



## **EAST SUSSEX FIRE AUTHORITY**

### **SCRUTINY & AUDIT PANEL**

**THURSDAY 27 APRIL 2017 at 10:00 hours**

#### **MEMBERS**

##### **East Sussex County Council**

Councillors Buchanan, Galley, Lambert, Taylor and Wincott.

##### **Brighton and Hove City Council**

Councillors Peltzer Dunn and Penn.

You are requested to attend this meeting to be held at County Hall, St Anne's Crescent, Lewes, East Sussex BN7 1UE, at 10:00 hours.

#### **AGENDA**

Item No.	Page No.
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075.	1.	In relation to matters on the agenda, seek declarations of any disclosable pecuniary interests under Section 30 of the Localism Act 2011.
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076.	1.	Apologies for absence.
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077.	1.	Notification of items which the Chair considers urgent and proposes to take at the end of the agenda / Chair's business items.
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(Any Members wishing to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing they must state the special circumstances which they consider justify the matter being considered urgently).

<u>078.</u>	3.	Non-confidential Minutes of the last Scrutiny & Audit Panel meeting held on 2 February 2017 (copy attached).
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Item No.	Page No.	
079.	2.	<p>Callover</p> <p>The Chair will call the item numbers of the remaining items on the open agenda. Each item which is called by any Member shall be reserved for debate. The Chairman will then ask the Panel to adopt, without debate, the recommendations and resolutions contained in the relevant reports for those items which have not been called.</p>
<u>080.</u>	9.	2015/16 Service Benchmarking Report – report of the Assistant Director Planning & Improvement (copy attached).
<u>081.</u>	15.	Internal Audit Annual Report and Opinion for the period 1 April 2016 to 31 March 2017 – report of the Assistant Director Resources/Treasurer (copy attached).
<u>082.</u>	31.	Internal Audit Strategy and Plan 2017/18 - report of the Assistant Director Resources/Treasurer (copy attached).
<u>083.</u>	45.	Internal Audit Review – Counter Fraud – Private use of Vehicles - report of the Assistant Director Resources/Treasurer (copy attached).
<u>084.</u>	47.	External Audit Fee Letter 2017/18 - report of the Assistant Director Resources/Treasurer (copy attached).
<u>085.</u>	49.	2016/17 4 <sup>th</sup> Quarter Corporate Risk Register Review - report of the Assistant Director Resources/Treasurer (copy attached).
086.	2.	<p>Exclusion of the Press and Public</p> <p>To consider whether, in view of the business to be transacted or the nature of the proceedings, the press and public should be excluded from the remainder of the meeting on the grounds that, if the public and press were present, there would be disclosure to them of exempt information. NOTE: Any item appearing in the confidential part of the Agenda states in its heading the category under which the information disclosed in the report is confidential and therefore not available to the public.</p>
087.	61.	Sussex Control Centre – Progress Update – confidential report of the Interim Assistant Chief Fire Officer (copy attached). (Exempt category under paragraph 3 of the Local Government Act 1972).

**ABRAHAM GHEBRE-GHIORGHIS**  
**Monitoring Officer**  
**East Sussex Fire Authority**  
**c/o Brighton & Hove City Council**

**EAST SUSSEX FIRE AUTHORITY**

**Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne at 10:00 hours on Thursday 2 February 2017.**

**Members Present:** Councillors Buchanan, Galley, Lambert, Peltzer Dunn, Penn and Taylor.

Councillor Howson also attended the meeting.

**Also present:**

Ms. D. Whittaker (Deputy Chief Fire Officer), Mr. M. Andrews (Assistant Chief Fire Officer), Ms. E. Woodley (Deputy Monitoring Officer), Mr. D. Savage (Assistant Director Resources / Treasurer), Mrs. L. Ridley (Assistant Director Planning & Improvement), Mrs. V. Chart (Assistant Director – Human Resources & Organisational Development), Ms. M. Gilbert-King (Assistant Director – Safer Communities), Mr. P. King and Mr. K. McGrath (Ernst & Young Auditors) and Mrs. A. Bryen (Clerk).

064. **DISCLOSABLE PECUNIARY INTERESTS**

064.1 It was noted that, in relation to matters on the agenda, no participating Member had any disclosable pecuniary interest under Section 30 of the Localism Act 2011.

065. **APOLOGIES FOR ABSENCE**

065.1 Apologies for absence were received from Councillor Wincott and Mr. G. Walsh (Chief Fire Officer).

066. **NOTIFICATION OF ITEMS WHICH THE CHAIR CONSIDERS URGENT / CHAIR'S BUSINESS**

066.1 Paul King and Kris McGrath (Ernst & Young Auditors) were welcomed to the meeting.

067. **NON-CONFIDENTIAL MINUTES OF THE SCRUTINY & AUDIT PANEL MEETING HELD ON 3<sup>rd</sup> NOVEMBER 2016**

067.1 **RESOLVED** – That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 3<sup>rd</sup> November 2016 be approved as a correct record and signed by the Chair. (Copy in Minute Book).

068. **CALLOVER**

068.1 Members reserved the following items for debate:  
069. Appointment of External Auditors  
070. External Audit Update  
071. 2016/17 3<sup>rd</sup> Quarter Performance Results  
072. Corporate Projects Progress

068.2 **RESOLVED** – That all other reports be resolved in accordance with the recommendations as detailed below.

069. **APPOINTMENT OF EXTERNAL AUDITORS**

069.1 Members considered a report of the Assistant Director Resources / Treasurer that asked them to consider three options for the appointment of external auditors with effect from 1 April 2018, and to make a recommendation to the Fire Authority. (Copy in Minute Book).

069.2 Following the abolition of the Audit Commission, the Government had appointed Auditors for each local authority by means of a national procurement exercise. The Auditors were appointed from the financial year 2013/2014 on a three-year contract, with an optional extension for a further two years. The parties had agreed to extend the contract which now expired at the completion of the 2017/18 audit.

069.3 With effect from the financial year 2018/19, public bodies had to appoint their own auditors following a competition process. Members considered the requirements to comply with the appointment legislation and the recommended course of action, that the future appointment of External Auditors be managed through Public Sector Audit Appointments Limited (PSAA). The PSAA had formally invited the Authority to opt-in to the national scheme for external audit appointments. The Assistant Director/Treasurer recommended this option for the Panel to consider.

069.4 Members also noted that the Local Audit (Appointing Person) Regulations 2015 required the Fire Authority meeting as a whole to make the decision to 'opt-into' the appointing person arrangement, and that the decision could not, therefore, be taken by this Panel.

069.5 The Panel placed on record their appreciation of the good service the Authority had received from the current external auditors, Ernst & Young LLP.

069.6 **RESOLVED** – That the Panel recommends the Fire Authority to accept the Public Sector Audit Appointments (PSAA) invitation to opt-in to the sector-led option for the appointment of external auditors from 1 April 2018.

070. **EXTERNAL AUDIT UPDATE**

070.1 Members considered a report of the Assistant Director Resources / Treasurer that informed them of the content of the External Audit Plan 2016/17, the primary aim of which was to provide a value for money conclusion and an audit opinion. (Copy in Minute Book).

070.2 The external audit plan set out the work that the Authority's external auditors, Ernst & Young LLP (EY), intended to carry out in order to audit the Authority's 2016/17 accounts and form their judgement on the Authority's value for money arrangements. Mr. King confirmed that EY had not identified any specific risks relating to the Authority's accounts. He also advised the Panel that the new audit requirements meant that the accounts would need to be presented in a different format with the consequent re-statement of the previous years' figures, but he did not foresee this as a significant risk.

070.3 The fee for the 2016/17 audit was confirmed as £30,766 which was in line with the nationally set fee scales and was unchanged from the previous year. It was noted that this was dependent on a number of factors, including the quality and timeliness of the accounts and their associated working papers, and the ability of the external auditors to rely on the work carried out by internal audit.

070.4 **RESOLVED** – That the External Audit Plan for 2016/17 be approved.

071. **2016/17 3<sup>rd</sup> QUARTER PERFORMANCE REPORT**

071.1 Members considered a report of the Deputy Chief Fire Officer (DCFO) that presented the third quarter performance results for 2016/17 and provided a summary of Service performance information. Members noted that, in comparison to last year, overall performance for the third quarter of 2016/17 had declined, particularly in fires, and ten indicators were reporting a decline in performance compared against the third quarter for 2015/16. (Copy in Minute Book).

071.2 The DCFO explained that due to the timing of when the data is collated for the report shortly after the Christmas break, Quarter 3 data had not been verified by the usual validation processes, although the trends identified were unlikely to be skewed by any minor discrepancies in the data. She assured the Panel that the negative trends had already been seen in the Quarter 2 data and actions put in place to address this, but these actions had not yet been in place for sufficient time to show positive results. Some areas remained of concern and required further consideration and action to redress the negative trends.

071.3 The Panel received a presentation that set ESFRS's performance against the national position, and provided explanations for the downward trends in some areas. Members were informed that Borough Commanders regularly meet and analyse detailed performance monitoring data in order to identify trends and to consider where to focus prevention activity. An Accidental Fires Working Group had been set up to consider in detail what could be done to reduce these fires across the Service, but particularly in the City where the numbers were highest. The existing Accidental Dwelling Fires Strategy was no longer having a positive impact on reducing accidental dwelling fires, particularly those started in kitchens, and it would be reviewed to develop a more targeted approach.

071.4 The Assistant Director - Safer Communities (AD-SC) said that whilst the projected outcome for the number of home safety visits (HSVs) at year end was 8,913, she hoped to be able to achieve 10,000 targeted visits aimed at making a positive impact on driving down the number of accidental dwelling fires. Members asked for details of HSVs by Borough. The DCFO confirmed that the data gathered would be used in a more informed way to help address the negative trends or plateaux in performance, and details could be provide to Members by Boroughs.

071.5 In considering the staff sickness figures for Quarter 3, Councillor Penn asked what strategies were in place to support staff. The AD – HR & OD said that a revised Health, Safety and Wellbeing Strategy, (which would be considered by the Fire Authority on 14<sup>th</sup> February), comprised two key sections – health & safety and well-being, and provided a framework for managing this across the Service. Reducing work related injury and ill-health, as well as contributing to the future health and mental well-being of all employees, were two of the key elements in the Strategy. Councillor Penn was concerned that Managers may not receive the same level of support as other employees. She also asked if candidates for employment were screened for Post Traumatic Stress Disorder before being offered employment. The AD – HR&OD said that under current employment legislation, the Service was not allowed to take into account health issues when appointing staff, but the Service would support all employees to address any health issues. She advised Members that the number of days lost in staff sickness was high due to a few long term sickness absences. Members noted that the Health & Safety Executive now required work related stress to be recorded as a work related incident. Councillor Lambert noted that the level of staff sickness in whole-time firefighters had improved and, therefore, she would not have expected sickness to be a factor in the number of HSVs carried out.

071.6 Councillor Galley said that whilst the Authority should not be complacent about its performance data, declines in performance were often as a result of outside events over which the Service had no control. The AD – SC said that the next Borough Commanders quarterly meeting would be held in April and, as Lead Member for this area of work, Councillor Galley accepted an invitation to attend.

