



Business Assurance and Risk Management

Asset Management System Audit Report - FINAL (Ref-21/10)

Auditors

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Management Summary

Introduction

The Asset Management System audit was undertaken as part of the 2020/21 Internal Audit plan, agreed by the Overview and Audit Committee. The audit was undertaken during quarter three of 2020/21.

The Asset Management System audit reviewed the Fire Authority's arrangements for the purchase, custody and issue of assets, covering operational equipment and property assets. It is vital to the achievement of the Fire Authority's strategic objectives to ensure that there are robust controls in place, preventing the loss or misuse of assets. It is also essential to ensure that the necessary stock and equipment is held.

Audit Objective

Internal Audit's objectives for this audit were to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls in place to manage and mitigate financial and non-financial risks to the system.

This serves as a contribution towards the overall opinion on the system of internal control that the Chief Internal Auditor is required to provide annually. It also provides assurance to the Section 112 Officer that financial affairs are being properly administered.

Scope of work

The audit activity focussed on the following key risk areas identified in the processes relating to the Asset Management System:

- Asset Management Governance
- System Transactions and Records
- Asset Management Planning, Policies and Procedures
- Management Information
- Recording of Assets
- Asset Base Verification and Reconciliation to Finance System
- Additions
- Disposals

The audit also followed up on the findings of the 2018/19 Stores audit.

The audit considered the controls in place at the time of the audit only. Where appropriate, testing was undertaken using samples of transactions since the beginning of the current financial year.

Table 1: Overall Conclusion

Overall conclusion on the system of internal control being maintained	Partial
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RISK AREAS	AREA CONCLUSION	No. of High Priority Management Actions	No. of Medium Priority Management Actions	No. of Low Priority Management Actions
Asset Management Governance	Substantial	0	0	0
System Transactions and Records	Partial	2	3	0
Asset Management Planning, Policies and Procedures	Partial	1	0	0
Management Information	Reasonable	0	1	0
Recording of Assets	Limited	3	0	0
Asset Base Verification and Reconciliation to Finance System	Substantial	0	0	0
Additions	Substantial	0	0	0
Disposals	Substantial	0	0	0
		6	4	0

Appendix 1 provides a definition of the grading for each of the conclusions given.

Asset Management Governance

The Financial Regulations were last updated in September 2019 and outline the Executive Committee's role in the Asset Management System's governance.

The Financial Regulations include the Terms of Reference of the Executive Committee. Its objectives relating to the role in overseeing the Asset Management System are:

- To consider and determine the annual programme for the replacement of vehicles and other major capital schemes
- Consider and advise the Authority on the financial effects of significant development strategies, plans, major acquisitions, contracts etc.
- To oversee the use of land and property and other significant resources (e.g. information technology, vehicles and communications equipment)

The Financial Regulations also state that: "Directors and second-tier managers should ensure records and assets are properly maintained and securely held in a method approved by the Chief Finance Officer. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place."

The Contract Standing Orders document provides more specific requirements relating to the acquisition and disposal of property and non-property assets.

The Asset Management System's governance was operating in line with the Financial Regulations, Contract Standing Orders and the Fire Authority's Scheme of Delegation.

There is a contract with Redkite for the provision of the Asset Management System. The contract outlines, among others, Redkite's responsibility for hosting the system on secure servers, obligations regarding system security, recovering corrupt files and software upgrades. This contract was signed in April 2019 and is valid until March 2022. We also confirmed that the contract was signed and dated by appropriate representatives of BMKFA and Redkite Systems. A tender process was not carried out as the contract's value is £9,000 per year, under the £10,000 threshold at which a tender process must be completed.

System Transactions and Records

Members of the Asset Management Team and Property Team can add or remove assets on the system. Only the Asset Management Systems Officer and two other Asset Management Team members can create a new user on the system. When adding a new user, the HR department informs the Stores mailbox that user access is required.

Reports of users can be run from RedKite based on individual access levels. An Access Level Report was obtained for users with access level 'Equipment change location access'. Compared to a list of all BMKFA staff, all users on the list were found to have roles that require them to move equipment between locations.

The Asset Management Technician established that Leaver emails are automatically sent by iTrent (the Payroll system) when a Leaver is actioned. Emails are sent to the Stores mailbox, including a checklist of actions to be completed before the employee's leave date. However, our review of the email sent out found that removing leavers from the Redkite system is not included on the checklist.

