1.2 In the latter respect, a property survey was commissioned from BNP Paribas which considered aspects of both sustainability and costs (both historic and anticipated future). The survey has been used to inform the Services Integrated Property Asset Management Plan (IPAMP). This highlighted that whilst DWFRS property is largely low cost, 28 out of 50 fire stations performed poorly in terms of sustainability. A further survey of buildings is to be undertaken to quantify anticipated future maintenance and replacement costs as well as consider what measures may be beneficial in terms of the cost/benefit of further sustainability measures regarding insulation, lighting/heating controls and double glazing; this will need to be set against the Services Carbon Management Policy which is being developed and available resources.

1.3 In the meantime, the review has identified that whilst usage and costs statistics are available, these are not used due to pressure on staff resources to monitor consumption or develop trend analysis. The Estates Team currently maintain an IBM Notes system containing estates management costs onto which cost is entered; we have suggested that the level of detail should be reduced and resources diverted to development of monitoring information as planned by the Estates Manager, which can inform both the identification of anomalies and future procurement.

1.4 As part of the audit, an analysis of 2017/18 fuel costs was undertaken, outcomes broadly agree with those within the BNP Paribas exercise. A number of seemingly high cost stations were identified by our analysis regarding electricity, gas and water costs by comparison to peers. These are being investigated by the Estates Team with a view to establishing whether there are genuine reasons for disparities.

1.5 Procurement has been standardised since Combination with contracts being transferred to a whole Service basis as previous contracts expired. The DWFRS spend on energy exceeds £1m and the Procurement Manager is exploring preferred tendering routes, including choice of framework to secure best future value. The Procurement Manager is currently co-ordinating data for tendering Water Services which represents the last major area of spend to be addressed; an outcome is expected in January 2019.

1.6 Diesel/heating fuel contracts have been tendered, with usage being monitored through data supplied by purchasing card provider and the use of Triscan in stations.

1.7 Embedding a culture of good practice with regarding to effective energy management has been addressed in the past through promotion of good practice including posters in offices; the Estates Team is proposing to refresh this initiative and it would clearly be beneficial in terms of resource management if consideration were given to how effectiveness measures apply to all areas of utility and fuel costs.

Key control areas subject to review

1. Property Management Strategy
2. Environmental sustainability
3. Monitoring of usage
4. Procurement arrangements
5. Control of usage of fuel
6. Security of stocks
7. Management information

Audit highlights

Audit area	Health and Wellbeing
Management Objective:	The Service maintains an appropriately healthy workforce to deliver on service demands and provides appropriate to support to those where there is an identified need.
Responsible Officer:	Vicky Read (HR Wellbeing Manager) / Carol Swan (HR Delivery Manager)

Key risks for consideration:

1. The Service fails to identify staff who are unfit for work and as a consequence is exposed to risks of non-delivery/poor performance through placing staff in positions where individual safety is at risk.

2. Support provided to staff who are unfit for work fails to provide for their needs and subsequently the needs of DWFRS through maintaining appropriate availability of staff.

Overall opinion:	Substantial	Adequacy of control framework:	Good
		Application of control:	Good

Main Recommendations	Priority	Management Response	Implementation Plan
1. Data Security All sickness absence reports / spreadsheets containing sensitive personal data to be password protected before being emailed to other employees to help prevent unauthorised access and a potential data breach.	MA	The Service is making the appropriate changes to meet this recommendation. This will be implemented by end of October 2018.	**Responsibility:** HR Wellbeing Manager / HR Delivery Manager **Target date: Immediate**

Main Recommendations	Priority	Management Response	Implementation Plan
2. Sickness Absence Line managers to be reminded of the requirement for them to hold trigger meetings review with their employees that have hit sickness absence trigger points and to complete the Sickness Absence Review form in HR MIS to evidence meetings have taken place. Communications should be issued reminding line managers of the importance of completing sickness absence return to work interviews and of the need to ensure Return to Work forms are completed in the HR MIS system as evidence that the interviews have been conducted.	S	Training for middle manager captures managing short term sickness including triggers which is being delivered in December 2018. This is in addition to E-Learning which is being delivered in October 2018 for all staff to complete. We are working with the Information Systems Manager on automated reports from HR MIS which will identify staff who hit trigger points. The HR Wellbeing Manager meets the HR Business Partner quarterly. The monitoring of sickness triggers will be covered at the monthly meeting with the HR Advisor (Wellbeing) to ensure completion by managers. The above will also apply to return to work interviews. The current HRMIS development will also assist with this recommendation as we are developing the sickness trigger section.	**Responsibility:** HR Wellbeing Manager / HR Delivery Manager **Target date: 31 December 2018**
3. External Providers External providers of health and wellbeing services should be reminded of their responsibility under their contracts with DWFRS for issuing performance meeting agenda's, recording the minutes of meetings and agreed actions. As part of their supplier monitoring procedures, the HR Health and Wellbeing team should ensure that suppliers do this going forward.	MA	A reminder of the contractual responsibilities will be sent to our contract providers.	**Responsibility:** HR Wellbeing Manager / HR Delivery Manager **Target date: 31 October 2018**

Audit area	Energy Management
Management Objective:	Use of energy is managed in a cost effective manner in support of DWFRS operational and support activities.
Responsible Officer:	Ian Thomas – Head of Assets

Key risks for consideration:

1. Failure to effectively recognise the consumption of energy within the asset management plan may lead to inefficient use and excessive cost.