071.7 Members were informed that the national benchmarking data on performance would be brought to this Panel in April. Also, the Service's performance data would be considered more in depth at the Members Seminar on 1<sup>st</sup> March, although any formal decisions would need to be taken by either the Fire Authority or one of its Panels. It was agreed that the Seminar should start at 10 a.m. at a station in Hastings (venue to be confirmed).

071.8 **RESOLVED** – That

- (i) the 2016/17 performance results for Quarter 3, as set out in the report and complementary separate Appendix A to the report, be noted; and
- (ii) the Panel welcomes further in depth work being undertaken and agrees that performance, including health and well-being, and consideration of a potential way forward, will be the main focus at the Members' Seminar on 1 March 2017.

## 072. **CORPORATE PROJECTS PROGRESS REPORT**

072.1 Members considered a report of the Deputy Chief Fire Officer that updated them on current progress with nine projects. These included the Sussex Control Centre (SCC), Information Management Department Transformation, Service HQ Relocation, Bridging the Savings Gap, Emergency Services Mobile Communication Programme, Respiratory Protective Equipment, Firewatch, Customer Relationship Management for Community Safety and Procurement Cards. (Copy in Minute Book).

- 072.2 Members noted that the IRMP work areas consisted of some items that would become projects, and some that would be reviews. Early work was progressing in at least one area, and the new Programme Manager was providing assistance in preparatory work for the HQ move.
- 072.3 In response to a question from Councillor Galley, the Assistant Chief Fire Officer informed Members that the SCC project was at Factory Acceptance Test (FAT) stage. There would be a closing meeting with Remsdaq on 10<sup>th</sup> February. Training front line staff and the technical team would be progressed to ensure a smooth transition to the replacement 4i system. Councillor Penn asked if those areas of non-critical development that were not met in the timeframe and which had been moved to post Go-Live would be at an extra cost to the Authority. ACFO said it was anticipated that these would be completed by December 2017, and there would be no additional costs to the Authority.
- 072.4 The AD - R/T informed the Panel that in relation to the IMD Transformation Programme, IT service delivery had been transferred from ESFRS to telent on the milestone date of 18 November 2016 as planned. However, some elements of Milestones 0 and 1 which were due to be delivered on the same date had been delayed and ESFRS was working with telent to ensure that this was addressed.
- 072.5 In relation to the HQ relocation, the AD - R/T confirmed that the target date for the decommissioning of the data centre at the current HQ site was 18 May 2017 and the IMD Transformation Board had confirmed that this was on target to be achieved. Work was continuing to Eastbourne Fire station, on schedule, to accommodate Business Fire Safety and Community Fire Safety, and consideration was being given to the time needed to maintain the existing secondary control centre there.
- 072.6 DCFO informed Members that there was an intensive workload on staff currently, particularly on Estates staff managing the work required at different venues across ESFRS estate to ensure that the HQ relocation to Lewes could be achieved and in HR because all the changes involve people. Additional support was being provided to ensure that all aspects of relocation projection were dealt with.

**RESOLVED** – That the report be noted.

073. **2016/17 3<sup>rd</sup> QUARTER CORPORATE RISK REGISTER REVIEW**

- 073.1 Members received a report of the Assistant Director Resources / Treasurer on the latest quarterly review of Corporate Risk that sought their agreement of the outcomes. (Copy in Minute Book).
- 073.2 Two new Risks had been approved by Corporate Management Team (CMT) for inclusion in the Corporate Risk Register: Risk 11 – Emergency Services Mobile Communication Programme; and Risk 12 – Pensions Administration. Risk 10 – Operation Tin – had been approved for removal from the risk register.
- 073.3 It had also been agreed by CMT that from Quarter 4, under the heading Key Actions, where an action was not complete a target date would be added. Directorate / functional risks which scored 9 or above would be reported to CMT from the fourth quarter report and shown within a separate appendix. Assistant Directors were currently progressing plans within their respective directorates.

073.4 All project plans had been reviewed to ensure the pre-scoring and post-scores were appropriate. Some post-scores were expected to reduce during the next quarter as mitigations implemented started to impact on risks identified.

073.5 **RESOLVED** – That the latest Corporate Risk Register be approved.

074. **EXCLUSION OF THE PRESS AND PUBLIC**

074.1 There were no items that, in view of the business to be transacted or the nature of the proceedings, would result in disclosure of exempt information, and which required the exclusion of the press and public.

The meeting concluded at 11:35 hours

Signed

Chair

Dated this                      day of                                              2017



**EAST SUSSEX FIRE AUTHORITY**

**Panel:** Scrutiny & Audit Panel  
**Date:** 27 April 2017  
**Title of Report:** 2015/16 Service Benchmarking Report  
**By:** Assistant Director - Planning & Improvement  
**Lead Officer:** Sharon Milner – Performance Analyst

**Background Papers** Employee comparisons from the ‘Fire and Rescue authorities: Operational Statistics bulletin for England 2015 to 2016’  
 Station and appliance comparisons from the CIPFA annual statistic estimates for 2015/16’  
 Health and Safety comparisons from the ‘Fire and Rescue authorities: Operational Statistics bulletin for England 2015 to 2016’  
 Incident comparisons from the ‘Fire Statistic Monitor: April 2015 to March 2016’ and the ‘Fire Incident Response Times: April 2015 to March 2016, England,’  
 Sickness comparisons from the ‘National Fire & Rescue Service Occupational Health Performance Report April 2015 – March 2016

**Appendices** Appendix A - East Sussex Fire & Rescue Service Benchmarking Report 2015/16 – Attached as a separate document.

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To present the Fire Statistics for 2015/16 and comparative benchmarking of East Sussex Fire & Rescue Service against its family group.

**EXECUTIVE SUMMARY** The aim of this report is to provide Members with the results of an annual benchmarking exercise that compares ESFRS to its peers, in particular, the thirteen fire and rescue services that make up Family Group 2. These are Services deemed to be of similar size in terms of area and population.

The report brings together a wide range of information about how East Sussex Fire & Rescue Service compares in delivering its services to local communities, including the cost of service provision, current performance measures, as well as organisational resourcing.

The Panel is asked to note that the report contains information as at the 31 March 2016 as the national statistical are compiled a year in arrears.

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**RECOMMENDATION**      The Panel is asked to note the report.

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1.      **INTRODUCTION**

1.1      This benchmarking report provides comparator information across Family Group 2, focussing on the following areas:

- Employee comparisons from the 'Fire and Rescue authorities: Operational Statistics bulletin for England 2015 to 2016'
- Station and appliance comparisons from the CIPFA annual statistic estimates for 2015/16'
- Health and Safety comparisons from the 'Fire and Rescue authorities: Operational Statistics bulletin for England 2015 to 2016'
- Incident comparisons from the 'Fire Statistic Monitor: April 2015 to March 2016' and the 'Fire Incident Response Times: April 2015 to March 2016, England,'
- Sickness comparisons from the 'National Fire & Rescue Service Occupational Health Performance Report April 2015 – March 2016

2.      **NATIONAL/REGIONAL POSITION**

2.1      **Key findings**

- There were 303 fire-related fatalities in England during 2015/16. This was 39 more than in 2014/15 and the highest figure since 2011/12. Fire-related fatalities have been on a broadly long-term downward trend, with the 2015/16 figure being 83 fewer than a decade ago.
- Fire and rescue services (FRSs) attended around 162,000 fires in England during 2015/16. This is 5% more than the 155,000 attended in 2014/15 but 52% fewer than in 2005/06.
- Primary fires have also been on a long-term downward trend but increased slightly, for the first time in 14 years, by 3% from around 71,100 in 2014/15 to 73,400 in 2015/16. The increase in primary fires was largely driven by an 11% increase in deliberate primary fires.
- Although the number of accidental dwelling fires was virtually unchanged in 2015/16 compared to 2014/15, there were 24 more fire-related fatalities in accidental dwelling fires in 2015/16 (191) than the previous year (167).
- FRSs attended roughly 214,100 fire false alarms in England during 2015/16. This was a small decrease of 1% compared with 2014/15, continuing the long-term decreasing trend of false alarms. However, the number of malicious false alarms increased for the first time in 14 years (up by 2% on 2014/15) to around 6,900 in 2015/16.

- There was a 22% increase in the number of non-fire (also known as Special Service) incidents attended by FRSs from 125,200 in 2014/15 to 152,500 in 2015/16. As a result, 29% of incidents attended by FRSs in 2015/16 were non-fire, the highest proportion since non-fire incidents were first recorded in 1999/00.
- Fire and rescue services (FRSs) attended around 528,700 incidents in England during 2015/16, 7% higher than the previous year. This increase was predominantly driven by a large increase in non-fire incidents which include increases in co-responder medical incidents (where the FRS has a formal agreement in place with the ambulance service to respond to medical incidents), which increased by 83% from 14,200 in 2014/15 to 25,900 in 2015/16.

### 3. **CURRENT POSITION FOR ESFRS**

3.1 The key areas of 2015/16 performance in *Operational Statistics* identified above for ESFRS are as follows:

- There were three fire fatalities in 2015/16, two more than in 2014/15, two of these fatalities occurred in accidental dwelling fires.
- ESFRS attended 1,961 fires in 2015/16; a 4.5% reduction on the previous year and a 24% reduction since 2010/11. The national trend was a 4% increase.
- In 2015/16, ESFRS attended 4,290 false alarms a decrease of 2% from the 4,385 false alarms recorded in 2014/15.
- ESFRS attended 2,653 non-fire incidents in 2015/16, 13% more than in 2014/15. The most common types of non-fire incidents attended by ESFRS were road traffic collisions (18%), flooding (16%) lift release (12%) effecting entry (14%), and Animal assistance (8%). The 13% increase on 2014/15 is mainly due to make safe (not RTCs) (107), Effecting entry / exit (45) and Assist other agencies (47).

3.2 The main purposes of the benchmarking report is to help us understand why we are achieving our performance levels, where our performance varies and help to investigate why variations may occur. Commentary is provided in the report but the following areas have been highlighted to provide Members with further explanation.

#### 3.3. **Employee comparisons**

3.3.1 Page 6 of the Appendix provides employee comparisons. ESFRS have a high number of crew managers in relation to the family group with the reason being that 18 of 24 stations are crewed at least in part by retained staff. In order to ensure wherever possible a level 1 commander is available to crew the appliance the ratio of crew managers to firefighters is increased as many of our crew managers will be a half unit for example and we attempt to cover the 24 hour period. Also, through moving to locality managers we increased the number of crew managers at Hastings through reducing the number of watch managers.

3.3.2 The Panel is asked to note that the employee comparison tables are based on data as at the 31 March 2016 and due to the implementation of the savings proposals the number of wholetime firefighters has reduced to 346 at March 2017.

### **3.4 Health & Safety**

3.4.1 Page 13 of the Appendix contains ESFRS' performance in operational and training injuries per number of firefighters. It doesn't account for the number of injuries attended nor does it account for the number of training events which may differ between FRs. A number of improvements in the Service's approach to health & safety commenced in 2016/17 including reviewing the health, safety and wellbeing strategy alongside the governance structures surrounding health and safety. This led to the appointment of a full time strategic health and safety manager where the post had been part time before. This post will concentrate on further developing effective management systems.

