



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Standards and Governance Committee

Purpose: Noted

Date: 23 July 2020

Title: **INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT**

Report of Chief Fire Officer

SUMMARY

1. The purpose of this paper is to provide the latest update on the management actions that have not been completed within their target date and their status. The Standards and Governance Committee has a key scrutiny role in monitoring the implementation of internal actions.
2. It provides a supplementary update to the report shared with Councillor Fairhurst on 20 May (Appendix A) to provide assurance, owing to the May Standards & Governance meeting being cancelled.

BACKGROUND

3. The HFRS Organisational Assurance team maintains a record of audits against the current Internal Audit Plan, noting whether they are in progress or have been completed. The respective managers are responsible for the delivery of actions that fall within their areas of responsibility.
4. 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.
5. The Organisational Assurance team will ask for confirmation and evidence that an action has been implemented, or if not, when it is expected to be. Any recommendations that continue to remain outstanding are referred to the relevant Director. Our internal Integrated Performance and Assurance

Board (IPAB) also provides an overview of outstanding recommendations, and they are also monitored regularly by the Director of Performance & Assurance and the Head of Performance.

MANAGEMENT ACTIONS

6. The table below lists those recommendations that are currently outstanding beyond their agreed target date and of medium (M) or high (H) priority. There is a brief commentary against each to explain the status and any mitigating factors.

Internal Audit Management Actions			
Business Continuity			
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.	January 2019 revised to January 2021	M	A recent internal audit position statement concluded that once fully embedded across HFRS, the business continuity framework will provide a robust control framework and address the risks identified in the previous audit.
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.	January 2019 revised to January 2021	M	<p>Work towards the completion of these actions has been slowed due to work involved in planning for the European Union (EU) exit with Local Resilience Forum (LRF) partners, and the internal and LRF response to COVID-19, which is a good example of our business continuity activity in practice – overseen internally by the Emergency Management Group and Pandemic Management Team.</p> <p>The current COVID-19 situation has demonstrated our strong business continuity response in various areas – both externally (eg. feeding into the Local Resilience Forum and leading on various cells/workstreams, such as for logistics and business continuity, in support of the Strategic Coordination and Tactical Coordination Groups;</p>

			<p>and hosting the Strategic Coordination Centre) and internally (enacting business continuity plans and resilience activity).</p> <p>Furthermore, following the position statement in 2019/20, a more comprehensive internal audit in this area is planned for Q3 2020/21.</p>
Proactive Pay Claims			
The intention is to remove the ability to submit paper claims in future. Initially the Resource Management Team (RMT) will handle the processing of all allowance changes.	December 2019 date revised to September 2020	M	Paper forms continue to be used for a limited number of claims. Greater clarity of which forms to use will be updated in the Allowances Handbook by September 2020.
Intention is to either remove the "miscellaneous payment" wage type for HFRS personnel or, as a minimum, limit it substantially to prevent potential misuse.	June 2019 date revised to April 2021	M	This has been impacted by the work around wage types in preparation for the new CFA in April 2021, with a decision taken that it is more efficient to update wage types once (in preparation for CFA).
It is intended that managers will be given guidance and instruction to regularly monitor and review allowances in payment for their teams. Managers will be expected to carry out regular checks and if payment errors are subsequently identified then both the individual affected and their line manager may be subject to disciplinary action.	September 2019 date revised to April 2021	M	The IBC and HFRS teams are working on the agreed changes needed to the existing HFRS wage types. This work is targeted for completion before the end of 2020/21, ready for the CFA go-live on 1 April 2021. This will be implemented on 1 April 2021 and monitored throughout 2021/22 with corrective action taken against individual firefighters on an ongoing monthly basis.
As a one-off exercise all managers and HFRS personnel will be required to certify that all allowances in payment are correct or flag up those that they	March 2020 date revised to December 2020	M	Whilst this activity is still planned, it has been delayed owing to the current COVID-19

believe may be incorrect for appropriate corrective action.			pandemic, and its impact on resources.
Procurement Process			
Shopping Workstream Lead Officer to confirm that enhanced search options will be available in April 2020	April 2020 revised to September 2020	M	This enhancement to the shopping functionality within SAP requires a freeze to various procurement and shopping elements for a few weeks. During the current circumstances we are unable to take this freeze due to urgent COVID procurement. The work is being rescheduled by Shared Services – as a result this action's delivery date has had to be revised to September 2020.

MANAGEMENT COMMENTARY

7. Many of the actions have been impacted by COVID-19 demands on relevant teams and individuals who are supporting HFRS (or HCC) more widely. Furthermore, in light of the impact of COVID-19, the HFRS Head of Performance has consulted across Service directorates, and with SIAP, about how to flex the 2020/21 internal audit plan (that was approved by the Committee in early March) to provide additional assurance in certain areas. For example, through an additional audit focused on COVID-19 Health and Safety risk assessments.
8. Despite this, we have made significant progress in reducing the number of open management actions (including those of high, medium and low priority), from 81 in July 2019 to 22 as at March 2020. This demonstrates our clear improvement in responding to internal audit management actions. However, this has now increased to 26 open actions because of a further two audits having been completed with 33 new management actions. These continue to be closely monitored and delivered accordingly, with significant progress already made in completing many of these management actions, for example from, but not limited to, the Academy Training QA Audit.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

9. By ensuring the implementation of internal audit recommendations, we assist the Authority in improving its planning and performance management processes, and in complying with its governance arrangements. This in turn, assists the Authority in achieving our *High Performance and Learning and*

Improving Safety Plan priorities, and our vision to work smarter, be more efficient, and to make life safer for everyone in Hampshire.

COLLABORATION

10. The Southern Internal Audit Partnership provide internal audit on behalf of all partners within Shared Services and many other public service organisations.
11. The MoU agreed in 2019 outlines how HFRS and SIAP will work together effectively.

RESOURCE IMPLICATIONS

12. 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, that key controls are in place and working, and opportunities to achieve value for money are taken.
13. The management of internal audit actions is within current resources.

ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

14. There are no anticipated positive or negative impacts to the environment or sustainability arising from this report.

LEGAL IMPLICATIONS

15. There are no legal implications arising from this report.

EQUALITY IMPACT ASSESSMENT

16. The contents of this report are considered compatible with the provisions of equality and human rights legislation.

RISK ANALYSIS

17. Failure to implement internal audit recommendations leaves the Authority vulnerable to the consequences of the identified risks and weaknesses in control. Internal management of audit recommendations is an important process within the Authority's risk management arrangements. The updates on progress 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.

CONCLUSION

18. Significant progress continues to be made to complete the management actions from previous audits and current audit activity. Management actions will be undertaken in respect of the specific audits themselves and more widely in respect of internal control issues and how they are managed across the Service. As outlined in the MoU, management actions are owned by an Executive Sponsor and a COG lead, who work with their teams to ensure progress is made.

RECOMMENDATION

19. That the Standards and Governance Committee notes that, despite the impact of COVID-19, significant progress has been made towards the implementation of the internal audit management actions.

APPENDICES:

20. **Appendix A:** Internal Audit Management Actions Progress Report, 20 May 2020

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