2. Monitoring of use is ineffective leading to loss/theft of fuel being not recognised.

3. Consumption is not linked to procurement resulting in uncoordinated communication with suppliers and poor value for money.

Overall opinion:	Adequate	Adequacy of control framework:	Appropriate
		Application of control:	Appropriate

Main Recommendations	Priority	Management Response	Implementation Plan
1. Carbon Management Policy The IPAMP refers to development of a Carbon Management Policy, whilst we recognise that responsibility for this has been allocated, its completion and approval is anticipated to be significant in terms of establishing future commitment to investment in sustainability measures and therefore inform outcomes and actions emerging from the current property survey.	S	The Estate Officer has been tasked with the preparation of an Environmental Sustainability Policy. This will be a three part process: Estates (the built environment); Assets (Fleet, Equipment, Supplies, Water & Foam); Service wide (corporate responsibilities, cultural change)	**Responsibility:** Estates Manager/Officer **Target date:** Estates: 31 March 2019 Assets: 30 September 2019 Service: 31 March 2020
2. Monitoring of Energy Costs The Estates Team should develop the intended spreadsheet system using data from supplier portals to monitor usage trends and identify anomalies so that prompt action can be taken. The information provided can also then be used to support future procurement exercises.	S	Estates Officers monitor consumption and trends monthly following receipt of invoice from suppliers; anomalies are highlighted for remedial action as appropriate. This is also reviewed at Estates Team meetings	**Responsibility:** Estates Officers **Target date:** 31 March 2019

Main Recommendations	Priority	Management Response	Implementation Plan
3. Monitoring of high cost users The cost outliers identified in the review should be investigated by the Estates Team, who should in future review trend data to quickly identify apparent anomalies, particularly in the case of potential water leaks, in order to minimise energy and utility costs.	S	On receipt of invoice and consumption data from supplier, Estates Officers will review consumption/m2 Gross Internal Area, comparing with previous pattern of consumption and benchmark against similarly occupied premises.	**Responsibility:** Estates Officers **Target date:** 30 September 2018
4. Energy Consumption The Estates Team should reinforce and continue to develop the processes by which the commitment to reduce energy costs across all aspects of utility and fuel consumption is embedded throughout the Service.	MA	This will develop with the Environmental Sustainability Policy and implementation of actions 2 & 3	**Responsibility:** Estates Manager **Target date:** Estates: 31 March 2019 (part 1) Assets: 30 September 2019 (part 2) Whole Service :31 March 2020 (part 3)

Operational plan summary 2018/19

F&G Committee meeting – July 2018			Audit visit undertaken May 2018		Recommendations made				
Block 1 Audits	Plan Days	Actual days	Client Contact	Progress	🟥	🟧	🟩	Total	Accepted
1. Fleet management	5	5.5	Ian Thomas	Final	0	0	4	4	4
2. On-call systems	5	4.5	Ian Jeary	Final	0	0	3	3	3
3. GDPR	3	2.5	Vikki Shearing	Final	0	1	1	2	2
4. Resilience	4	4.5	Seth Why	Final	0	0	4	4	4
5. Procedural alignment	3	3.5	Vikki Shearing	Final	0	0	0	0	0
Management	3	3.0							
Total	23	23.5			0	1	12	13	13

F&G Committee meeting – 20 September 2018			Audit visit scheduled – July 2018		Recommendations made				
Block 2 Audits	Plan Days	Actual days	Client Contact	Progress	🟥	🟧	🟩	Total	Accepted
6. Health and Wellbeing	3	3.5	Carol Swan, Vicky Read	Brief	0	1	2	3	3
7. Energy	5	4.5	Ian Thomas	Brief	0	3	1	4	4
Management	1	1							
Total	9	9		Total	0	3	4	7	7

Operational plan summary 2018/19

F &G Committee meeting – 7 December 2018			Audit visit undertaken October 2018		Recommendations made				
Block 3 Audits	Plan Days	Actual days	Client Contact	Progress	🟥	🟧	🟩	Total	Accepted
7. Performance management	4	0.5	Jill McCrae	Brief					
8. Integrated Risk Management Plan	4	0.5	Jim Mahoney	Brief					
9. VFM - Procurement	5	0.25	John Aldridge/Clare McCallum	Brief					
Management	2								
Total	15	1.25							

