



LONDON FIRE BRIGADE

Report title

## Internal Audit – Review of 2020/21

Report to	Date
Corporate Services Directorate Board	14/09/21
Commissioner's Board	21/09/21
Audit Committee	28/10/21
London Fire Commissioner	

Report by	Report number
Head of Internal Audit	LFC-0594

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I agree the recommended decision below.

**Andy Roe**  
London Fire Commissioner

Date **This decision was  
signed remotely 22  
October 2021**

### Summary

This report provides the London Fire Commissioner, responsible for the London Fire Brigade (LFB), with the Head of Internal Audit's annual opinion on the effectiveness of the LFB's internal control framework and details of progress on work undertaken during the year 2020/21.

### Recommended decision

The report be noted.

### Background

1. This report contains the Head of Internal Audit's annual opinion on the effectiveness of the LFB's internal control environment. It also summarises the activities and performance of Internal Audit during the financial year 2020/21. The Mayor's Office for Policing and Crime (MOPAC) provides the LFB internal audit service under a shared service arrangement that has been in place since November 2012.
2. The Head of Internal Audit is required to give an opinion at least annually, and this is based on an assessment of the systems of governance, including risk management and the adequacy of the internal control framework. The evaluation of the internal control framework is taken from risk and assurance audits, advisory work, and the results of any investigations.
3. The LFB governance framework introduced in April 2018 continues to mature and the risk management framework was refreshed during the latter part of the year. The Transformation Delivery Plan aimed at addressing the issues identified by the Grenfell Tower Inquiry and the HMICFRS reviews was launched in January 2020 and continues to be a strategic driver for the LFB. The internal control framework has been assessed as adequate from the work conducted



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during the year. The Head of Internal Audit's overall opinion for 2020/21 is that an adequate control environment has been established with key elements implemented and working effectively. Continuing with planned activity to improve capability, programme governance, risk and assurance activity will be instrumental to increasing maturity and delivering a fully effective framework going forward.



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4. The Internal Audit Annual Report for 2020/21 is attached as **Appendix 1**.

### **Finance comments**

5. Under the Accounts and Audit Regulations 2015 ('Regulations'), a local authority must ensure it has a sound system of internal control which:
- Facilitates the effective exercise of its functions and the achievement of its aims and objectives;
  - Ensures that the financial and operational management of the Brigade is effective; and
  - Includes effective arrangements for the management of risk.
6. In carrying out their duties Internal Audit plays a key role against regulation 5 of the Regulations in helping management to discharge their responsibilities by evaluating the effectiveness of internal control, risk management and governance processes.
7. The Internal Audit arrangements are carried out under a shared service arrangement with MOPAC and the audit reviews are agreed as part of the annual audit plan and managed within the approved budget.

### **Workforce comments**

8. No consolutions were undertaken in relation to this report.

### **Legal comments**

9. The Local Audit and Accountability Act 2014 defines the London Fire Commissioner ('Commissioner') as a 'relevant authority' for the purposes of that Act and the subsidiary legislation, the Accounts and Audit Regulations 2015 (the 2015 Regulations). The 2015 Regulations require that the Commissioner undertakes, "an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance" (regulation 5(1)).
10. The Commissioner's Scheme of Governance sets out, in Part 6 – Financial Regulations, detailed rules covering financial planning, monitoring, control, systems and procedures and insurance. Paragraph 13 of the Financial Regulations stipulate the requirements in relation to internal audit.
11. Under an agreement dated 26 November 2012 the Mayor's Office for Policing and Crime discharges of functions in respect of internal audit functions by on behalf of the Commissioner.
12. The attached report at Appendix 1 is provided in accordance with the legislative and internal governance requirements set out above, and the report author confirms it complies with the Public Sector Internal Audit Standards, which sets the standards for internal audit across the public sector.

### **Sustainability implications**

13. The report is a review of the work undertaken by Internal Audit during the year and does not include any sustainability implications.

### **Equalities implications**

14. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when taking decisions. This in broad terms



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involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.

15. It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
16. The protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), Race (ethnic or national origins, colour or nationality), Religion or belief (including lack of belief), Sex, Sexual orientation.
17. The Public Sector Equality Duty requires us, in the exercise of all our functions (i.e. everything we do), to have due regard to the need to:
  - (a) eliminate discrimination, harassment and victimisation and other prohibited conduct.
  - (b) advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
  - (c) foster good relations between people who share a relevant protected characteristic and persons who do not share it.
18. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
19. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
20. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to
  - (a) tackle prejudice, and
  - (b) promote understanding.
21. An Equality Impact Assessment (EIA) has not been undertaken.



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22. An EIA was not required because this is a performance report on the work undertaken by Internal Audit which does not directly impact staff.

### List of Appendices

<b>Appendix</b>	<b>Title</b>	<b>Protective Marking</b>
1.	Annual Report 2020/21	Not protectively marked

**M O P A C**

**MAYOR OF LONDON**  
OFFICE FOR POLICING AND CRIME

**DIRECTORATE OF AUDIT, RISK AND ASSURANCE**  
**Internal Audit Service to the London Fire Brigade**

**Annual Report**  
**2020/21**

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# Executive Summary

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## Introduction

1. This report contains the Head of Internal Audit's annual opinion on the effectiveness of the London Fire Brigade's (LFB) risk and internal control environment. It also summarises the activities and performance of Internal Audit during the financial year 2020/21. The Mayor's Office for Policing and Crime (MOPAC) provides the LFB internal audit service under a shared service arrangement that has been in place since November 2012.
2. The Head of Internal Audit is required to give an opinion, at least annually, on the effectiveness of the risk and control environment. This is based on an assessment of the systems of governance, including risk management and the adequacy of the internal control framework. The evaluation of the adequacy of control is obtained primarily from risk and assurance reviews. Advisory and compliance work together with the results of any investigations also help inform that opinion. This continues to be a time of significant change for the LFB with increased external scrutiny and an ongoing need to increase efficiency and achieve better value for money whilst maintaining an effective fire service. Internal Audit has, therefore, reported on opportunities for improving efficiency and value for money in all aspects of its work during the year.
3. The Policing and Crime Act 2017 (and amended Greater London Authority Act 1999) led to changes in LFB governance with the creation of the LFC, as a corporation sole, and appointment of a Deputy Mayor for Fire and Rescue. The Directorate of Audit, Risk and Assurance (DARA) audit plan for the year maintained a focus on governance and assurance in recognition of the continued impact of these changes and the challenges associated with delivery of the LFB's Transformation Delivery Plan (TDP) during the COVID pandemic. A significant proportion of the Internal Audit plan was aimed at providing assurance over the delivery of the TDP and the governance arrangements supporting achievement of the desired outcomes from change programmes and project governance. Reviews of business as usual activity in areas such as HR, finance and procurement ensured there was sufficient coverage across areas of strategic importance to the LFB.
4. The internal audit programme evaluates and concludes on the effectiveness of the control environment including the internal control mechanisms that are in place to mitigate risks that could impact upon the achievement of the LFB's strategic aims and objectives.

## Annual Assurance

5. Governance arrangements continue to mature with the introduction of an Audit Committee to provide independent oversight of LFB activities. This was a key deliverable within the TDP. The Committee has been established with four non-executive members to help the LFB to discharge their risk and governance responsibilities in line with recognised best practice. The inaugural meeting was held in December 2020 and regular meetings have taken place with representatives from Internal Audit and LFB senior management in attendance.



