



**Northern Ireland Fire and Rescue Service**

**Report by the Comptroller and Auditor General to the Northern  
Ireland Assembly on the 2011-12 accounts**

**Firefighter recruitment exercise and whistleblowing investigations**

## Introduction

1. The accounts of the Northern Ireland Fire and Rescue Service (NIFRS) are audited by me under the Fire and Rescue Services (Northern Ireland) Order 2006. As part of the audit, I reviewed investigations of NIFRS undertaken by the Department of Health, Social Services and Public Safety (the Department). These investigations concerned a firefighter recruitment exercise in 2011 and various whistleblowing allegations. This report summarises the findings of these investigations relevant to the audit and identifies key strategic issues which NIFRS and the Department need to address in moving forward.

## Background

### **In 2011 and 2012, a number of serious allegations were raised about NIFRS**

#### *A whistleblower made serious allegations about NIFRS in 2011*

2. In May 2011, a Whistleblower (the principal Whistleblower) made three allegations about NIFRS to the Northern Ireland Audit Office (NIAO). Subsequently, in July 2011, the Whistleblower also made a whistleblowing disclosure to the Department. This Whistleblower had previously (in 2010) raised concerns<sup>1</sup> internally in NIFRS. NIAO informed the Whistleblower of the outcome of its investigations into the allegations in August 2011.
3. The Whistleblower was placed on precautionary suspension by NIFRS in August 2011 (see paragraphs 42 – 44).
4. In October 2011, the Whistleblower wrote to the Public Accounts Committee (PAC) alleging that the suspension was a consequence of whistleblowing and raising a number of new concerns, including how sponsorship arrangements for a Landrover had been handled. This letter also incorporated the three allegations initially made to the NIAO in May 2011.

#### *A second Whistleblower came forward*

5. In November 2011, a second Whistleblower made serious allegations to an elected public representative that fraud may have been occurring in NIFRS stores. The elected public representative to whom these allegations were made referred them to PAC.

#### *Concerns also emerged about the conduct by NIFRS of a firefighter recruitment exercise in 2011*

6. Concerns were raised within NIFRS by its Finance staff about payment arrangements for overtime and subsistence connected with a firefighter recruitment exercise in 2011 and claims submitted by staff involved in the exercise under those payment arrangements. Concerns were

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<sup>1</sup> DHSSPS: Investigation of Alleged Irregularities at NIFRS, 15 October 2012

also raised about perceived nepotism in the recruitment exercise and questions were asked in the Assembly<sup>2</sup> about the process followed and the outcomes.

*Investigations into Whistleblowers' allegations were undertaken by NIAO and the Department*

7. Most of the allegations made by the Whistleblowers were investigated by the Department but a number were investigated directly by NIAO. Annex 1 is a list of all the whistleblowing allegations. Annex 2 sets out more fully the allegations investigated by NIAO together with the findings. The other allegations investigated by the Department, and the associated findings, are summarised in Annex 3.
8. A timeline setting out the main events surrounding the principal Whistleblower is set out at Annex 4.
9. Findings from the investigations into concerns arising from the recruitment exercise are reflected in the body of this report at paragraphs 45-58.
10. The Department's investigations were carried out by its own Internal Audit team and the Department of Agriculture and Rural Development's specialist Central Investigation Service. The Department also engaged the London Fire Brigade to investigate the recruitment exercise. Reports on the outcomes of these investigations were published by the Department in October 2012. NIAO reviewed these reports and the supporting documentation but did not re-perform the investigation work.

*Further allegations about NIFRS have subsequently emerged*

11. Since the NIFRS whistleblowing allegations were made and publicised, further allegations emerged internally in NIFRS and through public representatives.
12. These further allegations, which included the alleged provision of woodchip to Orange Halls and unapproved use of NIFRS vehicles, are being investigated by the Department through the Department for Social Development's Corporate Investigations Unit, which is one of the sources of counter-fraud expertise in the Northern Ireland Civil Service, and a report has been recently completed and is with the Department for consideration. I will keep this under review and report further in due course, if necessary.

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<sup>2</sup> See for example AQW 6127 11-15, AQW 6128 11-15, AQW 6875 11-15, AQW 6940 11-15

*An action plan has been developed by NIFRS*

13. In light of the investigation reports, senior management at NIFRS developed a detailed action plan to implement the various recommendations arising. The Department considered the action plan and provided feedback to NIFRS on its content. Following a meeting between the Department and NIFRS on 27 February 2013, NIFRS indicated that it considered 28 recommendations to have been implemented with progress delayed on 42 of the remaining 101 to be delivered.

### **NIFRS has been the subject of scrutiny in the past**

*Issues identified by PAC in 2000 are of continuing relevance*

14. PAC previously examined issues in the former Fire Authority for Northern Ireland (NIFRS's predecessor body). In 2000, PAC held an evidence session on Fleet Management and matters arising from accounts based on an NIAO report<sup>3</sup>. A number of areas relating to the propriety and value for money of the Authority's expenditure were examined, including:
- controls over official credit cards and making sure private expenditure was not charged to them;
  - ensuring hospitality expenditure fell within the framework of official guidelines; and,
  - the management of cars allocated to Headquarters staff.
15. PAC reported<sup>4</sup> that it had the impression that the Fire Authority had a history of not implementing improvements recommended in reports by consultants and auditors over the years. PAC emphasised that the response to its report must be different.
16. In 2006 the Fire and Rescue Service Training Centre was the subject of an NIAO report<sup>5</sup>. This found that while there had been a clear need to develop new training facilities, the project had not been delivered in full and had experienced operational difficulties.

*In my 2007-08 General Report, I commented on shortcomings in the Department's oversight of NIFRS.*

17. In 2007 the Department was unable to put in place the necessary guidance in time for NIFRS to disclose pension fund transactions [until two years after intended], thereby frustrating the policy objective of transparency. I recommended that the Department:
- reviewed its sponsorship of NIFRS to ascertain if its staff involved had the appropriate skills; and,
  - reviewed the sponsorship arrangements for NIFRS, to ensure delays in policy implementation were identified and addressed.

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<sup>3</sup> Fire Authority for Northern Ireland: Fleet Management, 8 June 2000

<sup>4</sup> 2nd Report of PAC Session 2001/02: DHSSPS - The Fire Authority for Northern Ireland: Fleet Management & Reports on the 1998/99 & 1999/00 Accounts

<sup>5</sup> The Fire and Rescue Training Centre, 14 December 2006

*I qualified NIFRS's 2008-09 accounts because of irregular expenditure to senior staff*

18. Control issues relating to irregular expenditure on pay awards to non-uniformed staff led to the qualification of the audit opinion on the NIFRS 2008-09 financial statements (paragraphs 36 - 38 of this report).