A report of employees who left the Fire Authority's employment between April and November 2020 was obtained from the Payroll and Benefits Manager. From a sample of five leavers, the following was found:

- All five users were granted appropriate access levels for their job role.
- In one case, the leaver was no longer listed as a user on Redkite. In the remaining four cases, the leavers were still listed as users in Redkite, with all four having Requisition access.
- In one case, the leaver did not appear on a system report of users with 'Equipment change location access'. In the remaining four cases, the leavers were listed on this report, meaning they have access to move an asset's location on Redkite.

Redkite is not anchored to the Fire Authority's IP address. This means it can be accessed from a personal computer and accessed by leavers listed as active users who no longer have physical access to the Authority's buildings and computers.

Review of the Redkite website and contract found that sufficient provisions were made for system back-ups as part of the 'Free Hosting' service, with systems and data backed up incrementally every day with a full back-up carried out every Tuesday. The data is retained at two secure sites. Provisions for system recovery are made within the RedKite contract. However, the contract does not include an agreed time frame or KPI for the system to be reinstated in the event of system failure.

Through discussion with the Asset Management Technician and a walkthrough of the handheld scanner process with fire crews, it was noted that a security alert appears every time the scanner is switched on. The warning states that the security certificate has expired or is not valid. Further discussions noted that Microsoft no longer supports the version of the operating system on the scanners. This presents a vulnerability to external attacks wishing to access the system's data.

Discussion with the Asset Management Team established that, at the time of the audit, the Asset and Equipment Manager had been out of the business for three months. Therefore, the Asset Management Technician picked up the majority of responsibilities regarding the Asset Management System. Also, telephone calls still had to be made to the absent Manager in certain situations. The Technician stated that he was still learning what she used to do. Many of the processes, other than the core Redkite processes, were found not to be documented. The Manager appeared to be the only staff member trained in carrying out many of these tasks demonstrating a resilience issue in the team.

A business continuity control was recently implemented which consists of a logbook to manually record breathing apparatus (BA) cylinders and their location. This was following an incident in which there was a contaminated cylinder containing oil and moisture due to a faulty air compressor. This issue was picked up as the result of a spot check but had it not been detected, it could present a risk to a fire-fighter's life. A lessons-learnt document was produced by BMKFA and shared nationally with other Fire Authorities.

Asset Management Planning, Policies and Procedures

The Capital Strategy, Property Strategy and Fleet Strategy were obtained from the Director of Finance & Assets. All three strategies were approved by the Executive Committee, with the Capital Strategy being approved during the audit by the Executive Committee on 18 November 2020. The three strategies include five-year plans covering all assets of significant value.

User guides produced by Redkite are available on the Redkite application. This includes separate user guides for Stores, the Equipment Management System (dated February 2020) and the handheld scanners used as part of the Equipment Management System (dated May 2015). We established that these guides are updated in line with system updates, and all are up to date with regards to current processes.

The Asset Management User Guidance Note dated March 2019 was obtained from the Asset Management and Equipment Manager. It includes a version number and the date approved but does not provide a date for subsequent review, however the guidance was found to be up to date. This addresses the finding from the 2018/19 Stores audit regarding the update of policies and procedures.

Training was also available for Redkite users when it was first rolled out in 2014. Slides for the training are available on the system. However, discussion established that no formal training is provided to new users and instead receive 'cascade training' (on the job training).

While the user guidance obtained was deemed adequate covering user processes with sufficient detail and clarity, there were processes not documented, including tasks carried out by the Asset Management and Equipment Manager, Asset Management Technician, and the Stores/Mezzanine that feed into RedKite.

Through discussions with staff, it was apparent that there was little awareness between team members and the Station Commander Research & Development of what other team members do. Especially of the processes carried out in the Mezzanine regarding storing, identifying, recording and distributing equipment.

Management Information

The Property Manager and Facilities Manager established that KPIs are in place regarding response times for rectifying property defects. Defects are split into three categories: Red (the most urgent - critical to operations), Amber, and Green. These performance indicators are measured and recorded in RedKite. Discussion with the Property and Facilities Manager established that site visits had been reduced to a minimum as a result of measures to control the spread of Covid-19. Contractors had been sent out only in the case of Red defects and for some Amber defects.