## Executive Summary

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6. The risk management framework was further refreshed during the year although there is recognition that there is a need for closer alignment with other strategic plans and objectives including the TDP with its focus on cultural improvements and innovation. Work also commenced on developing a defined assurance framework, as part of a portfolio management approach, to ensure that the first, second and third lines of defence are in place, and that there is adequate assurance coverage. Integrated and effective assurance provision is an essential component of an effective governance framework.
7. These initiatives will provide the LFB with a sound platform for achieving a fully effective control framework in line with their agreed risk appetite. A fully effective control framework is typically designed to maximise efficiency and effectiveness with evidenced and consistent monitoring of activities providing first and second line assurance on the management of risk and the achievement of objectives. The benefits of achieving a fully effective control framework should always be balanced against the costs involved and reflect both current and future risk exposure and appetite. An ongoing assessment of this nature will help to inform the LFB's approach going forward and is an integral part of effective risk management.
8. The need to rationalise and clarify the content of existing policies and procedures has continued as a recurring theme throughout the year although the need to ensure that controls are operating as intended will be addressed by improvements in assurance provision. There is also a need for more evidenced monitoring and review of change programmes and project governance, with clearly defined objectives and the measurement of outcomes at the outset. We recognise, however, that resources are being utilised in this area and that ongoing improvement has to be underpinned by cultural change and more effective leadership to help strengthen the control environment. This will also assist management with the challenges of maintaining operational services against a backdrop of ongoing financial pressures, COVID risks and aftermath of the Grenfell Tower Inquiry and HMICFRS review.
9. When concluding upon the effectiveness of the internal control framework, Internal Audit also considers the work of other assurance providers, the outcome of investigations and advisory work and the results of our follow up programme. Our opinion takes account of work conducted during the year.

The Head of Internal Audit's overall opinion for 2020/21 is that:

An **adequate** control environment has been established with key elements implemented and working effectively. Continuing with planned activity to improve capability, programme governance, risk and assurance activity will be instrumental to increasing maturity and delivering a fully effective framework going forward.

# Governance Framework

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## Commissioner's Board

10. The Commissioner, as a corporation sole, is responsible for the LFB's governance arrangements. To help discharge this responsibility a Commissioner's Board was established and meets fortnightly throughout the year. The Commissioner's Board has an agreed Terms of Reference defining the purpose of the Board and how it works to achieve its objectives. The Commissioner chairs the Board which is also attended by Directors and Assistant Commissioners each with executive responsibility for their respective Departments. General Counsel are also represented. There are no independent members of the Board although the creation of a separate Audit Committee has negated the need for this independent oversight.
11. The Commissioner's Board received assurance reports from management and other key assurance providers including Internal and External Audit and the Risk Management function. These reports, including the Annual Governance Statement (AGS) and the External Auditors' Annual Report, provide assurance to the London Fire Commissioner and key stakeholders about the integrity of the financial information contained within the annual accounts and the mechanisms in place for managing the key risks facing the organisation. The information reviewed by the Board sets out how the LFB ensures value for money, complies with the regulatory framework, protects its people and assets, and demonstrates appropriate business ethics.

## Internal and External Audit Arrangements

12. The need for an internal audit service is laid down in the Accounts and Audit Regulations 2015. Regulation 5 requires the LFB to undertake effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, taking into account Public Sector Internal Audit Standards (PSIAS). This includes a review of the effectiveness of the internal audit function at least once every five years by a qualified external assessment team and is supplemented by an ongoing internal quality assurance process. This forms part of the system of internal control referred to in Regulation 3 below.
13. DARA undertake internal audit work in line with the PSIAS and were found to be fully compliant with these standards following an external quality assessment (EQA) by the Chartered Institute of Public Finance and Accountancy (CIPFA) in March 2019. DARA's internal quality assurance programme continues to ensure that these standards are maintained across the client base.
14. Regulation 3 of the Accounts and Audit Regulations 2015 requires that the relevant body is responsible for ensuring that it has a sound system of internal control, which facilitates the effective exercise of that body's functions and which includes the arrangements for the management of risk. Under Regulation 6, there is a requirement to review, at least once a year, the effectiveness of its internal control systems for inclusion in the AGS. The work of Internal Audit informs that process and has a key role to play in assisting the Director of Corporate Services to fulfil the statutory roles required by this legislation.

## Governance Framework

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15. DARA provided an internal audit service to the LFB during 2020/21 under a shared service arrangement effective since 1 November 2012, and prior to that on an interim basis commencing in September 2011. There have not been any impairments on the independence or objectivity of DARA during the financial year 2020/21.
16. Following a tender exercise by Public Sector Audit Appointments Limited (PSAA) and subsequent consultation with key stakeholders during 2017, arrangements were finalised with the appointment of named audit firms to each individual authority or its successor body. Appointments were made for the duration of five years to commence in 2018/19, with Ernst and Young continuing to provide the External Audit service to the LFB since that time.

## Corporate Governance and Decision Making

17. LFB has defined corporate governance, decision making and performance management frameworks which are regularly reviewed to ensure they continue to meet organisational needs and adhere to statutory requirements. Decisions can be made by officers under the LFC Scheme of Delegation or by the Commissioner as corporation sole. A separate Scheme of Governance is also in place and is reviewed on a regular basis.
18. The AGS for 2020/21 also sets out how the LFB followed the principles of good governance as described in the CIPFA/SOLACE 'Delivering Good Governance in Local Governance Framework'. A London Safety Plan (LSP), which provides the strategic direction for the LFB for the period 2017 to 2021 and the TDP, developed in response to the challenges and issues highlighted in the Grenfell Tower Inquiry and HMICFRS review, set out a new strategic framework consisting of four broad pillars: 'the best people and the best place to work, seizing the future, delivering excellence and outward facing'. This plan emphasises the need for fundamental reform around culture, leadership, innovation and learning and delivery of the plan remains a key area for improvement within the AGS for 2021/22. Effective governance and assurance arrangements will be key to ensuring that strategic priorities are clear, resources are properly allocated in support of delivery and there is timely assurance over programme deliverables.
19. Internal Audit recognised that delivery against the TDP and building the capability to achieve intended outcomes has been a significant area of risk for the LFB and, as such, the 2020/21 annual plan maintained focus on programme and project governance, risk management and assurance. Several reviews in these key areas received limited assurance ratings during the year. These included full reviews of Leadership, Control Implementation Plan and Outreach Programmes, and a follow up review of the Assurance Framework where the rating remained limited. We acknowledge, however, that significant work to strengthen organisational assurance is now taking place within the Transformation Directorate. The outcomes from these reviews were taken into consideration when determining the audit opinion for the year and are also reflected in the AGS as improvement areas.
20. Whilst Governance arrangements are in place to support the delivery of LFB priorities, with finite resources it is important to clarify the relationship between the

## Governance Framework

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priorities in the LSP with those in the TDP, and to ensure that decision making structures and Boards work together cohesively to achieve objectives and ensure effective delivery. Whilst there have been changes to board structures during the year and an Audit Committee has now been established to increase transparency and independent oversight, work on the developing portfolio approach and a further planned governance review of internal board functions, structures and membership, as referred to in the AGS, will help to provide assurance over their effectiveness. The criteria for determining whether decisions are novel, contentious, or repercussive in nature could also be more clearly defined to aid consistency and enhance accountability.

21. The Internal Audit review of the Assurance Framework highlighted the need for management to articulate their assurance needs and to ensure that the framework supports the provision of first and second line assurance activity across the LFB, utilising risk and performance reporting where appropriate. Work on the portfolio approach, risk management refresh and the Community Risk Management Plan are expected to deliver in 21/22 and contain core components of an effective assurance framework. A key implementation challenge will be capturing and reporting on level one assurance activity which provides the basis for an effective framework reporting on the quality and effectiveness of control mechanisms.

## Performance Management Framework

22. In April 2020 there was a move from three to four directorates, with the fourth supporting transformation delivery. There is a published framework of meeting dates for the directorate boards and escalated areas of strategic concern to the Commissioner's Board. There a Brigade Portfolio Board, Operational Professionalism Board, and Operational Improvement Process Oversight Panel.
23. The Commissioner's Board received quarterly performance reports against performance indicators, and updates on key projects through the respective Board structures. Performance reports covering corporate performance indicators, corporate risks, key projects, as well as departmental performance were considered regularly by the Commissioner's Board with an escalation route outside of the LFC to the Fire and Resilience Emergency Planning Committee (FREPP), which is chaired by the Deputy Mayor for Fire and Resilience. Further independent oversight of performance is now provided by the Audit Committee.

