

STANDARDS AND GOVERNANCE COMMITTEE

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IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

FINANCIAL CHALLENGE 2011/12					
Action plan 2					
Objectives	Appropriate governance arrangements are in place which provide sufficient management and oversight of financial challenge.				
Observations	Our testing of the overall management of the Financial Challenge programme found a couple of areas which could be enhanced. Our testing of the consideration, monitoring, and reporting of risk found that the financial challenge itself is highlighted as a risk in the HFRS risk register, and where relevant, individual work streams have a risk register in place. However, there is not a risk register in place for the overall programme. An overall risk register for the programme could help to identify the risks which may affect more than one workstream, and therefore require closer management, and include additional risks to those for individual projects, such as changes to the savings amount required, or delays in individual projects which impact on other projects. We also found that there is not a detailed programme timeplan in place outlining the phasing of work and savings for each workstream. The production of such a timeplan would assist monitoring of the overall programme and to highlight any interdependencies between projects.				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
Programme timeline to be prepared and reviewed as appropriate.	High	Financial Challenge Programme Manager/	Chief Officer	19/12/2011 extended to 30/06/2012	
Performance Review Team note: The timeline will be presented to and reviewed by the programme board at their meeting of 28 June 2012.					

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Revenue Contracts 2011/12					
Action plan 2					
Objectives	The organisation has a clear procurement strategy and contracts are let in accordance with procedures and legislation.				
Observations	Testing found instances of the long term use of specific suppliers where there is insufficient information to support whether their on-going use is adequately considered. Testing also identified a long standing relationship where the contract was let using the single tender option. However insufficient evidence was available to demonstrate that established Service Orders were followed. Without regular market testing, HFRA may not be obtaining value for money with their long standing arrangements. Unless documented tender processes are followed, there is a risk that HFRA are letting contracts which are inconsistent with established procurement practice.				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
The contract register will be used to approach devolved budget holders prior to contract renewal, any decision to extend will be documented on the register and held by the devolved budget manager. This will be annotated specifically on e-mails to the devolved budget managers when the contracts register is circulated for update.	Medium	Contracts Compliance Officer	Head of Financial and Office Services	30/03/2012 - extended to 31/05/2012 due to collecting financial year spend and updating register	31/05/2012
Market testing will be advised in line with best practice. Devolved budget managers will be encouraged to document and store the results of benchmarking or market testing alongside the existing contract.	Medium	Procurement and Contracts Manager	Head of Financial and Office Services	30/03/2012	30/03/2012

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Contract Standing Orders will also be reviewed and updated to include more detail on the need for continued benchmarking of existing supplier relationship management.*					
Contract Standing Orders will be amended and re-circulated to all managers and this amendment will expand on the current process to document single tender requests.*	Medium	Procurement and Contracts Manager	Head of Financial and Office Services	31/03/2012	

*Update: Contract guidance for managers has been updated. Revisions to contract standing orders are being reconsidered in light of the amendments made in the guidance.

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Creditors 2011/12					
Action plan 2					
Objectives	Orders for goods and services are placed with the most appropriate supplier in terms of cost, quality, and delivery.				
Observations	From our review of the Register of Interests, we confirmed that it was completed by all members of the Senior Management Team (SMT) and was up to date. However, the register is not completed by budget managers. As a result, there is a risk that conflicts of interest may not be declared by staff who are able to authorise expenditure.				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
A declaration is currently made by SMT members and those who are involved in procuring contracts as part of their role. A system will be set up to require all budget holders to declare their interests and update the register.	Medium	Performance Review Manager	Director of Corporate Services	30/06/2012	11/05/2012

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Payroll 2011/12					
Action plan 1					
Objectives	Only employees of the organisation are paid and only for the work performed.				
Observations	<p>Through discussions we found that monthly reports showing official established posts are regularly sent to managers by the Head of Finance and Office Services. However actual staffing lists, including post holder names, are not. There is therefore no reconciliation of posts to actual staff.</p> <p>We obtained a copy of the establishment list and a list of actual staff and compared the two for a total of 23 establishments/ Headquarters sections. There were differences between the two and in some sections/stations there were more staff than posts. Through discussions with HR staff we understand that Group Managers are allowed to balance their retained staff across their whole group and other differences were explained. However, there is still a query over staffing within the Urban Search and Rescue team and this is currently being reviewed by Human Resources.</p>				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
<p>Monthly establishment (budgeted posts) reports are prepared by the Head of Finance and Office Services. Monthly establishment meetings examine the actual establishment against the established posts position and a detailed report explaining the actual establishment vs. established posts is presented to the Human Resources Committee every quarter. The Urban Search and Rescue team is currently being reviewed by Service Delivery and Human Resources.</p>	Medium	<p>Assistant Chief Officer Service Delivery Response</p> <p>HR Manager Workforce Support</p>	<p>Assistant Chief Officer Service Delivery Response</p>	30/06/2012	