### **3.5 Gender and Ethnicity comparisons**

3.5.1 Last year Members asked for the inclusion of comparative data in terms of gender and ethnicity data and this is presented on page 14 of the report. The ethnicity of the population of Brighton and Hove and East Sussex has been included for comparison purposes together with the actual numbers of female firefighters and staff from minority ethnic backgrounds.

### **3.6 Sickness**

3.6.1 In 2015/16 long term sickness was the largest contributor to overall sickness absence with a number of long term absence cases. Overall, short term sickness in 2015/16 decreased by 7% when compared with 2014/15, which was due to the continued proactive implementation of the Bradford Factor and associated trigger points.

### **3.7 Fire safety audits**

3.7.1 Page 19 of the report contains benchmarking information on the number of fire safety audits completed during 2015/16. ESFRS was 12<sup>th</sup> in its family group. This is due to the Service taking a more holistic approach to reducing risk in commercial premises and the performance in the number of audits completed doesn't fully encompass the work of the Business Safety department. The approach recognises that we cannot address the problem one audit or one premise at a time therefore resources have been redirected into engagement events which target large groups such as, risk assessors, hoteliers, party house owners, care providers, restaurant owners, HMO landlords, prosecutions and chamber of commerce amongst others. These events have been developed in order to influence greater numbers of key people within the commercial sector and in doing so exert a greater positive pressure on the risk to businesses. This blended approach has also included the Safer business work that has attracted funding from the business rate allocation, the expansion of the Black Museum, and part funding large sprinkler initiatives in high rise buildings in Hastings and the city of Brighton & Hove.

3.7.2 The Business's Safety strategy is also about to be reviewed with a focus on utilising the blended approach in order to achieve the greatest return whilst still ensuring we fulfil our statutory responsibility under the order and related legislation. The review will consider the use of firefighters undertaking business safety audits as agreed in the Service's Integrated Risk Management Plan. This will lead to a significant rise in the number of risk audits completed next year, whilst continuing to build on the initiatives that have clearly brought significant benefits to communities within the commercial and voluntary sectors who have responsibilities under the Fire Safety Order.

4 **RECOMMENDATION**

4.1 The Panel is asked to note the report.



**EAST SUSSEX FIRE AUTHORITY**

**Panel:** Scrutiny & Audit Panel

**Date:** 27 April 2017

**Title of Report:** Internal Audit Annual Report and Opinion for the period 1 April 2016 to 31 March 2017

**By:** Assistant Director Resources / Treasurer

**Lead Officer:** Russell Banks, Head of Internal Audit, Orbis

**Background Papers** Scrutiny & Audit Panel 26 May 2016 - Internal Audit Strategy and Annual Audit Plan 2015-16

**Appendices** Appendix A - Annual Internal Audit Report and Opinion 2016/17

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To provide an Opinion on East Sussex Fire Authority’s internal control environment and report on the work of Internal Audit for the period 1 April 2016 to 31 March 2017.

**EXECUTIVE SUMMARY** On the basis of the audit work completed, East Sussex County Council’s (ESCC) Head of Assurance, as East Sussex Fire Authority’s (ESFA) Head of Internal Audit, is able to provide reasonable assurance that the Fire Authority has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2016 to 31 March 2017. Individual reports on the systems evaluated by internal audit included recommendations to enhance controls and management have drawn up action plans to implement these recommendations.

Members’ attention is drawn to the following:

- Only 1 report did not receive a full or substantial assurance opinion (and that report is included in full elsewhere on this agenda).
- Work is still in progress on reviews of Cyber Security and Pensions Administration.
- The intention to carry forward 8.5 days to conduct an IT Contract Management review in 2017/18.
- Information on the Internal Audit Service's performance compliance with the Public Sector Internal Audit Standards (PSIAS).

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**RECOMMENDATION**

The Panel is recommended to:

- (i) note the Internal Audit Service's opinion on the Fire Authority's internal control environment for 2016/17; and
- (ii) consider whether the Fire Authority's system for internal audit has proved effective during 2016/17





**EAST SUSSEX FIRE AUTHORITY**  
**INTERNAL AUDIT ANNUAL REPORT**  
**AND OPINION 2016-2017**

## **1. Introduction**

- 1.1 East Sussex County Council (ESCC) has provided the internal audit service to the Fire Authority since 1 April 1997 and we are pleased to submit this annual report of our work for the year ended 31 March 2017. The purpose of this report is to give an opinion on the adequacy and effectiveness of East Sussex Fire Authority's framework of internal control.

## **2. Internal Audit within East Sussex Fire Authority**

- 2.1 On behalf of the Fire Authority, it is a management responsibility to determine the extent of internal control in the Fire Authority's systems, and it should not depend on internal audit as a substitute for effective controls.
- 2.2 The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.
- 2.3 Most of the work carried out by internal audit is in the form of risk based audits which analyse and report upon the existence, operation and effectiveness of internal controls within specified systems, both financial and otherwise. All audit reports produced have included a management action plan where actions are agreed to enhance the level of control, together with an opinion on the systems reviewed.
- 2.4 During the last two years, the County Council has been working with Surrey County Council, and more recently Brighton and Hove City Council, to develop and form the Orbis Partnership, covering a range of business services, including internal audit. This joint working arrangement enables us to utilise a range of skills and experience from across the partnership, supported by appropriate information sharing arrangements.
- 2.5 In addition, the internal audit service provided by ESCC continues to be supplemented with the use of specialist ICT audit resources from Mazars Public Sector Internal Audit Ltd. With the agreement of the Assistant Director of Resources and Treasurer, this specialist resource is also being applied to work for East Sussex Fire Authority, with the ESCC Assurance Division remaining ultimately responsible for the production and delivery of the Fire Authority audit plan, even where we may seek to use external specialists to deliver the work on our behalf.

## **3. Delivery of the Internal Audit Plan**

- 3.1 In accordance with the 2016/17 annual audit plan, a programme of audits, based on an assessment of risk, was carried out across the Fire Authority. In line with best practice, this programme of audit activity was reviewed during the year and revised to reflect changes in risk and priority to enable us to provide an adequate level of assurance. All adjustments to the audit plan were agreed with the Assistant Director of Resources and Treasurer.

3.2 The terms of reference, approach and audit objectives for each audit assignment have also been discussed and agreed with the Assistant Director of Resources and Treasurer, to whom final internal audit reports are issued for consideration in the first instance, prior to wider consultation and consideration.

#### 4. **Audit Opinion**

4.1 **No assurance can ever be absolute; however, based on the internal audit work completed, I can provide reasonable assurance that East Sussex Fire Authority has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2016 to 31 March 2017.**

[ESCC Head of Assurance and Head of Internal Audit for the Fire Authority].

4.2 Audit testing has confirmed that the majority of key controls examined are working in practice, with some specific exceptions. Where improvements to control or compliance are required, we are satisfied that appropriate action has been agreed by the relevant managers within reasonable timescales. The overall level of assurance given also takes into account:

- all audit work completed during 2016/17 and, where relevant, in previous years;
- follow-up of actions from previous audits where appropriate;
- management's response to the findings and recommendations;
- the effects of any significant changes in the Fire Authority's systems;
- the level of resources available to deliver the audit plan.

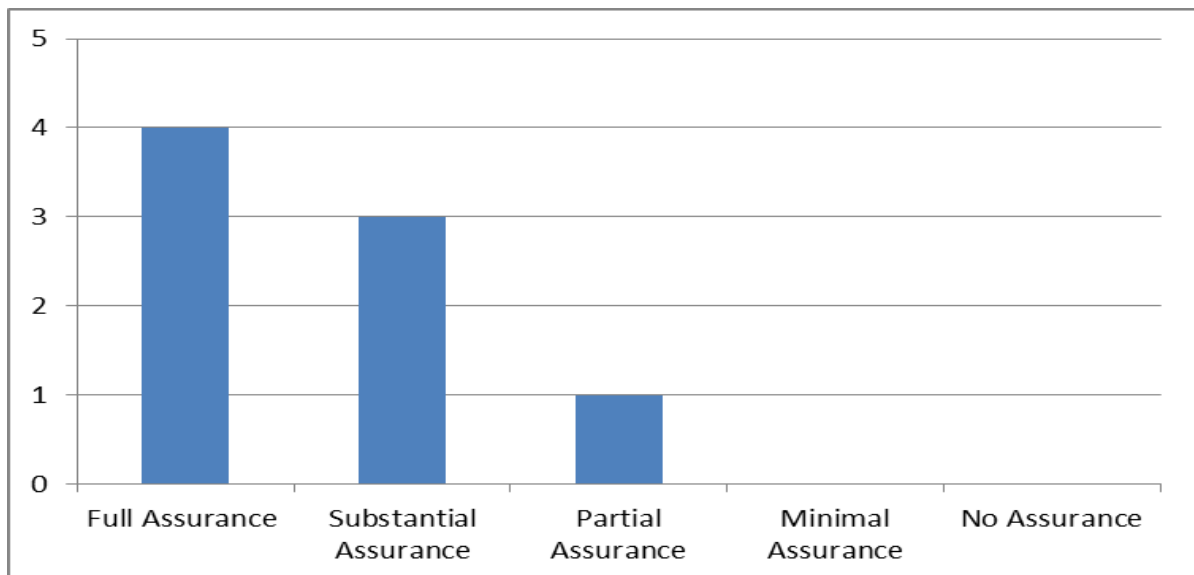
4.3 No limitations were placed on the scope of internal audit during 2016/17.

#### 5. **Summary of Work and Key Findings**

5.1 The following chart provides a summary of the outcomes from all audits <sup>1</sup>completed during 2016/17 with standard audit opinions (including key financial system work):

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<sup>1</sup> Does not include two audits still in progress – see 6.2 below



5.2 A summary of the main findings from these reviews and all other work completed in 2016/17 is included at Appendix A.

## 6. Variations to the Audit Plan

6.1 Throughout the year, variations were made to the internal audit plan to reflect changing risks and priorities. These variations were discussed and agreed with the Assistant Director of Resources and Treasurer on behalf of the Fire Authority. The main changes relate to the removal or deferring of some reviews as set out below. Whilst this has resulted in less audit work being completed than originally planned, we are satisfied that sufficient coverage has been achieved in order for us to continue to provide an overall audit opinion.

### Reviews Removed:

- Sussex Control Centre – this project was subject to a gateway review commissioned by the Home Office from independent consultants Bluelightworks which has been reported to Members. Subsequently, the Authority has engaged Bluelightworks to provide on-going independent assurance on project delivery. On this basis, the planned Internal Audit review was deemed no longer necessary.

### Reviews Deferred:

- IMD Transformation Contract Management – IT service delivery did not transfer to telent Technology Services Limited until 18 November 2016, and it was agreed that the planned Internal Audit review would add more value if it was conducted once contract management arrangements had been in operation for a reasonable period. The review will be conducted during 2017/18.

6.2 As at 31 March 2017, apart from the two audits above, the majority of internal audit work within the Fire Authority audit plan for 2016/17 had been completed. Of those remaining, the reviews of Cyber Security and Pensions are nearing completion.

