



Essex County
Fire & Rescue Service

ESSEX POLICE, FIRE AND CRIME COMMISSIONER FIRE AND RESCUE AUTHORITY

INTERNAL AUDIT REPORT AUDIT COMMITTEE

22 SEPTEMBER 2023

MAKING ESSEX A SAFE PLACE TO LIVE, WORK AND TRAVEL

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SECTION 1 – SUMMARY AND COMPLETED AUDITS

This summary shows the total amount of high and medium recommendations as well as how many have been completed or remain outstanding. Recommendations outside of their due date are highlighted in the last column.

Detailed updates on outstanding and overdue recommendations are provided later sections.

Audit Report Title	Directorate	Total Recommendations		Completed Recommendations		Recommendations Outstanding		Recommendations outside of due date		
		High	Medium	High	Medium	High	Medium	High	Medium	
22/23 Efficiency and Cost Saving	Chief Finance Officer	-	1	-	-	-	1	-	1	
22/23 FM Code and Overtime	Chief Finance Officer	1	1	1	1	-	-	-	-	
22/23 Cyber Essentials	Director of Corporate Services	1	3	-	-	1	3	-	-	
22/23 Follow-Up	Various	-	6	-	2	-	4	-	4	
22/23 Emergency Response Driving	Director of People Services	-	3	-	2	-	1	-	1	
21/22 Follow up	Various	-	2	-	2	-	-	-	-	
22/23 Control Room	Director of Corporate Services	-	2	-	2	-	-	-	-	
		2	18	1	9	1	9	-	6	
		20		10		10		6		
		Percentage complete				50%		Percentage overdue		60%
		2	17	-	7	2	10	-	5	
		19		7		12		5		
		Percentage complete				37%		Percentage overdue		42%

Highlights:

- **20 total actions** tracked, up from 19 in the last update.
- **1 action added** from the Efficiency and Cost Saving audit (previously reported).
- **3 audits** were completed this period (see Section 2).
- **2 recommendations completed.**
- **10 recommendations are outstanding**, and **6 recommendations are past their due date.**

SECTION 2 – COMPLETED AUDITS THIS PERIOD

Two audits were completed in the period, see agenda items 7b and 7c for full detail:

- On-Call Payments/Processes – **Partial Assurance**
- Service Actions Post Grenfell – **Reasonable Assurance**

SECTION 3 – INFORMATION GOVERNANCE

The Data Protection audit is owned by the Information Governance (IG) team with the support of Essex County Council. Actions are reviewed on a periodic basis by the IG team, the last of which was conducted in July-2023. This review provided **Adequate Assurance** that system and processes are in place to ensure information governance is followed. This was increased from **Limited Assurance** in the last review.

A summary of recommendations is below, the action list has been restated following the latest review. For detailed recommendations, see appendix 6b.

Information Governance (Essex County Council)

	Total Recommendations			Completed Recommendations		
	Low	Med	High	Low	Med	High
Transparency & Accountability	-	2	-	-	-	-
Records Management	-	5	1	-	-	-
Risk & Assurance	-	2	1	-	-	-
Training & Awareness	-	3	3	-	-	-
TOTALS	-	12	5	-	-	-
LAST UPDATE	17	13	10	7	6	4
COMPLETED ACTIONS	17	1	5	-	-	-

It is a huge achievement for the Information Governance Team in achieving Adequate Assurance (up from Limited Assurance in the previous report), though there is still work to be done.

SECTION 4 – COMPLETED RECOMMENDATIONS

FM Code and Overtime Action 1 – Overpayments (High)	Owner: Payroll Manager	Original Due Date:	30/06/2023
		Actual Completion:	05/07/2023
Audit Recommendation: The Service currently does not undertake spot checks or have a reconciliation process in place to ensure that overtime claims are accurately recorded prior to payments being made. We will: <ul style="list-style-type: none"> - Write to all individuals to recover overpayments. - Undertake retrospective review of accuracy of payments made. - Perform ongoing checks on all overtime payments. - Contact CIVICA to resolve the ability to overwrite hours on timesheets. 			
Update: <ul style="list-style-type: none"> • The individuals have been written to and recovery is being made. • Retrospective check from November 22 was carried out in June. • Additional checks have been built into our Timesheets check, to capture any incorrect (overwritten) hours from our May 23 payroll. • Contact has been made with Civica and the ability to not be able to overwrite hours will be out in their next release. They have not given a date for this next release, but generally around September. 			

