Hampshire Fire and Rescue Authority

Standards and Governance Committee

23 March 2017

Progress report on the implementation of internal audit management actions

Report of the Chief Officer

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1 Summary

1.1 Since the last Standards and Governance Committee meeting on 7 December 2016 the following audits have been completed:

- Risk Management
- Local Management of Shared Services – Facilities Management
- Budget Planning

Audits currently in progress are:

- Local Management of Shared Services - Sickness
- Implementation of Savings Plan
- Procurement Processes
- Procurement of Operational equipment and vehicles
- Procurement, Supplies Stores and Logistics
- Income Generation

1.2 The progress in implementing audit action plans is detailed in **Appendix 1** of this report.

1.3 The Standards and Governance Committee has agreed that we report on medium and high priority audit actions only. Low priority audit actions continue to be monitored to ensure they are completed within the timeframes specified.

2 Recommendation

2.1 That the Committee notes the report and the progress made towards the implementation of the internal audit management actions detailed in Appendix 1.

3 Introduction

3.1 HFRS see the internal audit follow-up process as an important element in our overall approach to risk management and governance. When an action is agreed by managers to address a control weakness, or to make an improvement to the way we work, it is important that the action is then implemented as planned.

4 Liaison with internal audit and the follow up process

4.1 The internal audit service is provided to the Authority by Southern Internal Audit Partnership at Hampshire County Council under a Service Level Agreement. There is an Internal Audit Charter that has been in place since 2014, along with the Audit Plan and both are reviewed and updated annually to reflect changing organisational priorities and needs, both of which have been approved by this Committee.

4.2 The Knowledge Management Department, specifically the Performance Review Team maintain a record of audits against the current Audit Plan and whether they are in progress or have been completed.

4.3 Once a final audit report has been issued, the agreed management actions are recorded along with:

- the priority of the recommendation,
- the target date for implementation, and
- the person responsible for the action.

4.4 When an action date is reached, the Knowledge Management Department will ask for confirmation and evidence that the action has been implemented, or if not, when it is expected to be. The response is recorded. Any recommendations that continue to remain outstanding are referred to the relevant Director.

4.5 On occasion, it may be necessary to extend an agreed action date. The Knowledge Management Department will make a request to the Internal Audit Manager to extend the action date. If there is agreement, we will record the new date, otherwise we will show the action as overdue, and continue to monitor it.

4.6 We report our progress towards meeting high and medium internal audit recommendations to this Committee to keep Members aware of progress and any emerging risks and issues.

5 Contribution to corporate priorities and objectives

5.1 Implementation of internal audit recommendations assists the Authority in the improvement planning process, performance management framework, and in compliance with its governance arrangements. This in turn, assists the Authority in achieving its aim to be the best fire and rescue service in the country.

6 Resource implications

6.1 When agreeing management actions in response to an audit report, the cost of addressing the risk should be considered against the risk materialising. Implementing audit recommendations helps to ensure that the Authority uses its resources efficiently at all times, that key controls are in place and working, and that opportunities to achieve value for money are taken.

7 People Impact Assessment

7.1 The proposals in this report are considered compatible with the provisions of the equality and human rights legislation.

8 Risk analysis

8.1 Failure to implement any internal audit recommendations clearly leaves the Authority vulnerable to the consequences of the identified risks and weaknesses in control. These progress reports are considered to be an important process within the Authority's Corporate Risk Management Strategy. They ensure that Members are fully aware of any problems associated with addressing the issues raised and the priority given to driving down or eliminating specific risks.

9 Background information (Section 100D of Local Government Act 1972)

9.1 The following documents disclose the facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of the report:

- Appendix 1 – Internal Audit Management Actions

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APPENDIX 1 - INTERNAL AUDIT MANAGEMENT ACTIONS – THOSE AGREED & COMPLETED SINCE DECEMBER 2016 AND THOSE IN PROGRESS

