

EAST SUSSEX FIRE & RESCUE SERVICE

**INTERNAL AUDIT ANNUAL REPORT AND
OPINION 2020-2021**



East Sussex
Fire & Rescue Service

1. Introduction

- 1.1 Orbis Internal Audit has provided the internal audit service to East Sussex Fire and Rescue Service (ESFRS) since 1 April 1997 and we are pleased to submit this annual report of our work for the year ended 31 March 2021. The purpose of this report is to give an opinion on the adequacy and effectiveness of the Fire Service's framework of internal control.

2. Internal Audit within East Sussex Fire & Rescue Service

- 2.1. On behalf of the Fire Service, it is a management responsibility to determine the extent of internal control in the Fire Service'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. Where appropriate, 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.

3. Delivery of the Internal Audit Plan

- 3.1. In accordance with the 2020/21 annual audit plan, a programme of audits, based on an assessment of risk, was carried out across the Fire Service. As a result of the Covid-19 global pandemic, several jobs from the audit plan were either postponed or cancelled in agreement with the Assistant Director, Resources and Treasurer.
- 3.2. The following adjustments were made to the annual audit plan:
- Counter Fraud Training – this was suspended because of Covid-19 and deferred to 2021/22.
 - Customer Complaints – deferred to 2021/22 and the scope increased to include all aspects of customer service management.
 - Management of Capital Programme – deferred to 2021/22 at the Service's request to reduce workload pressures on officers because of Covid-19.
 - HR Business Process Review – this has been postponed due to delays in the overall project. The latest project business plan suggests that implementation won't take place until 2022/23.
 - Service Delivery Review – this was cancelled at the Service's request following assurances received from an internal review.
 - Additional support was also provided regarding an investigation into an overpayment of a contracted member of staff.

- 3.3. While the number of audits either postponed or cancelled resulted in a reduction of audit days provided from the originally agreed 2020/21 annual audit plan, we feel that the revised audit plan provided sufficient coverage to provide an opinion without any limitations. This is due to the 2020/21 audit plan initially being agreed with additional days, over and above the standard audit plan (70 days) for the Fire Service. Despite the reduction in the number of audits, the coverage of the audit work delivered remained in line with the ESFRS standard audit plan.
- 3.4. The terms of reference, approach and audit objectives for each audit assignment have been discussed and agreed with the Assistant Director of Resources and Treasurer and other relevant senior officers, to whom 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 assurance¹ that East Sussex Fire & Rescue Service has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2020 to 31 March 2021.**

Russell Banks, Orbis Chief Internal Auditor

- 4.2. Where improvements to control or compliance are required, we are satisfied that appropriate action has been agreed by the relevant managers to ensure these improvements are made within reasonable timescales. The overall level of assurance given also takes into account:

- All audit work completed during 2020/21, planned and unplanned;
- Follow-up of previous audits with partial or minimal audit opinions;
- Management's response to audit findings;
- Ongoing advice and liaison with management;
- Effects of significant changes in the Fire Service's systems;
- The extent of resources available to deliver the audit plan;
- Quality of the internal audit service's performance.