## Risk Management Framework

24. In March 2018, the Strategy Committee approved a new risk management strategy (2018/21) together with the roll out of a new risk management framework, which included the documenting and monitoring of corporate risks, but not departmental. The subsequent roll out of the TDP in January 2020 led management to believe that the corporate risks did not necessarily reflect the LFB strategic objectives, nor provide the required insight into barriers that may prevent effective transformation while still continuing with business as usual activities. To address this, there was an overhaul of the risk registers and there is now one corporate, four directorate and one departmental risk register.

## Governance Framework

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25. Risk management is one of several disciplines used to guide strategy, implement Mayoral objectives, and make the best use of resources while acting properly and transparently. It is therefore important that it is properly aligned and focussed on the risks that affect, or are created by, the LFB's strategy and priorities. Whilst the current corporate risks reflect significant areas of concern for the LFB, there is no clear link to strategic aims and objectives and current risk descriptions could more clearly articulate the underlying threats that are the source of the risks. Internal Audit work alongside staff to provide independent assurance and advice on the effectiveness of risk management and the control mechanisms that are in place to mitigate identified risks. Our final audit reports are copied to the Transformation Directorate and any risk issues identified are considered and included within the risk management process.

### Audit and Other Assurance Providers

26. Current best practice recommends the use of a 'Three Lines' model to help clarify roles and responsibilities for assurance provision. Internal Audit, along with External Audit, are responsible for providing independent assurance as a key part of the third line and are part of the LFB's internal assurance framework. Each assurance provider has a distinct role within the process and Internal Audit liaises regularly with the second line groups to discuss their respective plans, approach, and scope of work. Collaboration between the respective assurance providers is essential to ensure that:

- All work is properly co-ordinated
- Any assurance gaps are identified
- Work is not duplicated
- Assurance provision is mapped to key risks

27. This process also provides a mechanism to ensure that resources are used efficiently and effectively and are directed to areas of highest risk and strategic importance to the LFB. Internal Audit will continue to help raise awareness of this approach, and in particular, the benefits of an effective first line.

### Material Systems Work – Key Financial Controls

28. The key financial systems that are material to External Audit's opinion on the financial statements are reviewed by Internal Audit using a risk-based and cyclical approach. This approach was changed during 2020/21 due to the Coronavirus pandemic and the requirement to work from home which impacted upon the ability to undertake appropriate testing. We have completed three key financial systems reviews; Budgetary Control, Covid-19 Response and Transactional testing in the areas of accounts payable, accounts receivable and payroll. The transactional testing review identified that there were issues in the electronic systems in relation to identifying an appropriate separation of duties between individuals who prepare work, and those who review and approve it.

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29. LFB are working towards moving to a new finance system and new HR system which will include payroll. Risks identified during our reviews can be considered to ensure that any new systems introduced include sufficient, effective controls.

### Counter Fraud Work and National Fraud Initiative

30. The Counter Fraud and Corruption Policy and Response Plan are contained within policy documents and are published on the LFB's website. During the year Internal Audit provided advice on the internal LFB review of this policy note to support the Brigade's three-year review requirement.
31. All 2,025 of the referrals from the 2018/19 National Fraud Initiative (NFI) have now been closed. Five duplicate invoice matches led to the recovery of £10k, with four of these classified as errors and one as fraud under the NFI regulations.
32. In February 2021, a further 923 matches were received as part of the 2020/21 NFI. To date, 221 matches have been cleared with no issues identified. In addition, one pensions payment to a deceased person was identified resulting in an overpayment of £3,884 which is being recovered from the surviving spouse's pension entitlement. It is possible that further matches will be received during the biennial NFI period, and all matches received will be appropriately reviewed.
33. The MOPAC Counter Fraud team were also involved with investigation and the provision of advice and guidance in response to:
  - Covid-19 fraud advice from the government, CIPFA and the London Fraud Forum has been, and continues to be, collated and distributed to key contacts.
  - In early August the HR helpdesk received a report from an east London cemetery that had received two suspect telephone calls from what appeared to be the same person claiming to be an LFB employee. Each time the voice appeared to be the same, but a different name was given. The caller requested large sums of money for services they claimed the LFB had supplied to the cemetery. IT reported the matter to Action Fraud.
  - In mid-September 2020 a phishing email to the Payroll Manager purporting to be from a senior IT employee was immediately identified upon receipt and reported to the IT Phishing mailbox. IT reported the matter to Action Fraud.
  - In December 2020 a Special Operations Group officer's email account was compromised to send an email containing a malicious attachment to multiple recipients. Logs showed logons to the compromised account from a Frankfurt IP address which was followed by a failed logon attempt from a Lagos IP address due to the LFB account already being disabled. The ICT Security Manager reported the incident to Action Fraud and was subsequently contacted by National Crime Agency and Metropolitan Police Service. Logs were provided to Metropolitan Police and it is understood they followed up with EU law enforcement.



## Governance Framework

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- A fraud presentation for Fire Rescue Service staff was delivered on 23<sup>rd</sup> February covering the areas of cyber security and Covid 19 fraud risks.
34. In accordance with the government's Transparency Code, the LFB must publish information annually on its counter fraud work. This includes the total number of employees undertaking investigations and prosecutions of fraud, and the total number of fraud cases investigated. The information is published on the LFB website.
35. The 2020/21 outturn was: LFB has not used power under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers. A total of 42 days was allocated to the Counter Fraud team, which consisted of professionally accredited counter fraud specialists and ex-police officers who are qualified by experience. The allocated days were split between the provision of counter fraud awareness as well as the review and investigation of fraud referrals as shown above and NFI work.

# Risk and Internal Control Framework

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## Summary Conclusions and Insight from 2020/21 Audit Activity

36. This section pulls together any recurring themes, trends and issues from the work we have undertaken as part of our planned programme of work. It also summarises some of the key developments that have taken place during the year that will be instrumental in delivering the planned improvements.
37. The creation of the Transformation Directorate with responsibility for portfolio management is a key development and one that will help to drive improvement in organisational governance together with the refresh of the risk management framework and new assurance arrangements. Building organisational confidence and capability to implement and embed these initiatives into working practices will now be fundamental to their successful delivery.
38. The Transformation Directorate is also key to facilitating improved alignment over key strands of business activity across functional and business areas and to securing consistent senior management oversight, particularly over major programmes and projects. The development of a portfolio approach will help to achieve a more consistent corporate approach to programme/project governance whilst securing independent oversight of major change programmes.
39. The need to align key strategic documents and plans is recognised by senior management within LFB. The Community Risk Management Plan is being developed and the strategic risks that affect or are created by the plan will need to be considered and aligned to the corporate risk register in due course. The need to align strategies, business and delivery plans featured in several reviews during the year.
40. There is a need to improve the quality of policies and procedures to ensure they provide sufficient direction to users and enhance delivery of activities and services. Clarifying roles, responsibilities and accountabilities within operational policies and procedures will also help to reduce duplication and system inefficiencies and will provide the means of holding individuals to account where performance dips below expected standards. Ensuring that all policies and procedures are cognisant of risks to delivery with built in controls and routine compliance checks will also provide more assurance over the effective delivery of intended activities and outcomes.
41. Being clear about the purpose and objectives of key activities, programmes and initiatives will help inform decisions around the level and nature of resources (including funding) required for effective delivery. Clearly defining how programmes and business as usual activity will be measured from the outset and designing a mixture of output and outcome measures to facilitate this will improve oversight and allow effective monitoring of progress.
42. Raising awareness around the purpose of, and need for, first line assurance will help to help embed the assurance processes that are being developed. The framework at present focusses on level two assurance but aligning this activity with the day to day level one activity will increase the quality of the assurances provided. Being clear about management information and reporting needs from level one



## Risk and Internal Control Framework

activity and identifying how assurances will be obtained is also a key component. This includes assurances over the effective operation of first line internal controls.



















43. The refreshed risk management arrangements including the re-introduction of departmental risk registers is a key business enabler. At departmental risk level, raising awareness around how risk appetite translates into risk individual responses, particularly where risks are being accepted, and regularly reviewing the risk exposures resulting from key business decisions ensuring they remain within expected risk tolerances, will also help to improve the quality of risk management activity. Corporate risk descriptions could also more clearly articulate the threats that are the source of the risks to provide more insight into the action required to mitigate. At present risk descriptions are a mixture of control weaknesses or are the opposite of the objectives.

