



Internal Audit Report

Delivery of Business Fire Safety

FINAL REPORT

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Prepared for: East Sussex Fire & Rescue Service
Date: February 2019



Internal Audit Report – Delivery of Business Fire Safety

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1. Introduction

- 1.1. Business fire safety legislation is incorporated within the Health and Safety at Work Act 1974 and the Regulatory Reform (Fire Safety) Order 2005 which applies to all non-domestic premises in England and Wales. In addition, section 6 of the Fire and Safety Act 2004 places responsibility on fire services to promote fire safety within their areas.
- 1.2. The Fire Safety Order sets out the duties of the person responsible for premises (usually the owner, landlord, employer, or occupier of a business or industrial premises). The Order is enforced by periodic inspections or audits by the enforcing authority (usually a fire and rescue authority) and sanctions imposed for non-compliance.
- 1.3. ESFRS employ a risk based approach to business safety inspection, including feedback received from engagement activities, letter drops and tailored audits based upon local trends and changes. This results in inspection of approximately 2% of all known properties annually.
- 1.4. National figures reported by the Home Office show that ESFRS completed 499 fire safety inspections during 2017/18, of which 25% were unsatisfactory. 97% of these later proved to be satisfactory following informal or formal enforcement action. This compares with 299 inspections completed in 2016/17, of which 37% were unsatisfactory with 85% subsequently proving satisfactory following enforcement action.
- 1.5. This review is part of the agreed Internal Audit Plan for 2018/19.
- 1.6. This report has been issued on an exception basis whereby only weaknesses in the control environment have been highlighted within the main body of the report.

2. Scope

- 2.1. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
 - There are governance arrangements in place to ensure that ESFRS adequately discharges its statutory business fire safety responsibilities.
 - Adequate provision has been made to promote fire safety.
 - There are clear fire safety policies in place setting out roles and responsibilities and which are aligned with statutory obligations.
 - There is a robust risk based approach to undertaking the annual inspection programme.
 - A comprehensive training programme exists to ensure that staff gain and maintain the required skills and competencies in order to carry out annual fire safety inspections and where appropriate to carry out effective prosecution.
 - ESFRS undertakes enforcement action for all identified breaches of fire safety legislation.

3. Audit Opinion

Partial Assurance is provided in respect of **Delivery of Business Fire Safety**. This opinion means that 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.

Appendix A provides a summary of the opinions and what they mean and sets out management responsibilities.

4. Basis of Opinion

We have provided **Partial Assurance** over the controls operating within the area under review because:

- 4.1. Although areas of good practice were identified, including in relation to the promotion of fire safety and fire safety policies being compliant with legislation, a number of weaknesses were identified through our work.
- 4.2. Whilst there is evidence of inspections being planned and undertaken in accordance with the risk based framework, we identified 6 high risk premises in the CRM database that had not been inspected in accordance with agreed inspection frequencies. In 1 case, the last inspection was in 2004. These omissions could have resulted in avoidable fires and injury.
- 4.3. A risk score is used to determine the inspection frequency of business premises. However, we identified 207 premises within the CRM database without a risk score. In many cases, Housing Protocol applies which means that the local authority takes the lead for enforcement action and general regulation. However, we identified a number of instances where the omission was due to input error or database workflow error. These could have delayed future premises inspections.
- 4.4. The Business Safety Strategy states that the Service will review its enforcement activities and duties to give fire safety advice under Section 6 of the Fire & Rescue Services Act 2004 every three years. However, no reviews of the strategy appear to have taken place.
- 4.5. There is also no process in place to demonstrate that staff competency in undertaking safety reviews is being maintained.
- 4.6. Figures reported to and published by the Home Office on the number of inspections completed in 2017/18 were found to be incorrect. Whilst the differences identified were low, any inaccuracies in published figures carry a reputational risk.
- 4.7. Published service standards and Section 2.4 of the Regulatory Reform (Fire Safety) Order 2005 Manual Note state that services will be delivered in accordance with the requirements of the Regulators Code. However, during the audit we were informed of a number of areas of known non-compliance.

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Audit Opinion - Direction of Travel		
Improved	Unchanged	Reduced
	N/A	

5. Action Summary

Risk Priority	Definition	No	Ref
High	Major control weakness requiring immediate implementation	1	1,
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources	6	2, 3, 5, 6, 7, 8
Low	Represents good practice but its implementation is not fundamental to internal control	5	4, 9, 10, 11, 12
	Total number of agreed actions	12	

6. Acknowledgements

We would like to thank all staff that provided assistance during the course of this audit.