6.3 The table in Appendix B shows time spent against each of the areas set out in our original audit plan for the year.

## 7. **PERFORMANCE**

7.1 It is the Fire Authority's responsibility to maintain an effective internal audit service and the information set out below should provide a sufficient basis for making this determination.

7.2 Public Sector Internal Audit Standards (PSIAS) require the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. The following paragraphs provide a summary of our performance during 2016/17, including the results of our latest PSIAS self-assessment, an update on our Quality Assurance and Improvement Programme and the year end results against our agreed targets.

### **PSIAS**

7.3 The PSIAS cover the following aspects of internal audit, all of which have been assessed during 2016/17 by the Head of Assurance and Head of Internal Audit for the Fire Authority:

- Purpose, authority and responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme;
- Managing the internal audit activity;
- Nature of work;
- Engagement planning;
- Performing the engagement;
- Communicating results;
- Monitoring progress;
- Communicating the acceptance of risks.

7.4 The results of this work found a high level of conformance with the Standards with only a small number of actions identified. A full independent external review is to be commissioned in 2017/18 and the results reported back to East Sussex Fire Authority once completed.

### **Key Service Targets**

7.5 Results against our previously agreed service targets are set out in Appendix C, with overall performance remaining high.

7.6 Finally, internal audit continue to work closely with the Fire Authority's external auditor, Ernst and Young, especially in support of their work on the annual accounts.



**SUMMARY OF INTERNAL AUDIT FINDINGS**  
**For the period of 1 April 2016 to 31 March 2017**

**Reporting to Fire Authority Management and the Scrutiny and Audit Panel**

Where required, representatives from Internal Audit have attended Scrutiny and Audit Panel meetings and offered advice and assistance to management throughout the year. This includes regular liaison meetings with the Assistant Director of Resources and Treasurer along with the production of the annual report and opinion and annual strategy and audit plan for presentation to the Scrutiny and Audit Panel.

**Training Centre – Management Control Compliance**

The Service Training Centre (STC) is responsible for operational and command training delivery and runs a wide range of operational and command courses such as Structural Firefighting First Aid, Incident Command, Initial Training for Firefighters and Commercial Training.

The purpose of this review was to provide assurance of adequate management control and compliance in respect of:

- staff attendance and sickness absence;
- data quality of training records;
- procurement of goods/services; and
- the reporting and investigation of safety events/incidents at the STC.

We also sought to provide independent assurance on the implementation of actions that were agreed following the safety event at the STC in June 2015.

In completing this work, we observed a number of areas of good practice, including:

- staff using the prescribed corporate template to record their working hours;
- sickness absence being managed in accordance with corporate policy;
- the adequacy of controls to ensure training records are accurate, up-to-date and complete; and
- the checking of purchase card transactions on a regular basis.

In addition, against a sample of actions raised in response to the safety event at the STC in June 2015, we found that these had either been fully implemented or were in progress.

We were therefore able to provide an audit opinion of **substantial assurance**. Some opportunities for improvement were, however, identified, including in relation to:

- improving the efficiency of the procurement and expenditure process through the use of procurement cards for low value expenditure, thereby reducing the time and costs associated with raising purchase orders and paying invoices;

- ensuring compliance with Contract Standing Orders to ensure that the procurement of high value goods/services is through a competitive process; in particular, where the aggregate expenditure (over a 4 year period) is estimated to exceed £50k in value;
- reviewing and updating the Management of Safety Events policy and procedure; and
- reporting safety events to the Health and Safety Team in a timely manner as required by the Management of Safety Events policy and procedure.

A comprehensive action plan to address these findings was agreed in full with management.

### **HQ Relocation – Risk Management**

The existing Service Headquarters (SHQ) at Upperton Lane, Eastbourne provides approximately 3,500sqm of space over six floors in addition to the reception area on the ground floor. There are approximately 135 staff based at SHQ which equates to a utilisation of 26sqm per employee. In June 2015, the Authority agreed a capital project to relocate its SHQ to the Sussex Police site in Lewes.

The main purpose of the audit was to provide assurance that key risks of the relocation project are identified, assessed, managed, reported and monitored on a regular basis. Also, that mitigating actions are adequate and have the desired impact in ensuring that SHQ relocation objectives are being met.

Based on our review, we were able to give an opinion of **substantial assurance** on the control environment within the SHQ relocation risk management process. We found that:

- responsibility for managing key risks of the relocation of SHQ has been assigned to the SHQ Programme Board via its terms of reference;
- risks associated with the relocation project are identified by the Programme Board as a collective and documented in a project risk register;
- a wide range of risks have been considered during the risk identification process, such as: financial, communication, human resources, information management and information technology, etc; and
- the key risks and mitigating actions of the SHQ relocation are subject to regular (monthly) review by the SHQ Programme Board.

In addition, we found that the controls or mitigating actions required to minimise SHQ relocation risk exposure had been identified and documented in the project's risk register (albeit these could be improved, see below) and our sample testing found that these were being implemented.

As part of our work, we also sought evidence (against the same sample of risks) that the mitigating actions were working in practice. Whilst it was not possible to provide complete assurance that mitigating actions are having the desired effect or that the relocation objectives would be achieved, we found evidence to suggest mitigation actions were working appropriately.



Only a small number of opportunities for improvement and lessons to be learnt for future projects were identified through our review, including the need to ensure that:

- risks are articulated in such a way that the impact or outcome of the risk is clearly identified to help facilitate the identification of appropriate mitigating actions; and
- mitigation actions are clearly defined, measurable and timely (with a specific implementation/action date where possible).

A formal action plan (incorporating the recommendations arising from our review) was agreed with management.

### **Proactive Counter Fraud Activity**

In 2016, Mazars Public Sector Internal Audit Ltd undertook an analysis of fraud risks within the Fire Authority. This included coordinating a fraud awareness survey and meeting with key officers in order to understand the status of counter fraud within the organisation and to identify opportunities for improving fraud prevention, deterrence and detection measures.

In reporting their findings, Mazars recommended that:

- fraud policies and procedures are communicated to staff at all levels of the organisation as part of a programme of fraud awareness training, incorporating ethics and governance;
- improving, wherever practical and possible to do so, communication in relation to the outcomes of whistleblowing; and
- other investigation resources, (e.g. internal audit investigators) are used to support Human Resources with investigations.

In regard to specific areas of potential fraud loss, Mazars identified four areas where they recommended that the Fire Authority focus their attention. This was based on information they had received during meetings, conversations with management and sector specific information they had identified during investigations and proactive fraud work for other organisations. The four areas were:

- stock theft and petty pilfering;
- claims and expenses;
- use of official vehicles; and
- procurement cards.

As part of the 2016/17 audit plan, it was agreed that we would undertake some specific counter fraud related work in the areas of claims and expenses and use of official vehicles. Future pro-active fraud work will look at security of stocks and stores and procurement cards, in addition to the provision of targeted counter fraud training to Fire Authority staff.

## Claims & Expenses

A review of claims for hours worked and attendance was completed due to the inherent risk of claim falsification and associated financial loss. In completing this work, we undertook an analytical review of available data for hours worked, attendance and mobilisation. We then performed some limited sample testing on those results where we considered there to be a higher likelihood of fraudulent activity in order to give an indication as to the extent of any potential fraud or breach of policy/HMRC guidance in this area.

Our analytical review found that the main components of staff claims related to retained staff; specifically for turnout and attendance, drill nights and ancillary hours, which equated to a total of £620,672 for the period January to August 2016 (total claims for the same period were £825,633). Limited testing of claims in these areas was undertaken, with some specific focus on ancillary hours as we considered this to be an area more open to abuse due to the varying types of claims that can be made. No evidence of any fraudulent activity was identified and we were able to provide an opinion of **substantial assurance** as a result. We did, however, observe some opportunities for improvement in relation to the coding of ancillary hours which were reported to and agreed with management.

As part of this review, we also observed one instance of a firefighter converting Time Off In Lieu (TOIL) to actual pay, but no corresponding deduction had been made from their TOIL record on the Firewatch system. Although the conversion of TOIL to pay is allowed, this highlighted a control weakness whereby firefighters can potentially claim the pay equivalent for the time earned and then also take the time earned as TOIL at a later date, resulting in financial loss. Actions to correct this have been agreed with management and include:

- an exercise to check TOIL converted to pay to ensure it has been accurately recorded on Firewatch;
- further investigation into the instance identified by internal audit; and
- consideration of a potential automated solution for this.

## Use of Official Vehicles

Through their work, Mazars highlighted the risk that official vehicles (not response vehicles) may be used for personal journeys, contrary to Fire Authority policy and HMRC guidance. Whilst the risk of loss is relatively low with regard to the use of fuel, there is a risk that HMRC may impose fines if it is identified that official vehicles are a personal benefit.

The Fire Authority maintains a fleet of vehicles in order to achieve its operational objectives. Approximately 30 vehicles are provided for use by staff on the Flexi Duty System (FDS) and a range of vehicles are allocated for use within Departments, including the Sussex Training Centre. A reminder was issued to staff in April 2016 that the service cannot provide a vehicle for commuting unless the officer is available for calls and that, staff not conditioned to the FDS or support call out rotas should not be taking Fire Authority vehicles to their home address between duty periods.

In completing this work, we undertook an analytical review of available data, including vehicle tracking data and the duty status of officers on the FDS. We also completed some limited sample testing on the results where there was an indication that the vehicle might have been used for commuting/private use when the driver was not recorded as being on call.

Our work identified a number of instances where vehicles could potentially have been used other than in relation to business use. However, we were unable to fully confirm this due to difficulties encountered in extracting the necessary data from Fire Authority systems. In responding to this issue, management have committed to investigate how this data can be retrieved so that internal monitoring can be undertaken in future.

An opinion of **Partial Assurance** was provided as a result of a number of areas for improvement in control being identified, as follows:

- The need to improve mechanisms within the Fire Authority for verifying that journeys made in service vehicles are for legitimate business reasons only (as above);
- Periodically reminding staff that service vehicles must not be used for private journeys;
- Ensuring vehicle log sheets are properly maintained, where instances of incomplete and missing logs were identified.

Through a review of vehicle tracking data, we also found many examples where vehicles had exceeded the speed limit. Against a sample of these (all of which were over 80 miles per hour), we found that the driver was responding to an incident or undergoing driver training in only 60% of cases. In the remaining cases, we found no reason to explain why the vehicles were being driven at excessive speed. In the event of a road accident, this could result in reputational damage and financial loss where fines are incurred.

### **Audit of Key Financial Systems**

The Fire Authority uses the main financial systems of East Sussex County Council. Each year, internal audit review the key controls within these systems as part of our programme of key financial system audits. This work is directly relied upon by the Authority's external auditors for annual accounts purposes.

The following key financial system reviews have been completed during 2016/17:

- |                       |                |                       |
|-----------------------|----------------|-----------------------|
| • Accounts Payable    | Audit Opinion: | <b>Full Assurance</b> |
| • Accounts Receivable | Audit Opinion: | <b>Full Assurance</b> |
| • General Ledger      | Audit Opinion: | <b>Full Assurance</b> |
| • HR/Payroll          | Audit Opinion: | <b>Full Assurance</b> |

It is pleasing to report that, in all cases, these reviews have resulted in full assurance, although as referred to in 6.2 above, the pensions audit is still in progress.

