

Internal Audit

Internal Audit Plan 2023-24

Devon and Somerset Fire and
Rescue Service
Audit and Governance
Committee

April 2023

Not Protectively Marked



Tony Rose
Head of Devon Audit Partnership



Support, Assurance and Innovation

INTRODUCTION	1
HIGH LEVEL AUDIT PLAN	2
SERVICE AREA OVERVIEW OF AUDIT COVERAGE	3
PROPOSED AUDIT REVIEWS	4
FRAUD PREVENTION AND DETECTION AND INTERNAL AUDIT GOVERNANCE	6
APPENDIX 1 - AUDIT FRAMEWORK	7
APPENDIX 2 - ANNUAL GOVERNANCE FRAMEWORK ASSURANCE	8
APPENDIX 3 - AUDIT NEEDS ASSESSMENT	9
APPENDIX 4 - OUR AUDIT TEAM AND THE AUDIT DELIVERY CYCLE	10
APPENDIX 5 – CHARTER AND STRATEGY LINK	11

Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid-Devon, South Hams & West Devon, Torridge and North Devon councils and Devon & Somerset Fire & Rescue Service. We aim to be recognised as a high-quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks, and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at tony.d.rose@devon.gov.uk

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Authority, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within Devon and Somerset Fire and Rescue Service the role of the Board within the Standards is taken by the Authority's Audit and Governance Committee and senior management is the Authority's Executive Board. The Audit and Governance Committee, under its [Terms of Reference](#) contained in the Authority's Constitution, is required to review, and approve the Internal Audit Plan to provide assurance to support the governance framework (see Appendix 2).

The Internal Audit Charter at Appendix 5 formally describes the Purpose, Authority, and Principal Responsibilities of the Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at Appendix 1, along with the scope of Internal Audit work. The PSIAS refer to the role of "Chief Audit Executive", this role is fulfilled by the Head of Devon Audit Partnership.

The Chief Audit Executive is responsible for developing a risk-based plan which takes into account the organisation's risk management framework, including using Risk Appetite levels set by management for the different activities or parts of the organisation as represented in Appendix 3.

The audit plan represents the proposed internal audit activity for the year. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the Chief Finance Officer and Members with assurance on the control framework to manage the risks identified.

The plan will remain flexible, and any changes will be agreed formally with management and reported to Audit and Governance Committee.

Expectations of the Audit Committee for this annual plan

Audit and Governance Committee members are requested to consider:

- the annual governance framework requirements,
- the basis of assessment of the audit work in the proposed plan,
- the resources allocated to meet the plan,
- proposed areas of internal audit coverage in 2023/24.

In review of the above the Audit and Governance Committee are required to consider the proposed audit plan.

Tony Rose
Head of Audit Partnership

High Level Audit Plan

This chart shows a summary of planned audit coverage for the year totalling 178 direct days. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Authority and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate.

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more agile and responsive to changing risks. The value of this approach has been highlighted in previous years during the Covid-19 pandemic.

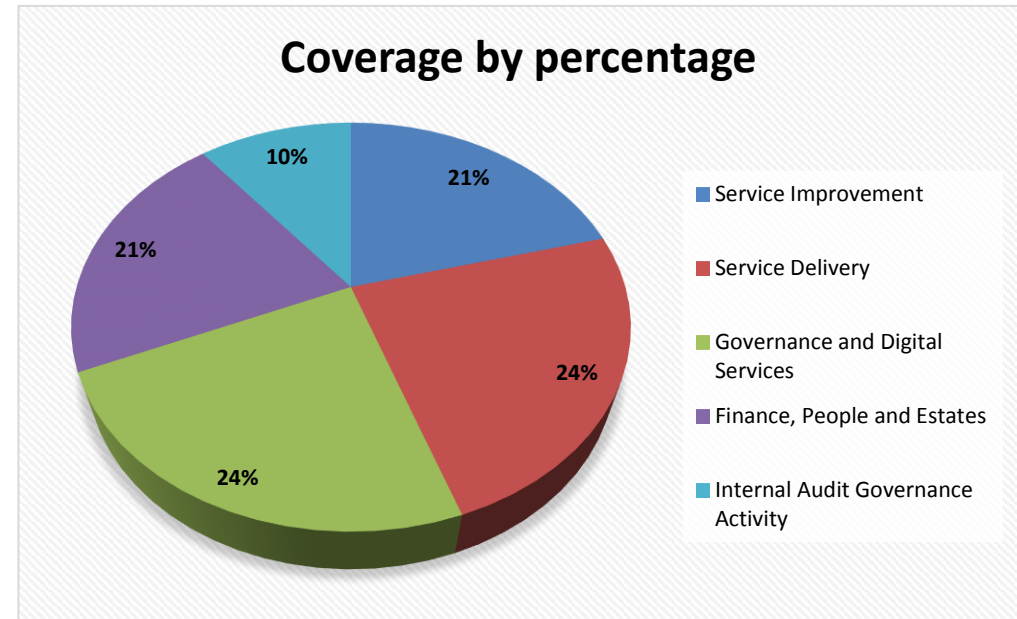
As outlined in Appendix 3 to this report, the Audit Plan is drawn up considering various factors including risks to the Authority as outlined in the Authority's risk register, and the views of the Audit and Governance Committee and Senior Officers. Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key and current risks to the operation or function are considered during our review. A brief overview of proposed audits is provided on the following pages.

