CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY

Internal Audit Progress Report

9 October 2024

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Appendices

KEY MESSAGES

The internal audit plan for 2024/25 was approved by the Overview and Scrutiny Committee at the 22 April 2024 meeting. This report provides an update on progress against the plan and summarises the results of our work to date.

We have issued two reports in final in the areas of Procurement and Management Recruitment Framework. In addition, one piece of work is currently in progress in line with our agreed internal audit plan.

Details of the progress made against the internal audit plan are included at Appendix A.

Communications

We have issued three communications in the areas of:

- Risk Radar
- Emergency services - benchmarking of internal audit findings 2023/24
- Emergency Services News Briefing – August 2024

Appendices

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APPENDIX A: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2024/25

The reports finalised since the last Committee are highlighted in **bold** below.

Assignment	Status / Opinion issued	Actions agreed			
		A	L	M	H
2023/24					
Procurement	**Final – Reasonable Assurance**	**0**	**2**	**1**	**0**
2024/25					
Medium Term Financial Plan	Final – Substantial Assurance	0	2	0	0
Management Recruitment	**Final – Substantial Assurance**	**0**	**0**	**1**	**0**
IT Assets	In Progress				
Key Financial Controls	To commence 14 October 2024				
Control System	To commence 6 January 2025				
Culture	To commence 29 January 2025				
Follow Up	To commence 25 February 2025				
Asset and Fleet Management	To commence 3 March 2025				

APPENDIX B: OTHER MATTERS

Head of Internal Audit Opinion

The Overview and Scrutiny Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report.

Changes to the audit plan

There have been no changes to the plan since the last meeting.

Information and briefings

Since the last Audit Committee meeting, we have issued the following briefings:

Risk Radar

This publication identifies emerging risk themes for the organisation to consider

Emergency services - benchmarking of internal audit findings 2023/24

This paper provides a benchmark for our individual clients, allowing for self-assessment against all of our emergency services (ES) clients.

Emergency services briefing August 2024

In this edition of our news briefing, we draw attention to some of the key developments and publications in the sector, with particular focus on the annual assessment of policing and the new internal governance and assurance fire standard.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams. As part of the Quality Assessment and Improvement Programme, none of your files were selected for Internal Quality Monitoring programme during 2023/24. From the results of the reviews undertaken across our client base, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

FOR FURTHER INFORMATION CONTACT

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EXECUTIVE SUMMARY - PROCUREMENT

Why we completed this audit

We have undertaken an audit of Procurement at Cambridgeshire and Peterborough Fire Authority in line with the organisations internal audit plan for 2023/24. The purpose of the audit was to assess the effectiveness of the procurement process in place for the purchase of goods and services through contracts awarded via tender and quotations, and how the organisation ensures that value for money is considered.

The organisation currently has in place a Commercial Awareness Strategy and a Procurement Strategy, both of which are out of date pending the implementation of the new Procurement Act in October 2024, although both current documents will remain in place until a new single Procurement Strategy has been published. At this point, these will be combined into a single Procurement Strategy, which has been drafted and will be amended accordingly when the new Legislation update is received. Contracts are procured in line with these strategies and signed off at the appropriate level.

The organisations' Contracts Register is maintained on an excel spreadsheet and capture the key details for each active contract. The contracts register also provides details for each contract of the contract owner and the method of procurement e.g. tender process, quotations or by a direct award.

The organisation has a Commercial Team who help facilitate the procurement process to ensure the correct procurement method is utilised.

Conclusion

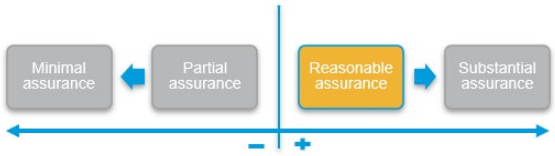
Overall, we found that the organisation had well-established and applied processes for procurement. This was supported by the documentation for each of the sample of contracts chosen. We also reviewed a sample of 10 payments made and confirmed that procurement rules were complied with and that adequate documentation was produced demonstrating that the process had been followed. There are also a number of detailed training slides covering various procurement areas to help guide staff. Though there is no separate Procurement Policy, the Procurement Strategy includes a clear flowchart detailing the processes to be followed. A similar flowchart has also been published on the Intranet.