### Summary of Internal Audit Activity during 2020/21















44. Overall, Internal Audit work this year has concluded that the LFB internal control framework was adequate. We have issued 40 final audit reports consisting of 16 risk and assurance, 21 follow ups and three advisory reports. An overview of the finding for each review can be found in **Appendix A**.

### Risk and Assurance Reviews

45. The table below lists the 16 risk and assurance reports issued and includes the meeting dates to which the final reports were submitted and the assurance rating which has been highlighted with the status from our assurance criteria which can be found in **Appendix B**.

Ref	Report Date	CB Date	Review Title	Assurance Rating	Design	Application
1)	11/09/20	04/11/20	Operational Assessment and Promotions	Limited		
2)	11/09/20	04/11/20	Recruitment Strategy for Operational Staff	Limited		
3)	28/10/20	24/02/21	Social Media	Substantial		
4)	04/12/20	24/02/21	Contract Management	Adequate		
5)	17/12/20	24/02/21	Environmental Management Systems	Substantial		
6)	13/01/21	24/02/21	Digital Transformation	Adequate		
7)	22/01/21	24/02/21	Key Financial Systems - Budgetary Control	Adequate		
8)	25/01/21	24/02/21	Outreach Programmes – Safety Mobilisation Centre	Limited		
9)	11/03/21	05/05/21	Key Financial Systems – Covid 19 Response	Adequate		

## Risk and Internal Control Framework

Ref	Report Date	CB Date	Review Title	Assurance Rating	Design	Application
10)	25/03/21	05/05/21	Control and Mobilising Improvement Plan	Limited		
11)	31/03/21	05/05/21	Performance Framework – Roll Out and Embedding 360 Appraisals	Adequate		
12)	05/05/21	11/08/21	Environmental Management Systems	Substantial		
13)	06/05/21	11/08/21	Cyber Security	Adequate		
14)	26/05/21	11/08/21	Primary Authority Partnership	Adequate		
15)	18/06/21	11/08/21	Leadership Programme	Limited		
16)	24/06/21	11/08/21	Thematic Review - Management of Special Leave	Limited		

46. The following table provides detail of the assurance ratings provided in relation to the 16 full risk and assurance reviews, along with a comparison to the full reviews issued in 2019/20.

Overall Assurance Rating	2019/20		2020/21	
Substantial	1	8%	3	19%
Adequate	7	59%	7	44%
Limited	4	33%	6	37%
No	0	0%	0	0%
<b>Total</b>	<b>12</b>	<b>100%</b>	<b>16</b>	<b>100%</b>

47. The six limited assurance reports issued were as follows:

- Operational Assessment and Promotions – There was a need to clearly define the framework for undertaking promotion rounds to ensure that a consistent approach is applied and use of plenaries to place successful candidates was not appropriately controlled and documented.
- Recruitment Strategy for Operational Staff – A defined recruitment strategy for trainee firefighters was not in place to rationalise activity and formalise the direction of travel.
- Outreach Programmes Safety Mobilisation Centre – Inadequate governance arrangements were in place for delivering this tri-agency project and a defined framework for measuring the success of the project at completion was absent.
- Control and Mobilising Improvement Plan – There was an ineffective framework for monitoring delivery of the plan both within Brigade and Control and the transformation arena.
- Leadership Programme – There was an inadequate governance framework in place to ensure that the programme was appropriately approved, funded and delivered. A clearly defined post implementation review was also required.

## Risk and Internal Control Framework









- Thematic Review of Management of Special Leave – The design of the framework supporting delivery of this system was not adequate with policies and procedures in need of clarification and refresh to address inconsistency across the four areas.

### Follow Up Reviews

48. The table below lists the 21 follow up reports issued.

Ref	Report Date	CB Date	Review Title	Assurance Rating	Design	Application
1)	24/08/20	04/11/20	Assurance Framework	Limited		
2)	02/10/20	04/11/20	Control & Mobilising and Station End Equipment	Substantial		
3)	05/10/20	04/11/20	FRS Standby Roster System	Substantial		
4)	11/11/20	24/02/21	Delegate Throughput for Babcock Training	Limited		
5)	16/11/20	24/02/21	Workforce Planning	Adequate		
6)	30/11/20	24/02/21	Overtime at the Protective Equipment Group	Adequate		
7)	30/11/20	24/02/20	Road Safety Act 2016 – Section 19	Adequate		
8)	07/12/20	24/02/20	Thematic Review of Driving on Brigade Business	Adequate		
9)	16/12/20	24/02/20	Inclusion Strategy	Adequate		
10)	24/03/21	05/05/21	Processing the GLA Payroll	Substantial		
11)	25/03/21	05/05/21	Sponsorship	Substantial		
12)	08/04/21	05/05/21	Environmental Management Systems	Adequate		
13)	19/04/21	11/08/21	Third Party Data Assurance	Adequate		
14)	10/05/21	11/08/21	Fire Safe and Well Pilot	Adequate		
15)	21/05/21	11/08/21	Disciplinary Framework	Substantial		
16)	28/05/21	11/08/21	Fire Safety Enforcement Framework	Adequate		
17)	14/06/21	11/08/21	Management and Control of Counter Terrorism Funding	Adequate		

## Risk and Internal Control Framework

Ref	Report Date	CB Date	Review Title	Assurance Rating	Design	Application
18)	16/06/21	11/08/21	Recruitment Strategy for Operational Staff	Adequate		
19)	22/06/21	11/08/21	Data Protection Compliance Framework	Adequate		
20)	25/06/21	11/08/21	Identification and Management of High-Risk Legal Cases	Substantial		
21)	07/07/21	11/08/21	ICT Network Resilience/ Topography	Adequate		

49. To further support the annual audit opinion, we provide an updated assurance rating for our follow up reviews. The assurance ratings provided for the 21 follow ups completed have been compared to those from the previous year in the table below.

Overall Assurance Rating	2019/20		2020/21	
Substantial	5	33%	6	28%
Adequate	9	60%	13	62%
Limited	1	7%	2	10%
No	0	0%	0	0%
<b>Total</b>	<b>15</b>	<b>100%</b>	<b>21</b>	<b>100%</b>

50. We liaise on an ongoing basis with the departments concerned to establish the status of the agreed actions arising from these reviews. The outcome is included in updates reported quarterly to the Directorate Boards which enables them to monitor the progress of implementation.

51. To evidence that agreed actions have been fully implemented we perform follow up reviews within six months of the issue of the final report for high risk areas and within 12 months for those that present less risk.

52. In some instances, the lack of improvement in the assurance rating will be due to us raising further actions where the implemented action had either not fully addressed the risk or had led to the existence of a new risk. This highlights the need for managers to fully consider the impact of the changes they make on the risk and control environment. Any further actions we suggest are agreed with management and monitored through the Directorate Boards.

53. For the two limited assurance follow ups; one concerned the Assurance Framework review where the original action was not implemented due to a change in strategic direction in relation to assurance provision. However, Internal Audit have since provided guidance in relation to assurance mapping to help support the development of a new assurance framework. The other limited outcome was in

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relation to the Delegate Throughput for Babcock Training review. All actions had been either fully or partly implemented but delays in gaining approval and introducing an Operational Licence Report governing the LFB's approach to refresher training for operational staff meant that the assurance rating could not be increased.

### Advisory Reviews

54. The table below lists the three advisory reports issued. Due to the nature of advisory reports, while actions are raised no assurance rating is given.

Ref	Report Date	CB Date	Review Title
1)	04/01/21	24/02/21	Digital Transformation Corporate Issues
2)	07/01/21	24/02/21	Operational Support Group – Financial Management
3)	28/05/21	11/08/21	Counter Fraud and Corruption

### Systems Development and Control Advice

55. Internal Audit provide advice and assistance to departments as part of our annual plan. This can be in response to a specific request for assistance or as part of an ongoing arrangement with the department concerned. In addition to the advisory work where formal reports were issued Internal Audit have also provided professional advice against the following:

- Governance Frameworks – guidance on best practice with regards to the establishment of the new Audit Committee, including the Terms of Reference
- Risk and Assurance Frameworks – advice on the emerging risk framework and guidance in identifying first and second lines of defence in relation to assurance.
- Transformation Directorate – provision of advice, in liaison with an external review team – Red Quadrant, in relation to the need for central co-ordination and oversight of ICT projects and business as usual activity.