Discussion with the Asset Management Team and review of RedKite found that the annual independent stock check was due to be carried out in March 2020. As a result of Covid, this was cancelled, and no new date was set. The most recent independent stock check recorded in RedKite was completed on 1 April 2019.

Recording of Assets

Assets are tested and inspected periodically in line with a pre-determined schedule to identify any faults or defects and to confirm that the asset is present. Discussion with the Station Commander established that the frequency of tests is dependent on the asset. Details of the test and frequency are provided by

the manufacturer and/or set nationally (usually in the Fire Service Manual). Test schedules and instructions are loaded into Redkite by the Asset Management and Equipment Manager. Regular inventory checks are also carried out by Fire Crews and the Asset Management team. These can be either ad-hoc or as per a schedule loaded onto Redkite.

On 12 November 2020, we visited Beaconsfield Fire Station to conduct walkthroughs of the Duty Watch equipment testing processes. During the visit, there was a discrepancy between the number of tests due (as seen on the report generated by the Station Commander) and those listed for crew users. For example, 87 due tests were listed for the Station Commander for appliance 51P1, but only three listed on the same report as viewed by a crew user account.

Review of the report run from Redkite found that 286 of the 288 tests listed had passed the due date as of 12 November 2020. One due date recorded as 13 February 2014 and 118 listed as having due dates 2019 or earlier.

A similarly high number of overdue tests were noted for Aylesbury Fire Station as of 3 November with all 179 tests outstanding. Through discussion with the Station Commander, we were unable to establish whether these tests had been carried out or whether this was a system issue or data quality issue.

A sample of 20 assets listed on Redkite was examined to confirm whether equipment tests and inventory checks were carried out promptly and accurately recorded on Redkite. The period covered was from November 2019 to November 2020. Of the 20 assets tested:

- In nine cases, assets were tested in line with the frequency required by tests loaded onto Redkite. In 11 cases, they were not.
- In 16 cases, the most recent test listed on Redkite was promptly carried out considering the previous test date. In four cases, the most recent test was not carried out within a timely manner of the last test.
- In one case, no inventory checks or tests had been carried out since March 2018. In two other cases, an inventory was carried out promptly. However, no tests were carried out on the equipment since 2018 or earlier. In one of these cases, the most recent test was listed as being carried out in October 2014.
- One asset was not found during an inventory check.

A sample of 25 items was selected from the report of current assets generated from Redkite to check whether the assets could be found in the Stores and Workshops area. Of the 25 assets:

- Nine assets were found in the location listed on Redkite. In 16 cases, the asset could not be found. In one of these 16 cases, the asset had no barcode number or serial number. Therefore, this asset may have been present in the Stores area, but there was no unique identifier in Redkite that could be matched to the asset in Stores.
- In all nine cases where the asset was found, it was marked with a barcode label or sticker or engraved with the barcode number.

A further sample of 25 items was selected at random from the Stores area to check whether the assets could be identified on the Asset Management System. Of the 25 chosen assets:

- In 18 cases, the asset had a label or tag with the barcode number. Seven did not. Three assets had a serial number of the seven that were not marked with a barcode label or tag. However, the serial number was not found recorded in Redkite.

- In the 18 cases where the asset had a barcode label or sticker or was engraved with the asset number, nine were found on Redkite. The remaining nine assets could not be identified on Redkite.
- For the nine assets identified on Redkite, eight had their location correctly recorded on Redkite. However, the remaining asset was found in Stores but was listed on the system as being in Stokenchurch.

Further testing was carried out during a site visit to Beaconsfield Fire Station to determine whether the issues raised above were limited to Stores. A sample of ten assets was selected from Redkite. Of the ten assets selected:

- Eight assets were found at the Fire Station, and two were not found. One of the assets not located was a battery for a handheld radio. Discussion with the Station Commander and Beaconsfield fire crew established that these are always listed as auxiliary equipment linked to the station and are not scanned when moved to an appliance or someone takes it with them. However, during the audit visit, the fire crews searched the station appliances (vehicles) for the asset, and it could not be found.
- Of the eight assets found, seven were marked with a barcode label tag or number. One asset was not marked or labelled.

A further sample of 10 items was selected from around the Fire Station to check whether the assets could be identified on the Asset Management System. Of the 10 assets selected:

- All ten assets were marked with a barcode label or tag.
- All ten assets were identified on Redkite as being in the location where they were found.