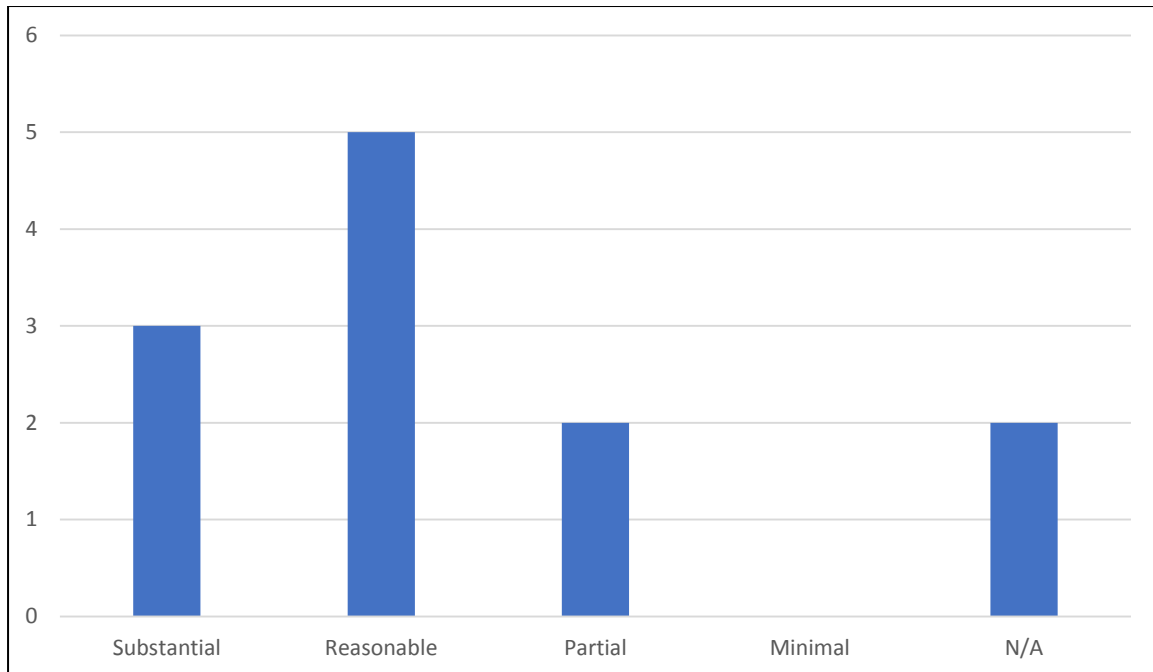
- 4.3. No limitations were placed on the scope of internal audit during 2020/21.

5. Summary of Work and Key Findings

- 5.1. The following chart provides a summary of the outcomes from all audits completed to draft report stage during 2020/21 with standard audit opinions (including key financial system work). An explanation of our assurance levels can be found in Appendix C below. Those audits in the below graph with the category 'N/A', apply to

¹ This opinion is based on the activities set out in paragraph 4.2. It is therefore important to emphasise that it is not possible or practicable to audit all activities of the Fire Service within a single year.

audit reviews where advice/assurance has been provided, but was agreed that no opinion would be given.



5.2. A summary of the main findings from these reviews is included at Appendix A. Overall, the majority of audit opinions issued in the year were generally positive.

5.3. As per the above graph, there have been two partial assurance opinions during the year. These relate to the audits of:

- Management of Operational Assets; and
- Procurement Cards Follow-Up.

5.4. For the two reviews listed above, we are satisfied that management will be taking appropriate action to address the findings of the reviews. A further follow-up audit of Procurement Cards will be undertaken during 2021/22 to assess the extent to which the agreed actions have been implemented. For the Management of Operational Assets audit, the agreed management actions are not due to be implemented until the end of 2021, so it is our intention to undertake a formal follow-up audit in 2022/23.

6. Performance

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

6.2. 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 2020/21, including the results of our most recent PSIAS independent external assessment, along with the year end results against our agreed targets.

PSIAS

6.3. The Standards cover the following aspects of internal audit, all of which were independently assessed during 2018 by the South West Audit Partnership (SWAP) and subject to a refreshed self-assessment in 2020:

- 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.

6.4. The results of the SWAP review and our latest self-assessment found a high level of conformance with the Standards with only a small number of minor areas for improvement. Work has taken place to address these issues, none of which were considered significant, and these are subject to ongoing monitoring as part of our quality assurance and improvement plan.

Key Service Targets

6.5. Results against our previously agreed service targets are set out in Appendix B, with a high level of overall performance. Significantly, we were able to complete 100% of the revised 2021/22 audit plan to draft status.

SUMMARY OF INTERNAL AUDIT FINDINGS
For the period of 1 April 2020 to 31 March 2021

Reporting to Fire Service 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 and attendance at the Senior Leadership Team, along with the production of the annual report and opinion and annual strategy and audit plan for presentation to the Scrutiny and Audit Panel. Internal Audit has also met separately with the Chairman of the Scrutiny and Audit Panel to discuss the Internal Audit Strategy and Plan.

Audit of Key Financial Systems

The Fire Service uses the main financial systems of East Sussex County Council. On a cyclical basis, we review the key controls within these systems as part of our programme of key financial system audits.