Action plan 1	**Networked Fire Control Project 2013/14**
Objective	Appropriate consideration has been given to how the Networked Fire Control Services Partnership (NFCSP) and its implementation affects Hampshire Fire and Rescue Service and its employees.
Observations	Throughout the project implementation, the expected benefits of the project have been identified centrally for the project and recorded during each stage. Whilst the project lead on the measurement of benefits across the project as a whole is the Project Manager from Devon and Somerset FRS (DSFRS), it is down to individual Fire and Rescue Service to highlight their own benefits. Within HFRS we understand that the pressure of the implementation has impacted on the resources to capture, identify and measure the benefits being realised. Although this may not impact on the project itself, it may have implications when the project has been completed. If benefits are not seen to be realised there could be a reputational risk of the benefits of the project being called into doubt.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
Review partnership and Fire and Rescue Service (FRS) benefits alignment.	Medium	Fire Control Options and DSFRS Project Managers	Area Manager Response Support	01/08/2014 Extended to 31/01/2015 Extended to 30/09/2016 Extended to 02/05/2017	
Undertake further baseline benefits measurement (FRS).	Medium	Fire Control Options Project Manager	Area Manager Response Support	01/08/2014 Extended to 31/01/2015 Extended to 30/09/2016 Extended to 02/05/2017	

Summary: The project is still live and is not due to close until December 2017. A close down report has been commissioned by the NFCSP central team on behalf of the Partnership. A new target date that aligns with the project will be agreed with Internal Audit.

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Action plan 1	**Partnerships and Associated Contracts – South Central Ambulance Service 2014/2015**
Objectives	An agreement is in place which clearly documents the aims and objectives of the scheme, along with roles and responsibilities.
Observations	There is no current HFRS partnership policy for staff to follow when entering in to partnerships and associated contracts. Nor are there procedures for staff to follow when entering in to a new partnership agreement covering the processes, documentation and approvals required. On the HFRS website there is a list of formal, informal and statutory partners, however, the partnership with South Coast Ambulance Service (SCAS) is not included.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
Partnerships Policy to be updated and a Partnerships Register to be created. Both to be agreed by Service Management Team and then presented to Standards and Governance Committee.	Medium	Performance Review Manager	Head of Knowledge Management	31/01/2016 Extended to 31.03.2016 Extended to 31.12.2016 Extended to 23.03.2017	
Summary: An overall Policy Framework has now been approved by Service Management Team. Once the Register has been submitted to the next Service Management Team on 2 May 2017 it will be presented to the Authority in July 2017.					

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Action plan 2	**FireWatch management information and access controls 2014/15**
Objectives	Management information requirements have been clearly specified.
Observations	We looked for a strategy or project plan for the specification and delivery of management information from FireWatch. We did not find evidence of a strategy or project plan which (for example) linked to service objectives, the mitigation of key risks or getting added value from FireWatch by improving on what was available in the previous system. The FireWatch team are currently working on improving the management information available, but at the time of the audit it was uncertain where responsibility for future development and maintenance would rest. We understand that this uncertainty has now been resolved by the Knowledge Management restructure where specific FireWatch accountabilities have been picked up between Knowledge Management and the Information Services (IS) department. Currently reports can be developed by the FireWatch team using the reporting tools in FireWatch with assistance from Infographics, or by request to Business Intelligence or members of the Performance Review team to write a SQL query which runs on the database.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
Produce a documented transition plan for each Business As Usual (BAU) area and assign owners. Publish to Heads of Service for Information and endorsement. Reassessment of BAU is within the scope of the FireWatch Optimisation Project. Part of this reassessment will include a paper to Heads of Service Team.	Medium	FireWatch Project Manager	Head of Knowledge Management	30/09/2015 Extended to June 2017	

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Develop a Management Information Strategy.	Medium	Head of Knowledge Management (with significant input from IS)	Head of Knowledge Management	01/03/2016	22/02/2017
Summary: Business as usual activities have been defined within the scope of the FireWatch Optimisation project. Internal Audit has reviewed the current status of the recommendations in the original Audit report. Responsibility for the production of management information from all systems including FireWatch has been transferred to Knowledge Management. There is no longer a need for a management information strategy specifically for FireWatch. Information Management in its wider sense will be the subject of an audit in the coming year.					

Summary of Action plans	**FireWatch management information and access controls 2014/15**
Action plan 5 Objective	Access applied in FireWatch is in line with documented definitions, authorised and up to date.
Observations	Access to data by reports within FireWatch is controlled by the access privileges assigned to each user. So if a user cannot navigate to data within FireWatch it won't be visible to them on a report either. Direct access to the SQL database to write reports from the tables is controlled by access to SQL Server 2008 or 2012 and the user id having the connection string and log in details for the FireWatch database. The ability to run the report queries created by the Business Intelligence team is granted by adding the user's network id to the specific query accessed from hfrs.net. Therefore the control of access to FireWatch data is currently the responsibility of separate teams. Any regular review of access to the data needs to cover all these areas.