We were however informed that the Procurement Strategy had not been updated as the new Procurement Legislation is expected to supersede the old one and has many amendments. As such the Procurement Strategy will be updated in line with the new legislation in October 2024.

Internal audit opinion:

Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Key findings

We identified the following weaknesses and issues, resulting in the agreement of one medium priority management action. Two further low priority actions were also agreed, which are included in the detailed findings section below:

Commercial Awareness Strategy and Procurement Strategy:

We confirmed through the review that the procurement strategies are out of date and will remain in place until the new Procurement Strategy has been published. Review of the strategies confirmed they included all relevant areas and though out of date, the replacement strategy has already been drafted by the Authority. When the new Procurement Strategy is finalised, it will incorporate both the above strategies into one and the Commercial Awareness Strategy will cease to exist.

We reviewed the Procurement Strategy and confirmed that roles and responsibilities regarding procurement have not been defined and as such there is a risk that the correct procurement process will not be followed. In addition, when reviewing both these documents, we found that both strategies do not give details such as the date it was last reviewed, the forum where the strategies were approved and the author of the strategy. As the strategies are going to be reviewed, this is an opportunity to include this information as good practice. **(Medium)**

The following controls were found to be well designed and operating effectively:

Procurement Procedure:

Review confirmed the organisation does not currently have any operational guidance regarding the procurement process. Discussion with the Head of Commercial and Business Support identified that this was due to the requirement for any procurement to be discussed with the procurement team, regardless of value, to ensure the correct process is followed. There is however a flowchart as one of the appendices to the Procurement Policy and also a procurement procedure flowchart has been published on the Intranet which provide guidance on the process to be followed.

Procurement Route:

We confirmed through our review of the contracts register that the contracts have been a combination of direct award, quotes or a full tender process. Testing on a sample of five contracts from the contracts register confirmed that the correct process had been followed through direct award, quotes or a full tender.

Compliance with Strategy and procedures:

We confirmed that each year the organisation holds a procurement planning day where the contracts register is reviewed to confirm which contracts are coming up for renewal in the next 12 months to 5 years. Following this, the Head of Commercial and Business Support, alongside the area commanders, will discuss the contracts that have been identified through the contracts register as requiring renewal, both in the next 12 months as well as long term. They are also asked at this point to identify any other contracts on the horizon that they are aware of. This was confirmed by review of a paper to the Policy and Resource Committee 26 April 2023 where the pipeline for the year was included as an Appendix for review.

In addition, all services are requested to contact the procurement service when they have to procure good and services, regardless of the value of the contract. We confirmed through our review that the Procurement Strategy has a flowchart as an appendix, which gives the procurement process to be followed. In addition, the organisation also has a flowchart that is published on the intranet.

Testing undertaken throughout this review confirmed that procurement is regularly discussed

Governance Structure:

Review of the minutes for the Policy and Resource Committee for the month of April 2023, and October 2023 confirmed that an annual update on the 2022-23 procurement activities was provided along with the plans for 2023/24. The paper 'Transforming Public Procurement' was also presented detailing some of the expected key changes to the Public Procurement Regulations, the expected timescales and preparation for these. In addition, a report was also provided detailing the efficiencies that had been gained due to the procurement processes followed. The members requested that waivers also be published by the organisation.

No report was provided to the October 2023 meeting, however, there was information in the Action log regarding commercial activity. This lists the action that was requested by the members regarding waivers information to be published. This was provided by the procurement service.

As part of the governance structure a Project Board is in place for each project. From our sample of five contracts, one was classified as a project (Occupational Health Contract), we confirmed the Project Board will have their first meeting on 11 March 2024, as such no testing could be carried out. However, the project brief was approved in September 2023 and evidence for this was provided.