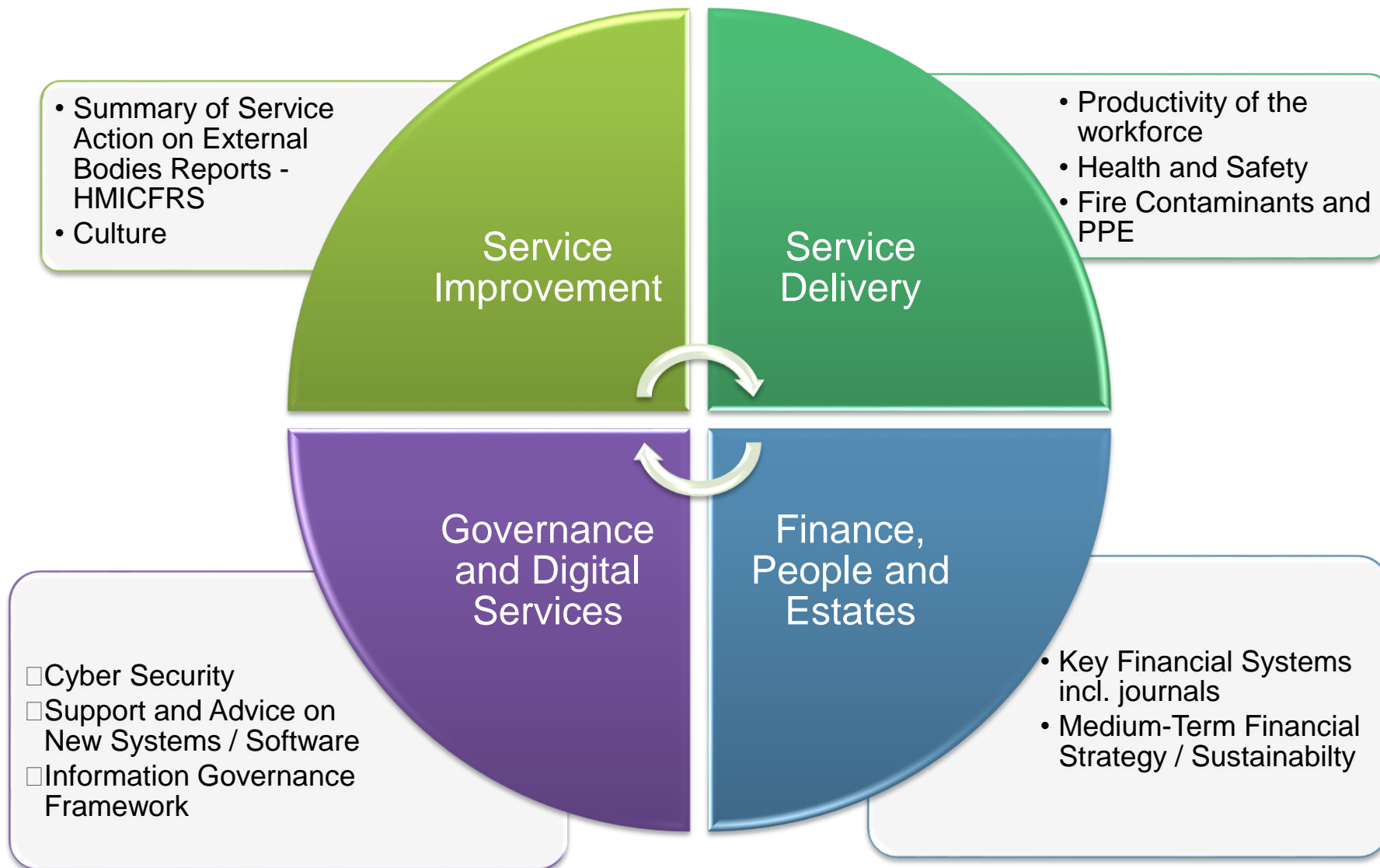
As we progress through the year, any changes to the audit plan will be agreed via the Director of Finance, People and Estates and are notified to the Audit and Governance Committee via our monitoring reports.