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Action plan 6 Objective	Access requirements, including those to personal and sensitive data, have been defined and documented.
Observations	We reviewed the access templates for FireWatch to determine if restrictions to personal and sensitive data were in place and appropriate. We found the template definitions to be appropriate. We were informed that personal or sensitive data types were not maintained in FireWatch so even if access was enabled there may not be data to view. We checked the database tables with the Business Intelligence Manager and the FireWatch Manager for a sample of personal or sensitive data types. We found the following: Ethnicity – 1733 entries in the database which were not "NULL". A corresponding table defined what the entry codes meant. Sexuality – 53 entries which were not "NULL". The table which defined what the entries mean was encrypted. Reg Disabled – 176 entries which were not "NULL". This is a 'tick box' field where "1" means there is a tick in the box. In addition to the unexpected data being present we noted that the encryption of the definition tables was also inconsistent. A member of staff with direct access to the database could work out the ethnicity recorded, but not the sexuality.
Action plan 7 Objective	Access requirements, including those to personal and sensitive data, have been defined and documented.
Observations	High privilege access to functions and/or data in FireWatch is controlled by the access controls within the software or controls over who has access directly to the database. Members of the implementation team have the highest level of access within the software. We tested who had this access applied to them and found two issues. Staff had moved teams but the access was still in place. These have since been removed. There was also an "Admin" account active in the software which was confirmed as no longer required with Infographics by the FireWatch manager. This has now been disabled.

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	We also determined who had access directly to the FireWatch database using SQL Server 2008 or 2012. We found that 4 members of the Knowledge Management Team had this access route.
Action plan 8 Objective	Access requirements, including those to personal and sensitive data, have been defined and documented.
Observations	We reviewed the members of staff with access to run the FireWatch reports written by the Business Intelligence team. The access to ten reports was covered, and one issue was found with a member of staff still having access to the "FireWatch Contract Checker" report. This member of staff was on secondment from the role which needed the access. The standard process is for the member of staff's line manager to advise the Business Intelligence Manager of role changes so access can be amended.
Action plan 9 Objective	Access applied in FireWatch is in line with documented definitions, authorised and up to date.
Observations	We compared the FireWatch access templates provided to us on 20th January with an access report from FireWatch run on 17th February. This test took 10 users and compared all their access privileges (totalling 270) with the template for their job. We found nine differences between what the template documented and what access was granted in FireWatch. Six of the 10 users had at least one difference. We were informed that the differences we found were down to the work being done at the time of the audit to review, change and simplify access. Retesting of the same 10 users on 13th April found six differences between the access assigned in FireWatch and the new template specification. Six of the 10 users had at least one difference. However all of the differences were down to the category "Sickness Details (Core)" being "Read/Write ROSelfSubordinates" in FireWatch but "Insert ROSelfRWAll"

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	was specified in the template. On the 13th of April we also selected a different 10 users and compared all their access privileges (totalling 284) with the new template specification for their job. This test found a total of six differences, four of which were down to the same "Sickness Details (Core)" issue mentioned above.
Action plan 10 Objective	Access applied in FireWatch is in line with documented definitions, authorised and up to date.
Observations	We compared all 1040 user ids in FireWatch as at 17.2.15 with payroll output from SAP to check that users set up in the system were still active employees with HFRS. This resulted in the removal of 18 members of staff and one contractor who had left HFRS. It was also confirmed that six others not on the payroll were contractors but still had a need for the access. Four leavers removed were from 2012, two from 2013, eleven from 2014 and one from 2015. Three of the 2014 leavers were TUPE transfers to Hampshire County Council.
Action plan 11 Objective	Access applied in FireWatch is in line with documented definitions, authorised and up to date.
Observations	Business Intelligence have provided an "Access and Privileges" report which can be used to identify all current users of FireWatch and what data and functions they have access to. This report is not currently being regularly run to review access or identify leavers missed by the notification processes.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
As part of the FireWatch Optimisation Project the team will create a process for the maintenance of user accounts and security in FireWatch and hand over to Business As Usual teams.	Medium	FireWatch Project Manager	Head of Knowledge Management	30/10/2015 Extended to June 2017	22/02/2017