*In 2011, I compared NIFRS with English Fire and Rescue Services*

19. In 2011, I reported<sup>6</sup> on NIFRS and the Department's oversight of it. This report included an organisational review of NIFRS which I had asked the Audit Commission to undertake. My report also identified key areas in which the Department needed to improve its oversight of NIFRS. I refer to the relevant findings and recommendations in this report but in summary they were as follows:

- NIFRS provides an effective emergency response;
- over the past five years, the number of accidental dwelling fires has reduced by 2.7 per cent and fewer people in Northern Ireland have died or suffered injuries from fires in the home. However, more people, per head of population, die as a result of fires and more are injured in fires in Northern Ireland than in England;
- the number of arson cases in Northern Ireland has fallen by over a third in the last five years but remains substantially higher than levels elsewhere in the UK;
- when examining the question "Does NIFRS have the leadership, capacity and capability it needs to deliver future improvements?" the prospects for future improvement were poor; and
- the Department needs to enhance the way it challenges how NIFRS uses its money and other resources.

20. The organisational review assessed NIFRS as performing adequately overall. If the Audit Commission had been reviewing NIFRS as it would have done in a review of English Fire and Rescue Services, it would have assessed it as an organisation that meets only minimum requirements, and performs adequately.

21. Nevertheless, my report also noted that NIFRS had the benefit of dedicated, loyal, hardworking staff who were proud to work for the Service and deeply committed to delivering a good service to their communities.

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<sup>6</sup> NIFRS: An Organisational Assessment and Review of Departmental Oversight, NIAO 20 December 2011

## Key issues for NIFRS and the Department

### The Department needs to strengthen its oversight of NIFRS

22. In my 2011 report, I identified a number of ways in which the Department needed to strengthen its oversight of NIFRS:

- the Department needs to further enhance the way it challenges NIFRS's use of money and other resources;
- the Department and the NIFRS Board should compare NIFRS's performance more systematically with other UK and Republic of Ireland Fire and Rescue Services to support improvement and optimise the potential benefits of benchmarking;
- the Department should further develop Key Performance Indicators for NIFRS which ensure transparent comparisons with other Fire and Rescue Services and which challenge NIFRS;
- the Department needs to promote a strong scrutiny role by NIFRS Board members supported by good management information; and,
- a system needs to be developed by the Department to assess improvement or deterioration in NIFRS's service delivery and the ability to improve further.

23. I asked the Department what progress it had made in dealing with these issues. It told me that it has advised NIFRS of requirements for its 2013-14 business plan which will then be used for assurance and accountability processes during 2013-14. It is also working with NIFRS to develop an overarching framework which will further describe the Department's expectations of NIFRS and set out the role of NIFRS in delivering the strategic agenda ahead. The Department also told me:

- it is working with NIFRS to agree a small set of high level, meaningful, Key Performance Measures which would allow the NIFRS to improve performance be measured by the population it serves and allow comparison with services elsewhere;
- it will monitor performance on a quarterly basis at the Assurance and Accountability review meetings<sup>7</sup>; the NIFRS Chief Executive and Chair both know, however, that any significant issues emerging in the months between the reviews must be reported as soon as possible;
- the quarterly updates provided by NIFRS at those meetings will be monitored by officials who will identify trends and issues and highlight any areas for concern;
- it has changed the format of Assurance and Accountability review meetings to provide enhanced assurance to the Minister on the soundness and effectiveness of the internal control systems and mechanisms in place. The meetings have been split into two parts; Part A focussing on the governance and accountability of the Board and Part B focussing on the strategic performance of NIFRS; and,
- it has developed a revised Assurance Statement to strengthen the arrangements which already existed to ensure that the Department discharged its sponsorship role in a consistent and, proportionate manner, and to give reasonable assurance that public funds are being used to deliver the intended objectives.

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<sup>7</sup> These are meetings between senior officials in the Department and NIFRS

## **Better leadership is needed in NIFRS**

24. My 2011 report found that the then NIFRS leadership had no track record for delivering improvement and had no basis upon which to project the delivery of future prospects for improvement. Not enough had moved forward in key areas, compared with equivalent services in England. Since that report, however, the new NIFRS Board appointed in October 2010 (with the Chair appointed in January 2011) has sought improved information from NIFRS, increased its challenge function and taken the decision to engage an interim Chief Executive and Interim Chief Fire Officer to support the delivery of an organisational change agenda, encompassing corporate, organisational and service delivery responsibilities.
25. The last NIFRS inspection report, undertaken by HM Fire Service's Inspectorate (Scotland) at the request of the DHSSPS in 2007, found the NIFRS to be a 'Highly Achieving' Service. It did, however, note a number of challenges and areas for improvement, some of which were still evident. These included matters such as:
- performance management;
  - the scrutiny role of members;
  - how good practice could be shared within NIFRS;
  - the loss of staff confidence; and
  - the benefits of an integrated personal development system not being realised.
26. The lack of continuity at Board and senior management team level in 2010 made it difficult to make progress. When I reported, I considered that, with a new Board in place and most senior posts permanently filled, NIFRS was at an important point and that strong and visible leadership was required.

*There has been a high rate of turnover at Chief Fire Officer/Chief Executive level*

27. Turnover at Chief Fire Officer/Chief Executive level in recent years is shown in the Table below. This has coincided with changes at Chair and Board level.

**Table: Changes to NIFRS Chair, Board and Chief Fire Officer from February 2010 to present**

<b>Chair and Board</b>	
Previous Chair and Board term ended	May and June 2010 respectively
Interim Chair appointed (Mr A Coleman)	May 2010
Interim Board appointed	July 2010
Current Board appointed	October 2010
Current Chair (Dr J McKee) appointed	January 2011
<b>Chief Fire Officer/Chief Executive</b>	
Mr C Lammey	Retired in February 2010 after 7 years' service as Chief Fire Officer
Mr LB Jones (Acting)	February 2010 - July 2010
Mr P Craig (Acting)	July 2010 – January 2011
Mr P Craig	February 2011 – June 2012
*Mr J Wallace (Interim Chief Executive)/Mr C Kerr (Interim CFO)	August 2012 for an interim term

\*The Department has supported an interim arrangement agreed by the NIFRS Board to split the roles of Chief Executive and Chief Fire Officer which were formerly combined in one post. Mr Jim Wallace was appointed as Interim Chief Executive on 10 August 2012 with Mr Chris Kerr then being appointed as Interim Chief Fire Officer.

28. The lack of continuity in recent years has inhibited consistent leadership and reduced personal accountability. There is also a danger it could give rise to the perception that the top post is seen as a short stay job to improve pension entitlements<sup>8</sup> prior to the post holder's retirement.