Emergency Response Driving Compliance with Standards (Medium)	Owner: Director of People Services	Original Due Date:	01/10/2022
		Actual Completion:	29/08/2023
Audit Recommendation: Through review of the Compliance Tracker, the audit found that ECFRS are not fully compliant with the Standards. We will implement activities to ensure compliance with the Fire Standards Board’s requirements.			
Update: There are two areas outstanding to comply with the Fire Standards: <ul style="list-style-type: none"> • We have implemented quality assurance of trainers – we are working with other FRA’s to provide this. • We will engage with the NFCC Assurance and Audit national programme when it starts and are monitoring its progress. We are proactively working within the Eastern Region Group and started cross FRS Trainer Observations in 2022 and 2023, with a further expanded programme for 2024 to be confirmed. • Implement a Driver Training Policy – this is a separate action therefore this action has been closed. 			

Follow-up - 2022 Procurement (Medium)	Owner: Chief Finance Officer	Original Due Date:	30/06/2022
		Actual Completion:	14/10/2023
Audit Recommendation: As a result of the review of set up in the organisation, procurement will become a centralised function across the organisation (this will be a significant change from current structure). The cleaning contracts with Pinnacle and Monthind will be prioritised for tender as soon as possible and work is expected to start on this in June. The Service will look to review and identify all contracts that have reached their expiry dates across the organisation, with a view to taking re-procurement action.			
Update: <ul style="list-style-type: none"> • Category Manager roles have been fully appointed for ICT, Property and Corporate Ops. • The Service was part of a national tender for the cleaning contract, the decision sheet has been signed off for the contract award. • The grounds maintenance contract is in place. • We have joined the 7F waste contract. • A contract pipeline has been produced and is in use. 			

SECTION 5 – OUTSTANDING RECOMMENDATIONS

<p><u>Cyber Essentials</u> 3 Medium and 1 high recommendation</p>	<p>Owner: Head of ICT</p>	<p>Original Due Date:</p>	<p>31/12/2023</p>
		<p>Estimated to complete:</p>	<p>31/12/2023</p>
<p>Audit Recommendation: Various actions:</p> <ul style="list-style-type: none"> - User Accounts and administrative accounts (3 actions relating to this). - Office firewalls and internet gateways. 			
<p>Update:</p> <ul style="list-style-type: none"> - The ICT team have started discussions to plan for implementation before the deadline at the end of December. - Plans have been scheduled in October 2023 to address these actions. 			

SECTION 6 – OVERDUE RECOMMENDATIONS

<u>Efficiency and Cost</u> <u>Saving</u> Savings Initiatives	Owner: Chief Finance Officer	Original Due Date:	31/07/2023
		Estimated to complete:	31/12/2023
Audit Recommendation: There are discrepancies between the savings tracker and source documentation, and the auditors were unable to confirm whether savings initiatives are subject to challenge and review prior to being signed off. There is a lack of a validation process in place to determine the accuracy of savings.			
Update: <ul style="list-style-type: none"> The savings tracker was subject to an in depth review by another member of the finance team. Work is ongoing to align the savings tracker to source documentation. The Productivity & Efficiency Board is fully established to provide governance of savings activities. 			
Why Overdue: <ul style="list-style-type: none"> There has been a delay due to the benefits manager leaving the Service. 			