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Research and Intelligence will manage, review and update this process once handed over.	Medium	Research & Intelligence Manager	Head of Knowledge Management	31/10/2015 Extended to 30/04/2016	
Summary: Internal Audit has reviewed the current status of the recommendations in the original Audit report. The way that access rights to the system and data for reporting has changed since the review. Access within FireWatch is now managed by role based security. A user's access to reports will be automatically changed as they move from one job to another. Access to Firewatch data and to write a report is now restricted to a small team in Knowledge Management. Each folder on Reporting Services, which is the system used to write a report has security groups assigned to them containing specific personnel that are allowed access to the reports within that folder. The security groups are managed by Information Services, if someone leaves or moves department etc. they would be removed/added from/to security groups they no longer need/require access to. Internal Audit have concluded that although the role based security and automated management of access reduces the likelihood of incorrect access being in place it could still be beneficial to regularly run this report and review ids with high privilege or high risk access. This report will be run. The sensitive personal data referred to in action plan 6 can only be seen by the individual themselves and systems administrator. A report will be run on a regular basis to review ids with high privilege or high risk access.					

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Action plan 5	**Business Continuity 2015/16**
Objectives	Processes and procedures are in place to enable the effective and efficient restoration of service in the event of interruption.
Observations	Our review found that no formal testing of the plans appears to have taken place over the past five years. All recorded incidents seem to relate to live incidents and there is little evidence of follow up. The success of service resilience plans is reliant upon regular varied tests to ensure the integrity of the plan. By not pro-actively testing the plans there is a risk that the plans are not robust or useful in the event of an incident. Furthermore, by not reviewing the outcome of testing and updating the plan accordingly, the plan may not be fit for purpose in the event of a live incident and suitably support recovery.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
5.1 Comprehensive review of Resilience Plan testing and exercising to be undertaken and an appropriate schedule commencing January 2017 put in place to meet organisational requirements.	Medium	SM Service Resilience	Head of Resilience	31/10/2016 Revised date 31/03/2017	
5.2 A robust recording and evaluation process to be put in place for Service Resilience events to support current arrangements and to allow lessons learned to be identified and actioned.	Medium	SM Service Resilience	Head of Resilience	31/10/2016 Revised date 31/03/2017	
Summary: A resource has been allocated to this work which will be treated as a matter of priority. We will be requesting an extension to July/ September 2017.					

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Action plan 1	**Provided Vehicle Policy 2015/16**
Objectives	There are comprehensive and clear policy and procedures for the use of provided vehicles.
Observations	Testing has identified there are some inconsistencies with the use and recording of business and private mileage for provided vehicles and that the policy is not fully comprehensive. For instance the policy does not cover what the normal place of duty should be for officers, what is considered as a business journey and when a business only vehicle can be taken home. There is also no detailed guidance on the use of the telematics machines and checking the monthly report and the timescales this needs to be completed in. The Provided Vehicle Policy also states that "travel to normal place of work ..." is considered private use. In special circumstances (such as the flexible duty system) where officers are using emergency vehicles some commuting journeys within a duty period may be allowed as business use according to the specific rules for those circumstances.' Testing identified that the provided vehicle is sometimes taken home by two out of the five officers in the sample who had elected business only use when they are not on duty. For instance the vehicle has been taken home: • where the officer has a meeting the following day not at their usual place of work • prior to the officer going on call so they have the vehicle from the start of the on call. The policy is not clear if taking the car home in these circumstances when not on duty is allowable and adheres to HMRC rules.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
1.1 To review the current policy and address the points observed by IA above. Report to Project Board.	M	Fleet manager	Director of Professional Services	31/08/2016 Revised date 31/12/2016 30/04/2017	
Summary: Draft policy has been completed but not yet finalised.					