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<sup>8</sup> Pension benefits for the Chief Fire Officer are provided through the Firefighters' Pension Scheme. This is a statutory scheme which provides benefits on a "final salary" basis. The normal pension age is 55, but Officers may retire on full pension once they have attained 50 years of age and have 25 years service. The Chief Fire Officer requires the approval of the NIFRS Board to retire before he has attained 55 years of age. Benefits accrue at the rate of 1/60th of average pensionable salary for each year of service up to 20 years and at 2/60ths for each year of service thereafter. The maximum attainable is 40/60ths (after 30 years' service). Members may commute up to 25% of their pension in return for a lump sum of up to 22.4 times the commuted amount, dependent on age. Members pay contributions of 11% of pensionable earnings. Pensions in payment increase in line with the Consumer Price Index.



*There are long-standing vacancies and rapid turnover in senior management*

29. My 2011 report noted that:

“The Service has a track record of managing change and modernising its services, but progress is slowing. Not enough has moved forward in the past few years and the instability of the last 12 months has compounded this. The lack of continuity at senior manager and board level has made it difficult to drive improvements. Decisions have been put on hold awaiting confirmation of a permanent top team. Including going forward with key strategies to develop its workforce and implementing recommendations of external reviews.”

30. In 2010, all four chief operational officers were in acting positions, the Director of Human Resources was also a temporary appointment, and NIFRS had other vacancies, including the post of Strategic Planning Manager.
31. Currently, two top management posts remain vacant: the Director of Planning and Corporate Affairs (vacant since April 2012) and the Director of Finance and Performance Management (currently filled by a temporary external recruitment and vacant since March 2013). Interviews for the Director of Planning & Corporate Affairs are nearing completion and the duties of the Director of Finance & Performance Management post are being considered in the context of the review of Directorate structures and remits: the post will be advertised in due course. A new Director of Human Resources took up post on 1 March 2013 (the post had previously been vacant for more than two years).
32. An organisation of the size and complexity of NIFRS, and facing considerable challenges, needs senior posts to be filled on a long term basis as soon as possible.
33. The Interim Chief Fire Officer told the Assembly’s Health Committee that, in 2011, 176 staff vacancies existed in managerial and supervisory posts. The figures provided by the Interim Chief Fire Officer reflected a high level of uniformed posts filled by temporary promotion - for example, at 30 November 2011, 178 temporary uniformed promotions were in place: 61 of these roles are currently in the process of being filled substantively. NIFRS also told the Committee that there were 17 managerial and supervisory posts vacant in 2010-11; 20 in 2011-12 and 19 in 2012-13 (as at 1 November 2012) - of which one had been vacant for under 12 months, two had been vacant for 12-24 months and 16 had been vacant for more than 24 months.

### **Ethical standards in Headquarters need to be developed**

*There has been a series of problems at Headquarters*

34. The PAC report on Fleet Management in 2001 (see paragraphs 14 and 15) examined a range of shortcomings at the former Fire Authority for Northern Ireland. PAC commented that the picture that emerged was of a body that did not see itself as a fully integrated part of public sector financial management and accountability.

35. Events in recent years as highlighted by whistleblowers (see Annex 1) (issues around the unapproved sponsorship of a Landrover, unapproved payments to senior officers, inadequate financial control over the firefighter recruitment exercise and failing to identify and obviate a clear conflict of interest in stores) demonstrate that these shortcomings continued into NIFRS.

*There have been problems in handling pay increases for senior staff in recent years*

36. The audit opinion on the NIFRS 2008-09 accounts was qualified<sup>9</sup> because of irregular payments arising from an increase in non-uniformed directors' pay scales which was not authorised by the Department. In 2007, informal discussions between two of the three non-uniformed directors and the then Chief Fire Officer took place regarding the perceived lack of equality of pay scales between the non-uniformed directors and uniformed Principal Officers. This perceived inequality gap had been widened further as a result of a one-off four per cent bonus paid, without Departmental approval, to NIFRS uniformed Principal Officers in 2007-08 (see paragraph 39). NIFRS processed the pay award to the non-uniformed directors following a job evaluation commissioned by the Chief Fire Officer, without notifying the Department or seeking its approval.
37. The outcome was that, in August 2008, NIFRS awarded the non-uniformed directors increases in their pay scales, with payment of arrears backdated to April 2007. The total sum of these irregular payments, including employer's national insurance and superannuation costs, was £50,840. The posts involved were :
- the then Director of Finance and Performance;
  - the then Director of Human Resources;
  - the then Director of Planning and Corporate Affairs.
38. I was concerned that the systems of corporate governance in NIFRS were unable to prevent the pay awards being made without the requisite Department's approval and before the pay awards were referred to the NIFRS Board and Remuneration Committee. I reported that there was at least a perceived conflict of interest for the non-uniformed directors regarding the job evaluation which led to the pay awards. I asked NIFRS how much of the irregular payments had been recovered. I was told that the irregular payments had not been recovered and that some were subject to an ongoing legal process.
39. It is concerning that the Department's most recent investigation of the Service has also questioned further payments of £15,200 to senior uniformed staff, made in 2007-08. We have been told the staff concerned had no involvement in the decision-making process. The Department told us these amounts were paid in addition to the annual pay awards<sup>10</sup>

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<sup>9</sup> Financial Auditing and Reporting: General Report by the Comptroller and Auditor General for Northern Ireland – 2009 (7 July 2010)

<sup>10</sup> The Department told us the following pay awards were made (as part of a nationally negotiated Pay Agreement):

- With effect from 1 January 2006, an increase of 2.5%, together with a further 1.2% in recognition of a revised scheme of conditions of service.
- With effect from 1 January 2007, an increase of 2.0%, together with a further 0.3% in recognition of a revised scheme of conditions of service.

and that, including Employer's National Insurance Contributions, the full cost was £17,146. None of these payments to senior uniformed staff has been recovered.

40. In 2008, PAC recommended that bodies should provide staff with adequate training on ethical issues, to uphold high standards of propriety<sup>11</sup>. Such training is of particular importance in an organisation such as NIFRS, where many of the uniformed senior staff have come up through the Service and are familiar only with its culture.
41. I asked the Department what ethical training had been provided to senior uniformed and non-uniformed officers in NIFRS in recent years. I was told that NIFRS had initiated a pilot introduction of an ethical decision making model to Headquarters Officers in July 2012 and that a separate process was piloted in Northern Area Command in October 2012. It is envisaged that this model will be introduced for all Operational Personnel in May 2013. NIFRS is proposing to develop a generic ethical decision making model for all staff.