<u>Emergency Response</u> <u>Driving</u> Driver Training Policy (Medium)	Owner: Director of People Services	Original Due Date:	01/10/2022
		Estimated to complete:	30/11/2023
Audit Recommendation: Roles of staff responsible for compliance is not outlined in the Driving Training Policy. Some sections of the policy lack key information. We will ensure that the Driving Training Policy is updated and presented to SLT for approval in September 2022.			
Update: <ul style="list-style-type: none"> Policy to be revised by 15 September 2023 with internal stakeholder engagement. Consultation to take place in phase 18 of 'Working Well Together' which runs from 25 September to 3 November 2023. Consultation will therefore be concluded by 3 November 2023. Draft policy to be shared with L&D Steering Group on 18 September 2023. Policy to be approved by Learning and Development Steering Group via an extraordinary board meeting in November 2023. 			
Why overdue: <ul style="list-style-type: none"> There are several areas which have required extensive stakeholder engagement. The subject matter expert was absent and so was unable to progress this. 			

Follow Up 2022/23 GDPR – Information Asset Register (medium)	Owner: Information Governance Manager	Original Due Date:	30/06/2023
		Estimated to complete:	31/12/2023
Audit Recommendation: Information asset owners have not been performing periodic updates on their areas of the information asset register. Compliance with policies is not being actively monitored.			
Update: <ul style="list-style-type: none"> Compliance with policies will be added to the Information Governance Board agenda from September 2023. Engagement with IAO's is also included on the September IG Board agenda so that a clear action plan can be put in place to address this action. 			
Why Overdue: <ul style="list-style-type: none"> This action is overdue due to the Information Governance Team focusing on ensuring that the IG Policies are developed and in place that will assist the IAO to be fully conversant with required expectations and deliverables. This will also assist with ensuring there is a consistent approach. 			

Follow Up 2022/23 Business Continuity (medium)	Owner: Business Continuity Advisor	Original Due Date:	30/06/2023
		Estimated to complete:	31/03/2024
Audit Recommendation: If critical supplier business continuity plans are not maintained and reviewed by the Service, there is a risk that the Service may not have adequate oversight over business continuity arrangements. Supplier business continuity plans will be recorded for all critical suppliers.			
Update: We have prepared a list of Critical Suppliers and a member of the Procurement team is contacting these suppliers to ensure we have BC plans recorded, this process is ongoing. Estimated time to complete to be confirmed by the Procurement team.			
Why Overdue: This action remains overdue because it relies on third parties providing business continuity plans.			

<u>Follow Up 2022/23</u> GDPR – Training (medium)	Owner: Head of Learning & Development	Original Due Date:	31/03/2023
		Estimated to complete:	Ongoing
Audit Recommendation: There is a low completion rate of mandatory Data Protection training and incomplete training is not being chased by Learning and Development. We will target a 95% completion rate by March 2023.			
Update: The GDPR module has a completion rate of 92%, which is very positive. To support this, mandatory training is tracked and chased by the Learning & Development and Human Resources Teams to mitigate the risk of non-completion. The 8% includes 11 new recruits, 18 volunteers* and 37 on call colleagues. It also includes 55 people on long term sick and other new joiners.			
Why Overdue: As above, a 95% target is very high to achieve. We will leave this action open to continue to monitor progress towards 95% completion.			

<u>Follow Up 2022/23</u> GDPR – Data Flows (medium)	Owner: Information Governance Manager / Head of Procurement	Original Due Date:	31/03/2023
		Estimated to complete:	31/03/2024
Audit Recommendation: The contracts register has not been updated with information flows to suppliers. Supplier information security questionnaires are not consistently completed. We will ensure the Information Asset Register and Contracts Register are updated showing information flows.			
Update: There is a Data Protection Impact Assessment (DPIA) process for all new contracts which reviews the processing of personal data flows. Where there is a data sharing agreement, this is held on the contracts register. Procurement and Information Governance are reviewing historic contracts to ascertain if a DPIA is required, however, this is ongoing. In the Record of Processing Activities (ROPA), Information Governance hold a record of data being processed, but the review for completeness against the contracts register is ongoing.			
Why Overdue: The review of historic DPIA's is expected to take a considerable amount of time and is reliant on working with multiple departments to complete.			