Stock checks are periodically carried out by both the Asset Management Team and independently. Results should be recorded on Redkite. However, no stock checks were recorded on RedKite for 2020/21 as of November 2020. At the time of the audit, a stock check of radios was being undertaken by the Asset Management Team and recorded manually. However, no record of this stock check could be found on Redkite.

Asset Base Verification and Reconciliation to Finance System

The 2018/19 Stores audit found no assurance that the values maintained on Redkite were the same as those maintained on the General Ledger. A recommendation was raised suggesting that the Asset Management System is interfaced to the General Ledger if possible.

The Trainee Accountant and Principal Accountant established that Redkite could not be interfaced into Integra. All interaction between the two systems has to involve manual processes.

To address this issue, an 'Operational equipment Redkite' cost element was set up on Integra by Finance, along with a query used to run reports of purchase orders raised against this code. A Purchase Order report was also created in Redkite for orders with a PO number. This is run monthly by the Principal Accountant (Management Accounting).

We confirmed that monthly reconciliations are completed by the Trainee Accountant as part of the monthly data upload process and sent to the Principal Accountant (Technical Accounting) for him to check and sign off. This process was deemed to be sufficient.

Additions

A walkthrough of the purchasing and goods receipting process confirmed appropriate segregation of duties when purchasing new stock. The Asset Management and Equipment Manager usually requisition orders. Testing of the ordering process for the Fire Authority as a whole will be completed in detail in the Core Financial Controls audit.

We established that an Asset Valuation is undertaken by Bruton Knowles annually. The most recent report, dated 31 March 2020, was obtained and we confirmed that the previous valuation was completed on 1 April 2019. A full asset register with asset values, including operational equipment, is maintained by the Director of Finance and Assets.

Disposals

In October 2020, 154 operational assets were approved for disposal, consisting of 54 capital assets and 100 assets listed as stock items. These assets were identified by the Station Commander Research & Development and Asset Management Team as being surplus to requirements, with potential buyers for the equipment. This request was subject to adequate check and challenge from Finance, including reviewing these items against the asset register. Asset disposal forms were completed by the requestor and approved by the Director of Finance and Assets in each case. Our testing covered the entire population submitted in the current financial year and found that the appropriate authorisations were received in each case. Land and Buildings considered for disposal are subject to additional review by Fire Authority members.

Table 2: Detailed Audit Findings and Management Action Plan

Finding 1: System Transactions and Records – Leaver access not removed	Risk Rating	Agreed Management Actions
<p>When an employee leaves the Fire Authority's employment, the Asset Management team is notified by way of a Leaver email sent out by HR. The employee's access permissions to all BMKFA systems, including Redkite, should be removed as part of this process.</p> <p>A sample of five former employees who left between April and November 2020 was examined. Of these five leavers:</p> <ul style="list-style-type: none"> • Four were listed as current users in RedKite, with all four having Requisition access. • Four leavers were listed on a Redkite system report of users with 'Equipment change location access', meaning they have access to move an asset's location on Redkite. <p>Redkite is not anchored to the Fire Authority's IP address. This means it can be accessed from a personal computer and accessed by leavers listed as active users who no longer have physical access to the Fire Authority's buildings and computers.</p> <p>Discussion with the Asset Management Team and review of Leaver emails also found that removing leavers from the Redkite system is not included on the Leaver checklist listed within the email.</p> <p>If a leaver's access permissions are not removed promptly, there is a risk of unauthorised access to the system, leading to data breaches, manipulating system data and increasing the risk of theft of assets.</p>	<p>H</p>	<p>Action:</p> <p>Changes will be made to Leaver notification information to include removal of Red Kite access.</p> <p>An exercise will be undertaken to assess whether there was any activity for users identified as not having been removed after they left.</p> <p>Officer responsible:</p> <p>Station Commander Research & Development</p> <p>Date to be implemented by:</p> <p>Immediately</p>

