



DORSET & WILTSHIRE
FIRE AND RESCUE



Item 23/49 Appendix A

Dorset & Wiltshire Fire and Rescue Service

Report of Internal Audit Activity

Plan Progress 2023/24 Quarter 3

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Unrestricted

Internal Audit Plan Progress 2023/24 Quarter 3

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Internal Audit Plan Progress 2023/24 Quarter 3

Introduction

This report summarises the Internal Audit activity completed for Dorset & Wiltshire Fire and Rescue Service in Quarter 3 2023/24 in line with the Annual Audit Plan approved by the Finance & Audit (F&A) Committee and the Chief Fire Officer in March 2023.

The schedule provided in Appendix 1 contains a list of all audits agreed in the Annual Audit Plan 2023/24.

We have provided a summary of activity which outlines our assurance opinion and the number and priority of any actions that we made in relation to the audit work undertaken in Quarter 3. To assist the Committee in its monitoring and scrutiny role, a summary of each audit (objective, risk, controls tested, findings and actions) 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 2023/24 Quarter 3

Audit Summary

In Quarter 3 2023/24, the following audits were completed in accordance with the Audit Plan:

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Actions	Priority of Actions		
						1	2	3
Short Term Absence Management	People & Asset Management	HMICFRS People Pillar Priority 5	Final	Substantial	2	-	-	2
Payroll	Financial Management	HMICFRS Efficiency Pillar Priority 4 Strategic Risk 0006	Final	Substantial	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 Services 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	
None	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.
Partial	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.
Adequate	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.
Substantial	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 3, we have raised actions which seek to strengthen the Service’s 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 Actions	
In addition to the corporate risk assessment, it is important that management know how important the action is to their service. Each action has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Short Term Absence Management

Assurance Opinion		Number of Actions	
	<p>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.</p>	Priority	Number
		Priority 1	-
		Priority 2	-
		Priority 3	2
		Total	2

Audit Opinion:

Substantial Assurance

Objectives:

To provide assurance that key controls within short term absence management arrangements are operating effectively, to ensure that absences are recorded, managed, and monitored appropriately and processes are followed consistency.

Risk:

Ineffective management and oversight of sickness/absences could result in an inability to meet corporate wellbeing objectives, failure to deliver services and could lead to an increased cost to the service.

Short Term Absence Management

Controls Tested:

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

- Clear written policies/ procedures are in place, maintained and regularly reviewed by management.
- All sicknesses have followed the correct procedures and have been documented formally.
- Line managers and Human Resources Business Partners (HRBPs) are aware of their responsibility when it comes to recording absences.
- There is clear evidence line managers (supported by HRBPs) are escalating cases in accordance with the Attendance Management Procedure.
- There is adequate oversight of absence data by senior management.
- There is adequate reporting and monitoring in place for short term absences.
- There is adequate support in place to ensure staff wellbeing is considered.

Areas of Good Practice:

- The Service has an up to date Attendance Management Policy in place which covers short term absences in detail, including a flowchart to outline the process.
- There is adequate reporting and monitoring in place for short term absences.
- Sampled line managers were aware of their roles and responsibilities when it came to short term absence processes, including requirements for escalation, however noting the issues found with Return to Work (RTW) processes.
- Sampled line managers felt supported by their HR Business Partner (HRBP).
- Sampled HRBPs were aware of their roles and responsibilities.
- There is adequate oversight from senior management on sickness levels and triggers.
- The Service actively engages in external reporting to facilitate comparisons of figures with other fire services.
- The Service ensures employee wellbeing is considered within all aspects of short-term absence management processes.


Summary of Actions:

Findings & Risk	Action	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>Whilst all of the sampled line managers stated that they were comfortable with their roles and responsibilities for short term absence management, none had received any recent training. They had either never received training or received training a number of years ago. All felt it would be beneficial to have some form of refresher training, to ensure there was consistency with how the instances of absence are being dealt with.</p> <p>There were instances of sampled staff members referring to a previous 2-day training session they had undertaken covering all aspects of performance management, including short term absence and RTW processes, however this is no longer provided.</p> <p>Please also see Finding 2 below regarding RTW processes, which should also be incorporated into this refresher training.</p>	To implement periodic line manager refresher training/coaching sessions around absence management.	Our Leadership Development Programme is being refreshed and will include updated HR Management Modules that provide training and guidance on managing absence.	Health and Wellbeing Manager 31 March 2024	3

Findings & Risk	Action	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>During our sampling of line managers and HRBPs, comments were received that there were instances of the RTW form not being used consistently and correctly. It was also stated that HRBPs were seeing forms with N/A or uncompleted answers to some key questions.</p> <p>Currently there are sections to complete within the RTW forms, once an individual has hit a trigger, relating to targets. The sampled HRBP's have reported that these are not always being completed. For the RTWs where a trigger has been hit, there should be support based targets, whereby absence related targets are included (for example, no absences within six months), however there are instances of these coming back with N/A or blank, meaning the HRBP is having to coach the line manager in how to effectively complete the document.</p> <p>Suggestions were also made to split the questions to ensure they are more specific and therefore answered accurately, such as actions being set, and wellbeing support offered.</p>	To carry out a review of the RTW forms to ensure that they are clear and provide support to the line manager.	The Health and Wellbeing Manager will review the RTW forms to ensure clarity and better understanding. HRBP's will continue to provide support to managers to ensure forms are completed appropriately.	Health and Wellbeing Manager 31 March 2024	3

Findings & Risk	Action	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>It was also noted that the wording used for target setting was not consistent throughout, therefore it would be beneficial to have a list of appropriate targets incorporated into the RTW form to enable consistency.</p> <p>RTW forms should be included in the absence management training referenced within Finding 1, to ensure all line managers are completing them fully and consistency.</p>				

Payroll

Assurance Opinion		Number of Actions	
	<p>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.</p>	Priority	Number
		Priority 1	-
		Priority 2	-
		Priority 3	1
		Total	1

Audit Opinion:

Substantial Assurance

Objectives:

To provide assurance that key controls within Payroll are operating effectively to ensure that payments are accurate, appropriately authorised and made in a timely manner, and also that the risks of fraudulent payments is minimised.