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Action plan 2					
Objectives	Permanent and temporary variations to the payroll are valid and authorised, and data is processed accurately and completely.				
Observations	Testing to ensure that sickness absence dates had been input correctly highlighted differences in the recording of sickness for operational staff. There appeared to be some confusion over the return date to be input if it fell on a firefighters non-scheduled working day. We understand that the date of return to be input is the date that they would be well enough to return, whether they are due to work that day or not. There is therefore a risk that sickness absences are not being consistently recorded, which could affect the amount of pay and statutory sick pay received.				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
Communications to all sickness absence inputters will be sent in Routine Notice to ensure a common (correct) understanding, and that procedure is applied.	Medium	HR Manager Workforce Support	Director of Human Resources	30/04/2012	30/03/2012
Action plan 3					
Objectives	Permanent and temporary variations to the payroll are valid and authorised, and data is processed accurately and completely.				
Observations	We tested various pay claims and this highlighted that the Bar Manager authorises her own claims for bar work. There is therefore no independent confirmation or check of her hours claimed. Whilst we appreciate that the amounts involved are not substantial it could place the member of staff in a vulnerable position.				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
The Bar Manager now has her claims authorised by a higher level manager.	N/A	HR Manager Workforce Support	Director of Human Resources	Immediate	30/03/2012

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Action plan 4					
Objectives	Only employees of the organisation are paid and only for the work performed.				
Observations	Testing of 10 new starters files found: <ul style="list-style-type: none"> two instances where there were no references on file. One was for an internal recruitment for a short period of time and in the other instance it was for the appointment of a retained firefighter and although references had been requested there was no evidence of them being received a volunteer had been recruited without evidence of their eligibility to volunteer in the UK. Through discussion with HFRS we established that the policy on volunteers is still in draft and will include consideration of whether visas are required. 				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
<p>With regard to the points raised above. For internal recruitment- where an existing employee is being placed on secondment or in a temporary position we do not take up references for the position. We only undertake reference checking when recruiting a new employee to the organisation. This arrangement applies for employees on multiple contracts also. Staff will be reminded to obtain references.</p> <p>The recruitment of volunteers is a new area for us and as explained we are working closely with a number of existing voluntary agencies to establish best practice in recruiting to these positions. We need to ensure that the 'risk' to the organisation is not outweighed by an overly bureaucratic process that would put off potential applicants in this field.</p>	High	HR Manager Workforce Planning HR Manager Workforce Support	Director of Human Resources	31/05/2012	11/05/2012

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Insurance Arrangements 2011/12	
Action plan 1	
Objectives	A clearly defined and documented procedure is in place to ensure that all insurance claims are recorded and passed to the Authority's insurers within appropriate timescales.
Observations	<p>The majority of claims processed through the insurer are motor related; we therefore carried out the majority of our testing in this area. During the audit we reviewed 21 claims covering the time period from April 2009 to October 2011. From our testing it was established that all new claims are being forwarded to the insurer promptly and within the legal timeframe. From reviewing the Service's motor claims schedules and claims files we found it difficult to establish the current status of claims. Through discussion with the Fleet Administrator, it appeared that she was aware in most cases whether claims were open or closed. However we established that other members of staff had difficulty in identifying open claims from the schedule in the absence of the Fleet Administrator and therefore what action needed to be taken or what information was outstanding. Testing highlighted that in three of the 15 third party claims that were logged with the insurer, it appeared that information had not been provided immediately when requested. In one case, the insurer had advised the Service that they anticipated the claimant's solicitor would issue a disclosure summons if the requested information was not forthcoming, although we were advised that this is standard insurance company procedure.</p> <p>Delays in providing claims information to the insurer when requested or as soon as it is available, could lead to the threat of court action and a delay in payment being made to the claimant and subsequently, the possibility of a reputational risk to the Service. It is noted that some of the more complex claims can take a number of years to complete the legal process, therefore the shorter term delays are less material within the wider timeframe. From a follow up on this issue, we received confirmation from the insurer that there are no internal service procedures that hold up the progression of their claims process.</p>

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Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
The motor claims spreadsheet now has a column that details whether the claim is open or closed.	Medium	Fleet Administrator	Facilities Manager	Immediately	30/04/2012
<p>It should be noted that there are controls in place that ensure that information is provided to the insurer.</p> <ol style="list-style-type: none"> 1. Reminders are sent by the insurer if information is not received. 2. Update meetings are held with staff dealing with passing claims information to the insurer and the Claims Manager, where any issues are raised. 3. If problems persist, or are frequent the insurer's Claims Manager would contact the Fleet Manager or the Performance Review Manager who deals with the overall customer liaison between the Service and the insurer. 4. The Fleet Administrator now has access to the online claims system provided by the insurer, which should assist the review of outstanding cases. 	Medium	Fleet manager	Facilities Manager	Ongoing	30/04/2012
Action plan 2					
Objectives	A clearly defined and documented procedure is in place to ensure that all insurance claims are recorded and passed to the Authority's insurers within appropriate timescales.				
Observations	Following a Road Traffic Collision (RTC), and as part of the reporting procedures included in Service Order SO/10/43 appendix G, an RTC Investigation Report should be completed by a nominated Investigating Officer. A full RTC Investigation Report may not be needed for accidents where only mirror damage is sustained, depending upon the circumstances. The service order is not completely clear when completion of the RTC				