F&G Committee meeting – 7 March 2019			Audit visit scheduled – January 2019		Recommendations made				
Block 4 Audits	Plan Days	Actual days	Client Contact	Progress	🟥	🟧	🟩	Total	Accepted
10. Key Financial Controls	15	0.5	Ian Cotter						
11. People Services – Leadership Development	2		Jenny Long						
Follow up	4	0.5							
Management	2								
Total	23	1		Total					

TOTAL AUDIT DAYS 2018/19	70	34.75

Performance indicators 2018/19

	Annual Plan	Actual
No. Audit Days	70	34.5
Draft report	10	1 day
Final report	5	1 day
Audit Fee	Within budget	
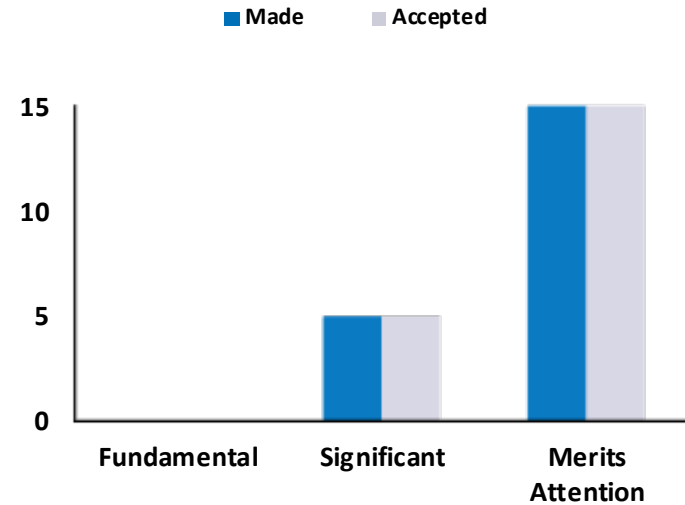
Plan			
	Plan %	Act %	Qualifications
Director	4	36	CPFA/IRM
Manager	16	14	CMIIA
Senior	40	40	FCCA
IT Specialist	10	-	CISA
Assistant	30	-	Pt qual

■ Made   ■ Accepted
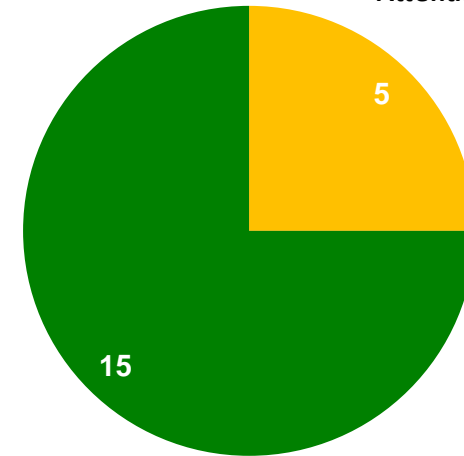
■ Fundamental   ■ Significant   ■ Merits Attention

KEY FOR RECOMMENDATIONS (IN RELATION TO THE AREA REVIEWED)

Fundamental (F)	-	The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan.
Significant (S)	-	Attention to be given to resolving the position as the organisation may be subject to significant risks.
Merits Attention (MA)	-	Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness.

ADEQUACY & APPLICATION OF CONTROL

OVERALL OPINION (ASSURANCE)	FRAMEWORK OF CONTROL	APPLICATION OF CONTROL	EXPLANATION	TYPICAL INDICATORS
Substantial (Positive opinion)	Good	Good	The control framework is robust, well documented and consistently applied therefore managing the business critical risks to which the system is subject.	There are no fundamental or significant recommendations attributable to either the Framework or Application of Control.
Adequate (Positive opinion)	Good	Appropriate	As above however the audit identified areas of non-compliance which detract from the overall assurance which can be provided and expose areas of risk.	There are no fundamental recommendations surrounding the Framework of Control; coupled with no fundamental and no more than two significant recommendations attributable to the Application of those controls.
	Appropriate	Good	The control framework was generally considered sound but with areas of improvement identified to further manage the significant risk exposure; controls were consistently applied.	There are no fundamental recommendations attributable to the Framework of Control.
	Appropriate	Appropriate	As above however the audit identified areas of non-compliance which expose the organisation to increased levels of risk.	There are no fundamental recommendations attributable to the Framework and Application of Control.
Limited (Negative opinion)	Good / Appropriate	Weak	As above however the extent of non-compliance identified prevents the Framework of Control from achieving its objectives and suitably managing the risks to which the organisation is exposed.	There are more than two significant recommendations attributable to the Application of Controls.
	Weak	Good / Appropriate	The control framework despite being suitably applied is insufficient to manage the risks identified.	There are more than two significant recommendations attributable to the Framework of Controls.
	Weak	Weak	Both the Framework of Control and its Application are poorly implemented and therefore fail to mitigate the business critical risks to which the organisation is exposed.	There are fundamental recommendation(s) attributable to either or both the Framework and Application of Controls which if not resolved are likely to have an impact on the organisations sustainability.

The above is for guidance only; professional judgement is exercised in all instances.