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Action plan 2	**Provided Vehicle Policy 2015/16**
Objectives	There are comprehensive and clear policy and procedures for the use of provided vehicles.
Observations	The Driver's Handbook does not require line managers to check mileage reports and personal mileage figures for provided vehicles. There are no checks carried out to verify that provided vehicles mileage is correctly recorded and adheres to the policy. There is a risk that the policy and procedures may not be correctly applied without checks of provided vehicle data.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
2.1 Driver's Handbook to be reviewed in light of the above observations and amended where needed. Report to Project Board.	Medium	Fleet Manager	Director of Professional Services	31/08/2016 Revised Date 31/12/2016 30/04/2017	
2.2 Ensure that systems are understood and support the ability of managers to check reported mileage. Report to Project Board.	Medium	Fleet Manager	Director of Professional Services	31/08/2016 Revised Date 31/12/2016 30/04/2017	

Summary: Line managers have no access to webfleet data due to data protection regulations. Line Manager review and approval of mileage needs to be included in the Policy not the drivers hand book. Draft policy has been completed but not yet finalised.

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Action plan 4	**Provided car policy 2015/16**
Objectives	Vehicle usage is accurately recorded and private usage costs are correctly calculated and recovered where applicable.
Observations	As part of our testing we compared the mileage reports to the duty rota to ensure that journeys had been correctly classified as business or private. Whilst it was not always possible to confirm comprehensively the reason for the journey, we were able to identify some inconsistencies: • Testing highlighted for one officer in the sample, who had elected business and personal usage of their provided vehicle, that they infrequently visited their 'normal place of work'. Often their day started at their local station and this officer's personal commute mileage was therefore low. Clarification of their normal place of work is required to ensure private and business mileage is correctly recorded. • For others in the sample, testing identified that when not travelling to or from their normal place of work and home, journeys are normally recorded as business mileage. It is not clear if an adjustment should be made to deduct their normal daily commute mileage from their business miles at the end of the month. There is a risk that mileage may be incorrectly classified as business or private without a clear policy on vehicle usage.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
4.1 Clarification through Project Board of what constitutes 'normal place of work' and communicated to Flexible Duty System (FDS) officers. Report to Board.	Medium	Group Manager Response	Director of Professional Services	31/07/2016	
4.2 Clarification to FDS what constitutes as business or private mileage. Report to Project Board.	Medium	Group Manager Response	Director of Professional Services	31/07/2016	
Summary: Draft policy has been completed but not yet finalised.					

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Action plan 3	**Property management – property agreements 2015/16**
Objectives	Arrangements have been put in place in line with agreed guidance, having sought legal advice where appropriate.
Observations	Our audit testing identified that there is no record held by HFRS of when agreements are nearing the end of the agreement which require review with a view to deciding whether terms need to be extended, re-negotiated or ended. Use of the Property Asset Management System (PAMs) printout detail is not a reliable method of reviewing the end dates of agreements due to the high number of agreements with no end date recorded. In the past the Shared Services Estates Surveyor has monitored the agreements and has liaised with HFRS towards the end of an agreement. It would appear that the historical review of the HFRS estate portfolio has been undertaken on a piecemeal basis as and when leases have come to an end. We have been advised that a more strategic review is now being undertaken via the Strategic Asset Management Plan (SAMP) review.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
3.1 A review of the HFRS property portfolio is being carried out as part of the SAMP work.	Medium	Estates Surveyor	Head of Physical Assets	31/12/2016	28/02/2017
3.2 Estates check which agreements are coming up for review/expiry and report to HFRS for instructions. Reported as a standing item at the 8 weekly HFRS Estates liaison meetings.	Medium	Estates Surveyor	Head of Physical Assets	31/12/2016	28/02/2017

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Action plan 7	**Property management – property agreements 2015/16**
Objectives	Arrangements have been put in place in line with agreed guidance, having sought legal advice where appropriate.
Observations	PAMs shows that there are five agreements are in place between HFRS and external agencies regarding easements, non-occupancy licence, user rights or a lease from a third party. However, during the audit we were advised that HFRS are using offices within Portsmouth City Council (PCC). We understand that this accommodation is used for a variety of roles and provides a joint community service hub within the Community Safety Team. We could find no formal documentation on this agreement and no record can be found on PAMS although we have been informed by the Portsmouth Group Manager that discussions are taking place with PCC with regard to the rent. We are concerned that local agreements may have been put in place without any formal strategic review of the requirements. As a consequence we are unable to give assurance that PAMs accurately reflects all agreements in place, whether these are local or formalised. We understand that the completion of the Strategic Asset Management Plan should be able to pick all of these arrangements up as part of the full review of all estate assets held by HFRS. This will provide the opportunity to ensure that PAMS is a complete record and to put in place arrangements for regular review thereafter.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
7.1 As part of the SAMP review we will ascertain whether there are any other informal arrangements in place and ensure Property Services are advised where necessary. And make staff aware that all property agreements should be referred to the Director of Property/Property Services.	High	Head of Physical Assets	Head of Physical Assets	31/03/2017	28/02/2017