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
1	<p>Inspection Planning - 1</p> <p>Section 1 of the Risk Based Inspection Manual Note states that ESFRS will enforce the provisions of the Regulatory Reform (Fire Safety) Order 2005 by carrying out a programme of fire safety inspections and audits.</p> <p>These inspections/audits will be programmed according to the perceived risk to life within the premises.</p> <p>A central risk register (CRM database) will be maintained to allow borough business safety managers to manage fire safety workloads according to risk.</p> <p>A review of all high risk premises within the CRM database identified six premises that had not been inspected for several years and in one case since 2004. We understand that this was due to oversight and that arrangements have now been made to inspect four of the premises.</p> <p>In the remaining two cases, as a result of our enquiries, the premises have been reclassified from high risk to medium risk. Whilst these premises also need to be inspected, at the date of the audit, no dates for inspection had been</p>	<p>Unless commercial premises are subject to periodic inspection in accordance with the perceived risk to life within the premises, avoidable fires could lead to significant damage to property, loss of life and reputational damage.</p>	High	<p>Undertake a periodic review of the CRM database to ensure that all premises are inspected in accordance with the agreed inspection frequency.</p>

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
	agreed.			
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	June 2019

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
2	<p>Inspection Planning – 2</p> <p>See Inspection Planning 1</p>	Unless commercial premises are subject to periodic inspection in accordance with to the perceived risk to life within the premises, avoidable fires could lead to significant damage to property, loss of life and reputational damage.	Medium	Ensure that the two premises reclassified as medium risk are inspected as soon as possible.
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	March 2019

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
3	<p>Premises Without A Risk Score</p> <p>Section 2.5 of the Risk Based Inspection Manual Note states that a central risk register (the CRM database) will be maintained to allow borough business safety managers to manage the fire safety workloads according to risk.</p> <p>A review of the CRM database identified 207 premises without a risk score.</p> <p>Whilst the Business Fire Safety Manager was able to provide a valid explanation as to why a risk score did not exist for some premises, we found that 91 premises had no risk score due to a database error and 14 premises had no risk score due to user input error. We understand that all of these errors have been corrected and a process has been identified to ensure that in future all relevant premises contain a risk score.</p>	<p>Unless all relevant premises records in the CRM database contain a risk score, there is a risk of some premises not being re- inspected. This could result in avoidable fires leading to injury and reputational risk.</p>	Medium	<p>Consider undertaking a periodic review of the CRM database to ensure that all relevant commercial premises contain a risk score.</p>
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	June 2019

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
4	<p>Classification of Commercial Premises</p> <p>We found 7,779 premises in the CRM database without a last date of inspection. 28 of the premises were classified as Category A – Hospital and B – Care Homes which would typically be considered High / Medium risk and therefore subject to regular inspection.</p> <p>The Business Fire Safety Manager advised that some of the Category A buildings were part of a hospital complex such as Estates Buildings, Medial Gas Plant or Doctors Residence but not actual hospital buildings themselves and would therefore need reclassifying. Many of the Category B buildings such as Care Homes are premises that have come to light following updated reports over the years. As yet, some have still not been audited but these have tended to be very small group homes.</p>	Unless all premises in the CRM database contain an accurate premises classification, high risk premises could potentially be missed from the inspection program leading to avoidable fires and injury.	Low	Ensure that all commercial premises in the CRM database contain an accurate premises classification and risk score and are subject to inspection in accordance with the relevant inspection frequency.
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	June 2019

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
5	<p>Data Input Errors</p> <p>The Fire Authority uses a matrix to determine inspection frequencies. This is based upon the premises category and the risk score. Once the inspection frequency has been determined, it is updated against the premises record in the CRM database.</p> <p>A review of the database identified 4 premises which scored Low or Very Low and where the inspection frequency was set at 6 monthly, and 18 other premises which scored Low or Very Low where the inspection frequency was set at every 12 months. These inspection frequencies do not align with inspection frequency matrix. Whilst it is possible for an inspector to increase the frequency of inspection for low risk premises, for example, where it is a heritage building, the Business Fire Safety Manager confirmed that most of the premises identified above had not been entered correctly. It is understood that these records have now been corrected.</p>	Data input errors could result in high risk premises not being inspected in accordance with their risk and premises category. This could lead to avoidable fire and injury.	Medium	Consider undertaking a periodic review of data input quality and correcting any errors identified promptly.
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	April 2019

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
6	<p>Maintaining Competence</p> <p>Section 8.1 of the Business Safety Strategy 2014/15 to 2016/17 (the latest version) states that all staff will need to clearly demonstrate that they are maintaining competence in their roles.</p> <p>The Business Fire Safety Manager advised that whilst ESFRS are currently looking at third party accreditation via the Institution of Fire Engineers, there is no formal process in place to evidence that competence is being maintained for fire safety inspectors.</p>	<p>Unless inspectors are able to demonstrate that they are maintaining competence in their role, training needs may not be identified and key steps in inspection and enforcement processes may be missed leading to avoidable fires, significant damage to property, loss of life and reputational damage.</p>	Medium	<p>All opportunities should be explored for inspectors to demonstrate that they are maintaining competence in their roles.</p>
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	September 2019