The Internal Audit Plan is intended to cover the period 1st April to 31st March. We know from our experience that our work does not start on the 1st April or finish on the 31st March. The delivery of the work commences in April with the bulk of the work delivered within each financial year, concluding with our reports being finalised after year end. This timeframe helps to ensure the Annual Head of Internal Audit Assurance Opinion is based on the fullest possible breath of work in line with each Internal Audit Plan

We regularly review wider risk information to help inform our Internal Audit Plans. Recently the [Institute of Internal Auditors \(IIA\)](#), the [World Economic Forum](#) and Institute of Risk Management (IRM) [IRM Global Risk Trends 2023 \(theirm.org\)](#) have produced documents linked to global, national, and regional risks, many of which are relevant to the services delivered by the Public Sector. In addition, Mazars undertake an annual review of emerging risks, the latest one being the [2022 version](#).

These documents provide a useful information source for Auditors, Senior Management and Audit and Governance Committee Members as they consider what items should be included in the Annual Internal Audit plan. These can be found using the links should you wish to view them.





Proposed audit reviews

* Whilst audit area titles are detailed below our practice is to agree detailed scopes closer to the actual timing of the audits.

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing	
		Days	Quarter
Service Improvement			
Summary of Service Action on External Bodies Reports - HMICFRS	ANA – High		Q4
Culture – To also include effectiveness of Grievance, Whistle Blow and Speak Up Procedures	ANA – High		Q1
Service Delivery			
Productivity of the workforce and whole time crews	ANA - High		Q2
Health and Safety	ANA – High (CR075)		Q4
Fire Contaminants and PPE	ANA – High (CR075)		Q3
Governance and Digital Services			
Cyber Governance	ANA High		TBC
Live advice and quality assurance <ul style="list-style-type: none"> • New Finance System • New People System 	ANA – High (CR050)		Ongoing
Information Governance Framework	ANA – High (CR065)		Q3
Finance, People and Estates			
Key financial systems including Journals	ANA – Medium (CR050)		Q3
Medium-Term Financial Strategy / Financial Resilience Plans	ANA – High		Q1
Internal Audit Governance Activities			
Audit planning and annual plan report; audit monitoring reports for Audit and Governance Committee, support for the Audit and Governance Committee.	Business delivery requirement, client request		Ongoing
Reserve Areas – Not currently included in the Audit Plan			
Secondary Contracts	ANA – Medium (CR035)		n/a
Red One Debt Repayment Management	ANA – High (CR081)		n/a
Business Continuity Planning	ANA – Medium (CR077)		n/a
Selection and Promotion	ANA – Medium		n/a
Risk Management Follow Up Review	ANA – Medium (CR070)		n/a
Performance Management Information	ANA – Medium		n/a
Fraud Risk Assessment	ANA – Medium		n/a

Value Added and Other Activities – To be commissioned as required

Fraud Prevention and Investigation**	 <p>The graphic lists the following services: Internal Audit, Risk Management, Fraud Services, Consultancy, Schools and Academies, Cyber Security, and EU Audit and Compliance. It also includes contact information: www.devonaudit.gov.uk, 01392 362427, and the Head Office address in Exeter.</p>	
Consultancy Work		
Governance advice including assurance roles in major procurement activities		
ISO 9001 Pre-Assessment		
Information Governance Advice		
Grant Certification		
Project Assurance		
General Control Framework Advice		