Finding 2: System Transactions and Records – Resilience in the Asset Management Team	Risk Rating	Agreed Management Actions
<p>There should be a sufficient provisions and service resilience within the team to ensure business continuity should a risk event occur.</p> <p>The Asset Management Team established that the Asset and Equipment Manager had been absent for three months. As a result, the Asset Management Technician had picked up the majority of her responsibilities regarding the Asset Management System.</p> <p>Also, telephone calls still had to be made to the absent Manager in certain situations. The Technician stated that he was still learning what she used to do. Many of the processes, other than the Redkite user processes, were found not to be documented. The Manager appeared to be the only staff member trained in carrying out many of these tasks. This demonstrates a resilience issue in the team.</p> <p>If adequate measures are not in place to build resilience and mitigate single points of failure within the team, there is a risk that in the event of a prolonged team absence or a team member leaving the Fire Authority, the Asset Management Team cannot continue business as usual operations.</p>	<p>H</p>	<p>Action:</p> <p>There are user guides available on the Red Kite software programme and a Red Kite Asset Management user guide on the intranet. These are accessible to all staff. The Asset Management Technician has been made aware of these documents. Access rights have been checked to ensure the suitable persons have access and can download Red Kite user guides from the login screen.</p> <p>Documentation to be reviewed for any gaps and process notes to be updated where required.</p> <p>Officer responsible: Asset Management and Equipment Manager Asset Management Technician</p> <p>Date to be implemented by: July 2021</p>

Finding 3: Asset Management Planning, Policies and Procedures – Processes not documented	Risk Rating	Agreed Management Actions
<p>Up to date asset management procedures should be in place. The procedures should be compliant with Financial Regulations and Financial Instructions and help deliver the asset management plan.</p> <p>Many processes were found not to be documented. This included tasks carried out by the Asset Management and Equipment Manager, Asset Management Technician and in the Stores/Mezzanine area that feed into RedKite.</p> <p>It was apparent that there was little awareness between team members and by the Station Commander Research & Development, of what other team members do. Especially of the tasks carried out in the Mezzanine, which are mostly manual and completed outside of Redkite.</p> <p>The team would benefit from mapping the process end to end to better understand their processes and where improvements can be made and help build resilience.</p> <p>If processes are not sufficiently documented there is a risk that staff are unaware of their roles and responsibilities. This could lead to inefficient and inconsistent use of the Asset Management System and reducing the reliability of the data it holds.</p>	H	<p>Action:</p> <p>We have ensured that all staff have access to the relevant user manuals.</p> <p>We will review the roles and responsibilities of the Asset Team and ensure that Manager, deputy and SC R&D are aware of work practices and procedures of the whole team. Create a series of flowcharts showing workflow that could be picked up by "new" staff in the event of staff leaving/prolonged sickness or secondment out of current position.</p> <p>This will be supported by the end-to-end process mapping within the Internal Audit Plan for 2021-22.</p> <p>Officer responsible:</p> <p>Station Commander Research & Development Asset Management and Equipment Manager</p> <p>Date to be implemented by:</p> <p>September 2021</p>

Finding 4: Recording of Assets – Inaccurate record of tests due	Risk Rating	Agreed Management Actions
<p>Fire crews, workshop staff, and contractors must undertake regular stock checks and tests of equipment at fire stations and on appliances (vehicles). Due tests are listed on handheld devices used to scan asset barcodes and record test completion and results on Redkite. Users and management can also view a list of tests due on a computer.</p> <p>During a visit to Beaconsfield Fire Station, it was noted that there was a discrepancy between the number of tests due as seen on the report generated by the Station Commander and those listed for crew users. For example, 87 due tests were listed for the Station Commander for appliance 51P1, but only three listed on the same report viewed by a crew user account.</p> <p>Further discussion with the Station Commander and Asset and Equipment Manager established that the due tests identified are not carried out by fire crews, but by outside contractors and workshops staff and are therefore not visible to operational crews. This indicates that contractor and workshop tests are not always recorded on Redkite.</p> <p>If an accurate list of tests due to be undertaken cannot be viewed by management on Redkite, there is a risk that due tests are not completed, increasing the risk that equipment is obsolete or unsafe.</p>	<p>H</p>	<p>Action:</p> <p>Review of the testing frequency of equipment listed on Red Kite.</p> <p>Ensure workshops staff are testing, recording, and accessing the required testing information.</p> <p>Set a regular review of outstanding tests for all equipment and who would carry out the test and who would have access to view these records. This will be supported by the end-to-end process mapping within the Internal Audit Plan for 2021-22.</p> <p>Officer responsible:</p> <p>Station Commander Research & Development</p> <p>Date to be implemented by:</p> <p>September 2021</p>