### **IMD Investigation – Ongoing Support**

During 2013, we undertook an investigation into a former manager within IMD who was suspected of being involved in procurement practices that breached the Authority's Contract Standing Orders. The results of our investigation were subsequently reported to Sussex Police who undertook a criminal investigation. We have supported the police with their enquiries throughout, including responding to queries, providing further information and evidence and standing as a witness on behalf of the Fire Authority. Following the court case in September 2016, the former IMD manager was found guilty of theft by employee, fraud by abuse of position, corruption, bribery and false accounting, and was given a custodial sentence of two and a half years. A contractor was also convicted. We have since supported the Authority and the Police in recovery action.

### **National Fraud Initiative (NFI)**

This is a statutory exercise administered by the Cabinet Office. It takes place every two years. Our work in 2016/17 has involved co-ordinating the collection and submission of data to the Cabinet Office and ensuring that all the necessary arrangements are in place to enable appropriate investigation of any matches by management.

In addition, as part of the previous NFI exercise, a small number of matches were identified whereby individuals in receipt of Fire Authority injury pensions had failed to declare receipt of Industrial Injuries Disability Benefits (IIDB) which in turn would reduce the amount of the injury pension payable. Whilst the majority of these were found to be errors and appropriate corrective action has been taken, one instance continues to be investigated and we will report on the results of this in due course.

## SUMMARY OF INTERNAL AUDIT WORK IN 2016/17

Areas	Planned Days	Additional Agreed Days	Actual Days
Fundamental Accounting Systems <sup>2</sup>	19.0	2.0	21.0
Sussex Headquarters Relocation – Risk Management	6.0		6.0
Management Control Compliance – Training Centre	6.0		6.0
Sussex Control Centre	6.0		0.0
IMD Contract Management	7.0		0.0
Proactive Counter Fraud Work – Staff Claims	5.0		5.0
Proactive Counter Fraud Work – Use of Vehicles	5.0		5.0
Cyber Security <sup>3</sup>	7.0		7.0
IMD Investigation	14.0	2.0	16.0
Management and Advice	10.0		10.0
Anti-Fraud and Corruption (includes NFI investigations)	5.0	0.5	5.5
<b>Total Days 2016/17</b>	<b>90.0</b>	<b>4.5</b>	<b>81.5</b>

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<sup>2</sup>

<sup>3</sup> Although the fundamental accounting systems audit of Pensions, and also the Cyber Security audit have not yet been completed, these will both be delivered within the allocated budgets.

## SUMMARY OF PERFORMANCE INDICATORS FOR 2016/17

	Performance Indicator	Achievement
1	Draft reports are issued to management within 10 working days of the completion of audit fieldwork.	87.5%
2	Final reports are issued to management within 5 working days of client response to the draft report.	100%
3	Consistently achieving adequate, or higher, quality gradings in surveys of auditor performance through client survey questionnaires.	100%
4	Acceptance of at least 90% of audit recommendations.	100%
5	Completion of the plan by the 31st March each year. Any revisions to the plan or changes to planned coverage are subject to the approval of the Treasurer.	Two audits still in progress as referred to in 6.2 above. Changes to planned coverage have been agreed with the Assistant Director of Resources and Treasurer.
6	Providing adequate internal audit arrangements. This would be assessed by reference to the external auditor's annual management letter.	Ernst & Young audit plan confirms that they review internal audit plans and results in relying on the work of Internal Audit. No exceptions to this have been reported.

**EAST SUSSEX FIRE AUTHORITY**

**Meeting:** Scrutiny & Audit Panel  
**Date:** 27 April 2017  
**Title of Report:** Internal Audit Strategy and Plan 2017/18  
**By:** Assistant Director Resources / Treasurer  
**Lead Officer:** Russell Banks, Head of Internal Audit, Orbis

**Background Papers** None

**Appendices** Internal Audit Plan 2017/18

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To provide an Internal Audit Plan for East Sussex Fire Authority covering the period 1 April 2017 to 31 March 2018.

**EXECUTIVE SUMMARY** East Sussex County Council (ESCC) has provided the internal audit service to East Sussex Fire Authority (ESFA) since 1 April 1997. This service is usually delivered based on a standard annual budget of 70 audit days.

The Internal Audit Strategy and Plan for 2017/18 is set out as Appendix 1. This Strategy and Plan has been produced on a risk basis, following consultation with senior officers and the Authority's external auditor, Ernst and Young. The Strategy seeks to achieve a balance between ensuring that existing controls are maintained and that assurance can be given on key projects within the Authority's transformation programme. This draft strategy is based on a 75 day programme. However, there are also 10 days carried forward from 2016/17 which is intended to resource a delayed audit of IT Contract Management. This means that the overall cost of the internal audit plan in 2017/18 is £31,025. The additional cost can be funded from within the existing Finance budget.

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**RECOMMENDATION**

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The Panel is recommended to approve the 2017/18 Internal Audit Strategy and Plan

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**EAST SUSSEX FIRE AUTHORITY**

**INTERNAL AUDIT STRATEGY AND**

**ANNUAL AUDIT PLAN 2017-18**

## **1. Role of Internal Audit**

- 1.1 East Sussex County Council (ESCC) Internal Audit provides a service to the Fire Authority in accordance with the Public Sector Internal Audit Standards (PSIAS) as defined by CIPFA and the Institute of Internal Auditors (IIA). It is the Fire Authority's responsibility to maintain an effective internal audit service and assurance of this can be obtained through confirmation that the service is delivered in conformance with PSIAS and that agreed performance indicators are being achieved, including delivery of the annual audit plan.
- 1.2 Internal audit review, appraise and report upon the effectiveness of the internal control environment established by the management of the Fire Authority. It is the responsibility of management to establish and maintain appropriate systems of internal control.
- 1.3 The full role and scope of the internal audit service is set out within our revised Internal Audit Charter; a copy of which has been attached to this report as Annex A for consideration and approval.
- 1.4 The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
- 1.5 Internal Audit is defined in the PSIAS as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."
- 1.6 Internal Audit supports the whole organisation to deliver economic, efficient and effective services and achieve its vision, priorities and values.

## **2. Risk Assessment and Audit Planning**

- 2.1 The Fire Authority's Internal Audit Strategy and Plan is updated annually and is based on a combination of management's assessment of risk (including that set out within the Authority's risk registers) and our own risk assessment of the organisation's major systems and other auditable areas.
- 2.2 The update of the plan for 2017/18 has involved consultation with senior officers and Chair of the Scrutiny and Audit Panel to ensure that their views on risks and current issues are identified and considered. The Fire Authority is subject to audit and inspection by other bodies, in addition to internal audit, including the external audit of the accounts. These additional sources of assurance have been taken into account as part of the planning process, primarily through discussion with the Assistant Director of Resources and Treasurer. As in previous years, we have also consulted with the Fire Authority's external auditor, Ernst & Young, which has included clarifying their approach to reliance on the work of internal audit, particularly with regard to the annual audits of key financial systems.
- 2.3 In producing the audit plan (see below) the following key principles apply:

- A programme of key financial systems reviews is conducted annually based on a risk assessment. This includes compliance testing of key controls as agreed with the external auditors;
- Previous reviews which resulted in either ‘no assurance’ or ‘minimal assurance’ audit opinions will be subject to a specific follow up review to assess the effective implementation by management of agreed recommendations. This will also include any previous reviews of high risk areas which received a ‘partial assurance’ opinion.

2.4 The overall aim of the Internal Audit Strategy and Annual Audit Plan is to allocate the agreed level of internal audit resources so as to focus on the highest risk areas and to enable an annual opinion to be given on the adequacy and effectiveness of the Fire Authority’s framework of governance, risk management and control.

### **3. Audit Approach**

3.1 The approach of internal audit is to use risk based reviews, supplemented in some areas by the use of regularity/compliance audits. Where considered appropriate, we will also seek to utilise external specialist resources for certain assignments, such as ICT reviews. In all cases, this will be agreed in advance with the Assistant Director of Resources and Treasurer. All of our work will have regard to management’s arrangements for ensuring:

- Achievement of the organisation’s objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

3.2 In addition, internal audit will continue to support management by providing informal advice and assistance throughout the year on key risk and control issues as required or as they arise. We will also monitor the implementation of all high risk recommendations arising from audit reviews throughout the year, and report on these accordingly.

3.3 During the last two years, the County Council has been working with Surrey County Council, and more recently Brighton and Hove City Council, to develop and form the Orbis Partnership, covering a range of business services, including internal audit. This joint working arrangement enables us to utilise a range of skills and experience from across the partnership, supported by appropriate information sharing arrangements.

### **4. Annual Internal Audit Plan 2017/18**

4.1 The Fire Authority is currently experiencing a number of major change initiatives, most of which bring with them a range of new and additional risks. In such circumstances, it is important that internal audit activity provides a balance between assurance over these initiatives and also over basic financial and non-financial controls within ongoing business activity. As a result, and following consultation with senior management, we are proposing to deliver a programme of work in 2017/18 amounting to 85 days. Details of all the planned work is set out in the following table. It includes the audit of IMD Contract Management which has been carried forward from the 2016/17 internal audit plan; this was deferred in order to allow time for the contract to bed in:

Area	Outline Objective	Planned Days
Fundamental Accounting Systems	<p>East Sussex Fire Authority use the main financial systems of East Sussex County Council, specifically:</p> <ul style="list-style-type: none"> <li>• HR/Payroll</li> <li>• Accounts Payable</li> <li>• Accounts Receivable</li> <li>• Pensions</li> <li>• General Ledger</li> </ul> <p>Each year, we review these systems to ensure that key controls remain in place. The scope and level of controls testing undertaken is agreed with Ernst &amp; Young (E&amp;Y), the Fire Authority's external auditors, in order to ensure that they can rely on our work for final account audit purposes. We also complete specific audit testing on key controls over and above E&amp;Y's requirements.</p> <p><u>Points to Note:</u></p> <p>HR/Payroll – in previous years, we have completed full key control testing in this area. Given the positive audit opinions in recent years and management confirmation that previously agreed recommendations have been implemented, we are proposing to only complete the testing required by E&amp;Y (relating to timesheets) in 2017/18, along with some specific testing in relation to the 'Relocation of Normal Work Base – Excess Travel Policy and Procedure'. This is an area where a significant number of new payments will be generated from March 2017 as a result of the Sussex Headquarters move.</p> <p>General Ledger – our review will be based on testing of accounting journals only.</p>	17
Management of Sickness Absence	<p>A review to assess the adequacy of policy and procedure, and compliance with this, in relation to the management of sickness absence within East Sussex Fire Authority, including phased return to work/effective use of light duties and the accrual of annual leave through sickness. The audit will consider the effectiveness of mechanisms in place to record, manage and report on sickness absence (via Firewatch where applicable), and will include analytical review and appropriate audit testing.</p>	8