### **Appropriate weight needs to be given to non-uniformed expertise in staff matters**

#### *HR expertise needs to be drawn on when handling suspensions*

42. One of the concerns raised by the principal Whistleblower was that she had been suspended for whistleblowing. There were two aspects to the letter which NIFRS sent to the principal Whistleblower suspending her. One was the reporting of financial irregularities and the other was accessing files without authorisation with potential breaches of data protection. The Department's investigation into the suspension of the principal Whistleblower and the subsequent management of the suspension revealed failings by NIFRS. The Department has specifically recommended that:
- when considering suspension of a member of staff, management should ensure that Human Resources is involved at the earliest possible stage to enable the provision of informed advice; and
  - all formal disciplinary investigations should be referred to Human Resources for recording and for any subsequent monitoring and reporting as necessary.
43. I endorse the Department's recommendations. The Whistleblower returned to work on 30 July 2012.
44. The suspension of staff is a serious step for an organisation to take and needs to be handled carefully. This is also the case when the officer concerned has made Whistleblowing allegations. The Department's investigation concluded it was more likely than not that the main motivation for the suspension was the need to solve a difficult

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• With effect from 1 January 2008, an increase of 2.0%.

<sup>11</sup> NIA 35/07/08R, Report on Northern Ireland Tourist Board – Contract to Manage the Trading Activities of Rural Cottage Holidays Limited, 17 June 2008

and protracted problem. The Department has accepted that the Whistleblower was poorly treated and has apologised. NIFRS separately agreed to settle an Industrial Tribunal case taken by the Whistleblower and paid compensation without admitting liability. The alleged breach of data protection rules is under investigation by the Information Commissioner and NIFRS will consider any appropriate and further action on the receipt of the Information Commissioner's findings. The Whistleblower told me that she has never been informed by NIFRS of the detail of the allegation.

*There has been excessive reliance on custom and practice in terms and conditions*

45. In 2011-12 NIFRS undertook a firefighter recruitment exercise. This was conducted using existing staff within the Service. 724 indicative overtime days at Watch Commander grade were associated with the recruitment exercise, along with 261 indicative overtime days for support staff<sup>12</sup>.
46. Concerns were raised within NIFRS by Finance staff about payment arrangements for overtime and subsistence connected with the recruitment exercise and the claims made by staff involved in the exercise under those payment arrangements. This led to payments being stopped for a period. The total estimated cost was £126,000. The Department told me that by February 2013 all but two claims totalling around £645 had been paid.
47. NIFRS commissioned the Business Service Organisation's (BSO) Internal Audit Service to investigate the circumstances leading up to the claims being made.<sup>13</sup>  
Examples of findings by BSO Internal include:
  - some staff on annual leave worked on the recruitment exercise and claimed overtime totalling 249 hours; and
  - overtime was claimed in some cases in relation to recruitment exercise assessments on the 2011 August Bank Holiday, even though no sessions were run on that date. In some other cases, overtime was claimed by staff rostered and paid for day duty.
48. In light of the issues arising from the recruitment exercise, the Department subsequently commissioned the Department of Agriculture and Rural Development's Central Investigation Service to assess whether there was actual, attempted or suspected fraud in the claims meriting investigation. The Central Investigation Service found that "as the relevant payment principles for the claims had been established by a senior officer in NIFRS, it would have been inappropriate to suspect NIFRS staff of acting dishonestly or with the intent to perpetrate fraud when they had understood that it was permissible to submit such claims in line with instructions".
49. The Central Investigation Service and BSO Internal Audit investigations identified, as a key issue, that NIFRS did not have an overtime policy or written guidance on Detached

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<sup>12</sup> NIFRS: Firefighter Selection – Interim Solution, 13 June 2011

<sup>13</sup> BSO Internal Audit Service: NIFRS Wholtime Recruitment Overtime and Expense Claims, 24 February 2012

Duty<sup>14</sup>. The Central Investigation Service highlighted the extent to which NIFRS relied on custom and practice in terms and conditions of employment. It found that management and staff repeatedly referred to custom and practice and undocumented local agreements and protocols that had been in place for several decades. The report highlighted that these were open to abuse and, where they existed were an indicator of the potential for fraud to exist.

50. The legislation establishing NIFRS enables it to pay its employees such remuneration and allowances as it may determine. Such a determination is required by the Order to have the approval of the Department<sup>15</sup>. Moving decisively away from custom and practice, to a regime of determined payments only, will be an important challenge for NIFRS.

*Human Resources input and leadership in the firefighter recruitment exercise could have avoided shortcomings in the process*

51. A feature of the investigation into the firefighter recruitment exercise was the lack of professional Human Resources input. The London Fire Brigade review of the process<sup>16</sup> commented that this was the first time that the process was led by operational fire officers and not the internal Human Resources function. In itself, this was likely to raise questions, particularly if any candidates were related to those responsible for managing the process. In my view, if there had been more Human Resources input and leadership in the process, then the shortcomings identified and set out in this section could have been avoided.
52. Particular concerns were reported about the introduction of an appeals process to the recruitment exercise and allegations of nepotism. The London Fire Brigade review concluded that “while the reasoning and authorisation for the appeals process is not clear and it did result in the unfair treatment of some candidates and the advantageous treatment of others, this in itself is not unlawful”. On the allegations of nepotism, while the review did not find any direct evidence of nepotism, neither did it find a clear separation of personal interest from decision-making.
53. The Department told me that it accepted the findings of the London Fire Brigade review which had been carried out by a senior recruitment manager from the London Fire Brigade.
54. In my view introducing an appeals process part way through a recruitment exercise clearly was not good practice. No public body should leave itself so open to a perception of unfair treatment of applicants. Any perceived conflict of interest in respect of the recruitment exercise should have been formally declared, recorded and dealt with at the outset.

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<sup>14</sup> Other than the National Joint Council Terms and Conditions and a document “Maintaining Wholetime Crewing Levels in Line with Proposed Northern Ireland Emergency Response Standards”

<sup>15</sup> Schedule 1 of the Fire and Rescue Services (NI) Order 2006

<sup>16</sup> London Fire Brigade: A review of the NIFRS 2011 firefighter recruitment campaign, September 2012