Risk:

Salary payments are made incorrectly, fraudulently, or not recorded accurately resulting in financial loss and reputational damage.

Payroll

Controls Tested:

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

- The Service has a clear written payroll procedure in place, maintained and regularly reviewed by management. The procedures encompass all payroll daily tasks.
- All data entered into the payroll system has been properly authorised, by an approved signatory.
- All payroll information received is registered. Checks are performed to ensure all information has been actioned.
- Exception reports are produced and independently reviewed.
- Periodic reconciliation of the payroll system to personnel records, general ledger and BACs run.
- Overpayment and advances made are approved, regularly reviewed, monitored, and reported.
- Only authorised staff are able to amend the system parameter files. Adequate payroll controls are in place and kept under review.

Areas of Good Practice:

- The Service have robust checks in place to ensure the payroll function is running efficiently and effectively.
- There is adequate reporting in place to ensure there are no errors or duplications made during the final payroll runs.
- There is a list of authorised signatories who are permitted to approve and sign off payroll. This has signatures and areas of responsibility detailed for each individual.
- There is a payroll schedule which details the dates for each internal system the input deadline and payment dates.
- There is a documented process for employees in regard to overpayments, this process has been evidenced to be working effectively and the process has been followed.
- There is an effective process in place within the Service for setting up new starters and ending leavers on the payroll system.
- The Service have controls in place to ensure the payroll system does not allow duplicate payments. We reviewed August and September payroll reports and could confirm there were no duplicate payroll numbers or bank details.
- There are suitable reconciliations carried out to support the payroll run being processed with minimal errors.

Summary of Actions:

Findings & Risk	Action	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>When reviewing the payroll process within the Service, it was found that there is no formal documented policy or procedure for activities undertaken by the payroll function.</p> <p>Whilst we were comfortable that employees receive adequate information within their contracts in regard to their payroll terms and conditions, it is recommended that it would be beneficial to have a documented procedure and/or policy implemented within the Service to ensure consistency is maintained during any unexpected absences from the payroll team. This would also support the training of new starters.</p> <p>As no issues with payroll processes have been found during this review, and supporting documentation such as the payroll schedule are in place, it has been deemed most appropriate to place this as a Priority 3 action.</p>	<p>The Service should develop a document which outlines the standard processes in place within the payroll team's responsibilities. This document should incorporate the payroll schedule. This is to ensure there is contingency and confidence of the process during periods of absence, to ensure the service and payroll operates as normal.</p>	<p>The observations and associated recommendation of the audit are accepted and there is a recognition that the payroll function would benefit from a document which outlines the standard processes in place within the payroll team's responsibilities. A payroll process document will be produced by the end of December 2023.</p>	<p>Employee Relations Advisor / Officer</p> <p>31 March 2024</p>	3

Appendix 1 – 2023/24 Audit Plan and Performance

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Actions	Actions		
						1	2	3
Industrial Relations	People & Asset Management Corporate Governance	HMICFRS People/Effectiveness Pillars Priority 3,4,5 Strategic Risk 530	Final	Substantial	1	-	-	1
Cyber Security (Data Backups)	Information Management Corporate Governance	HMICFRS Efficiency Pillar Priority 4 Strategic Risk 301	Final	Substantial	1	-	-	1
Secondary Contracts Monitoring	People & Assets Management Corporate Governance	HMICFRS Efficiency Pillar Priority 4, 5	Final	Adequate	1	-	1	-
Grievance Arrangements	People & Assets Management Corporate Governance	HMICFRS People Pillar Priority 5	Final	Adequate	2	-	1	1
Short Term Absence Management	People & Assets Management	HMICFRS People Pillar Priority 5	Final	Substantial	2	-	-	2
Payroll	Financial Management	HMICFRS Efficiency Pillar Priority 4 Strategic Risk 0006	Final	Substantial	1	-	-	1
P-cards and Fuel Cards	Financial Management Corporate Governance	HMICFRS Efficiency Pillar Priority 4 Strategic Risk 0006	Not Started					

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Actions	Actions		
						1	2	3
Business Continuity Arrangements	Performance Management Risk Management	HMICFRS Effectiveness/Efficiency Pillars Priority 1,2,3,4 Strategic Risk 530	Not Started					
Follow Ups	All	All	-					

The performance results for progress against the Internal Audit Plan for Quarter 3 of the 2023/24 Internal Audit Plan are as follows:

Performance Target	Average Performance	
	% of the Annual Plan	Number of Assignments
<u>Audit Plan – Percentage Progress</u>		
Final, Draft, Discussion, Removed	75%	6
In progress, Ongoing	0%	0
Not yet started	25%	2
	100%	8

The completion of the plan is currently on target.