Finding 5: Recording of Assets – Overdue tests	Risk Rating	Agreed Management Actions
<p>Fire crews must undertake regular stock checks and tests of equipment at fire stations and on appliances (vehicles). The frequency of these tests and inventory checks depends on the individual asset's testing schedule, usually dictated by the PIT number assigned to the asset. Results of tests and inventory checks should be recorded on Redkite by crews using either a handheld scanner or computer.</p> <p>Review of the report of tests due at Beaconsfield Fire Station run from Redkite found that 286 of the 288 tests listed had passed the due date as of 12 November, with one due date listed as being 13 February 2014 and 118 listed as having due dates of 2019 or earlier.</p> <p>A similarly high number of overdue tests were noted for Aylesbury Fire Station as of 3 November 2020. All 179 tests were overdue when viewed against the listed due date. Through discussion with the Station Commander, we were unable to establish whether these tests had been carried out or whether this was a system issue or data quality issue.</p> <p>A sample of 20 assets listed on Redkite was examined to confirm whether equipment tests and inventory checks were carried out promptly and accurately recorded on Redkite. The period covered was from November 2019 to November 2020. Of the 20 assets tested:</p> <ul style="list-style-type: none"> • In 11 cases, assets were not tested in line with the frequency required by tests loaded onto Redkite. • In four cases, the most recent test was not carried out within a timely manner of the previous test. • In one case, no inventory checks or tests had been carried out since March 2018. In two other cases, an inventory was carried out promptly. However, no tests were carried out on the equipment since 2018 or earlier. In one of these cases, the most recent test was listed as being carried out in October 2014. • One asset was not found during an inventory check. <p>If tests are not carried out periodically and promptly in line with the testing schedule loaded into Redkite for the asset, there is a risk that defective or missing equipment is not detected, increasing the risk that equipment is obsolete or unsafe or that stock levels are not sufficient.</p>	<p>H</p>	<p>Action:</p> <p>Review of testing frequencies and recording of all equipment on Red Kite.</p> <p>Additional training for the operational crew in the recording of tests.</p> <p>Officer responsible:</p> <p>Station Commander Research & Development</p> <p>Date to be implemented by:</p> <p>July 2021</p>

Finding 6: Recording of Assets – Inaccurate records of stock	Risk Rating	Agreed Management Actions
<p>Stock records should enable identification of assets owned and determine those in use or not in use. The location of the asset should also be recorded accurately on the asset management system.</p> <p>A sample of 25 items was selected from the report of current assets generated from Redkite to check whether the assets could be found in the Stores and Workshops area. Of the 25 assets:</p> <ul style="list-style-type: none"> • Sixteen assets could not be found. In one of these 16 cases, the asset had a system-assigned equipment number but no barcode number or serial number, which are the numbers used by the Authority to identify assets uniquely. If the asset was present in Stores, there would be no unique identifier in Redkite to identify the asset. Values were listed for six of the 16 items that were not located. The highest of these was £345. The total value of items not found for which the value was listed was £687.69. <p>A further sample of 25 items was selected at random from the Stores area to check whether the assets could be identified on the Asset Management System. Of the 25 assets selected:</p> <ul style="list-style-type: none"> • Seven did not have a label or tag with the barcode number. Of the seven that were not marked or labelled, three had a serial number. However, the serial number could not be found in Redkite. • In the 18 cases where the asset had a barcode label, nine assets could not be identified on Redkite. • In the nine cases where the asset was identified on Redkite, one asset was found in Stores. However, it was listed on the system as being in Stokenchurch. <p>Further testing was carried at Beaconsfield Fire Station. A sample of ten assets was selected from the report of current assets listed on Redkite. Of the ten assets selected:</p> <ul style="list-style-type: none"> • Two assets were not found at the fire station. One of these assets was a battery for a handheld radio. Discussion with the Station Commander established that these are always listed as auxiliary equipment linked to the station and are not scanned when moved to an appliance or someone takes it with them. However, during the audit visit, the fire crews searched the station appliances (vehicles) for the asset, and it could not be found. • Of the eight assets found, one was not marked with a barcode label, tag or number. <p>Testing of a different sample of ten items selected at random from the Fire Station found no exceptions. All assets could be identified in the Asset Management System.</p>	<p>H</p>	<p>Action:</p> <p>As part of the stock check of equipment within stores and on mezzanine equipment will be checked to ensure that it has an asset/barcode tag and that this is recorded against the serial number of the equipment item and recorded on Red Kite.</p> <p>Officer responsible: Asset Management Technician</p> <p>Date to be implemented by: August 2021</p>