Accounts Payable Covid-19 System Changes & Follow-Up

Since the outbreak of the Covid-19 global pandemic, and the UK being subject to lockdown measures, there was a need for officer to be able to work remotely. As a result, East Sussex Fire and Rescue Service (ESFRS) had to rapidly adapt to new ways of working that had not been previously envisioned.

The purpose of this review was to provide advice and assurance, from a risk and control perspective, in relation to the system changes made as a result of Covid-19. In addition, a focused review was undertaken to ensure that the previously agreed actions from the 2019/20 Accounts Payable (AP) audit had been implemented.

Our review found that the temporary changes made to existing processes as a result of Covid-19 were robust.

We found that the majority of actions had been fully implemented. These included:

- The introduction of prompt payment performance reporting for review by management to enable areas of improvement to be identified and appropriate action to be taken where targets are not being met; and
- Reinforcement of procedures with officers to improve compliance and performance in areas such as fully completing purchase order requisition forms and accurately recording dates of goods and invoices being received.

Some areas were identified where improvement is still required however, including:

- The development and publication of a list of goods and/or services that are exempt from the purchase order process; and

- The review and utilisation of electronic purchase order approval using automated workflows. While this observation has been made in the previous two audit reviews, management are engaging with East Sussex County Council as part of SAP replacement project and have specified electronic workflow as a requirement of the new system.

Where weaknesses have been identified, a formal action plan to address these areas was agreed with management.

HR Covid-19 System Changes & Follow-Up

One of the largest expenditures for employers is the payment of employees for providing services. The Payroll Team is charged with paying employees accurately and in accordance with established policies. Since the outbreak of the Covid-19 global pandemic, and the UK being subject to lockdown measures, the need for officers to be able to work remotely has increased significantly for many organisations. As a result, ESFRS has had to rapidly adapt to new ways of working that had not been previously envisioned.

We undertook a focused review to ensure that previously agreed actions from the previous HR/Payroll audit have been implemented, and that the risks previously identified have been appropriately mitigated. Our review also aimed to provide advice and assurance, from a risk and control perspective, in relation to the temporary system changes made as a result of Covid-19.

In completing this work, we found that, where changes had been made to existing processes as a result of Covid-19, to enable officers to be able to work remotely, this had resulted in weaknesses in the control environment in relation to the independent validation of Personal Change Forms (PCFs), which are used to request changes such as pay, position and hours for members of staff. We found that there was no documentation of evidence to show that where PCFs had been received and actioned, these were subject to validation prior to being actioned. Advice has been provided to management that changes implemented during the revised processes, should be evaluated and challenged if they are not deemed appropriate.

Of the previously agreed actions from the 2019/20 audit review, we found that only two of the ten previously agreed actions had been fully implemented. The areas identified where improvement is still required, include:

- Implementing a mechanism for the recording and monitoring of overpayments to members of staff;
- Undertaking a data cleanse of existing and historical personnel files (including the conversion to electronic files) to ensure that they comply with data protection legislation; and
- The documentation of a policy for payments for Speciality Services to members of staff in order to help to ensure consistency in the payment of additional allowances.

Actions to address all of the issues raised have been agreed with management as part of a comprehensive management action plan.

Pension Administration

The Fire Service is the scheme manager for the Firefighters' Pension Scheme (FPS), the administration for which is provided by West Yorkshire Pension Fund (WYPF) on behalf of ESFRS. The Local Government Pension Scheme, of which ESFRS employees who are not firefighters are eligible to join, is administered by East Sussex County Council.

The purpose of this review was to provide assurance that controls were in place to meet the following objectives:

- Contributions due to the Fund are received in full and by the due date;
- Pension payments are made correctly; and
- The administration of the service is effective and complies with its contractual requirements.

The scope of this audit also included sample-testing of known control issues, to provide assurance that they had been satisfactorily resolved, and that controls had been strengthened to prevent their re-occurrence.

Overall, we were able to provide an opinion of **reasonable assurance**. We found that:

- Controls are in place to ensure that income due is received and coded correctly in the accounting system;
- Pensioners in both the FPS and LGPS are being paid correctly; and
- Robust arrangements are in place to manage the contract with WYPF, including the provision of regular performance reports.

In addition to the above areas of good practice, we identified some areas where improvement is required, including:

- The pension administration risk register needs strengthening to provide a robust basis to manage risks to the Fund; and
- When resolving breaches or other issues, processes and working papers need to be documented more clearly to provide assurance that the underlying issues have been fully resolved.