55. Recruitment and Selection in NIFRS is governed by the NIFRS Code of Procedures on Recruitment & Selection. This Code is written in compliance with the Fair Employment Act 1989. The Department told me that all staff involved in assessing applicants were asked to declare if any family members had applied for posts. This was a precautionary measure and the applicants were marked 'blind'. In addition to this, the application form included a section for the applicant to detail if he or she had a family member employed in NIFRS. A total of eleven staff declared that family members had applied for wholetime posts.
56. In its 2001 report on the Fire Authority (see footnote 4), PAC recorded its disappointment at the low levels of female firefighters then in the Service and the efforts being made by the Authority to attract female firefighters. PAC noted the then Chief Fire Officer's comments that one of the reasons female applicants fail to reach the standard for joining the Service was lack of upper body strength. PAC believed it was important the Authority demonstrated it was being proactive in the recruitment of female firefighters. Similar issues arose in the London Fire Brigade's review of the 2011-12 NIFRS recruitment exercise. Given that PAC had previously commented on this, it is disappointing that NIFRS had not addressed it in the recent recruitment exercise.
57. The Department told me that in relation to fitness levels and upper body strength, NIFRS has relied upon national research for Fire and Rescue Services conducted by the FireFit Steering Group. NIFRS had previously conducted Multi Stage Fitness Tests (MSFT) but removed them in 2007. It then noted an increase in poor fitness levels of trainees commencing the Wholetime Firefighter Trainee Course together with a noted increase in injury levels in this group. It decided to reintroduce the MSFT in 2011 following review of the available research on tests to measure the national fitness standard. Other options were considered but the MSFT was, recognised as the most logistically viable, in terms of hygiene and processing large numbers of candidates. NIFRS acknowledges that in the MSFT, within certain age brackets, men have to have a 'good' level of fitness and women in the same bracket require an 'excellent' level of fitness. The MSFT level was set accordingly. NIFRS has agreed to review the use of MSFT in future exercises.
58. The Department also told me that:
- fitness guidance provided to prospective applicants highlights the need for females to pay particular attention to upper body strength ;
  - NIFRS has designed and disseminated widely, across schools and colleges, specific outreach materials with a gender-positive message. Its female firefighters have been locally involved in Women in Non-Traditional Roles programmes, facilitated by Business in the Community. In addition, NIFRS has its own Careers Guide which features a clear message on diversity, including encouraging women to consider fire-fighting as a viable career option. NIFRS has provided training to Department of Education & Learning Careers Advisers in respect of careers within NIFRS and placements for Teachers have been facilitated at Headquarters; and
  - it is NIFRS policy to endeavour to have female firefighters present at careers fairs and schools talks. As part of raising the profile of women in operational roles, they are included in NIFRS's corporate photography. The Corporate Communications Team designs media plans in support of all recruitment activity and ensures that

women feature in broadcast and print output, where possible. The NIFRS website also states its commitment to reach out to under-represented groups, including women.

### **The internal challenge and scrutiny role needs to be improved**

#### *The NIFRS Board needs to build up its scrutiny role*

59. The Board will need to review its own skills to ensure it has the necessary depth of financial and other skills to fulfil its scrutiny and challenge role.
60. Information provided to the Board and its committees should be timely and relevant. This is a process that should be driven by the Board and not by management. It is the responsibility of the Board to ensure it is provided with the right information to enable it to discharge its governance responsibilities effectively.
61. The Audit and Risk Committee will continue to have a key role, both developing internal audit and robustly challenging management. The Chief Executive/Chief Fire Officer should routinely attend the Audit and Risk Committee and be responsible for ensuring that the Committee's information requirements are met and its decisions implemented (subject to the normal requirements for Board ratification).

#### *Conflicts of interest at Board and Committee level need to be avoided*

62. Board members and members of the senior management team should consider conflicts of interest in relation to issues being discussed at Board and Committee meetings and excuse themselves accordingly, in line with good practice principles. This will be of particular importance going forward in view of the wide-ranging governance issues which the Service will have to deal with, including managing the processing of grievances and unwinding the consequences of the firefighter recruitment overtime payments.
63. The Department has advised me that NIFRS standing orders clarify Pecuniary Interest of Members. It was recorded in the minutes of the NIFRS Board of 23 November 2010 that members had unanimously agreed that at future Board and Committee Meetings, the Chair would not read the statement but would seek clarification as to whether any Members wished to declare any potential conflict of interest with any of the business items on the Agenda for the particular meeting.

#### *The capacity of Internal Audit needs to be built up*

64. NIFRS has an in-house internal audit function of two officers which operates to defined standards and whose annual audit plans are informed by an analysis of the risk to which NIFRS is exposed.
65. It is important that NIFRS reviews the capacity and standing of Internal Audit going forward, given the important role that Internal Audit can play in a change management process. NIFRS recognises that the Internal Audit team within the organisation is very small in relation to the size of the service. This, coupled with the significant number of

issues arising in the year which have required significant input from Internal Audit, has led to resources being stretched. The position of the internal audit function is currently being reviewed by NIFRS.

**Relationships in Headquarters and the functionality of the senior management team are poor**

66. Amongst the Department's investigation's conclusions<sup>17</sup> is that there are ongoing and significant tensions, militating against efforts to establish fully effective management arrangements at NIFRS Headquarters. The Department's investigation identifies legacy issues and the turnover of personnel at Board and senior staff level in recent years as contributing to this, but concludes that an absence of trust undermining cohesiveness, is currently a root issue. It states that significant improvement will require a determined and transparent cultural change management programme underpinned with strong, consistent and ethical leadership styles and with human resource dimensions at its core.
67. The Department told me that NIFRS has had to deal with 126 grievance cases in the past decade but that some 80 of these related to a collective grievance on behalf of retained personnel (relating to pensions entitlement raised at a national level) which has recently been resolved through Industrial Tribunal proceedings. Twenty two cases remain outstanding, of which nine relate to Headquarters. NIFRS has advised that it is taking active measures to try to resolve outstanding grievances as quickly as possible.

**Handling by NIFRS of issues raised by Whistleblowers has been poor**

68. Time after time, the value to the public interest of whistleblowing has been proven. PAC has previously emphasised that all public bodies must have robust, well publicised internal and external whistleblowing arrangements in place. Whistleblowing procedures were in place in NIFRS but they did not work well.
69. It is, of course, important that whistleblowers should be taken seriously. This is particularly so when – as in the NIFRS case – the whistleblowers are well-informed and credible. This should have put NIFRS senior officers on red alert that the issues being raised required careful examination. A counter-allegation against the principal Whistleblower muddled the waters. Despite NIFRS having whistleblowing arrangements in place, its subsequent lengthy suspension from work of the principal Whistleblower (paragraphs 42-44) will discourage other potential whistleblowers.<sup>18</sup>
70. Whistleblowing allegations should also be investigated quickly. Annex 4 to this report sets out the timeline of main events in the handling of the principal Whistleblower's allegations. In a recent report in which I reviewed an investigation of a whistleblower's

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<sup>17</sup> DHSSPS: Investigation of Alleged Irregularities at NIFRS, 15 October 2012

<sup>18</sup> The Department's investigation of the suspension found that while the formal grounds for suspending the officer were alleged gross misconduct it was much more likely that the main motivation was the need for a protracted problem to be resolved. See Annex 3.



complaint to another public body<sup>19</sup>, I set out as a general principle that the body conducting the investigation should liaise regularly with the whistleblower. This helps to:

- avoid misunderstandings on the nature and gravity of allegations;
- address any unrealistic expectations of the whistleblowers; and
- avoid the belief by the whistleblower that if there is a delay in the investigation, the investigating body is involved in a cover up or conspiracy or has something to hide.