<p>If a complete and accurate record of assets and their location is not held on the Asset Management System, there is a risk that the value of the assets on the accounts will be misstated and that assets are not readily available to meet service requirements.</p>		
<p>Finding 7: System Transactions and Records – Redkite system recovery time</p>	<p>Risk Rating</p>	<p>Agreed Management Actions</p>
<p>There should be a provision for timely system recovery to reduce the risk of loss of data or an inability to continue business as usual operations should the system be impacted by a risk event occurring.</p> <p>Review of the contract with Redkite for the Asset Management System provision found that system recovery arrangements were detailed within the contract. However, the contract does not include an agreed time frame or KPI for the system to be reinstated in the event of system failure.</p> <p>If a system recovery time is not agreed with the Asset Management System provider, there is a risk that in the event of a system outage, the system is not recovered promptly, leading to an inability to continue business as usual operations.</p>	<p>M</p>	<p>Action:</p> <p>A review of the contract will be undertaken to look at the feasibility of adding data recovery options into the contract. Contact Red Kite and determine their Business Continuity plan for protecting Data.</p> <p>Officer responsible:</p> <p>Procurement Manager</p> <p>Date to be implemented by:</p> <p>September 2021</p>
<p>Finding 8: System Transactions and Records – Assurance of back-ups</p>	<p>Risk Rating</p>	<p>Agreed Management Actions</p>
<p>Data held on Redkite should be backed up periodically by the system provider.</p> <p>The RedKite website's review found that the 'Free Hosting' service offered as part of the Asset Management System includes incremental daily back-ups with a full back-up carried out every Tuesday.</p> <p>Whilst reference is not made in the contract to this free hosting service and what it includes, the annual hosting, licence, support, and maintenance fee is specified as a deliverable. However, the Authority does not receive assurance from Redkite that back-ups are taking place in line with the frequency stated.</p> <p>If the Fire Authority is not provided with the assurance that back-ups occur, there is a risk that system data is not backed up in line with the terms of the agreement, leading to data loss in the event of a system outage.</p>	<p>M</p>	<p>Action:</p> <p>Contact Redkite to provide evidence and reassurance regarding periodic back-ups</p> <p>Officer responsible:</p> <p>Asset and Equipment Manager</p> <p>Date to be implemented by:</p> <p>Immediately</p>

Finding 9: System Transactions and Records – Scanners no longer supported	Risk Rating	Agreed Management Actions
<p>Fire crews use handheld scanners to record the results of equipment tests and inventory checks on Redkite. As with the Asset Management System's computer-based version, these should be subject to the necessary system updates.</p> <p>Through a walkthrough of the handheld scanner process with fire crews, it was noted that a security alert appears every time the scanner is switched on. The alert states that the security certificate has expired or is not yet valid.</p> <p>Further discussion with the Station Commander and Asset Management Technician noted that Microsoft no longer supports the operating system's version on the scanners. This presents a vulnerability to external attacks wishing to access the system's data.</p> <p>If software is not supported and the security certificate is not valid, there is a risk that control measures to mitigate cybersecurity risks are not sufficient, leading to potential data breaches and a loss of data.</p>	<p>M</p>	<p>Action:</p> <p>We have started a review of Red Kite and the equipment associated with Red Kite. We have now received new scanners. The software has been tested and is compatible with the current existing scanners. We are just waiting for some additional protective cases then will be starting a trial of the scanners.</p> <p>Check security of the system with Asset Management provider and see if additional security measures should be implemented immediately before new hardware.</p> <p>Officer responsible:</p> <p>Station Commander Research & Development</p> <p>Date to be implemented by:</p> <p>May 2021</p>