In discussing these issues with management, appropriate actions were agreed to address them.

Home Fire Safety Visits

This review assessed the adequacy of arrangements for managing Home Fire Safety visits, including in relation to capturing requests for visits, scheduling, provision (including consistency and compliance with relevant legislation) and quality assurance, where a failure to conduct visits (including to the required standard) could result in the safety of residents being put at risk.

The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Home Fire Safety visits are conducted in a timely manner when required, in line with an appropriate risk assessment, reducing the risk of preventable fires;
- Home Fire Safety visits target the most vulnerable residents, reducing the risk of preventable fires and associated injuries or loss of life;
- Home Fire Safety visits are conducted in line with appropriate legislation, ensuring that high risk areas are identified, and appropriate mitigations implemented;
- The Home Fire Safety programme is subject to appropriate scrutiny and updated in accordance with emerging risks and lessons learnt in order to ensure safety; and
- Home Fire Safety visits identify risk areas and vulnerable residents, reducing the risk of preventable fires and other harm.

In completing this review, we were able to provide **reasonable assurance** over the controls in place and several areas of good practice were identified. There were some opportunities to further improve controls, however, including in relation to:

- Robust processes being put in place to identify where 'high' or 'very high' risk residents have had follow-up visits booked and/or undertaken within the agreed timescales to ensure that previously identified risks have been addressed and no new risks have arisen;
- A Data Protection Impact Assessment is completed to ensure that the sharing of customer information is conducted in a lawful matter and in line with appropriate legislation; and
- The quality assurance process (which is undertaken to ensure that visits take place in line with agreed process and practice) is undertaken more frequently to reduce the risk of incorrect practice that could have a negative impact on a large number of residents.

Actions to address all of the issues raised have been agreed with management as part of a comprehensive management action plan.

Estates Health & Safety Management

This review looked to assess the current health and safety management arrangements within the ESFRS Estates function, to ensure it provides a safe working environment for all staff, contractors and others affected by the services it provides. This included providing assurance that controls are in place to meet the following objectives:

- The procurement process for Contractors has regulatory requirements embedded;
- A Health & Safety policy for Estates is in place that meets all required and current legislation;
- There are clear procedures and documentation in place to support compliance with legal requirements;
- A reporting structure is in place to oversee the effectiveness of procedures;

- Health & Safety reporting and communication is effective; and
- Risks are appropriately identified, evaluated, and managed.

As part of this review we also provided assurance over progress against the Estates Health & Safety Improvement Programme.

Overall, we were able to provide an opinion of **substantial assurance**. We found that:

- A well-structured and comprehensive framework of defined roles, responsibilities, risk assessments, policies and procedures are in place, all of which help to provide a safe working environment for all staff, contractors, and visitors to ESFRS premises;
- There is a central records system in place that help ensure works are properly documented, which has also been linked to the payment process for contractors. Through this mechanism it has been possible to evidence compliance with legislative requirements. The implementation of this system has also supported progress with the Health & Safety Improvement Programme;
- The introduction of new regulations arising from the Covid-19 pandemic has had little impact on existing processes. Current procedures were well refined to accommodate the changes with updated information provided to staff, as well as contractors and visitors when being provided access the Fire Service premises; and
- Whilst progress against the Estates Health & Safety Improvement Programme may not be as advanced as initially planned, the progress being made is being well reported and appropriate actions for improvement are being taken.

Project 21 (Mobilising and Control)

Project 21 has been established to transition the Fire Service's current in-house mobilising and control arrangements to a partnership with Surrey Fire and Rescue Service.

This review looked at the project's governance and risk management arrangements, with specific regard to the following control objectives:

- There has been sufficient purpose, planning and preparation to support the project;
- An appropriate governance structure is in place;
- Effective quality and cost controls are in place;
- Risk management is appropriately addressed;
- Reporting and communication during the project is well managed;
- Implementation of the project is effective; and
- The key deliverables of the project are met.

As the project is in its early stages, we have not provided assurance over the controls that would be in place for the closure of the project.