Purchases - Compliance with Financial Regulations:

For procurements between £5,000 and £25,000 a minimum of three quotations should be obtained, those over £25,000 should be subject to a formal tender exercise. Testing undertaken on a sample of 10 invoices (five over £25,000 and five between £5000- £25,000) confirmed that:

- For the five invoices that were over the £25,000 where a tender was required, no issues were identified.
- For the five invoices that were between £5,000 and £24,999 where quotes were required, only one minor exception was noted as detailed in Section 2 below

In addition, for those where an exemption was required (three instances), this was in place and had been appropriately approved.

Procurement Training

Review of the Commercial Awareness training slides confirmed that the training slides include adequate information and cover areas such as contract management, evaluation, innovation, New Procurement bill, overview of proposed changes, pre market engagement, procurement principles, specifications, value for money and leadership day. We were informed at the time of the audit that the commercial awareness training documents are currently being reviewed and updated in light of the introduction of the new Procurement Act. Other training is provided as required.

Procurement - Financial Regulations:

Review confirmed that the Financial Regulations state:

5.1. All procurement of goods and services shall take place in accordance with the Fire Authority's Standing Orders in relation to Contracts, including compliance with EU directives. No further information is included within the Financial Regulations. Review of the Procurement Strategy confirmed that information regarding limits of the contract and the action necessary (eg. tender process, quotes etc.) has been included, as well as the flowchart that has been published on the Intranet.

We confirmed through the review of ten invoices that appropriate action had been taken in respect of compliance with the procurement process when establishing the procurement route

Roles and Responsibilities - Procurement Team:

We reviewed the document called 'Welcome to the Commercial Team'. This document details the roles of the members of the procurement team and the areas of their expertise. It also gives the thresholds for procurement and what action is necessary.

Key Supplier Dependencies:

We obtained copies of the Tactical Risk Register, Strategic Risk Register and Commercial Risk Tracker. We confirmed through our review that the Tactical Risk Register does not have any risks that have been listed regarding the Key supplier dependencies. We also reviewed the Strategic Risk Register and confirmed that there was one risk, which sits at score 6 on it that relates to Key Supplier Dependencies.

In addition, the Commercial Team had produced a document for internal use to facilitate contract management process to ensure that all risks have been checked and mitigated.

DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Management Action 2	The Procurement Strategy will be updated to include the roles and responsibilities regarding procurement, both for individual services as well as the procurement service.	**Responsible Owner:** Tracey Stradling	**Date:** 30 September 2024	**Priority:** Medium

AUDIT OUTCOME OVERVIEW – MANAGEMENT RECRUITMENT FRAMEWORK

Background: We have undertaken a review of Management Recruitment Framework as part of our annual internal audit plan for 2024/25. The HMICFRS inspection of Cambridgeshire Fire and Rescue Service in 2023 rated the Service as requiring improvement under the head of 'Managing performance and developing leaders'. An area for improvement (AFI) was identified, stating that the Service should do more to make sure staff see promotion processes as transparent and fair. This related to roles at the Group Commander (GC) level and above. The Service subsequently included actions in their People Plan to ensure the AFI is addressed, and has introduced clear and documented processes and procedures to ensure the transparency and fairness of their management recruitment processes. All essential documentation completed as part of the recruitment cycle is retained within Sharefile. In particular, the Service has been careful to ensure clear and transparent internal communications relating to senior vacancies, which are provided to all relevant groups within the organisation, and which clearly set out the recruitment and selection process that will be followed.

Conclusion: We confirmed that the Service has a robust People Plan in place with clear, SMART actions established to address the AFI in relation to management recruitment. Actions have clear owners and deadlines assigned. We reviewed all four senior recruitments at GC level and above (including support equivalents) in the 12 months leading up to our audit. For each of these, we confirmed there had been clear and transparent communications to eligible candidates, clearly setting out the recruitment and selection process. Appropriate job descriptions and person specifications were in place in each case, the requirements of which had been used as scoring criteria in the shortlisting and selection processes. Documentation had been retained demonstrating the robustness of the shortlisting and interview processes, as well as of feedback received from independent external assessors. Selection panels included an appropriate mix of assessors, including representation by the Head of People in each instance. We did note one area of weakness whereby no evidence had been retained of constructive feedback provided to unsuccessful internal candidates.