### Acceptance and Implementation of Recommendations

56. The Directorate Boards were provided with a detailed quarterly update on the status of reported recommendations and/or agreed actions that are outstanding. The figures shown below demonstrate how the control framework continues to improve following the implementation of agreed actions. This approach also provides more transparency and independent scrutiny which are key components of an effective governance framework.

57. From the 16 risk and assurance audits finalised during 2020/21, there were a total of 56 agreed actions, an average of 3.5 actions per report, which is consistent with the 47 for 2019/20 from 12 reports which resulted in an average of 3.9. These

## Risk and Internal Control Framework

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averages are consistent with our focus on fewer more holistic actions which provides LFB staff with the opportunity to review the issues identified from a more strategic perspective.

58. We continue to liaise with the departments concerned to determine the current status of the remaining outstanding recommendations and an update will be reported to the Directorate Boards in our quarterly updates for 2021/22.

# Internal Audit Performance

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## Strategic Approach

59. We continued to use a risk-based approach to our annual planning cycle linked, where possible, to the LFB's corporate and departmental risks. As part of this process we discussed and agreed with Commissioner's Board members and Heads of Service the areas upon which they required objective assurance. We used this approach during our assignment planning and delivery, making sure that our work focussed primarily upon reviewing key risks and areas that were identified as material to achieving business objectives. In addition, we continued to provide assurance on the management of ICT risks. This approach is designed to meet the statutory requirement for an annual opinion on the adequacy and effectiveness of the internal control environment, whilst recognising this is a time of significant change with a demand for improving efficiency and achieving better value for money.
60. Completion of the 2020/21 annual plan has enabled the Head of Internal Audit to provide an opinion on the effectiveness of the control environment, which in turn informs the AGS published with the Annual Accounts. The 2020/21 plan has maintained coverage at 773 days with the approved plan for 2021/22 reducing to 728 days to account for improved efficiencies within DARA and budget savings for the LFB. The plan has been impacted by COVID 19 with the dual challenges of both audit and LFB staff working remotely since the beginning of the pandemic. However, by adjusting our timeframe for delivery of the plan to commencing in June 2020 and completing in May 2021, and by fully utilising the available technology, we have been able to reduce the disruption and provide an annual audit opinion on the adequacy and effectiveness of the risk and control environment. Our opinion is based upon the work undertaken during the year and where appropriate reflected the impact of COVID 19 on the delivery of services. We have worked in consultation with management, striking the appropriate balance between providing assurance, challenge, and advice. We also look to report on opportunities for improving efficiency and value for money in all aspects of our work.

## Planning and Delivery

61. Internal Audit have a range of Key Performance Indicators (KPIs) to monitor performance and identify any areas for improvement. These are both qualitative and quantitative measures.
62. We have completed 98% of the agreed 2020/21 audit plan to report stage, exceeding our target of 90%. Our aim is to complete 90% of our reports to draft report stage, and we have achieved this target with 88% at final, 10% at draft and 2% (1 review) awaiting the issue of the draft report.
63. There has been significant need to reprioritise work and review allocated budgets throughout the year to ensure that the 2020/21 plan delivered against the LFB's key strategic objectives. Continued oversight in this area has allowed Internal Audit to deliver the 2020/21 plan without the need for additional budget being

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allocated to individual reviews. All reviews have been completed within allocated budgets.

64. Internal Audit issue post audit questionnaires to the recipients of full audit reports at the conclusion of each review to monitor the effectiveness of our current programme of work and to identify any areas of improvement or where we could be of assistance in the future. The responses received this year indicate a high level of satisfaction. On a scale of 1 to 5 with 5 being the highest, all responses were 4 or above.

65. We also monitor timeliness at key stages of each review. For the 40 final reports issued the following outturn was reported:

KPI	Target	Result
DARA issue draft report to the client within 15 working days of fieldwork completing for full reviews and 10 days for follow up reviews	90%	97.5%
LFB management respond to draft report within 15 working days of issue of draft report	90%	90% #
DARA issue final report to client within 5 working days of management response	90%	92.5%

66. #The key performance indicator for LFB management to respond to draft reports within 14 working days of the issue of the draft report was initially 87.5% with 6/40 report responses not meeting the required deadline. However, in two cases there were mitigating circumstances that led to a re-appraisal and the subsequent achievement of the 90% target (Cyber and Leadership reviews).

## Working in Partnership

### External Review Agencies

67. Internal Audit has an effective working relationship with the External Auditors, and we work in liaison with them to optimise the use of resources and avoid duplication.

### Audit Forums

68. The MOPAC Director of Audit, Risk and Assurance is a panel member of the CIPFA Better Governance Forum. We also contribute to the London Audit Group and sub-groups set up to exchange best practice on auditing procurement, major contracts, and ICT. Our involvement ensures we keep at the forefront of professional developments and provide a responsive audit service.

### Counter Fraud Groups

69. MOPAC DARA work with other public sector bodies to combat fraud and to develop an effective counter fraud response. We are represented on the steering group of



## Internal Audit Performance

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the London Public Sector Counter Fraud Partnership, which brings together over 120 local authority, central government, and NHS bodies to promote counter fraud activity and share good practice. We will use our knowledge and experience in this area to assist our work in the LFB where appropriate in the coming year.

### Data Analytical Groups

70. Internal Audit have continued to develop use of data analytical software during the year, and this is used where possible to support testing as it enables 100% sampling rather than random sampling. DARA are a member of the IDEA forum to ensure that we are able to use the software to its full advantage.

### Shared Internal Audit Services

71. DARA is the lead internal audit provider to the Greater London Authority (GLA) group, delivering services to the GLA, LFB, London Legacy Development Corporation, Old Oak and Park Royal Development Corporation and also provides a service to the National Police Chiefs Council. This has resulted in monetary savings as well as synergy across the GLA group and provides the opportunity to optimise the use of all available professional and specialist audit skills. We continue to work in partnership with the private sector drawing from a GLA wide framework agreement to meet our specialist ICT audit resource requirements.

### Professional Standards

72. All MOPAC DARA work is conducted in line with professional standards and recognised best practice. The Public Sector Internal Audit Standards (PSIAS) provide the benchmark for the delivery of our service, including the requirement for all of the audit team to be professionally qualified.

### Equalities and Diversity

73. Auditors and investigators receive appropriate training in equality and diversity issues and their performance within the LFB is monitored as part of our internal quality assurance process. All staff have attended a comprehensive programme of equalities, diversity, and inclusion training. Our work is designed to provide as wide a range of coverage of the LFB as is possible and practicable.

## Overview of Completed Reviews

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### 1) Assurance Framework (Follow Up)

We originally reviewed Assurance Framework in November 2018 and concluded our first follow up review in August 2019. Since the previous follow up a significant amount of change has taken place, including the roll out of the Transformation Delivery Plan, the establishment of Transformation Directorate and the recruitment of a Director to head it. Included in the Director for Transformation's remit is the assurance framework, and the work undertaken against our original review has been superseded. As the actions had not been completed, nor an assurance framework established we were unable to increase the assurance rating from limited.

### 2) Operational Assessment and Promotions

This review sought to provide assurance on the effectiveness of the control framework for ensuring approved promotion rounds are completed promptly and fairly, and that applicants have sufficient information to support their progress throughout the process. Our review looked at the processes in place from application stage to promotion/ employment; we did not look at the decisions to undertake individual promotional rounds or how these were advertised.

Areas of effective control included the production of information/ documentation for promotion rounds which are based on role maps with the rounds commencing with the highest rank and concluding with the lowest to accommodate natural gaps caused by progression through the ranks. Statements around valuing diversity are included as standard in adverts and People Services reviewed the protected characteristics in May 2019. Candidates are assessed at the assessment centre against a score of four on scripts provided centrally, and assessors are currently being provided with appropriate training.