Based on our testing, we were able to provide **substantial assurance** over the project governance and risk management arrangements with the following key findings:

- A robust business case has been developed for the transition of the mobilisation and control arrangements to a new operating model with Surrey Fire and Rescue Service. The business case contains clearly defined objectives and expected outputs of the project.
- The project documentation includes a robust and detailed delivery plan for the entire lifecycle of the project. The plan includes start and due dates at a granular level, highlighting which tasks are required for each milestone, as well as assigning responsible officers where appropriate and providing a RAG rating on its status.
- There is a well-defined governance structure in place, both internally and with the partnering Fire Service. The structure contains delivery and strategic boards, each with their own Terms of Reference outlining key roles and responsibilities. The governance structure ensures that an effective decision-making body is in place. There is regular progress reporting on the key elements of the project to individual boards, allowing effective oversight of all key aspects of the project.
- The progress reporting mechanisms are sufficiently detailed that they enable the delivery of the project to be continually monitored against the project plan.
- The project has effective finance monitoring and reporting mechanisms in place. Detailed costings for the various options have been developed and reviewed and a preferred option for the control and mobilising function chosen. The initial finances have been reforecast as part of the full business case and continue to be tracked as part of regular progress reporting.
- There is a comprehensive engagement and communication plan in place to communicate issues, events, and updates to key stakeholders and staff across the entire organisation. The plan is sufficiently detailed that it includes method of communication and due dates for meetings briefings and service dates.
- An effective risk management process is in place helping to ensure that appropriate risks and issues have been identified, evaluated, reviewed, and managed. However, we identified that two risks had not been allocated an owner to manage the appropriate mitigating actions. All risks should be allocated to an appropriate owner to prevent them from becoming realised and potentially causing harm to the implementation of the new control and mobilising function.

In completing this work, we identified a small number of medium and low priority findings, including ensuring that, as part of the risk management process, all risks should be allocated to an appropriate owner, and that a quality assurance plan is implemented to help assess whether the project achieves its proposed requirements and outcomes. Actions to address these were agreed with the Project Manager prior to the final report being shared with the Senior Leadership Team.

Occupational Health Provision

Occupational Health Provision (OHP) at ESFRS was previously provided by an outsourced provider, the contract for which ended on 30 June 2018. Since then, a collaborative arrangement between ESFRS, Surrey and Sussex Police, and Surrey Fire and Rescue Service has been developed to bring provision in-house.

This review considered the outcomes of an internal review of OHP delivery, with a particular focus on the governance, risk management and financial arrangements of the collaboration.

In providing an opinion of **reasonable assurance**, we found that there are robust processes in place to monitor the level of service provided to employees, with a clear system for recording and managing referrals. There are appropriate governance arrangements with a Collaboration Board in place to exercise strategic oversight, and there is a central budget in place for the collaboration, which is recorded within a Memorandum of Agreement and cannot be changed without prior agreement from all parties involved.

In addition to the above areas of good practice, however, we identified some areas where controls could be further improved. In particular, through ensuring:

- The risk register includes key detail, such as mitigations for identified risks, post-mitigation scoring and risk owners. A number of risks around collaboration, such as those relating to financial implications, had not been recorded.
- KPIs and performance against KPIs are clearly communicated to the Collaboration Board, reducing oversight over performance.
- The results of budget monitoring are adequately communicated to improve oversight and the ability of ESFRS to make financial decisions or bid for funding.

Actions to address these issues were agreed with management as part of a formal management action plan.

Network Security

Information Technology (IT) systems enable the Fire Service to provide its critical services to its customers and are used to collect, process, and retain ever increasing amounts of confidential information. The vulnerabilities that exist in these IT systems, as well as the infrastructure that supports them, combined with a perceived lack of awareness regarding security issues, have led to attackers targeting public organisations and may expose the Service to the risk of a cyber-security attack. Cyber security attacks can be launched from any internet connection and can have a significant financial and reputational impact on ESFRS.

The purpose of this audit was to appraise the design and operational effectiveness of the Fire Service's procedures for identifying and protecting its information assets and for managing its cyber security risks on an ongoing basis. This included providing assurance that controls are in place to meet the following objectives:

- Policies and procedures are clearly defined with regular and effective risk assessments of the network undertaken;
- Network access controls have been enabled, with firewall and antivirus protections in place. Overall performance of the network is overseen, with reviews undertaken where necessary;

- External penetration tests and internal vulnerability assessments are undertaken with remediation, including updates and patching applied to servers, supported by management; and
- Recovery action plans are in place for manual operations, understood by key officers, regularly tested, and updated.