Risk Assessment Key

ANA - Audit Needs Assessment risk level (Risk Register reference)

**DAP Counter Fraud Services

Criminal Investigations - The DAP Counter Fraud Services Team (CFST) are competent and highly experienced in respect of criminal fraud investigations. All investigators are fully Accredited Counter Fraud Specialists (ACFS). The manager is an Accredited Counter Fraud Manager (ACFM) with the Counter Fraud Professional Accreditation Board (CFPAB), who also holds a Diploma in Counter Fraud Management and a Certificate in Fraud Risk Management with the Chartered Institute of Public Finance and Accountancy (CIPFA). The team have undertaken thousands of criminal fraud investigations and have successfully overseen the prosecution of many fraud cases.

Fraud Training and Awareness - The CFST Manager has presented and spoken publicly at national conferences and local levels on the subject of counter fraud and the need for being honest about fraud, with one of his published articles appearing in the national journal of Alarm (Public Risk Management) "Face up to Fraud". The team can provide awareness training and support for staff and managers to minimise its exposure fraud risks.

Fraud Risk Assessment - The CFST Manager holds the CIPFA Certificate in Fraud Risk Management and the Diploma in Counter Fraud Management and applies this knowledge to improve organisational risk registers to include fraud risk and improve associated resilience. The DAP risk assessment allows an organisation to be confident that it understand and manage the fraud threats it faces.

Data Matching Initiatives - The CFST can take a data set and match them against other internal data sets to look for red flags and/or indicators of fraud and error. This is allowed under the Data Protection Act, as the work is connected to: the prevention or detection of crime; the apprehension or prosecution of offenders; or the assessment or collection of a tax or duty or an imposition of a similar nature.

Anti-Fraud, Bribery and Corruption Policy / Strategy and Response Plans - The CFST created and continue to monitor Anti-Fraud, Bribery and Corruption Policy / Strategy and Response Plans for multiple partners so that consistency of approach and redress is clear to those who would look to commit fraud and related criminal offences.

Information and Counter Fraud Updates - CFST provide information and Counter Fraud updates to keep pace with developments.

Fraud Prevention and Detection and Internal Audit Governance

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Authority, as set out in the [Strategy on the Prevention and Detection of Fraud and Corruption](#) and assist in the protection of public funds and accountability. As per the [Fraud Reporting Webpage](#) 'No posts exist specifically for the undertaking of investigations and prosecutions of fraud, the responsibility is incorporated into a number of roles'. The strategy refers to the engagement of Internal Audit as appropriate.

The [National Fraud Initiative](#) (NFI) is a Biannual exercise in fraud and error prevention and detection, the exercise is run and reported on by the [Cabinet Office](#). It matches electronic data within and between public and some private sector bodies in an effort to minimise losses to the public purse. The NFI also supports an organisations duty under the Data Protection Act 2018.

The DSFRA should have now successfully uploaded all the required data sets on 30th September or as near as possible after that date to ensure the consistency of the data matching across the exercise. A full timetable for the NFI National Exercise can be found [here](#). All matches will have now been returned from the Cabinet Office and should now be being checked by the relevant Departments involved. Key and high-risk matches are clearly identified and should be competed at the organisation's earliest opportunity. The NFI programme has a cumulative savings figure of £2.4 billion since its creation in 1996. The outcomes exclude the non-financial benefits also experienced by participants, such as improvements in the accuracy of records, or a greater knowledge of the extent and types of risks their organisations might face.

Internal Audit Governance

An element of our work is classified as "internal audit governance" – this is work that ensures effective and efficient services are provided to the Authority and the internal Audit function continues to meet statutory responsibilities. In some instances, this work will result in a direct output (i.e., an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include: -

- Preparing the Internal Audit Plan and monitoring implementation,
- Preparing and presenting Monitoring Reports to Senior Management and the Audit and Governance Committee,
- Liaison with other inspection bodies (e.g., External Audit)

Partnership working with other agencies.

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit/review agencies where appropriate and beneficial. We participate in a range of internal Audit networks, both locally and nationally, which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of "re-inventing the wheel" in new areas of work which have been covered in other authorities.

The most significant partnership working arrangement that we have with other auditors is that with the Authority's external auditors (Grant Thornton).