Finding 10: Management Information – Stock checks	Risk Rating	Agreed Management Actions
<p>An independent annual stock check, including stock not held centrally, should be carried out by someone from outside of the Asset Management Team and recorded on the Asset Management System. This will assist in assuring senior management over the accuracy of the information held in the Asset Management System and stock levels.</p> <p>Additionally, regular stock checks should be carried out by the Asset Management Team and reconciled to system records to identify any anomalies and reduce the risk of loss.</p> <p>Review of stock checks recorded on Redkite found that the most recent stock check was the Mezzanine Stock Take 2018/19 completed on 1 April 2019. No stock checks were recorded on RedKite for 2020/21 as of November 2020.</p> <p>Discussion with the Asset Management Team and review of Redkite found that the annual independent stock check was due to be carried out in March 2020. However, as a result of the Government's measures to combat Covid-19, this was cancelled, and no new date was set. The most recent independent stock check recorded in RedKite was completed on 1 April 2019.</p> <p>If periodic stock checks are not completed and recorded on Redkite, there is a risk that inaccuracies in the information recorded on Redkite are not detected, and low stock levels of critical assets are not identified, increasing the risk of theft and financial loss.</p> <p>Where independent stock checks are not carried out on an annual basis, there is an additional risk that senior management does not receive adequate assurance over stock levels and the accuracy of the information held in the Asset Management System.</p>	<p>M</p>	<p>Action:</p> <p>A stock level report was sent to finance when it was identified that a formal stock check wouldn't be achievable due to Covid-19.</p> <p>Arrange for internal audit/stock check to be carried out of stores and mezzanine area.</p> <p>Officer responsible: Asset Management and Equipment Manager</p> <p>Date to be implemented by: July 2021</p>

Appendix 1: Definition of Conclusions

Key for the Overall Conclusion:

Below are the definitions for the overall conclusion on the system of internal control being maintained.

	Definition	Rating Reason
Substantial	There is a sound system of internal control designed to achieve objectives and minimise risk.	<p>The controls tested are being consistently applied and risks are being effectively managed.</p> <p>Actions are of an advisory nature in context of the systems, operating controls and management of risks. Some medium priority matters may also be present.</p>
Reasonable	There is a good system of internal control in place which should ensure objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Majority of actions are of medium priority but some high priority actions may be present.</p>
Partial	The system of internal control designed to achieve objectives is inadequate. There are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an inadequate level of internal control in place and/or controls are not being operated effectively and consistently.</p> <p>Actions may include high and medium priority matters to be addressed.</p>
Limited	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Actions will include high priority matters to be actions. Some medium priority matters may also be present.</p>

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the draft Internal Audit report. All management actions will be entered onto the Pentana Performance Management System and progress in implementing these actions will be tracked and reported to the Strategic Management Board and the Overview & Audit Committee.

We categorise our management actions according to their level of priority:

Action Priority	Definition
High (H)	Action is considered essential to ensure that the organisation is not exposed to an unacceptable level of risk.
Medium (M)	Action is considered necessary to avoid exposing the organisation to significant risk.
Low (L)	Action is advised to enhance the system of control and avoid any minor risk exposure to the organisation.

Appendix 2: Officers Interviewed

The following staff contributed to the outcome of the audit:

Name:

Mark Hemming
Marcus Hussey
Carl Hayward
Tony Hart
Chris Cook
Laura Taylor
Jess Bunce
Ronda Smith
Gordon Wylie
Rob Spearing

Title:

Director of Finance and Assets
Principal Accountant
Station Commander Research & Development
Asset Management Technician
Asset Management Technician
Principal Accountant
Trainee Accountant
Procurement Manager
Property Manager
Facilities Manager

The Exit Meeting was attended by:

Name:

Maria Darrell
Carl Hayward
Tony Hart

Title:

Asset Management and Equipment Manager
Station Commander Research & Development
Asset Management Technician

The auditors are grateful for the cooperation and assistance provided from all the management and staff who were involved in the audit. We would like to take this opportunity to thank them for their participation.

Appendix 3: Distribution List

Draft Report:

Mark Hemming
Carl Hayward
Maria Darrell
Gordon Wylie

Director of Finance and Assets
Station Commander Research & Development
Asset Management and Equipment Manager
Property Manager

Final Report as above plus:

Jason Thelwell
Ernst and Young

Chief Fire Officer
External Audit

Audit Control:

Closing Meeting
Draft Report
Management Responses
Final Report
Audit File Ref

7 January 2020
11 January 2021
15 January 2021
23 February 2021
21-10

Disclaimer

Any matters arising as a result of the audit are only those, which have been identified during the course of the work undertaken and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that could be made.

It is emphasised that the responsibility for the maintenance of a sound system of management control rests with management and that the work performed by Internal Audit Services on the internal control system should not be relied upon to identify all system weaknesses that may exist. However, audit procedures are designed so that any material weaknesses in management control have a reasonable chance of discovery. Effective implementation of management actions is important for the maintenance of a reliable management control system.

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