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
7	<p>Non-Compliance with the Regulators Code</p> <p>Whilst the published service standards and Section 2.4 of the Regulatory Reform (Fire Safety) Order 2005 Manual Note state that services will be delivered in accordance with the requirements of the Regulators’ Code, the Business Fire Safety Manager confirmed the following areas of non-compliance:</p> <p>Section 2.1 of the code – There are no mechanism in place to actively engage citizens and others to offer views and contribute to the development of policies and service standards.</p> <p>Section 2.6 – Whilst there is a webpage for receiving feedback, the Regulators’ Code requires there to be a range of mechanisms in place to invite, receive and take on board customer feedback, including, for example, through customer satisfaction surveys.</p> <p>Section 3.1 –Whilst the current approach to determining priority risks uses an evidence based approach, it does not take account of fire loss history.</p> <p>Section 3.3 – There are no mechanisms in place to consult on the design of the risk assessment framework with those affected. In addition, the</p>	<p>Non-compliance with national codes of practice leading to poor public perception and reputational risk.</p>	<p>Medium</p>	<p>Review the Regulators’ Code and ensure that all provisions within the Code are being met.</p>

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
	<p>risk assessment framework is not reviewed regularly.</p> <p>Section 6.4 – There are no mechanisms in place to ensure that officers act in accordance with published service standards e.g. through quality assurance reviews.</p> <p>Section 6.5 - Performance against service standards, complaints and appeals against decisions is not published on a regular basis.</p>			
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	September 2019

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
8	<p>Review enforcement activities and duties to give fire safety advice</p> <p>Section 4.7 of the Business Safety Strategy 2014/15 to 2016/17 states that the Service will review its enforcement activities and duties to give fire safety advice under Section 6 of the Fire & Rescue Services Act 2004 every three years, to ensure its continued effectiveness to deliver safer and more sustainable communities.</p> <p>The Business Safety Manager advised that he was not aware of any previous review having been undertaken.</p>	Non-compliance with published service commitments may result in reputational risk.	Medium	The Fire Authority should review its enforcement activities and duties to give fire safety advice under Section 6 of the Fire & Rescue Services Act 2004 every three years, to ensure its continued effectiveness to deliver safer and more sustainable communities
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	September 2019

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
9	<p>Reporting to the Home Office</p> <p>The Home Office collects detailed information on incidents attended by Fire and Rescue Services and publishes national statistics annually.</p> <p>A review of the CRM database found that the statistics submitted to the Home Office for the period 1/4/17 to 31/3/18 were understated by 5 inspections (499 instead of 504 inspections).</p> <p>It is understood that this was due to the late uploading of audit paperwork after the statistics had been produced.</p>	<p>Whilst the difference between the figures reported and the number inspections actually undertaken is low, any reporting inaccuracies carry a reputational risk.</p>	Low	<p>Ensure that all inspection paperwork is uploaded before running future reports for the Home Office.</p>
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	April 2019

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
10	<p>Duplicate Premises Records</p> <p>A review of an extract from the CRM database identified 16 commercial premises that had duplicate records. Each record was found to have a different premises record number in the database.</p>	Duplicate records within the CRM database could lead to inaccurate reporting and planning.	Low	Review the CRM database and remove any duplicate records.
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	March 2019

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Ref	Finding	Potential Risk Implication	Priority	Agreed Action
11	<p>Fire Safety Policies</p> <p>We found that the policies in place were generally clear and aligned with fire safety legislation and provided guidance around roles and responsibilities. However, the Manual Note covering PACE interviews was still in draft. In addition, Section 3.19 of the Premises Audit Procedures Manual Note indicates that written consent should be obtained from the premises owner when discovering contraventions against the Fire Safety Order to ensure that evidence gathered is admissible in any subsequent proceedings. However, we understand that legal advice has been obtained which indicates that a signature is not required.</p>	<p>In the event that it is necessary to prosecute, incorrect procedures may be followed leading to evidence gathered being inadmissible in Court.</p>	Low	<p>Review, update and finalise the Manual Note on PACE interviews and consider updating the Premises Audit Procedures Manual Note.</p>
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	March 2019

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12	<p>Public Register of Notices</p> <p>The Manual Note on the Public Register of Notices states that the register should be audited every year, however, the Fire Safety Manager advised that this is not taking place</p>	Unless the public register is audited periodically in line with agreed policy, entries on the register could remain for longer than necessary, resulting in complaints and reputational risk.	Low	Review the public register every year in compliance with agreed policy
Responsible Officer:		Andrew Gausden, Group Manager, Business Safety	Target Implementation Date:	April 2019

Appendix A

Audit Opinions and Definitions

Opinion	Definition
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.

Management Responsibilities

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

This report, and our work, should not be taken as a substitute for management’s responsibilities for the application of sound business practices. We emphasise that it is management’s responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management’s responsibilities for the design and operation of these systems.