Internal audit opinion:

Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Audit themes:

- **Feedback to unsuccessful candidates.** For the sample of four senior recruitments, we sought to confirm that constructive feedback had been given to unsuccessful internal candidates with suggested areas for development. No evidence of such feedback was retained on file. We were advised this would be given verbally. However, in the absence of retained, documented evidence, the Service may be unable to demonstrate transparency in the process. **(Medium)**

Good practice:

- **Actions to address HMICFRS Area for Improvement.** We confirmed that the Service has a CRMP People Plan in place, which includes specific actions aligned to the AFI relating to recruitment and the level of perceived transparency in this process. The Head of People was recorded as the action owner, and there was a clear timeline for the implementation of the actions. Progress against AFI actions is monitored through Senior Leadership Team meetings via the Strategic Performance Update reports. We reviewed the SLT meeting papers for January, April, and July 2024, confirming that this report was on the agenda for each meeting, that it contained a clear progress update in relation to the recruitment actions, and that it had been reviewed through the meeting.
- **Internal communications: process.** We reviewed a sample of four senior vacancies at permanent GC+ and support equivalent levels in the 12 months prior to audit. We sought to confirm in the first instance that internal communications had been issued to all relevant individuals regarding the vacancy and the process for applying for that role. In three instances, we confirmed internal emails had been sent to the relevant email groups for each role, and that these were transparent in describing the vacancy and the process for application. We confirmed all relevant documentation was retained on Sharefile. In the fourth instance, no internal communications had been issued as no-one had been identified as eligible internally. We confirmed that the external vacancy advertising documentation had been retained on Sharefile and was transparent in terms of the process.
- **Internal communications: outcome.** We also sought to confirm that communications relating to the outcome of the recruitment process had been issued, and that these were transparent concerning the outcome. We confirmed that in three instances, there was clear evidence of appropriate communication held on file. In the fourth instance, there had been no communications as this related to an extension to a temporary role and not a substantive appointment.
- **Job descriptions and person specifications.** For the sample of four roles noted above, we confirmed that clear documented job descriptions and person specifications were in place and retained on Sharefile. We confirmed through inspection of candidate shortlisting and interview documentation that selection scoring criteria was aligned to the job descriptions and person specifications.
- **Shortlisting process.** For the sample of four roles, we confirmed that shortlisting scoring matrices had been utilised as part of the shortlisting processes. Scoring was aligned to the job role and person specification. Each matrix clearly indicated the outcome of the shortlisting process and had been retained on Sharefile.
- **Use of external assessors.** For the sample of four recruitments, we confirmed that, in each case, at least one independent external assessor had been involved in the selection process, and had completed a feedback form documenting their observations of that process. We confirmed this documentation was held on Sharefile.
- **Interview process and colleague panels.** We reviewed interview documentation completed by members of the selection panel for each of the recruitments in our sample. We confirmed that the selection panels included an appropriate mix of assessors, including the Head of People in each instance. We confirmed that standardised interview forms were completed which were aligned to the candidate scoring criteria, and that these were signed off by the interviewer in each instance. In addition, the candidate with the highest score was consistently the one appointed.

SUMMARY OF MANAGEMENT ACTIONS

The action priorities are defined as*:

High	Medium	Low
Immediate management attention is necessary.	Timely management attention is necessary.	There is scope for enhancing control or improving efficiency.

Ref	Action	Priority	Responsible Owner	Date
1	We will ensure that any constructive feedback provided to unsuccessful internal candidates is clearly documented and retained on Sharefile along with other recruitment documentation.	Medium	Recruitment Partner	Will be implemented in time for next senior recruitment round