We were able to provide an opinion of **reasonable assurance** over the controls operating in this area as we found that high level technical controls are generally in place and operating as expected. However, some issues and risks were identified where further improvements could be made to overall network security.

For reasons of security, we are not able to share the detailed findings within this report; however, appropriate action to facilitate these improvements have been agreed with management.

Management of Operational Assets

ESFRS has a statutory duty to respond to emergencies, in which undertaking these duties, involves the use of operational assets which must be managed, maintained and be readily available 24 hours a day, 365 days a year. The management of operational assets covers the entire lifecycle of owning and using an asset including:

- The identification of need;
- Procurement;
- User acceptance testing and sign-off;
- Operational use;
- Asset tracking;
- Maintenance and repairs; and
- Disposal at end of life.

The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- There are robust plans and processes in place for replacing existing assets at end of life and identifying new assets, which considers the view and needs of all key stakeholders;
- All new assets are subject to user acceptance testing and sign-off;
- All assets are used in accordance with management instructions and training;
- All deployed assets are adequately monitored and tracked;
- Assets are maintained and repaired in accordance with legal and regulatory requirements and within agreed service levels;
- Budgets for asset management are regularly monitored and any variances are reported to management;
- The service has relevant performance indicators in place to give assurance to management that assets are being managed and maintained effectively.
- Assets are disposed of in compliance with policies and procedures at end of life.

This review assessed the adequacy of arrangements for managing operational assets from identification of needs through to disposal, apart from the procurement stage which has been covered in previous audit work. We also considered the controls and checks in place whilst the assets are managed on station, and the performance metrics and reporting options available to keep management informed.

Overall, we found a number of control weaknesses and were only able to provide an opinion of **partial assurance** as a result.

We found that ESFRS has no asset management strategy and there is no clear mechanism linking decisions on the procurement of new equipment to the Fire Service's overall strategy and to its operational needs. Policies relating to the management of assets were not always consistent or sufficiently comprehensive to provide a clear basis for the effective management of assets.

The governing body responsible for procurement decisions in relation to operational assets does not have all the appropriate representatives (e.g. Procurement) on it to ensure that relevant stakeholders are sighted on activity at a suitable early stage to maximise the value of their input. As a result, decisions to procure are sometimes made on individual bases, without reference to the organisation's overall needs and without sufficient forward planning to allow an approach that would secure value for money.

The databases used for asset management rely too heavily on manual intervention to transfer information between them. The lack of interface between these systems and others, including the accounting system, and limitations to their reporting functionality, increase the cost of obtaining management information whilst potentially reducing its reliability.

Inventory checks were not always carried out in accordance with schedules, reducing the likelihood that the loss of, or damage to, assets is identified early enough for corrective action to be taken and increasing the risk that maintenance expectations are not met.

Actions to address all of the issues raised have been agreed with management as part of a comprehensive management action plan. A formal follow-up review will take place as part of the 2022/23 audit plan to assess the extent to which the agreed actions have been implemented.

Supply Chain Management Follow-Up

The Institute of Supply Chain Management defines supply chain management as “the oversight of materials, information and finances as they move in a process from supplier, to manufacturer, to wholesaler, to retailer, to consumer. Supply chain management involves co-ordinating and integrating these flows both within and among companies”.

ESFRS has not outsourced any part of the delivery of its frontline services; however, it is reliant on external suppliers for many of its support functions, including the provision of ICT infrastructure and software, and the supply of equipment, much of which is specialised.

A review to provide assurance that the Fire Service had appropriate arrangements in place to ensure there was sufficient awareness of the markets in which it operates and that key risks across supply chains were appropriately managed was undertaken in April 2019, with an audit opinion given of partial assurance. In undertaking a follow-up review to confirm whether the agreed actions have been implemented, we found significant areas of improvement since the previous audit, resulting in an improved opinion of **substantial assurance**. These included:

- An extensive refresh of existing guidance, procedure documentation and procurement processes. This has included the development of a new Procurement Standing Order (PSO) policy, including supplementary guidance for staff, to support the Fire Service's new procurement strategy.
- A risk matrix has been developed for utilisation by category specialists. This matrix will be used to identify risks, savings and aims to embed risk management as part of contract management activities.
- Business continuity planning arrangements to ensure the Procurement department can deliver essential services in line with agreed core business activities are now in place.