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	<p>Investigation Report is required.</p> <p>From a review of 21 motor claims randomly picked from claim years 2009/10, 2010/11 and 2011/12, we found six cases requiring an RTC Investigation Report as per the Service Order where none was held on the file. We note that one of these cases had only recently occurred when the testing was undertaken. A further five cases were identified where a report had not been completed but may not have been required as per the Service Order due to the nature of the damage.</p> <p>The detailed investigation reports are used to assess the circumstances of the incident, the driving ability of the employee involved, and whether further training is required. These reports are sometimes requested as part of the insurance claims process. There is a risk that if the RTC Investigation Reports are not being completed, all the appropriate action or training may not be undertaken before driving duties re-commence. Although outside the scope of this audit, this risk has an impact upon health and safety and is currently included on the risk register. We note that this area is currently under review.</p>				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
<p>As discussed during the audit, this is an area that the Road Risk Management Group had picked up before the audit commenced. The Health and Safety manager has updated the guidance on safety event investigation, He is now working on the RTC element of investigation with updated guidance which specifies where an investigation is required, and an investigation process that is proportionate to the incident.</p>	High	Health and Safety Manager	Area Manager Service Delivery Response Support	30/06/2012	
<p>Once this is in place, investigators will be trained accordingly. In the meantime, reminders are being sent in respect to outstanding reports where they are required to be undertaken</p>	High	Health and Safety Manager	Area Manager Service Delivery Response Support	31/03/2013	

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Action plan 4					
Objectives	Manual and electronic information is held securely and retained for an appropriate period.				
Observations	<p>When reviewing the year end provision for uninsured losses, we found that the schedule included names and details of employee and public liability claims, as well as details of employment tribunal cases.</p> <p>As the schedule is provided to Hampshire County Council to enable them to compile the year end accounts, supply of this sensitive information is in breach of Data Protection law, for which Service could be liable to penalties imposed under the Data Protection Act.</p>				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
This has been recorded as a breach by the information Compliance Officer, and the matter has been resolved and will not be repeated.	High	HR Business Manager	Director of Human Resources	Immediate	30/03/2012
Action plan 5					
Objectives	A clearly defined and documented procedure is in place to ensure that all insurance claims are recorded and passed to the Authority’s insurers within appropriate timescales.				
Observations	<p>At the start of the audit we were advised that the HR Business team are currently piloting the internal processing and settling of employer liability claims, in an effort to reduce litigation costs to the Service. With the two claims being processed internally the HR Business team established the likely settlement costs using a number of websites. These settlements costs were held on the file and used as a guide throughout the claim process. When the first test claim settlement was agreed, the payment was signed off by the HR Business Manager.</p> <p>Although the advice of an employment lawyer was sought throughout the first claim, there was no independent internal review of the case file or the settlement payment outside the HR Business Team for this claim. There is therefore a concern that the lack of independent review, may lead to questions being raised about the lack of independence in the decision making process. Also, a formalised procedure would need to be put in place to ensure all claims are dealt with consistently, if claims are to be processed this way in the future.</p>				

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Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
<p>Since the date of the audit, one of the two cases has been handed to the insurer to progress.</p> <p>The case that was processed internally was discussed with the Director of Human Resources before payment was made.</p> <p>In future, if the Service makes the decision to process a claim itself, it will be reviewed by the Director of Human Resources before any payment is made.</p>	Medium	HR Business Manager	Director of Human Resources	Immediate	30/04/2012

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External Virtual Private Network Service (VPN) 2011/12					
Action plan 1					
Objectives	The provision of authentication credentials for the external VPN is authorised and securely managed.				
Observations	We did not find evidence of a process to review the active user names for the service. There were 41 entries for user names obtained from the system reviewed when we began the audit, this was reduced by 14 on a subsequent listing. Seven HFRS staff and seven suppliers were removed. Later testing also identified another supplier who no longer required the access. Two of the staff removed had leaving dates in SAP of August and September 2011. A further member of staff with no requirement for the access was identified by contacting current users. Without a regular review of the user names registered in the system reviewed, there is a risk that access is allowed to unauthorised persons.				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
Trigger for regular review to be included in the relevant ISO27001 policy document as this will be reviewed as part of the established information security management system (ISMS).	Medium	ICT Service Delivery Manager	Director of Corporate Services	Immediate	17/05/2012
Action plan 2					
Objectives	The provision of authentication credentials for the external VPN is authorised and securely managed.				
Observations	Third parties such as software suppliers must satisfactorily complete a form called "Third party checklist for Information Security Requirements" before they are given access. At the time of writing this report we had not found two forms out of the nine third parties we identified with access to the service.				
Management actions	Priority (High, Medium, Low)	Responsible Officer	SMT	Target date	Date signed off as completed
Head of ICT has subsequently confirmed sight of the two missing forms.	Low	ICT Service Delivery Manager	Director of Corporate Services	Immediate	17/05/2012