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015 amended 2021, which state:
 “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Chief Audit Executive should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning and best practice, helping each authority develop further to ensure that risk remains suitably managed.

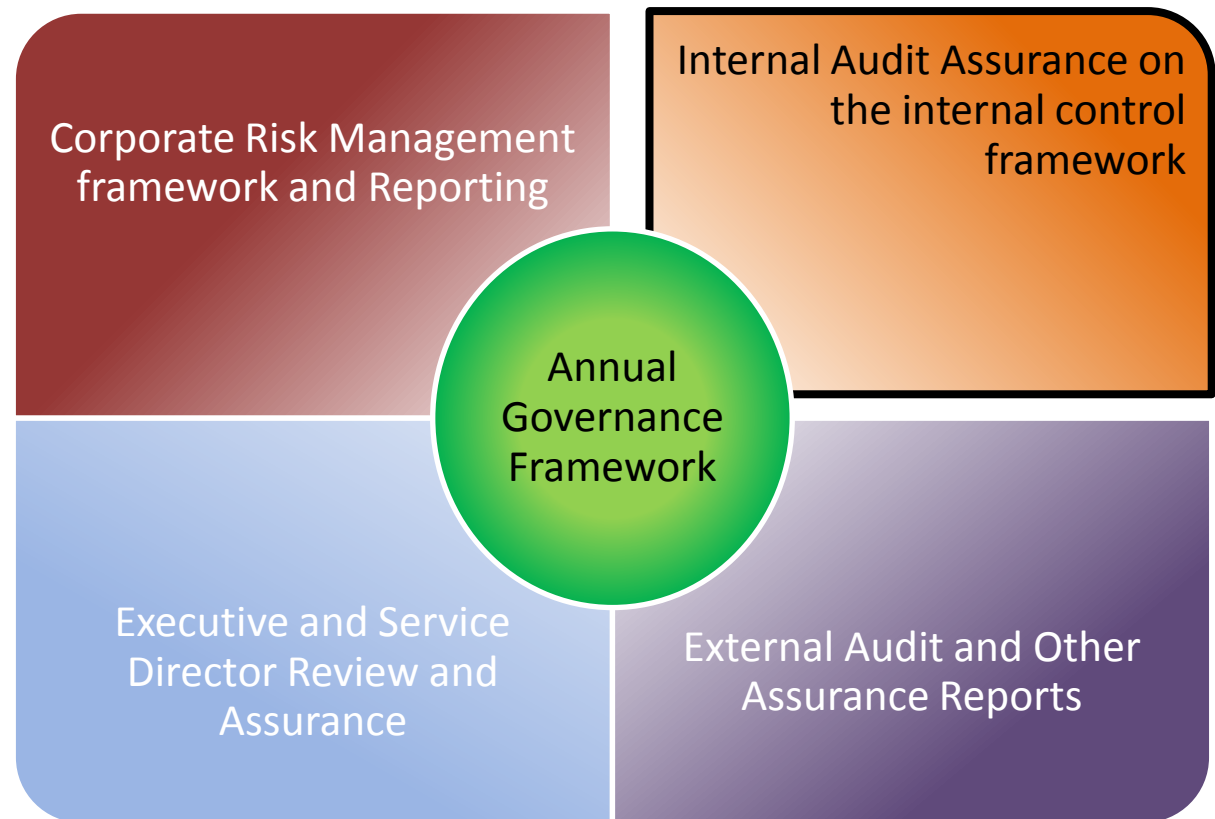
Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

- The Authority's policies have been complied with in practice,
- high quality services are delivered efficiently and effectively,
- ethical standards are met,
- laws and regulations are complied with,
- processes are adhered to,
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should: -

- be prepared by senior management and signed by the Chief Fire Officer, Chair of the Fire Authority and Chair of the Audit and Governance Committee,
- highlight significant events or developments in the year,
- acknowledge the responsibility on management to ensure good governance,
- indicate the level of assurance that systems and processes can provide,
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon,
 - The Authority,
 - Audit and Governance Committee,
 - Risk Management,
 - Internal Audit,
 - Other reviews / assurance.
- Provide confirmation that the Authority complies with CIPFA's recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



The AGS needs to be presented to, and approved by, the Audit and Governance Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Annual Governance process, the Executive Board, Internal Audit, and other assurance providers that the statement meets statutory requirements.