One low priority action was agreed with management in order to further improve the control environment.

Compliance with HR Policies Follow-Up

ESFRS has policies in place for managing issues relating to grievance, disciplinary action, harassment, and bullying. These policies are based upon relevant employment legislation and the Advisory, Conciliation and Arbitration Service (ACAS) code of practice.

In completing an audit reviewing the Fire Service's compliance with these HR policies in 2019/20, we gave an opinion of partial assurance and have therefore undertaken a follow-up review to confirm whether the agreed actions have been implemented. We found several areas where improvement has been made since the previous audit, resulting in an improved opinion of **reasonable assurance**. These included:

- HR policies being updated in order to align with the ACAS Code of Practice;
- Systematic processes have been implemented to capture any lessons learned from previous HR cases in order to reduce the risk of repeated issues or poor practice; and
- A central record has been created to track and manage disciplinary and grievance cases, thus improving oversight and reducing the risk of unnecessary delays.

Some areas were identified where improvement is still required however, including:

- A lack of training provision in relation to HR policies, thus reducing awareness with the organisation and increasing the risk of non-compliance; and
- The Disciplinary Procedure and Dignity at Work Policy are yet to be formally updated and implemented; however, this is due to allowing for appropriate consultation with staff and representative bodies.

Actions to address these issues have been agreed with management.

Procurement Cards Follow-Up

Used appropriately, Procurement Cards (P-Cards) are a flexible way for staff to buy goods and services. Benefits include being able to buy direct from the Internet and local suppliers, enabling more efficient purchasing and better pricing. The card streamlines the procurement process by replacing the need for petty cash, cheque requests, low value requisition purchase orders and is particularly useful for a one-off purchase from a supplier.

A review to provide assurance that P-Cards were only issued to appropriately authorised and trained staff and were being used only to purchase goods and services that were wholly, exclusively and necessary for the use of ESFRS was undertaken in January 2020. The audit opinion given was partial assurance.

We have provided an **unchanged opinion of partial assurance** in respect of the follow-up audit of P-Cards. The reasons for this are as a result of the agreed actions from the previous audit either not being or only being partially implemented.

It is acknowledged that the majority of agreed actions from the previous audit are reliant on the planned Procure to Pay review, in conjunction with the Finance team, to identify how the Fire Service can improve performance in this area; however, this has been delayed due to the Covid-19 pandemic. The areas still requiring improvement include:

- The reinforcement of mandatory training for all cardholder and transactional approvers;
- The establishment of a clear purchasing framework for P-Cards to ensure that all cardholders are aware of the types of goods and services that are expected to be purchased using P-Cards;
- Increased compliance by cardholders and transactional approvers for the accurate and timely reconciliation of transactions; and
- The development of a robust leaver process to ensure all P-Cards are returned and cancelled when a cardholder leaves ESFRS.

Actions to address all of the issues raised have been agreed with management as part of a comprehensive management action plan. A further follow-up review to assess the extent of implementation of the agreed actions will take place as part of the 2021/22 audit plan.

SUMMARY OF PERFORMANCE INDICATORS FOR 2020/21

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Scrutiny and Audit Panel	June	G	2020/21 Annual Audit Plan approved by Scrutiny and Audit Panel on 21 May 2020
	Annual Audit Report and Opinion	July	G	2019/20 Annual Report and Opinion approved by Scrutiny and Audit Panel on 23 July 2020
	Customer Satisfaction Levels	90% satisfied	G	100%
Productivity and Process Efficiency	Audit plan – completion to draft report stage by 31 March 2021	90%	G	100% of revised plan to draft report stage
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	Highest available level of conformance confirmed through independent external assessment
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcomes and degree of influence	Agreement to audit findings	95%	G	100%
Our staff	Professional Qualified/Accredited	80%	G	94%

Internal Audit Assurance Levels:

Substantial Assurance: Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Reasonable Assurance: Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Partial Assurance: There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.

Minimal Assurance: Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.