This review received a limited assurance rating as key elements of an effective control framework were absent or were not being applied consistently. This included the need for documented guidance and/or procedures for the end to end process to help ensure fairness and consistency; for instance, in determining the content of an advertisement, the scheduling and resourcing assessments, allocating assessors, processing the outcomes from assessments, assigning successful candidates to positions and monitoring compliance to the Public Sector Equality Duty. Providing clear guidance to users provides the framework against which activity can be measured and reported on.

There was also a need to define more clearly the purpose, roles and responsibilities of the plenaries which play a key role in determining the placement of successful candidates. Records of meeting discussions and decisions made at the panels are not documented with the resulting lack of transparency leading to potential challenge and an inability to demonstrate fairness and clear justification for the decisions made.

## Overview of Completed Reviews

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This could impact upon delivery of the Togetherness Strategy objectives. The system would also benefit from a degree of independent oversight from People Services to provide further assurance over its effective operation.

### 3) Recruitment Strategy for Operational Staff

This review focussed on providing assurance over the effectiveness of the current control environment supporting the operation of the trainee firefighter recruitment campaigns to help inform the development of the recruitment strategy going forward.

Areas of effective control included the Recruitment and Talent Board whose remit is to manage interdependencies, discuss current campaigns and identify any areas of good practice or improvement. To support the continual need for trainees, recruitment rounds are undertaken twice each year and Equality Impact Assessments are completed. A programme of training for assessors was also being rolled out to help ensure consistency, there is adequate opportunity for candidates to feed back on their assessment day and metrics looking at the progress of staff through the process are collated and reviewed at the Recruitment and Talent Board.

We recognise that this is a fast moving, developing landscape with considerable activity taking place. External advice has also been sought on key aspects of delivery which is helping to address under representation across the Brigade. This review, however, received a limited assurance rating as key components of an effective control framework were absent or had yet to be applied. A recruitment strategy with clearly defined objectives and accountabilities, aligned to the Brigade's strategic objectives, had yet to be developed but will help to rationalise activity, formalise the direction of travel and support the change processes that are underway. Documenting the assessment criteria for campaigns and creating performance metrics that are linked to objectives and which include all aspects of delivery will enhance oversight and performance measurement. It is likely that further progress has been made since our fieldwork was completed and it is our intention to re-visit this area on an ongoing basis to provide advice and assurance as the framework continues to develop and mature.

### 4) Control & Mobilising and Station End Equipment (Follow Up)

We initially reviewed CAMS and Station End Equipment in October 2017 where we provided a limited assurance rating. We followed up on the implementation of the 10 actions that arose from that report in May 2019 and concluded the control environment had improved with the full implementation of eight of the original agreed actions, and the partial implementation of the remaining two. As a result, two further actions were agreed to improve the management of the key risks. This review followed up on the two medium risk further actions that were accepted and found that both had been fully implemented resulting in an increase in the assurance rating to

## Overview of Completed Reviews

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substantial assurance.

### 5) FRS Standby Roster System

We originally reviewed FRS Standby Roster System in August 2018 which resulted in a rating of no assurance being provided and two high priority actions. We completed a follow up review in June 2019 which identified that both actions had been partly implemented resulting in an improved assurance rating of adequate and two further actions. This review followed up on the two further actions from the previous follow up review which were aimed at further improving the control environment and found that both had been fully implemented resulting in an increase in the assurance rating to substantial assurance.

### 6) Social Media

This review sought to provide assurance that the framework established by management to support the effective use of social media is robust and being complied with.

Areas of effective control included the development of a new policy (PN944 – Social media policy for London Fire Brigade) in May 2019 to provide governance for the use of social media through corporate accounts, and also for individuals. The launch of the policy note was appropriately advertised and following this, a Social Media Accounts Board was established to oversee the approval of any new corporate accounts requested. Access to the corporate accounts is appropriately managed and training is provided on the use of them, which is monitored by the use a dedicated application. This can also be used to monitor platforms for LFB related activity on accounts not belonging to LFB. No actions were raised as a result of this review.

### 7) Delegate Throughput for Babcock Training (Follow Up)

The original report was issued in May 2019 and resulted in a limited assurance rating with one high priority action and three medium ones. The follow up review identified that an Operational Licence report and supporting Training Policy had been drafted, and review of these documents found that they defined the risk critical skills required for operational staff and the frequency of either refresher training or revalidation following initial acquisition. However, the report and policy note had not been approved and promulgated meaning that the original high priority risk had not been mitigated. A further action was raised, and the assurance level remained limited.

Other areas of improvement were the establishment of a cross departmental working group to support more effective scheduling of courses, and the draft Terms of Reference was expected to be approved at the next meeting.

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### 8) Workforce Planning (Follow Up)

The original report was issued in May 2019 and resulted in two medium priority actions. Both actions were found to be partly implemented and no further actions were raised as the key risks identified were being addressed. A recruitment strategy had been drafted and is currently subject to submission to Directorate Boards and then the Trade Unions for consultation, and lessons learnt was a topic discussed at the Workforce Planning Review Group.

### 9) Overtime at the Protective Equipment Group (Follow Up)

The original report was issued in November 2019 and resulted in one high and three medium priority actions. The follow up identified the high risk action was no longer relevant as the overtime identified in the original review was an ongoing need due to staffing shortages; at the time of follow up overtime was no longer used for respiratory protective equipment (RPE) purposes following a successful recruitment campaign and stricter monitoring of workflow. However, if the need for RPE overtime was to return a framework would need to be developed for the use of overtime as its use was outside of Brigade policy. Review would need to include the use of annual leave and weekend working practices. The three medium priority actions were found to be fully implemented.

### 10) Road Safety Act 2016 – Section 19 (Follow Up)

The original report was issued in August 2019 and resulted in two high and two medium priority actions and limited assurance rating. Follow up fieldwork identified that two actions had been fully implemented and two partly implemented. Of the two partly implemented actions; one was high priority and one medium, and both related to Babcock driver trainers and ensuring that their qualification logs and continuous professional development are up to date.

### 11) Contract Management

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) recommended that the Brigade should undertake a review of contract management arrangements of its major suppliers. The objective of the Internal Audit review was to provide assurance on the effectiveness of the control framework in place to meet the objectives of the action plan approved to support the HMICFRS recommendation.

Areas of effective control included the objectives of the action plan being appropriately defined, the actions being clearly documented with allocated action owners and implementation dates. Regular reporting on progress of delivery was taking place to the Transformation Directorate under the Transformation Delivery Plan.

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The report resulted in four medium priority actions; the need for formal review of the contracts register to ensure that it is up to date and accurate, the need to ensure a consistent process for the closure of expired contracts on the database, roles and responsibilities within the contract management framework to be clearly defined and documented and a process for ensuring that contract variation documents have been uploaded.

12) Thematic Review of Driving on Brigade Business (Follow Up)

The original report was issued in May 2019 and resulted in seven medium priority actions. Follow up work confirmed that four actions had been fully implemented, two partly implemented and one not implemented. Key issues outstanding included a review of PN813 (Authority to drive Brigade vehicles) which had not concluded as it had been subject to a major rewrite. Further work was required around ensuring that some operational staff, and non-operational staff who are required to drive, are included in the driving licence database and therefore subject to annual licence checks. No action had been taken around the use of random drugs and alcohol tests for drivers and the risk has been accepted by management.

13) Inclusion Strategy (Follow Up)

We initially reviewed the Inclusion Strategy in March 2018 where we provided an adequate assurance rating. We followed up on the implementation of the five actions that arose from that report in April 2019 and concluded the control environment had improved with the full implementation of two of the original agreed actions, and the partial implementation of the remaining three. As a result, three further, medium priority, actions were agreed to improve the management of the key risks. This follow up of the three further actions found one had been fully implemented, while the two partly implemented actions concerned the development of a Talent Management Framework which forms part of the Recruitment Strategy and the updating of the Harassment Complaints Procedures which was under consultation with staff associations. No further actions were raised as the outstanding issues were subject to an established timetable for implementation.