Area	Outline Objective	Planned Days
General Data Protection Regulations (GDPR)	A review to ascertain preparedness for the new General Data Protection Regulations, where there is a risk of non-conformance and ensuing financial penalties/reputational risk under the new regime. A gap analysis will be undertaken to assess how measures implemented by the Authority align to the GDPR.	7
Arrangements for Appointing and Managing External Consultants	<p>An audit to evaluate controls in relation to the appointment and management of external consultants. Our review will assess:</p> <ul style="list-style-type: none"> <li>- The adequacy and relevance of policies and guidance on procuring and managing consultants (including in relation to options appraisal, obtaining value for money and the new IR35 legislation relation to self-employment status);</li> <li>- Compliance with policies and guidance;</li> <li>- Mechanisms for ensuring consultants' costs are known and can be identified, and;</li> <li>- Performance monitoring arrangements for consultants against defined requirements.</li> </ul>	7
Procurement – Compliance with Contract Standing Orders	A review to assess compliance with the Authority's Contract Standing Orders to ensure transparency of the procurement process and that best value is obtained, with particular focus on options appraisal, quotation/tendering procedures, evaluation, approval, EU thresholds, use of waivers and contract extensions. We will use analytical review to identify contracts or high-value aggregated expenditure to ensure procurement processes have been properly adhered to. We will also review activity within the Authority for collaborative procurement in line with government policy.	7
Management Control Compliance – Engineering	A review focussing on ensuring compliance with basic internal and management controls within the Engineering Department. This will include management of staff attendance and sickness, expenditure (orders for goods/services, use of procurement cards etc.), staff claims for overtime and expenses, supervision arrangements, asset management and planning and management of capital schemes. Where audit work in these areas is taking place as part of other reviews in the 2017/18 internal audit plan (e.g. management of sickness absence, procurement and security of stocks/stores), we will ensure specific testing is completed in relation to the Engineering Department and the results of this will inform our opinion in this area.	6
Proactive Counter Fraud Work – Security of Stock and Stores	In 2015/16, Mazars completed an exercise to review counter fraud arrangements within the Authority. As part of this review, a small number of areas were identified for pro-active counter fraud work; one of which related to the security of stock and stores where, despite being considered by managers as low risk, it was felt that undertaking a detective piece of work would demonstrate that theft from stores is not acceptable, even if the value is low.	6

Area	Outline Objective	Planned Days
	In completing analytical review, we will perform a comparison of spend on stock across departments/stations in order to identify exceptions for further investigation where appropriate. We will also seek evidence that portable/desirable items of equipment purchased can be accounted for.	
Follow-Up Reviews	To follow-up on the agreed management actions arising from our work in 2016/17 where opinions of partial assurance or less were provided.	3
Anti-Fraud and Corruption	In addition to the work identified above, anti-fraud work for 2017/18 will focus on the investigation of any positive matches arising from the latest National Fraud Initiative data matching exercise and support to roll out targeted counter fraud training.	5
Management and Advice	This includes preparation of the Internal Audit Strategy and Plan, production of the Annual Internal Audit Report and Opinion, advice and ongoing liaison with management.	9
	<b>Total Planned Days</b>	<b>75</b>

In addition to the above work, we will also undertake an audit of IMD Contract Management as a carry forward review. This was deferred from the 2016/17 internal audit plan to allow time for the outsourced contract with telent Technology Services Ltd to bed in. We will undertake a contract management review referring to, wherever possible, established best practice for the auditing of complex outsourced contracts. This will include governance arrangements, service delivery and performance management, payment mechanisms, change control and business continuity/contingency plans. We envisage that this review will take 10 days, bringing the total internal audit provision in 2017/18 to 85 days.

## 5. Potential Future Reviews

5.1 The following areas have been identified during the audit plan consultation process and risk assessment but have not been incorporated within the 2017/18 audit plan. In both cases, these will be subject to consideration as the year progresses and when planning audit work for future years:

- Wider roll-out and use of P-Cards;
- Firewatch controls;
- Capital programme and project management.

## 6. Quality and Performance

6.1 With effect from 1 April 2013, all of the relevant internal audit standard setting bodies, including CIPFA, have adopted a common set of Public Sector Internal Audit Standards (PSIAS). These are based on the Institute of Internal Auditors International Professional Practices Framework and replace the previous Code of Practice for Internal Audit in Local Government.

6.2 One of the requirements of the new Standards is for internal audit teams to have in place a formal Quality Assurance Improvement Programme (QAIP), incorporating the results of an annual self-assessment and, a full independent external assessment at least every five years. In 2016, ESCC Internal Audit completed a self-assessment which continued to show a high level of conformance with the new Standards. Only a small number of areas were identified where improvement was required, all of which have been actioned. A full independent external review will be commissioned in the near future and the results reported back to East Sussex Fire Authority once completed.

6.3 In addition, the performance of the internal audit service to the Fire Authority continues to be measured against key performance indicators, the current set of which are as follows:

Aspect of Service	Orbis IA Performance Indicator	Target
Quality	<ul style="list-style-type: none"> <li>Annual Audit Plan agreed by Scrutiny and Audit Panel</li> <li>Annual Audit Report and Opinion</li> <li>Satisfaction levels</li> </ul>	<ul style="list-style-type: none"> <li>April</li> <li>April</li> <li>90% satisfied</li> </ul>
Productivity and Process Efficiency	<ul style="list-style-type: none"> <li>Audit plan – completion to draft report stage</li> </ul>	<ul style="list-style-type: none"> <li>90%</li> </ul>
Compliance with Professional Standards	<ul style="list-style-type: none"> <li>Public Sector Internal Audit Standards</li> <li>Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act</li> </ul>	<ul style="list-style-type: none"> <li>Conforms</li> <li>Conforms</li> </ul>
Outcomes and degree of influence	<ul style="list-style-type: none"> <li>Implementation of management actions agreed in response to audit findings</li> </ul>	<ul style="list-style-type: none"> <li>95%</li> </ul>
Our staff	<ul style="list-style-type: none"> <li>Professional Qualified/Accredited</li> </ul>	<ul style="list-style-type: none"> <li>80%</li> </ul>

6.4 At a detailed level, each audit assignment is monitored and subject to appropriate manager review and there is ongoing performance appraisal and supervision for all internal audit staff.

Russell Banks CMIIA, CIA, QIAL

Head of Assurance – East Sussex County Council and  
Head of Internal Audit for East Sussex Fire Authority





# INTERNAL AUDIT CHARTER

## 1. Introduction

This Charter describes for the Fire Authority the purpose, authority and responsibilities of the Internal Audit function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).

The PSIAS require that the Charter must be reviewed periodically and presented to “senior management” and “the board” for approval. For the purposes of this charter “senior management” will be the Corporate Management Team (CMT) and the board will be the Scrutiny and Audit Panel (described generically in this Charter as the Scrutiny & Audit Panel).

The Charter shall be reviewed annually and approved by CMT and the Scrutiny & Audit Panel. The Head of Internal Audit is responsible for applying this Charter and keeping it up to date.

## 2. Internal Audit Purpose

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal Audit is defined in the PSIAS as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Internal Audit supports the whole Authority to deliver economic, efficient and effective services and achieve its vision, priorities and values.

## 3. Statutory Requirement

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015, which require every local authority to maintain an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.

These regulations require any officer or Member of the Fire Authority to

- make available such documents and records; and
  - supply such information and explanations;
- as are considered necessary by those conducting the audit.

This statutory role is recognised and endorsed within the Fire Authority’s Financial Regulations.

In addition, the Fire Authority’s S112 Officer has a statutory duty under Section 112 of the Local Government Finance Act 1988 to establish a clear framework for the proper administration of the Authority’s financial affairs. To perform that duty the Section 112 Officer relies, amongst other things, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.

#### **4. Internal Audit Responsibilities and Scope**

Annually the Head of Internal Audit is required to provide to the Scrutiny & Audit Panel an overall opinion on the Fire Authority's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

Internal Audit is not responsible for control systems. Responsibility for effective internal control and risk management rests with the management of the Fire Authority.

Internal Audit activity must be free from interference in determining the scope of activity, performing work and communicating results.

The scope of Internal Audit includes the entire control environment and therefore all of the Fire Authority's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessment (as set out within Fire Authority risk registers). Extensive consultation also takes place with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and future focussed.

Internal audit activity will include an evaluation of the effectiveness of the organisation's risk management arrangements and risk exposures relating to:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts

#### **5. Independence**

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors should have no operational responsibilities.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Internal Audit has direct access to, and freedom to report in their own name and without fear of favour to, all officers and Members and particularly those charged with governance.

All Internal Audit staff are required to make an annual declaration of interest to ensure that objectivity is not impaired and that any potential conflicts of interest are appropriately managed

#### **6. Reporting Lines**

Regardless of line management arrangements, the Head of Internal Audit has free and unfettered access to report to the Treasurer (S112 Officer); the Monitoring Officer; the Chief Fire Officer; the Scrutiny & Audit Panel Chairman; the Chair of the Fire Authority and the Fire Authority's External Auditor.

The Scrutiny & Audit Panel will receive reports on a periodic basis – as agreed with the Chairman of the Scrutiny & Audit Panel – on the results of audit activity and details of Internal Audit performance including progress on delivering the audit plan.

## **7. Fraud & Corruption**

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will however be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Fire Authority's Anti Fraud, Bribery and Corruption Strategy.

The Head of Internal Audit should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

Internal Audit will promote an anti-fraud and corruption culture within the Fire Authority to aid the prevention and detection of fraud.

## **8. Consultancy Work**

Internal Audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit and, where this work is not already included within the approved audit plan and may affect the level of assurance work undertaken; this will be reported to the Scrutiny & Audit Panel.

## **9. Resources**

The work of Internal Audit is driven by the annual Internal Audit Plan, which is approved each year by the Scrutiny & Audit Panel. The Head of Internal Audit is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives.

Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

The Head of Internal Audit is responsible for appointing Internal Audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Head of Internal Audit may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

## **10. Due Professional Care**

The work of Internal Audit will be performed with due professional care and in accordance with the UK Public Sector Internal Audit Standards (PSIAS), the Accounts and Audit Regulations (2015) and with any other relevant statutory obligations and regulations.

In carrying out their work, Internal Auditors must exercise due professional care by considering:

- The extent of work needed to achieve the required objectives;
- The relative complexity, materiality or significance of matters to which assurance procedures should be applied; and

- The adequacy and effectiveness of governance, risk management and control processes;
- The probability of significant errors, fraud or non-compliance; and
- The cost of assurance in proportion to the potential benefits.

Internal Auditors will also have due regard to the Seven Principles of Public Life – Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership.

## **11. Quality Assurance**

The Head of Internal Audit will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance – compliant with the PSIAS is maintained.

A Quality Assurance Improvement Programme (QAIP) is in place which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:

- Performs its work in accordance with its charter;
- Operates in an effective and efficient manner; and,
- Is adding value and continually improving the service that it provides.

The QAIP requires an annual review of the effectiveness of the system of Internal Audit to be conducted. Instances of non-conformance with the PSIAS, including the impact of any such non-conformance, must be disclosed to the Scrutiny & Audit Panel. Any significant deviations must be considered for inclusion in the Fire Authority's Annual Governance Statement.