71. The Department has accepted that the Whistleblower was poorly treated and has apologised. NIFRS separately agreed to settle an Industrial Tribunal case taken by the Whistleblower and paid compensation without admitting liability.
72. The further allegations made in autumn 2012 (referred to in paragraph 12) were directed through a public representative, rather than through NIFRS whistleblowing procedures, suggesting a lack of awareness or confidence in those procedures. NIFRS will have to rebuild confidence amongst its staff that they can safely use the whistleblowing procedures. The Department's Minister has previously written to staff to encourage them to feel they can whistleblow with confidence. The burden is now firmly with NIFRS senior management to make sure this culture becomes embedded in the organisation to allow any inappropriate practices which may remain to be disclosed.
73. Management checks have also identified further apparent problems involving charity vehicles.
74. I asked NIFRS how it plans to conduct a root and branch review of its activities to ensure any other inappropriate practices are identified. As primary responsibility for investigating allegations should rest with management at NIFRS, I also asked how it will develop its capacity to undertake investigations in a robust way which will rebuild confidence in its ability to deal with such matters.
75. I was told that the position of the internal audit function within NIFRS is currently under review including its capacity to undertake both the cyclical audit work and special exercises such as investigating allegations. Emerging findings have highlighted concerns in relation to the position of internal audit within the organisation as well as the level of resourcing and it has been recommended that the Board provides the necessary support to Internal Audit to strengthen its position, and perception, within the organisation.

*There have been shortcomings in identifying and avoiding conflicts of interest*

76. A Whistleblower alleged that a former NIFRS Stores Manager ran his own company selling protective clothing to other organisations. The stores manager concerned is now deceased.

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<sup>19</sup> NIAO: Department for Regional Development: Review of an Investigation of a Whistleblower complaint, 12 February 2013

77. A wealth of guidance on identifying and managing conflicts of interest in the public sector is readily available. PAC previously considered this area<sup>20</sup> and re-iterated three key principles:

- the most appropriate response to any potential conflict of interest must be that the official should declare that interest, it should be recorded, and, if appropriate, he or she should withdraw from involvement in any aspect of the case; and,
- where conflicts cannot be avoided because there are exceptional and persuasive reasons for continuing involvement, strong mitigating controls must be put in place to ensure that the principles of objectivity and integrity are not compromised. The decision to manage the conflict and the adequacy of the controls implemented should be documented and approved by a senior official. Any conflicts that are managed rather than avoided should be reported to audit committees who should ensure that the controls are adequate and have been applied effectively; and,
- a test of public perception should be an important aspect of determining whether action is required for potential conflicts of interests.

78. One of the key whistleblowing allegations in (see Annex 3) relates to a potential conflict of interest in the case of a former NIFRS Stores Manager. It is clear that in this case, NIFRS had not complied with any of these principles. If senior NIFRS officials did not know that this conflict of interest existed, it is evidence of a poor standard of supervision. If they did know, then it would appear they failed to address the issue.

79. We inspected the current Register of Interests. All declarations have been updated since February 2012. The Register is limited to Board members and to the Interim Chief Executive, Interim Chief Fire Officer and the Director of Finance. Accordingly, the current arrangements would still be unlikely to pick up instances of conflict of interest elsewhere the organisation. There is clearly a need for conflicts to be identified and managed right across NIFRS.

## **Conclusion**

80. NIFRS has dedicated, loyal, hardworking staff who are deeply committed to delivering a good service to their communities. Nevertheless, the investigations into whistleblowing allegations and the firefighter recruitment exercise have brought to light a range of governance issues. Going forward, NIFRS's Board needs to have in place a consistent, fully-staffed and cohesive senior management team sending strongly ethical messages throughout the organisation. In addition, senior managers need to make sure they have arrangements in place to make clear what is and is not acceptable, to ensure those standards are policed and to identify and deal with breaches.

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<sup>20</sup> Sixteenth Report from the Public Accounts Committee Session 2007-2008: Northern Ireland Tourist Board – Contract to Manage the Trading Activities of Rural Cottage Holidays Limited

## Annex 1: List of whistleblowing allegations

The allegation numbers in the table below correspond to the paragraphs in the Whistleblower's letter of 6 October 2011 to the Chair of PAC.

Allegation	Raised with NIAO in May 2011	Raised with PAC in October 2012	
	Investigated by NIAO (Annex 2)		Investigated by or at the request of the Department (Annex 3)
<b>Allegation 1</b>  Unapproved bonus payments (to certain senior uniformed officers)			*
<b>Allegation 2</b>  Accruals for payments to certain non-uniformed officers	*		
<b>Allegation 3</b>  Corporation tax status not resolved	*		
<b>Allegation 4</b>  Alleged conflicts in media services contract			*
<b>Allegation 5</b>  Unapproved sponsorship			*
<b>Allegation 6</b>  Alleged manipulation of financial data/information	(1)		*
<b>Allegation 7</b>  Undisclosed severance payment to former NIFRS Chair in excess of contract		*	

<b>Allegation 8</b>  A draft NIAO/Audit Commission report stated that the NIFRS senior management team was not fit for purpose.		*	
<b>Allegation 9</b>  Completion of DFP fraud return and investigation of irregularities			*
<b>Allegation 10</b>  Staff cost implications and adherence to HR policy			*
<b>Allegation 11</b>  Suspension of Whistleblower			*
<b>Allegation 12</b>  Responsibility for fraud policy and initiation of investigation		*	*
<b>Allegation 13</b>  Control of finance system administrative rights			*
A former NIFRS stores manager ran his own company selling protective clothing to other organisations. (This allegation arose from a second Whistleblower and was referred to PAC in November 2011)			*

(1) This query was initially investigated by the NI Audit Office and was subsequently referred to the Department for investigation.

## Annex 2: Whistleblower's allegations investigated by the NIAO

The allegation numbers in the table below correspond to the paragraphs in the Whistleblower's letter of 6 October 2011 to the Chair of PAC.