14) Environmental Management Systems

We undertake an annual review of the Brigade's ability to demonstrate compliance to the ISO 14001:2015 certification for environmental management systems. This year's review focused on clause four (Context of the Organisation) and also the use of data in relation to buildings energy use. No issues were identified, and no actions were raised.

15) Digital Transformation/ Corporate Issues (Advisory)

See 17 below.



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### 16) Operational Support Group – Financial Management (Advisory)

Staffing changes within the Operational Support Group resulted in a request for advice around financial management to support delivery of the service. The report incorporated corporate requirements and best practice frameworks in relation to budget management, procurement and contract management and provided practical advice around implementation within the department.

### 17) Digital Transformation / Digital Transformation Corporate Issues (Advisory)

The objectives of the Digital Transformation review were to provide assurance on the adequacy of the arrangements established to ensure that ICT project development and workstreams meet the needs of the Brigade.

Areas of effective control included the development of the strategy for the period 2020/23 including the vision and setting the direction of travel, and the development of a workplan to deliver work in accordance with an action in the Transformation Delivery Plan.

The report contained two medium priority actions; one around establishing a performance framework to measure delivery of the strategy, which was not agreed by management, but the other around introducing an action log of decisions at management meetings be introduced was accepted.

As part of this review we identified wider issues around corporate grip, co-ordination and oversight of strategy delivery that could impact on effective delivery of individual workstreams in accordance with Brigade needs. These issues are not within the remit of the ICT Department and we agreed with senior management that it would be better to report any corporate issues separately to the Director for Transformation. The resulting advisory report contains suggested actions that could help to inform the activity that is currently underway within the Transformation Directorate.

### 18) Key Financial Systems - Budgetary Control

The objective of the review was to provide assurance on the effectiveness of the control framework in place to support budgetary control in relation to revenue budgets.

Areas of effective control included a defined budget setting process, the availability of Financial Management Guidance outlining the budget monitoring requirements to include monthly and quarterly forecasting and regular financial reporting to the Corporate Services Directorate Board and Commissioner's Board.

Two medium priority actions were raised; one around the need to ensure that the Financial Management Guidance is up to date with regard to staff details and that all

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budget holders and managers should be made aware of its availability. The other was the development of a training plan to ensure that staff had the appropriate knowledge and skills to effectively undertake budget monitoring.

### 19) Outreach Programmes – Safety Mobilisation Centre

The objective of this review was to ensure that the LFB has robust and transparent governance arrangements in place to support the achievement of the multi-agency project and London Safety Plan objectives.

Areas of effective control included notification of the intent to start the project was provided to the Directorate Board, Commissioner's Board and Deputy Mayor for Fire and Resilience as a workstream directly supported the collaboration element of the London Safety Plan. Delivery of the project is monitored via an appropriate dedicated platform and regular meetings take place between the partner agencies to discuss progress.

Two actions were raised; one medium priority around liaising with Finance in relation to use of London Safety Plan funding in the longer term, and one high priority around the governance arrangements in relation to delivery of this programme. This includes use of funding, which was being provided by both the Metropolitan Police Service and the London Fire Brigade, the allocation of roles and responsibilities between the three partner agencies and need to ensure that there is a clearly defined risk management framework to support the delivery of objectives.

### 20) Key Financial Systems – Covid 19 Response

This review sought to provide assurance that following the need to work from home due to the Coronavirus pandemic, changes implemented within the Finance department to move from paper based systems to electronic were appropriately considered and that effective controls remain in place to prevent and/ or detect error or fraud.

Areas of effective control included all paper-based systems being promptly identified, reviewed, and amended to electronic systems, with this overseen by senior staff from within the department. A full audit trail of processing is available through the documentation retained across all areas reviewed, appropriate equipment has been made available to staff to enable them to work from home effectively and action has been taken to assess where home working may not be beneficial for some staff.

The report resulted in four medium priority actions; the need to process and store accounts payable invoices electronically and to dip sample retrieval against all new electronic filing systems to ensure that they are robust, and documents can be located upon request. Another action was to ensure that payroll documentation



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scanned in by the Post Room is emailed to the Payroll team and no other teams within Finance to maintain compliance with the requirements of the General Data Protection Regulation. Also, checking payroll input to reports of processing rather than supporting documentation to increase the likelihood that fraud and error would be detected.

### 21) Processing the GLA Payroll (Follow Up)

We first reviewed Processing of the GLA Payroll in December 2018 and concluded with an adequate assurance rating, and three actions were agreed in order to improve the management of the key risks identified. A follow up review was undertaken in December 2019 where two further actions were raised. This review focused on the implementation of these two further actions and found that both had been fully implemented.

Areas of improved control include; review of the approved signatory list has taken place to ensure that it remains up to date, and the GLA no longer provide details of next of kin with their new starter forms supporting compliance with the General Data Protection Regulation.

### 22) Control and Mobilising Improvement Plan

The review focussed on the framework that has been put in place to monitor the progress made against achievement of the objectives of the improvement plan.

Areas of effective control included approval of the improvement plan at Commissioner's Board and its inclusion in the Transformation Delivery Plan. The vision and outcomes to be delivered are clearly documented, and responsibility for implementation is with the Head of Service. Progress against actions in the plan that relate to the Grenfell Tower Inquiry (GTI) or the HMIC FRS report is reported to the Brigade Portfolio Board allowing for appropriate scrutiny to take place.

The report resulted in four medium priority actions; the need to ensure that risks associated with non-GTI or HMIC FRS actions are appropriately documented and monitored, and that progress against delivery of the plan is appropriately and regularly monitored within Brigade Control, and regular updates against progress of the plan in its entirety are provided to managers outside of the department to allow for appropriate oversight. It was also identified that there had been limited use of a non-approved online application for project management, and we have recommended that Control work with ICT to ensure that there are no risks associated with this activity.

### 23) Sponsorship (Follow Up)

The original report was issued in January 2020 and resulted in four medium priority

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actions. The follow up identified that three of those actions had been fully implemented resulting in improved controls around the clarity of information in the policy note and code of practice, agreement with the General Counsel's department regarding a new standard sponsorship agreement which had been utilised for the new agreement entered into, and the development of a system to ensure that income from those agreements is appropriately received.

An action around location and maintenance of the sponsorship register was implemented, but this has resulted in a further action to update the policy note to include donations.

### 24) Performance Framework – Roll Out and Embedding 360 Appraisals

The purpose of this review was to provide assurance that the framework established by management to ensure that the 360-appraisal process is effective in delivering its objectives is effective.

Areas of effective control included the objectives for the 360 Appraisal process have been defined and documented in a paper taken to the Commissioner's Board. These objectives are clearly linked to the LFB's strategic pillars as outlined in the Transformation Delivery Plan, and in turn, the LFB's documented behaviours. The processes for undertaking the appraisal and setting and the timetables for these have been clearly documented and communicated.

The review resulted in two medium priority actions; guidance for the Middle Manager round required finalisation and dissemination, and a need to develop plans for a post implementation review against the achievement of the original stated objectives in the report to the Commissioner's Board.

### 25) Environmental Management Systems (Follow Up)

The original report was issued in July 2019 and resulted in three medium priority actions. Our follow up work identified that all three actions had been fully implemented resulting in an improvement in the control environment in relation to the timeliness of the receipt of data from the contractor, the validation of that data and the availability of environmental documentation, including meeting minutes.

### 26) Third Party Data Assurance (Follow Up)

The original report was issued in June 2019 and resulted in four medium priority actions. The follow up found that three of these had been fully implemented and one partly implemented. The partly implemented action was round the termination of unused third party IT accounts where exercise had been undertaken to identify and close the unused accounts Internal Audit found that the outcome of the exercise had not been successful as the data had been impacted by an unknown Microsoft

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process. A further action was agreed to finalise this work.

### 27) Environmental Management Systems (Follow Up)

We first reviewed Environmental Management Systems in August 2018, which resulted in an adequate assurance rating and three medium priority actions. Our follow up review in January 2020 identified that all three of those actions had been implemented, and the assurance rating was increased to substantial. However, it also identified that attendance at the quarterly Sustainable Development Working Group meetings was not consistent and one further action was agreed to improve attendance. This follow up review found that the action had been fully implemented through further review of attendance and the Terms of Reference for the group.