April 2017

**EAST SUSSEX FIRE AUTHORITY**

**Panel:** Scrutiny & Audit Panel

**Date:** 27 April 2017

**Title of Report:** Internal Audit Review – Counter Fraud – Private use of Vehicles

**By:** Assistant Director Resources / Treasurer

**Lead Officer:** Russell Banks, Head of Internal Audit, Orbis

**Background Papers** None

**Appendices** Appendix A - Internal Audit Review – Counter Fraud – Private use of Vehicles – Attached as a separate document.

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>	✓	<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To inform the Panel of the outcomes of the Internal Audit Review – Counter Fraud – Private use of Vehicles.

**EXECUTIVE SUMMARY** It is the agreed protocol that where Internal Audit Reviews result in an opinion of partial assurance or lower the report is presented in full to both the Corporate Management Team and the Scrutiny & Audit Panel.

Internal Audit’s review of Private Use of Vehicles was agreed as part of the Authority’s 2016/17 Internal Audit Plan and was one of the focus areas identified through the earlier Counter Fraud Review for pro-active counter fraud activity.

The review has resulted in a partial assurance opinion and this is primarily due to findings on our ability to demonstrate compliance with HMRC regulations and the identification of instances of service vehicles being driven at excessive speeds without any operational justification.

The Corporate Management Team accepts the findings of the audit and has put in place a robust management action plan in order to ensure both tax compliance and appropriate driving standards to ensure the health and safety of our staff and the public.

A follow up report to assess the implementation of the recommendations made will be carried out by internal Audit during 2017/18 and reported to Scrutiny & Audit Panel.

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**RECOMMENDATION**

The Panel is recommended to endorse the Management Response to the Internal Audit Review of Private Use of Vehicles.

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**EAST SUSSEX FIRE AND RESCUE SERVICE**

**Panel:** Scrutiny & Audit Panel  
**Date:** 27 April 2017  
**Title of Report:** External Audit Fee Letter 2017/18  
**By:** Chief Fire Officer and Assistant Director Resources / Treasurer  
**Lead Officer:** Duncan Savage, Assistant Director Resources / Treasurer

**Background Papers** None

**Appendices** Appendix A - External Audit Fee Letter 2017/18 -

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	✓
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To inform the Panel of the proposed external audit fee for 2017/18.

**EXECUTIVE SUMMARY** The fee for the 2017/18 audit (Appendix 1) is confirmed as £30,766 which is in line with the nationally set fee scales and is unchanged from 2016/17. It is dependent on a number of factors including the quality and timeliness of the accounts and their associated working papers, and the ability of the external auditors to rely on the work carried out by internal audit.

**RECOMMENDATION** The Panel is recommended to:

(i) note the external audit fee for 2017/18





**EAST SUSSEX FIRE AND RESCUE SERVICE**

**Panel:** Scrutiny & Audit Panel  
**Date:** 27 April 2017  
**Title of Report:** 2016/17 4<sup>th</sup> Quarter Corporate Risk Register Review  
**By:** Assistant Director Resources/Treasurer  
**Lead Officer:** Warren Tricker, Finance Manager

**Background Papers:** 2016/17 Third Quarter Corporate Risk Register Review

**Appendices:** Appendix A - RAID Log Scoring Matrix  
 Appendix B - Risk Management Mitigation Plans  
 Appendix C - Corporate Project Risk Report – Copy attached as a separate document.

**Implications**

<b>CORPORATE RISK</b>	✓	<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT:** To report on the latest quarterly review of Corporate Risk

**EXECUTIVE SUMMARY** The Authority has in place established procedures for ensuring that risks are identified and managed for all corporate projects. All high risks identified in the Project RAID (Risks, Assumptions, Issues, and Dependencies) logs are now collated and reported to Corporate Management Team (CMT) to allow any themes to be identified and risks to be escalated to the corporate risk log as necessary. Risks are scored against a 4x4 scoring matrix as shown in Appendix A.

Reviews of corporate risks take place on a quarterly basis. Pressure on staffing resources means that the last set of formal review meetings with Corporate Risk Owners was carried out during November 2016. Updates in this report are the result of discussions at and following CMT meeting on the 23 March 2017. The updated position is shown in Appendix B.

This report discusses the fourth quarter position, although CMT met prior to the quarter being complete the follow up discussions have insured this report is up to date.

The Emergency Services Network (ESN) Project, formally the Emergency Services Mobile Communications Project (ESMCP) to deliver the successor to FireLink may be the subject to delay. Although the failure of nationwide project or its delay would sit with the Home Office, failure to mobilise appliances would still be the responsibility of the Fire Authority.

It was agreed by CMT that from Quarter 4 under the heading Key actions where an action was not complete a target date would be added. The resources pressure mentioned above has prevented this from happening and this will now be delivered when an appointment to the vacant Risk and Insurance Officer post is made.

ADs are currently progressing their departmental risk registers and plans within their respective directorates. These will give a route to the Corporate Risk Register any departmental risk scoring 9 or above.

Project Boards discuss the Project RAID log as a standing agenda item. At Appendix C is a summary of the Project RAID Log for all risks scored 9 or above.

All project plans have been reviewed to ensure the Pre-Scoring and post scores are appropriate.

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**RECOMMENDATION:** Scrutiny & Audit are recommended to approve the latest Corporate Risk Register.

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## CORPORATE RISK REGISTER

## Scoring for all Corporate Risk and Project RAID Log

Impact / Likelihood	Moderate (1)	Significant (2)	Serious (3)	Critical (4)
Certain/High (4)	Tolerable (4)	Moderate (8)	Substantial (12)	Intolerable (16)
Very Likely (3)	Tolerable (3)	Moderate (6)	Moderate (9)	Substantial (12)
Low (2)	Tolerable (2)	Tolerable (4)	Moderate (6)	Moderate (8)
Unlikely (1)	Tolerable (1)	Tolerable (2)	Tolerable (3)	Tolerable (4)

## Corporate Risk and Project Raid Log Scoring Matrix

Impact	Moderate	Significant	Serious	Critical
Score	1	2	3	4
Financial	≤ £10000	≤ £100,000	≤ £500,000	≤ £1 m +
Reputation	Damage limitation	Adverse Publicity	Poor Reputation	Complete loss of public confidence
Service Delivery	would not restrict or service delivery	Could restrict service delivery or restrict delivery of an ESFRS Aim	Could stop service delivery or unable to delivery an ESFRS Aim	Would affect service delivery to our communities

Likelihood	Unlikely	Low	Very Likely	Certain/High
Score	1	2	3	4
Frequency	One case reported in the past 5 years, may re-occur if only limited control measures are not applied and continued monitoring. (0-24% probability)	One or two cases in the past 2 - 5 years or may re occur if not all control measures are not applied within the next 6 months and continue to monitor. (25-49% probability)	One or two cases in past 2 years or expected to happen if controls measures are slow being applied, and failure to monitor progress. (50-74% probability)	One or more cases in past 2 years. Failure to take immediate action could impact on service delivery or safety of personnel/ community. (75-100% probability)

Corporate Risk Register

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score	Corporate Risk Owner	Risk Delivery Manager
1 Financial	4	Failure to identify and deliver savings identified in the MTFP and the uncertainty of future funding resulting in an unclear service delivery model for the future.	4	4	16	1) Budget agreed for 2017/18 along with MTFP setting out plans for a balanced budget to 2021/22. Assumes 1.94% p.a. increase in Council Tax each year and delivery of all agreed savings. 2) Continued monitoring of the review of Business Rates Retention and the possibility of a move to Home Office grant for fire authorities. 3) Delivery of savings monitored on a monthly basis and reported to CMT and Members. 4) Opportunities for further collaboration with public sector partners being examined especially around support services and through Emergency Services Collaboration Project. 5) Bridging the Savings Gap project and review of Operational Pay budgets will ensure delivery of savings from changes to crewing. 6) Ongoing work through ESFOA seeking to maximise income from council tax and non-domestic rates. 7) Business Rate Pool dissolved for 2017/18 on basis of risk assessment. Service funded by this income stream will be reviewed but can be supported through 2017/18 via reserves. Re-pooling will be considered for 2018/19 8) Improvement and Efficiency reserve established to fund transformation initiatives. 9) IRMP reviews will more clearly link service provision to the public, to the MTFP. 10) Efficiency Plan approved by the Home Office to secure multi-year funding offer providing some certainty to aid financial planning.	3	2	6 (Moderate) ↓	CFO	AD Resources / Treasurer
2	4	1) Sustained Technological	4	4	16	1) IMD transformation will deliver secure and	3	2	6	CFO	AD

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score	Corporate Risk Owner	Risk Delivery Manager
Technology		<p>failure.</p> <p>2) Failure to deliver organisational change as a result of a lack of a robust and effective modern ICT infrastructure and a lack of supported infrastructure and systems through fewer and less skilled staff.</p> <p>3) Failure to manage effective transition to new outsourced service</p>				<p>resilient IT provision through external provider telent.</p> <p>2) Service delivery with telent Technology Services went live 18 November and delivery being monitored closely initially under hyper-care arrangement</p> <p>3) Client management function (ITG – Information Technology Group) in place from 18 November to manage interface with both business and suppliers.</p> <p>4) Delivery of contract milestones being monitored closely through ITG and IMD Transformation Board.</p> <p>5) Internal governance model agreed by CMT, with Service Management Board meeting monthly from December to review contract performance and IT Strategy Group meeting on quarterly basis from Feb 2017. Periodic reports will be made to CMT and Scrutiny &amp; Audit Panel.</p> <p>6) An Interim IMD Manager with relevant experience of transitions to support the Service in place September 2016.</p> <p>7) As part of the 2016/17 Budget Report, Members agreed to set up a £2m IMD Transformation reserve to fund the anticipated one off costs of implementation.</p> <p>8) Reliance on temporary resources and consultancy being scaled down as ITG takes ownership of external contract.</p> <p>9) An Outline IMD Strategy has been developed and will be progressed to a final version ready for Member approval in Q1 2017/18. This will set out how the Authority will deliver against its ambition for IMD transformation and include high level costings to allow overall investment decisions to be made.</p>			(Moderate) ↓		Resources / Treasurer
3 Partnership	4	1) Sussex Control Centre does not deliver effective mobilisation service or planned savings	4	4	16	<p><u>Remsdaq Project</u></p> <p>1) The Factory Acceptance Test (FAT) is now preceded by a joint pre-FAT program overseen by the SCC Implementation</p>	4	3	12 (Substantial)	ACFO	SCC Project Manager / Station Manager