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7.2 Property Services team will meet on a regular basis with station managers to review each property.	Medium	Head of Physical Assets, Estates Programme Manager	Head of Physical Assets	31/03/2017	28/02/2017

Action plan 1	**Risk Management 2015/2016**
Objectives	Roles and responsibilities for risk management are clearly defined and assigned.
Observations	During 2015 the Risk Management Strategy was removed from the intranet in order to update it. At the close of audit (March 2016) this document remained in draft format. Discussions held with the Assurance and Compliance officer confirmed that the document still needs to be completed and authorised before it can be published. Until the process is re-published and available to all staff there may be variations in how risk is managed and how risk management is embedded throughout the organisation

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
Risk Management Strategy to be reviewed, approved and published	H	Performance Review Manager	Head of Knowledge Management	30/04/2017	

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Action plan 2	**Risk Management 2015/2016**
Objectives	Processes and procedures are in place to ensure emerging risks are identified and evaluated appropriately.
Observations	As part of the governance structure we were informed that the Corporate Management Team (CMT) review the Strategic Risk Register. However, testing has shown that the last time strategic risk was discussed at CMT was during October 2014 and no strategic risk management briefing was provided to them in 2015. The Senior Management Team (SMT) periodically reviews all risks appearing on the Strategic Risk Register however risk is not a standard agenda item. Our testing identified risk being discussed at SMT on 3 November 2014, 3 August 2015 and again on the 1 February 2016. The SMT briefing note of the 1st February 2016 recommended that strategic risk should be reviewed in detail every six months. Over the last year a number of risks have been removed from the Strategic Risk Register and placed on the Service Delivery Risk Register and these risks are now reviewed locally by the Director of Service Delivery. In addition to this a Professional Services Risk Register exists with a number of emerging risks during 2015. At the time of audit we did not identify any mechanism to feedback/report regularly to SMT the status of risks appearing on either of these two registers.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
2.1 Establish a regular agenda item for the Strategic Risk Register at SMT.	H	Performance Review Manager	Head of Knowledge Management	31/12/2016	28/02/2017
2.2 Establish a risk management framework.	H	Performance Review Manager	Head of Knowledge Management	30/04/2017	

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Action plan 3	**Risk Management 2015/2016**
Objectives	Processes and procedures are in place to ensure emerging risks are identified and evaluated appropriately.
Observations	Risks relating to fire stations were previously highlighted within Group Plans. These were put in place during 2014/15 and they outlined emerging operational and local risks for each station. The 2014/15 plans are available on the Intranet. However, no update was completed of the plans in 2015/16 and discussions with the Group Manager responsible confirmed that this area is currently a work in progress and a piece of work is being undertaken to identify risk for all stations. We were informed that these risks will be included within a Group Plan covering 2016- 19. We understand that the intention is for this to be published by April 2016. We cannot give assurance that Station risks have been reviewed during 2015/16 as there is no evidence to support this.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
3.1 The risk management framework will encompass local risks.	H	Performance Review Manager	Head of Knowledge Management	30/04/2017	

Action plan 4	**Risk Management 2015/2016**
Objectives	A documented framework of risk management is in place, to enable identified risks to be managed appropriately.
Observations	Our audit testing reviewed a sample of discharged risks from the Strategic Risk Register and we verified these to supporting documentation.