### 28) Cyber Security

The objectives of the review were to provide assurance on the degree to which the LFB manages and mitigates the risks associated with cyber security threats impacting the confidentiality, integrity and availability of systems and data. This review covered separate areas of cyber security to the review of ICT Network Resilience/ Topography which was completed in September 2019 and followed up this quarter (see paragraph 3.16). This review covered seven key areas; cyber risk management and governance, boundary firewalls and internet gateways, secure configuration, user access, malware protection/ antivirus, patch management, protective monitoring, and mobile device management.

The review resulted in an adequate assurance rating and six agreed actions, one high priority and five medium actions. The details of the findings have not been excluded from this report to support effective ongoing cyber security.

### 29) Fire Safe and Well Pilot (Follow Up)

The original report was issued in December 2019 and resulted in three medium priority actions. The findings in our original review primarily related to the identification of lessons learnt from the roll out and delivery of the project, with a view to supporting effective project and programme management going forward. Follow up work identified that none of the actions had been satisfactorily implemented. A post project evaluation report was presented to the Operational Delivery Directorate Board and a decision made on the future of the project, however, the lessons learnt issues were not brought out in the final evaluation report to ODDB or through a separate review of the project delivery within Community Safety. One further action was agreed to produce a lessons' learnt report for the pilot.

### 30) Disciplinary Framework (Follow Up)

The Disciplinary Framework was reviewed in July 2018 and were able to give adequate assurance at that time. Six medium priority actions were agreed to

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improve the management of the key risks identified with agreed deadlines ranging between 31 July 2018 and 30 June 2019. A follow-up review was carried out in December 2019 which concluded that five of the six agreed actions had been implemented, raising the assurance level to substantial. The remaining action was found to be partly implemented resulting in one further action. This review followed up on the implementation of that further action and it was found that the quarterly reporting of theft, fraud and/ or corruption, or other financial irregularity identified through the disciplinary framework had not been progressed. The action has been raised again as this reporting forms part of policy note 568 (Counter fraud and corruption policy).

### 31) Primary Authority Partnerships

The objectives of the review were to provide assurance over the robustness of existing controls and the processes in place to support the effective delivery of fire safety advice to partner organisations, and the subsequent implementation of actions by partners.

Areas of effective control included having defined processes for taking on new partnerships and for delivery of work to the approved partners. There was also ongoing consideration given to whether the governance framework was adequate, and changes were made and communicated as appropriate.

The review resulted in one high priority action around the timeliness of agreeing partner hours for the financial year and raising invoices for the charge. It also resulted in seven medium priority actions around ensuring that the hourly rate charged to partners has been appropriately determined and agreed, completion of a risk assessment to understand the potential impact on the Brigade of low usage of agreed hours as a result of Covid, documenting background checks on new partners, ensuring that an up-to-date copy of each contract is on file, introducing a central monitoring process to support service delivery, ensuring that annual reviews are performed and documented and a review of team resilience due to staff leaving.

### 32) Counter Fraud and Corruption (Advisory)

Brigade policies are subject to three-yearly review, and PN568 (Counter fraud and corruption) was due for review in July 2020, however this was delayed due to the Covid pandemic and the availability of resources. Internal Audit provided advice and guidance on policy content and the supporting action plan and assurance that practice was in accordance with policy.

### 33) Fire Safety Enforcement Framework (Follow Up)

The original report was issued in January 2020 and resulted in five medium priority actions. Our follow up work found that one action around revising and republishing

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FSIGN 304 (Investigation of possible offences) had been fully implemented. Three further actions around ensuring the team are aware of legislative changes, updating FSIGNs 305 and 306 which cover elements of the prosecutions and cautions process and defining a risk based framework for allocating cases were found to be partly implemented, and further actions have been raised against each. One action was found to be not implemented, and this was around the provision of more quantitative and qualitative management information to the Deputy Assistant Commissioner (Fire Safety).

34) Management and Control of Counter Terrorism Funding (Follow Up)

The original report was issued in September 2019 and contained seven medium priority actions. Follow work found that four actions had been fully implemented, while three were partly implemented. The partly implemented actions were around sign off for mass casualty response work funding, review of marauding terrorist attack project documents and development of reporting arrangements following the merger with the Control team. Three further actions were raised as a result of these findings.

35) Recruitment Strategy for Operational Staff (Follow Up)

The original report was issued in September and resulted in three medium priority actions. Two of the actions were found to be fully implemented. However, the recruitment strategy had not yet been approved and published therefore one further action was raised to ensure that this work was appropriately completed.

36) Leadership Programme

The objectives of the review were to provide assurance on the adequacy of the framework that has been put into place to support the development and delivery of the leadership programme.

Areas of effective control included; sign-off of the programme at Commissioner's Board and completion of an Equality Impact Assessment. Regular and adequate scrutiny is undertaken as programme and project progress is reported monthly to the Transformation Board as part of the Transformation Delivery Programme. Programme delivery is managed as business as usual activity within the Cultural Change team, where management information available in relation to programme delivery is reviewed by management as appropriate.

The review resulted in four medium priority actions. One was around the need to ensure that costings are appropriately calculated and budgets secured at the outset, and others around developing a risk management process for the programme, ensuring that there is an appropriate location for maintaining programme changes and defining the content of the post implementation review process to ensure that achievement of programme objectives can be effectively assessed.

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37) Data Protection Compliance Framework (Follow Up)

The original report was issued in January 2020 and resulted in five medium priority actions. Follow up work identified that two actions had been fully implemented and three partly implemented. One of the partly implemented actions was around the development of an information asset register that was not scheduled to be completed until December 2022, although the information in the privacy notices was being used as an interim register. The remaining two were finalising a defined reporting framework for data protection activity and delivering training to staff. Three further actions were agreed with management.

38) Thematic Review of Management of Special Leave

The objective of the review was to provide assurance on the robustness of the management of special leave for uniformed officers.

While a policy note was in place and within its three-year review period the audit identified that the application of the policy was inconsistent across the Brigade. One high priority action was raised around the undertaking of a holistic review of the policy and procedures to redefine the strategic approach and highlight general principles of the policy, and also the completion of an equality impact assessment to ensure processes are inclusive. A second, high priority action was raised in relation to compliance to data protection regulations. The current system is paper-based with forms sent through the internal post to the post room for scanning onto the employees e-Performance Record File via a number of teams, and there was evidence of the forms becoming lost during the process.

One medium priority action was also agreed to ensure that once the policy and framework had been refreshed roles and responsibilities in relation to oversight and scrutiny were defined and applied.







39) Identification and Management of High-Risk Legal Cases (Follow Up)

The original report was issued in January 2020 and resulted in three medium priority actions, all of which were found to be fully implemented resulting in an increase in assurance rating to substantial.

40) ICT Network Resilience/ Topography (Follow Up)

The original report was issued in September 2019 and one high and four medium priority actions were agreed with management. The follow up found that the high priority action had been fully implemented, while two medium actions partly implemented and two not implemented. The details of the findings have not been included in this report to support effective ongoing cyber security.

## Assurance Criteria

ASSURANCE RATING	ASSURANCE CRITERIA	BUSINESS IMPACT	CONTROL	
			Design	Application
<b>Substantial Assurance</b>	The control framework is sound and operating effectively to mitigate key system risks.	Risks are managed effectively to provide assurance that business objectives will be achieved.		
<b>Adequate Assurance</b>	The control framework is adequately designed although some controls are not operating effectively to mitigate key system risks.	Risks are generally managed effectively although some improvement in the application of controls is required.		
<b>Limited Assurance</b>	The control framework is not designed adequately, and a number of key controls are absent or are not operating effectively to mitigate key system risks.	Risks are not being managed adequately with improvement in the design and application of controls required to achieve business objectives.		
<b>No Assurance</b>	The control framework is not in place and existing controls are not operating effectively to mitigate key system risks.	Risks are not being managed, and significant improvement to the overall control environment is essential to achieve business objectives	