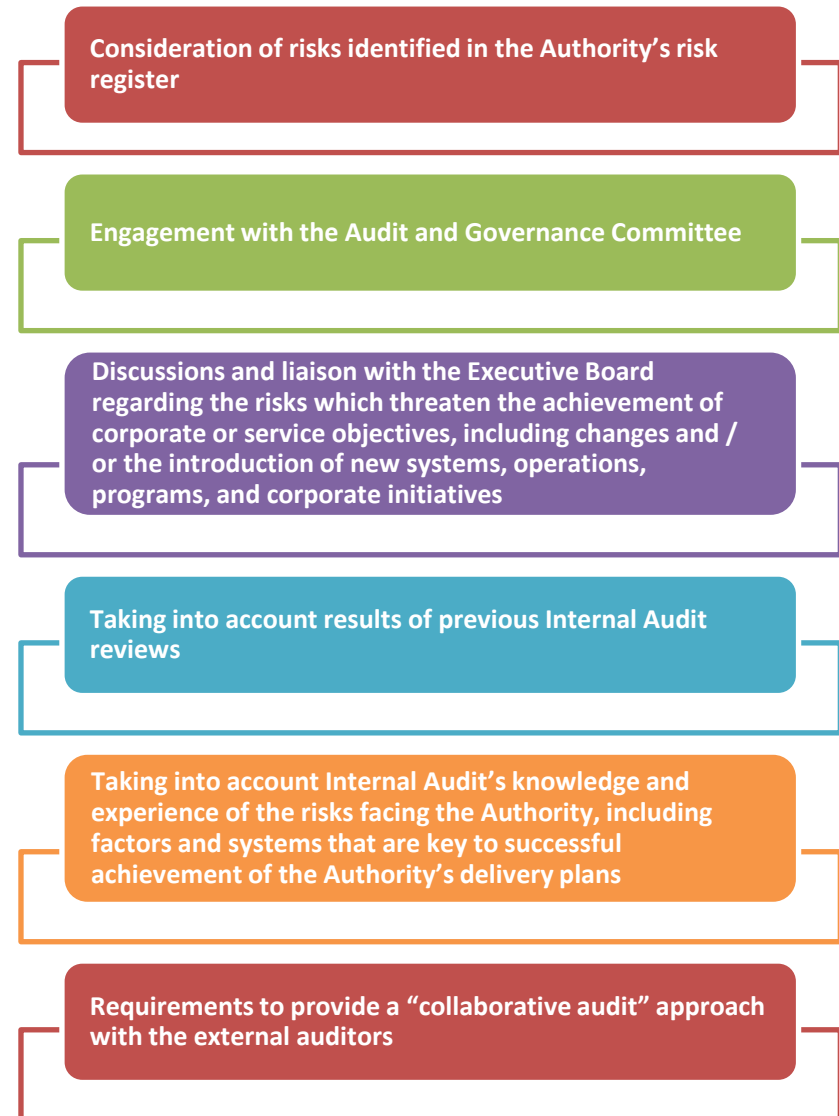
Appendix 3 - Audit Needs Assessment

We review the Authority’s risk register and work closely with the Executive Board and Members to identify those areas where audit resources can be most usefully targeted.