Summary of allegations made by the Whistleblower	NIAO findings
<b>Allegation 2:</b> An accrual for payments to non-uniformed senior officers is still included in the NIFRS accounts even though it was concluded that such payments would be irregular.	By April 2010, NIFRS had upheld grievances about the withdrawal of the salary enhancements and the then CFO was proposing writing to the Department to seek approval to reinstate the payments. By March 2011, the issue was still not resolved and the back-dated amounts continued to be accrued. (Note: If a public body has or considers it is likely to have a binding commitment to make a payment it needs to be recognised in the accounts even though, as in this case, it is irregular.)
<b>Allegation 3:</b> There had been a delay by NIFRS in clarifying in corporation tax status. HMRC may not have been made aware of NIFRS investment income before making its decision.	The Department raised the issue of corporation tax with NIFRS in February 2009. By December 2009, NIFRS staff had established that NIFRS should contact a technical adviser in HMRC. There was an exchange of correspondence between the Department and NIFRS in January 2010. Whether NIFRS was liable to corporation tax was raised as an audit query in 2011 and delayed certification of the 2010-11 accounts. HMRC confirmed in July 2011 that NIFRS does not have any liability to mainstream corporation tax but should register with HMRC as a "dormant company". (Note: the letter to HMRC from NIFRS asking for advice does draw attention to investment income (from bank deposits) and other sources. It describes these amounts as "small amounts of other income". In 2010-11, interest receivable was £nil and in 2009-10 it was £8,000. In the previous year it had however, been substantially more.)
<b>Allegation 7:</b> A previous NIFRS Chairman received two years pay on retirement when he only had six months of his contract left. This information was not disclosed in the	NIAO established that the payment to the former Chairman when he left was based on the remuneration which would have been due to the end of his term of appointment

Annual report.	on 30 June 2012. The payment had the necessary approval from the Department and the Department of Finance and Personnel (DFP). The money was paid to him by the Department (not the NIFRS). As the Whistleblower noted, the payment was not disclosed in the 2010-11 remuneration report. It has now been disclosed in the 2011-12 Remuneration Report.
<b>Allegation 8:</b> A draft of the NIAO report on NIFRS stated that the senior management team was “not fit for purpose”. The report remained unpublished (at the time the allegations were made in October 2011).	NIAO has been unable to identify any specific assertion in the final or draft versions of the report on NIFRS that the senior management team was “not fit for purpose”. The report was published in December 2011. It did, however, note in response to the question ‘Does NIFRS have the leadership, capacity and capability it needs to deliver future improvements?’ that the prospects for future improvement were poor, given NIFRS’s past record of successful change management. Also, NIFRS leadership (in 2010) had no track record of delivering improvement and there was no basis on which to project the delivery of future prospects for improvement.
<b>Allegation 12:</b> Responsibility for tackling fraud was passed from Internal Audit to Finance. There are no alternative procedures for raising concerns should there be suspected or proven fraud in a financial system – so the senior Finance official is effectively policing himself, and posing a risk to the organisation.	NIAO has reviewed NIFRS’s fraud policy/response plan in light of these concerns. It is correct that it does not specify what happens if suspicions relate to the Director of Finance or fall within his area of responsibility i.e. who takes responsibility for investigation/decisions/oversight if such instances arise. Audit recommendations have been made to NIFRS to improve its fraud policy in this regard. However, fraud concerns can be reported through the Whistleblowing Policy, which makes alternative provision in terms of options for reporting and investigating.

### **Annex 3: Whistleblowers' allegations investigated by the Department or investigators commissioned by and reporting to the Department**

The allegation numbers in the table below correspond to the paragraphs in the Whistleblower's letter of 6 October 2011 to the Chair of PAC.

"Unsubstantiated" means that no evidence was found to corroborate the allegation. It is not a conclusion that the allegation either is true or untrue.

<b>Summary of allegations made by the Whistleblower</b>	<b>Summary of the Department's findings</b>
<p><b>Allegation 1: Unapproved bonus payments to certain senior staff</b></p> <p>Certain uniformed officers received one-off payments in 2007-08 which had not been properly approved.</p>	<p>The allegation was found to be substantiated. The Department had suggested that a one-off payment could be made to the then Chief Fire Officer. With three other senior uniformed officers whose pay was officially linked to that of the Chief Fire Officer, the cost was £15,200 in aggregate (plus £1,946 Employer's NIC). These payments did not have the necessary approval.</p>
<p><b>Allegation 4: Alleged conflicts in a media services contract</b></p> <p>Mr P Craig is a personal friend (holidays and social events) of the director of the advertising company providing fire safety advertising costs to NIFRS.</p>	<p>This allegation was found to be unsubstantiated. Mr Craig told the Department he had no personal relationship with any director of the company. The Department did not find any evidence that corroborated the allegation.</p>
<p><b>Allegation 5: Unapproved sponsorship</b></p> <p>In 2009, a then Assistant Chief Fire Officer accepted a Landrover from a company. The then Chief Fire Officer instructed the recipient to return the Landrover to the company because he did not want the gesture to be misconstrued as a bribe (the company had submitted a tender for NIFRS's replacement tyre contract). The Landrover was in fact not returned but stored on another staff member's farm. When the recipient became Chief Fire Officer, the Landrover reappeared.</p>	<p>This allegation was found to be largely substantiated. The Landrover was in fact stored in a lock up in Carryduff. The Department was told that all parties were aware it had not been returned to the company.</p> <p>As part of its investigation, the Department found that NIFRS actually requisitions its tyres under a framework contract established by the Department of Finance and Personnel's Central Procurement Directorate. The company which provided the Landrover is currently the supplier of tyres to the service.</p> <p><i>NIAO comment: The Department (Internal Audit) looked at a contract (between NIFRS and the company which provided the</i></p>

	<p><i>Landrover) to supply tyres to NIFRS and found no reason for concern. The Department found that none of the Service's staff were involved in tender evaluation and the choice of supplier for almost all the requisitions examined by the Department were based on the lowest price.</i></p> <p><i>We considered where the sponsorship deal had originated from. There are three sources of information:</i></p> <ul style="list-style-type: none"> <li><i>i. NIFRS Road Safety Steering Group minutes state that "[the supplier] has been approached. (ACFO Craig is negotiating a three year deal) .."</i></li> <li><i>ii. The supplier wrote to the C&amp;AG on 17 October 2012 stating that "The Group was approached in October 2009 by our local PR advisors ... with a proposal to support the NIFRS .... campaign".</i></li> <li><i>iii. In a letter to the (now retired) Director of Planning and Corporate Affairs at NIFRS on 7 December 2009, the advertising company states: "The opportunity arose as a result of a bona fide approach to [the advertising company] by [the supplier] seeking non-cash based marketing and publicity channels in these more marginal economic times".</i></li> </ul> <p><i>The Landrover has now been returned to the supplier. The Department's Internal Audit was told that the advertising company had confirmed by phone that the Landrover had been returned to the supplier in week commencing 4 July 2011. NIFRS has also confirmed to NIAO that the Landrover was returned to premises under the control of the advertising company.</i></p>
<b>Allegation 6: Alleged manipulation of financial data/information</b>	<p>This allegation was found to be unsubstantiated. The finance report at the end of February 2010 indicated that there</p>