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	We noted that four risks were not identified on the discharged list and did not appear on the Strategic Risk Registers versions 37 – 40 (which appear to be April 2015 to current). We are unable to determine when and why the risks were discharged and the Assurance and Compliance Officer has confirmed that there is no audit trail to confirm this as we understand these were old risks and would have been managed by the previous post holder. We were however able to view an audit trail for those risks which we know were discharged during the year and could evidence that these were approved by senior management.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
4.1 We will identify how and why historical risks have been discharged.	M	Assurance & Compliance Officer	Head of Knowledge Management	31/01/2017	28/02/2017
4.2 The risk management framework will include an effective process to ensure risks are discharged appropriately and archived.	H	Performance Review Manager	Head of Knowledge Management	30/04/2017	

Action plan 5	**Risk Management 2015/2016**
Objectives	A documented framework of risk management is in place, to enable identified risks to be managed appropriately.
Observations	Although a numeric version control process is used for the Strategic Risk Register this does not include the date of the version and is not completed for either the Service Delivery or Professional Service Risk Registers. Although both registers are fairly new each one will require risks to be regularly monitored and updated and without a version control system in place, a complete audit trail cannot be maintained.

STANDARDS AND GOVERNANCE COMMITTEE – 23 MARCH 2017

APPENDIX 1 - INTERNAL AUDIT MANAGEMENT ACTIONS – THOSE AGREED & COMPLETED SINCE DECEMBER 2016 AND THOSE IN PROGRESS

Management actions	Priority	Responsible Officer	SMT	Target date	Date signed off as complete
5.1 A sound version control process, specifying dates for the Corporate Risk Register will be established and included in the risk management strategy.	M	Performance Review Manager	Head of Knowledge Management	30/04/2017	
Action plan 6	**Risk Management 2015/2016**				
Objectives	Processes and procedures are in place to ensure emerging risks are identified and evaluated appropriately.				
Observations	Our review of the content of the Strategic Risk Register identified that the proposed controls section appeared to be being used to record actions rather than proposed controls. If proposed controls are required to be documented then another section will need to be added for actions, owners and their tracking. For clarity, separately recording controls in place and further action required to mitigate the risk would support the development of a Board Assurance Framework.				
Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
6.1 We will establish clear guidance for management and recording risks within the risk management framework.	H	Performance Review Manager	Head of Knowledge Management	30/04/2017	
Summary: The updated Risk Policy and Strategy is included on the agenda for the Committee. The remaining actions, most of which relate to the framework are in progress and will be developed and considered with the oversight of the recently formed Risk and Assurance Board which reports into Service Management Team.					

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APPENDIX 1 - INTERNAL AUDIT MANAGEMENT ACTIONS – THOSE AGREED & COMPLETED SINCE DECEMBER 2016 AND THOSE IN PROGRESS

Action plan 1	**Budget Planning 2015/16**
Objectives	Responsibilities for planning and budget setting are clearly defined and supported by policies and procedures.
Observations	A comprehensive timetable of budget planning key dates was issued to all Operational Finance staff. A review of this timetable however shows that it doesn't include all key dates for the Hampshire Fire & Rescue Service (HFRS) consistently as its does for Hampshire County Council departments, specifically in regards to the reporting dates. Whilst it is recognised that the Fire budget is managed by a relatively small cohort of staff there remains a risk that HFRS staff are not aware of all key dates that they are working towards which could prevent key deadlines from being met.

Management actions	**Priority**	**Responsible Officer**	**SMT**	**Target date**	**Date signed off as complete**
1.1 All dates to be added for HFRS budget setting process	M	Finance Manager	Head of Finance	Completed before report finalised	29/11/2016

Action plan 2	**Budget Planning 2015/16**
Objectives	Budgets are based on up to date and accurate information, including the operational management structure.
Observations	We were unable to evidence that the Hampshire Fire and Rescue Service (HFRS) inflation model had been reviewed by the Head of Finance. It was also noted that the Principal Accountant was responsible for calculating inflation and had both submitted and signed off the inflation virement.

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APPENDIX 1 - INTERNAL AUDIT MANAGEMENT ACTIONS – THOSE AGREED & COMPLETED SINCE DECEMBER 2016 AND THOSE IN PROGRESS

Management actions	Priority	Responsible Officer	SMT	Target date	Date signed off as complete
2.1 Corporate Finance / Business Partners (aligned appropriately with financial planning accountability) will be responsible for calculating inflation rates	M	Finance Manager	Head of Finance	Completed before report finalised	Completed
2.2 All inflation rates to be signed off by Chief Finance Officer (CFO) or Deputy CFO for HFRS	M	Deputy Head of Finance	Head of Finance	30/11/2016	Date to be confirmed