SECTION 7 – EXTERNAL AUDIT ACTIONS – (2021/22 AFR)

Assessment	Issue and risk	Recommendations	Response
Low	<p>Retrospective approval</p> <p>The design of management's internal control around journal authorisation has been found to be deficient insofar as journals are approved after the journal has been posted to the ledger.</p> <p>As such this control can only detect and correct errors rather than prevent them from occurring. This is not a change from the prior year and has been the design of the control for several years.</p>	<p>Management should consider making journal authorisation a prospective control rather than a retrospective control. This is best practice and is often implemented by automated workflows in the accounting system.</p>	<p>It is not possible to implement prospective journal approvals in the current finance system. This will be considered as part of the new finance system where journals will be governed by in-system workflows.</p>
Medium	<p>Delayed approval</p> <p>Journals posted to the ledger should be approved within 1 week of them being posted as part of a weekly control. Our journals work identified that for 7 out of 33 journals tested, the journal was approved after this period.</p> <p>There is therefore non-compliance in the timeliness of journal authorisation.</p>	<p>Management should ensure all journals are approved within the 1 week timeframe. This will require management to put in place arrangements to ensure the control continues to operate when people take annual leave.</p>	<p>The Authority's control environment mitigates the risk of misstatement to the financial statements.</p> <p>Furthermore, the month end sign-off sheet monitors the approval of journals which we aim to approve by the end of the month.</p> <p>It should be noted that the new finance system has an approval workflow for journals, which will improve our approval controls.</p>

<p>High</p>	<p>Deleted journal transactions</p> <p>As part of our work we identified that your system 'Dream' allows users to delete transactions. This is unusual as a typical accounting system doesn't allow users to delete transactions. If a transaction posted to the ledger contained an error, then a new transaction is posted to reverse the impact. In doing so, it retains an audit trail within the ledger. By allowing transactions to be deleted from the ledger, this audit trail is not kept intact.</p> <p>We have performed audit work on the listing of transactions deleted during the financial period. This has not identified any issues which we need to bring to your attention. Nonetheless, we are raising to you the control weakness in your system in that it allows users to delete transactions.</p>	<p>The Authority should perform a risk assessment over the journals control environment and put in place appropriate arrangements to mitigate or resolve the control risk present.</p>	<p>We have implemented a check on deleted journals each month from September 2023.</p> <p>It should be noted that we have changed user access within the system, which means that users can only delete journals prior to posting to the financial system - posted journals cannot be deleted.</p>
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<p>Medium</p>	<p>Related Party Disclosure - Declarations</p> <p>As part of our related party transactions testing, we noted that the Authority had not received a signed declaration from a Director that was in post as at 31 March 2022.</p> <p>Without a signed declaration, management had insufficient evidence to conclude that the related party transactions note in the accounts was complete.</p> <p>Following our challenge, in August 2022, management requested that the director returned a signed declaration form. This form confirmed that the director had no interests and therefore no adjustment was required to the financial statements.</p>	<p>The Authority should ensure they request and receive signed declarations from all individuals identified as related parties under IAS24.</p>	<p>Related party declarations are requested in advance of the financial year end - all related party declarations for the Service Leadership Team have been obtained for 2022/23.</p>
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<p>Low</p>	<p>House sale agreements</p> <p>As part of our testing of disposals, we selected 10 asset sales for testing. Management were unable to provide us with contractual sales agreements for 5 out of 10 of the samples. In order to obtain sufficient appropriate evidence, alternative procedures were performed.</p> <p>Management agreed to provide us with land registry information for each of the 5 assets to prove the legal right of ownership transferred during the accounting period. No issues were identified from this testing.</p> <p>Whilst we were able to obtain sufficient appropriate evidence that the accounts are free from material misstatement, the fact that the Authority did not have the contractual sale agreements in a control deficiency.</p>	<p>The Authority should ensure it obtains and retains key contractual information pertaining to asset sales.</p>	<p>This action was followed up with our legal team at Essex County Council - it is not always possible to obtain signed sales agreements, as these are not always retained by the purchaser's solicitors. We re-emphasised the importance of retaining this information and the legal team committed to reviewing all documentation held for 2022/23 onwards.</p>
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