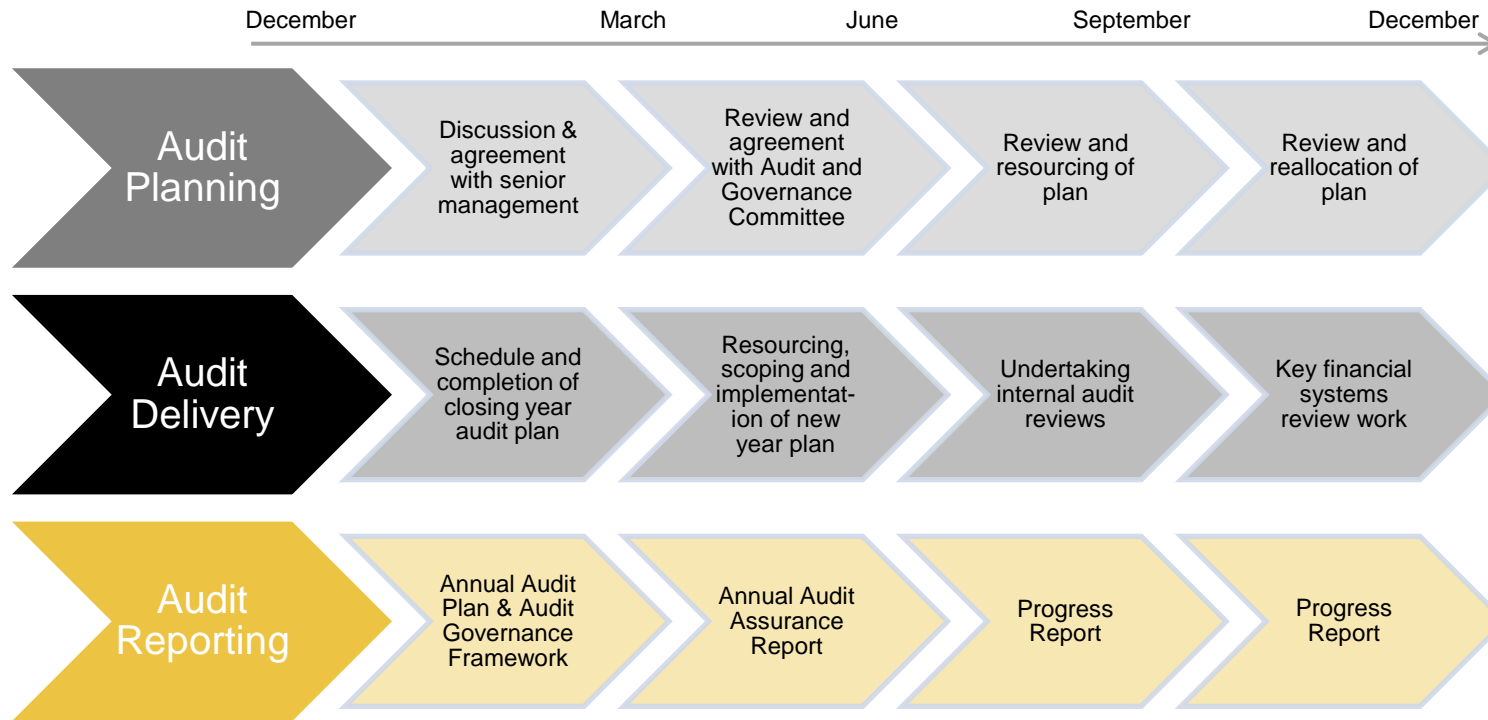
The result is the Internal Audit Plan set out earlier in this report.

An example of the Risk Register as provide to the Audit and Governance Committee can be found published on the website [Risk Register Report November 2022](#)

The audit plan for the year plan has been created by:



Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec to March 2023	Audit Planning meetings
April 2023	Internal Audit Plan presented to Audit and Governance Committee
	Internal Audit Governance Arrangements reviewed by Audit and Governance Committee
	Year-end field work completed
May / June 2023	Annual Performance reports written
July 2023	Annual Internal Audit Report presented to Audit and Governance Committee
	Progress Report presented to Audit and Governance Committee
Nov 2023	Progress reports presented to Audit and Governance Committee
January 2024	2024/25 Internal Audit Plan preparation commences
	Audit Planning meeting with Audit & Governance Committee

Tony Rose Head of Audit Partnership T 01392 383000 M 0779420113 E tony.d.rose@devon.gov.uk	Lynda Sharp-Woods Audit Manager – DSFRA T 01392 382322 E lynda.sharp-woods@devon.gov.uk	Joanne McCormick Deputy Head of Audit Partnership T 01392 383000 E joanne.mccormick@devon.gov.uk
		Ken Johnson Audit Manager – Counter Fraud T 01392 386416 E ken.johnson@devon.gov.uk

INTERNAL AUDIT

CHARTER AND STRATEGY

DEVON AND SOMERSET FIRE AND RESCUE

APPENDIX 5



devon **audit** partnership
Auditing for Achievement

Link to the document as taken to the Audit and Governance Committee in January 2023.

[PowerPoint Presentation \(dsfire.gov.uk\)](https://www.dsfire.gov.uk)