<p>In 2009-10 NIFRS's Finance Director introduced a spending moratorium even though NIFRS had underspent that year. Financial information presented to the Board was manipulated.</p>	<p>was limited room for NIFRS to manoeuvre and a moratorium was acceptable at that time. No evidence was found by the Department that the financial information presented to the Board had been manipulated.</p> <p><i>NIAO comment: The Whistleblower does not consider that this allegation has been exhaustively investigated.</i></p>
<p><b>Allegation 9: Fraud reporting and investigations</b></p> <p>The Service's 2010-11 Fraud Return to the Department of Finance and Personnel did not include information reported to the Chief Fire Officer arising from complaints made by Finance staff. No meaningful investigation had been undertaken.</p>	<p>Overall the Department found that this allegation was substantiated but with mitigation in regard to the completion of the Fraud Return. Two staff had made allegations regarding the Service's financial practices during interviews in relation to complaints they had made about harassment. The Chief Fire Officer was informed of these allegations. The allegations were not included in the Fraud Return although the Chief Fire Officer did inform the Department in a letter on 1 June 2011 that allegations had been made during a complaint. The allegations were not investigated meaningfully even though the NIFRS Head of Internal Audit advised the Chief Fire Officer to seek further information and launch an investigation. The Chief Fire Officer told the Department he had intended to have these allegations investigated when the complaints processes had been finalised and that he had been in the process of arranging this when he was asked by the Department on 28 November 2011 not to proceed.</p> <p><i>NIAO comment: The Fraud Return should include all suspected frauds as well as proven frauds.</i></p> <p><i>We examined the Department's records of fraud reports from NIFRS. That, however, cannot guarantee that all frauds have been identified by NIFRS itself or notified to the Department.</i></p>
<p><b>Allegation 10: Cost of staff cover and adherence to human resource policies</b></p>	<p>This allegation was found by the Department to be largely substantiated. The cost of</p>

<p>The cost of suspending staff on full pay and paying acting up allowances and agency cover raises questions about value for money. Grievances were not handled in line with the Service's Grievance Policy.</p>	<p>providing cover was found to be initially reasonable because complainants were temporarily allocated to alternative duties. Following suspension on full pay the issues were not, however, investigated promptly or in line with best practice.</p> <p><i>NIAO comment: (The principal Whistleblower's view is that while she was relocated from her post her skills were not fully utilised and for long periods she had limited or no duties to perform. Her concern remains that this was poor use of public money.)</i></p>
<p><b>Allegation 11: Suspension of whistleblower</b></p> <p>An officer was suspended as a result of whistleblowing.</p>	<p>This allegation was found by the Department to be largely substantiated. The formal grounds for suspending the officer were alleged gross misconduct. However, the Department's investigation found that in the context of all the related and complex circumstances, events and relationships before and after the suspension it is much more likely that the main motivation was the need for a protracted problem to be resolved.</p> <p><i>NIAO comment: see also paragraphs 3 and 42 in the body of this report.</i></p>
<p><b>Allegation 12: Responsibility for fraud policy and investigation</b></p> <p>There are no provisions in the Service's revised fraud policy for proven or suspected fraud within Finance to be investigated independently. The revised policy was to be used to investigate a whistleblower.</p>	<p>This allegation was found by the Department to be partly substantiated. Alternative arrangements for Finance had been a feature of the previous fraud policy but were not carried forward to the revised policy although concerns had been raised with the Chief Fire Officer about this. The Department was told the investigation into the whistleblower was being undertaken under the disciplinary policy rather than the revised fraud policy.</p> <p><i>NIAO has commented separately on this in Annex 2.</i></p>
<p><b>Allegation 13: Control of Finance system administrative rights</b></p>	<p>This allegation was found by the Department to be partly substantiated. The Service's IT Manager told the Department she had</p>

<p>The Director of Finance and Performance Management controls the administrative rights to the Finance systems.</p>	<p>agreed the model whereby Finance and IT share responsibility for the integrity and security of the finance system. However, the Department found that IT had reservations about conceding these rights to Finance and that agreement was reached at an informal meeting where the tone was heated. IT had not enabled the sharing of the access rights with Finance which were obtained from the system supplier. The IT manager told the Department this model had not been considered by the Audit and Risk Committee or the Strategic Information Systems Planning Group as it had not met for some time. However, the Department found that the Director of Finance and Performance Management does not have administrative access rights, but they are held by an agency resource who exercises those rights under the direction and control of the Director of Finance and Performance Management. The shortcomings in these arrangements were identified as requiring urgent action.</p>
<p><b>Stores control (This allegation arose from a second Whistleblower and was referred to PAC in November 2011)</b></p> <p>A former NIFRS stores manager ran his own company selling protective clothing to other organisations. Stock control and reconciliation procedures are poor.</p>	<p>The allegations are largely substantiated, though there have been recent improvements. An internal audit of stores in August 2011 had previously identified weaknesses and made 11 recommendations. A follow up exercise in May 2012 found that four of these recommendations had been implemented. Five of the remaining recommendations relate to proposed links between stock and procurement systems. The former stores manager is deceased (since 2009-10).</p> <p><i>NIAO comment: Uniform stock (which is one element of overall NIFRS stock) included in the accounts has been in the order of £300,000 -£500,000 each year. NIFRS Internal Audit carried out reviews of stores on the following occasions:</i></p> <p>October 2000: Audit of Brigade Stores; September 2009: Audit of Stores, Personal, Protective and Operational Equipment;</p>

	<p>August 2011 Audit of Stores, Personal, Protective and Operational Equipment; and</p> <p>May 2012: Audit of Stores, Personal, Protective and Operational Equipment – Update on Recommendations</p> <p><i>Although there were issues identified for NIFRS to address, all internal audits produced “Substantial Assurance”.</i></p>
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#### **Annex 4: Timeline of main events surrounding the emergence and investigation of the principal Whistleblower's allegations**

March 2010	An officer at NIFRS raises concerns internally
November 2010	The officer raises a complaint alleging harassment against a senior officer at NIFRS and makes an allegation regarding financial practices
May 2011	The officer makes three initial whistleblowing allegations (allegations 2, 3 and 6 at Annex 1) to NIAO
July 2011	The officer makes a whistleblowing disclosure to the Department
August 2011	NIAO informs the Whistleblower of the outcome of its investigation into the three allegations.
August 2011	The Whistleblower is placed on precautionary suspension by NIFRS. There were two aspects to the letter which NIFRS sent to the principal Whistleblower suspending her. One was the reporting of financial irregularities and the other was accessing files without authorisation with potential breaches of data protection.
October 2011	The officer writes to the Public Accounts Committee raising further allegations, including that the suspension was a consequence of whistleblowing. This letter incorporated the three allegations initially made to NIAO in May.
April 2012	NIAO informs the Whistleblower of the outcome of its investigations into three of the allegations (allegations 7, 8 and 12 in Annex 1) made to PAC in October 2011 which it had undertaken to investigate
July 2012	Whistleblower returns to work and receives an apology from the Department. She also separately receives financial compensation from NIFRS through an Industrial Tribunal case.
October 2012	Department finalises its reports on the Whistleblower's allegations