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score	Corporate Risk Owner	Risk Delivery Manager
		2) Failure to deliver full specification for MOB's leading to contractual issues.				<p>Project Board.</p> <p>2) The Site and User Acceptance Tests will ensure specification and functionality tested after installation at Hayward's Heath.</p> <p>3) Any milestone payments are not triggered until pass of acceptance tests and these are staged.</p> <p>4) SCC 'go live' will be subject to sign off by both Senior Users, and the 'switchover' operation will be agreed and validated by SCC Implementation Project Board</p> <p>5) Regular monthly progress and financial reporting to SCC Implementation Board, both Management Teams and the Executive Governance Board.</p> <p>6) Savings target for 2016/17 revised to reflect delays in implementation.</p> <p>7) Additional resources made available due to extension of the go live date to ensure interim service is maintained in accordance with Section 16, these costs are shared.</p> <p>8) The project has been subjected to scrutiny by internal audit – report findings are now progressed and monitored by the SCC Implementation Board.</p> <p>9) Additional support in the form of a Project Consultant now in place to refresh and refocus project management arrangements</p> <p>10) The maintenance contract for the 3Tc legacy system has now been extended</p> <p>11) The Home Office have commissioned an external review of the project to date to consider matters related to the delay in implementation. The outcomes from this review will provide further support to the Service in relation to delivering the project</p> <p>12) Recommendations from HO report have now been captured within an action plan overseen by SCC Implementation Board</p> <p>13) FAT now passed (10/02/17) and project moved into implementation phase</p> <p>14) First HO assurance visit (Bluelightworks) completed and feedback being considered</p>					SCC

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score	Corporate Risk Owner	Risk Delivery Manager
						<p>by Implementation Board and EGB.</p> <p><u>Business as usual</u></p> <p>1) Section 16 and SCC Concept of Operations provide the strategic operational framework for the SCC, including arrangements under which call handling, mobilisation and related functions are discharged.</p> <p>2) SCC Operational Governance Board, made up of reps of Services, meets monthly to ensure that the Joint Control is effective, efficient and resilient and that any issues and areas of concern are reported and acted upon.</p> <p>3) ESFRS specific operational and performance matters considered at the relevant management team meetings.</p> <p>4) SCC staffing is a significant concern. Current establishment levels and working arrangements are challenging for staff and managers. There is higher sickness levels and potential increase in attrition. Current arrangements include fixed term contracts, zero hour contracts, and there are plans to move forward with dual operator training. These arrangements will be reviewed once 4i is installed, tested and operational.</p> <p>5) Senior Management meetings with local managers and rep body officials have identified a number of actions to resolve outstanding issues and improve local processes.</p> <p>6) Refreshed approach to attendance management now being implemented through combination of support and engagement with staff and application of service policies.</p>					
4 Leadership	4	Failure to effectively lead/manage the Service through a period of significant change as a result of lack of corporate capacity,	4	3	12	1) Planning & Improvement AD and Communications and Marketing Manager to review staff communication strategy to promote effective organisational communications. Completed and will be	3	3	9 (Moderate)	CFO	DCFO

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score	Corporate Risk Owner	Risk Delivery Manager
		management competences and poor staff engagement				<p>reviewed 2016 following restructure.</p> <p>2) Members are to consider proposals for a Talent Management Scheme (part of the People Strategy) to address and support mitigations on future risks and succession planning. Now part of the restructure programme – DCFO to develop with AD HR&amp;OD and AD T&amp;A</p> <p>3) Restructure to address a number of strategic roles and management structures. 2 New POs started June 2016 (DCFO &amp; ACFO). Restructure complete and reported to Members.</p> <p>4) Develop a strategy to ensure a clear, effective sustainable framework for future staff engagement. ACFO to develop with AD P&amp;I by 30 September 2017.</p> <p>5) Develop an Organisational Development Strategy which will include leadership as a key component alongside a workforce and career development plan. DCFO to develop with AD HR&amp;OD and AD T&amp;A.</p>					
5 Community	1	<p>1) Longer term Industrial Action (IA) could impact on the ability to deliver services, impact on the relationships with the workforce and has the potential for reputational damage</p> <p>2) Short to medium term impact of Action Short of Strike (ASOS)</p>	3	3	9	<p>1) Constant Review of Business Continuity and Industrial Action Contingency Plans.</p> <p>2) Maintain consultation and negotiation with trade unions.</p> <p>3) Maintain effective communications with staff</p> <p>4) The FBU has made a legal challenge to the FPS 2015 on the grounds of potential discrimination – the NJC is managing the claim on behalf of all FRS on a shared cost basis and has signed up Bevan Brittan LLP to act on our collective behalf.</p> <p>5) FBU have advised no industrial action to take place under this dispute until at least June 2017.</p> <p>6) Related BC and Industrial Action Contingency Plans currently being reviewed (March 2017).</p>	2	3	6 (Moderate)	DCFO	AD OS&R
6 Communica- -tion	3	Key stakeholders including the public, members, employees and partners are	3	3	9	1) Stakeholder and staff pre engagement sessions regarding the development of the new IRMP were held	2	2	4 (Tolerable)	ACFO	AD Planning & Improvement



Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score	Corporate Risk Owner	Risk Delivery Manager
		insufficiently informed about/engaged in the difficult choices the Authority faces.				<p>Consultation closed on the 7<sup>th</sup> November and the results will be considered by the Fire Authority in December. Different communication methods were utilised and the reach of the consultation is estimated at being</p> <p><b>Newspapers online/print</b>  Brighton Argus reach per issue 32,000  Herald reach per issue 12,250  Observer series reach per issue 18,000  Total newspaper reach of 62,250</p> <p><b>Social media</b>  Twitter (unpaid) 11,000  Facebook (unpaid) 3,800  Facebook (paid) 113,200  Total social media reach 128,00  Mailout  Total households reached 10,100</p> <p>Estimated Total overall reach of communications activities 200,350</p>					
7 Resource	6	Failure to maintain staff morale, motivation and attitudes will adversely impact on service delivery/ performance and the ability to successfully deliver service transformation/ ESFRS change programme.	4	3	12	<p>1)Support middle and senior managers to ensure regular meetings and engagement with staff and to review feedback from managers.</p> <p>2)Ensure staff representative bodies are engaged with and informed of emerging issues.</p> <p>3)Continue to develop communication opportunities including where appropriate, social media and new Communications Strategy.</p> <p>4)Staff briefings and engagement for SHQ relocation proposals.</p> <p>5)Trade Union and management briefings in place October 2015 to discuss outcome of local consultations on savings proposals rs.d and heaccepted by trade unions and mplementation being considered for April 2016.</p> <p>6) Bridging the savings board is now managing mplementation with engagement of staff and ep bodies from 1st April 2016.</p> <p>7)Develop a strategy to ensure a clear,</p>	3	3	6 (Moderate)	DCFO	CMT

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score	Corporate Risk Owner	Risk Delivery Manager
						effective sustainable framework for future staff engagement. 8) Programme of PO and CMT visits to all staff groups and stations.					
8 Leadership/ Resource	4,5,7	Failure to successfully relocate ESFRS to shared Headquarters building with Sussex Police in Lewes	3	3	9	<ol style="list-style-type: none"> <li>1) CFA Members and SHQ staff have been fully sighted on the reasons (opportunity and cost) for this relocation and the likely changes regarding technology and dispersal locations.</li> <li>2) Funding for the one off costs of the project both revenue and capital has been agreed. Additional funding for IT requirements also agreed.</li> <li>3) Programme Board in place and supported by Programme Office Manager and additional temporary resources</li> <li>4) The CFA and PCC are committed to this collaboration project. Joint management team meetings between ESFRS and Sussex Police have been put in place. Sussex Police is represented on the Programme Board.</li> <li>5) Engagement and Communications activity increased as key decisions by Board / CMT are taken which will impact on staff.</li> <li>6) Key costs clarified and project on budget.</li> <li>7) Travel Plan agreed and measures put in place ready for move.</li> <li>8) Action taken to mitigate risk of delays in vetting process for staff moving to shared HQ in Lewes.</li> <li>9) Resilience risk arising from resignation of staff as result of move identified and escalated to CMT. Particular pressures have been identified in HR, Finance and Health and Safety.</li> </ol>	3	2	6 (Moderate)	CFO	AD Resources / Treasurer
9 Health and Safety	1,2,4,7	1) An incident occurring which could impact on the health & safety of our staff, specifically in a training	4	3	12	1) An action plan has been put in place in response to the Accident Investigation report which will reduce the risk of recurrence of heat stress incidents in a	3	2	6 (Moderate)	ACFO	AD Training & Assurance

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		<p>environment &amp; the risk of HSE intervention.</p> <p>2) The Authority's H&amp;S approach is not effectively targeting the highest risk areas.</p>				<p>training environment.</p> <p>The Service has invested in a trial of body worn technology to enable active monitoring of the core temperature (commences May 17) particularly those deemed highest risk in a training environment (those attending a BA Basic course as well as hot fire training) All Instructors have received refresher training in signs and symptoms of heat stress and early identification</p> <p>Changes to the management and staffing structure at CMT and STC was agreed and has been implemented.</p> <p>The Authority has agreed to £350k capital scheme to make improvements to its 4 BA Chambers which is due to be completed by end of May 2017.</p> <p>2) Broader changes are being made to our H&amp;S approach following a H&amp;S Peer Review carried out by a third party.</p> <p>Restructure of H&amp;S Management structure was approved by CMT and a new H&amp;S Manager appointed and commenced in Feb 17.</p> <p>Changes to governance structures for Health, Safety &amp; Wellbeing were approved by CMT and put in place in June 16. The HSWC was reviewed and revised in June 2016 with a number of sub-groups sitting under the formal Committee.</p>					
11 ESMCP / ESN	3	<p>a) Failure to complete transition readiness requirements in line with Home Office expectations by September 2018 resulting in failure to transition before August 2019</p> <p>b) Airwave begins to fail as it approaches end of life and</p>	4	3	12	<p>a)</p> <p>1) SE Regional Transition Governance Plan identifies project management, planning, funding and governance arrangements including reporting process providing assurance to HO.</p> <p>2) Local project management and governance arrangements overseen by Project Board chaired by CMT member.</p> <p>3) Joint ESFRS / WSFRS Project Manager recruitment process now underway.</p>	3	3	9 (Moderate)	DCFO	AD OS&R

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		<p>there is no suitable replacement resulting in ESFRS failing to mobilise emergency resources as required under the Fire &amp; Rescues Services Act.</p> <p>Although the failure of ESN or delay of ESN would sit with the Home Office, failure to mobilise appliances would still be the responsibility of the Fire Authority in this situation</p>				<p>b)</p> <p>1) National, regional and local governance and communications arrangements will ensure that ESFRS has early warning if it appears this risk is likely to materialise.</p> <p>2) ESFRS will work with regional blue light partners to understand likelihood and potential alternative solutions.</p>					
12 Pensions Administration	1,2,4,7	Failure to comply with statutory requirements and performance standards for administration of Firefighter Pension Scheme. Possible sanction by the Pension Regulator (TPR).	3	3	9	<p>1. Breach of Pension Act as result of failure to meet deadline for production of Annual Benefits Statement reported to TPR who confirmed no intention to take action at this stage.</p> <p>2. Officers have met with representatives from Orbis our pension administration provider to raise concerns regarding compliance / performance</p> <p>3. Orbis has presented improvement actions to local FPS Pension Board and now attend on a quarterly basis to report progress and report on performance.</p> <p>4. Officers to track progress through bi-monthly contract review meetings with Orbis.</p> <p>5. New agreement to reflect all financial services provided by Orbis to be put in place by 31 March 2017.</p>	3	2	6 (Moderate)	DCFO	AD HR&OD / AD Resources / Treasurer

