REPORT REFERENCE NO.	APRC/21/2
MEETING	**AUDIT & PERFORMANCE REVIEW COMMITTEE**
DATE OF MEETING	**5 MARCH 2021**
SUBJECT OF REPORT	**AUDIT & REVIEW 2020-21 PROGRESS REPORT**
LEAD OFFICER	**DIRECTOR OF GOVERNANCE AND DIGITAL SERVICES**
RECOMMENDATIONS	*That the report be noted.*
EXECUTIVE SUMMARY	Attached for consideration and discussion is the 2020–21 Quarter 3 Audit & Review report. This report sets out the progress that has been made during Quarter 3 against the approved 2020-21 Internal Audit Plan, and updates on additional review work undertaken this financial year.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT	Not applicable.
APPENDICES	Appendix 1 : Internal Audit Planning Process
BACKGROUND PAPERS	Nil.

1.   **INTRODUCTION**

1.1.   The 2020-21 internal audit plan was approved by the Audit & Performance Review Committee (the Committee) on 4 March 2020.

1.2.   Subsequent to approval of the plan, the Covid-19 pandemic caused Devon & Somerset Fire & Rescue Service (the Service) to employ business continuity arrangements. As a result of these arrangements, the plan was unable to progress in the usual manner with Internal Audit resource re-assigned to the Assurance Cell within the business continuity response structure.

1.3.   The aim of this report is to update members on progress in delivery of the internal audit plan.

2.   **DELIVERY OF THE INTERNAL AUDIT PLAN**

2.1.   The table below provides an update on the individual areas of work that have been able to progress this year:

Assurance Area	Progress	Update
National Fraud Initiative	In Progress	This is a mandatory initiative for public sector organisations, owned by the Cabinet Office. A new data matching exercise has been completed for 2020-21 and the records have been returned to participants to check and complete any relevant investigation within the next 2 years.
Health and Safety: Personal Protective Equipment (PPE) Audit	In Progress	An audit is in progress to understand how compliant the Service is with guidance provided by the Health & Safety Executive on storage and maintenance of Personal Protective Equipment. The audit is primarily focussed on Helmets, Tunics, Gloves and Boots and will look at training that users have received in using these.
Purchase Card Audit	In Progress	Devon Audit Partnership is reviewing controls on the use of Purchase cards in the Service. This was initiated following identification of a spending increase and consideration of the increased fraud risk associated to Covid-19. This area does not form part of the usual Key Financial Systems audit as the processes are owned by the Procurement Department.

Assurance Area	Progress	Update
Key Financial Systems (Including Payroll)	In Progress	Devon Audit Partnership is undertaking the annual Key Financial Systems audit for the Service. Payroll was previously audited as a separate process. Due to the potential to improve efficiency, the two areas are being audited together for 2020-21.
Culture - Psychological Safety and the Impact of Covid-19	Draft Report Issued	A review was completed by Devon Audit Partnership on controls around ensuring that Service employees feel psychologically safe. This formed part of the Culture audit for 2020-21 and included a survey which was made available to all staff. The draft report is being reviewed currently by the Organisational Development department, and comments provided in the staff survey have been anonymised for review, to allow appropriate actions to be determined based on the findings.
Operational Training Academy	Final Report Issued	★★★ Reasonable Assurance The information for this audit was gathered as the Academy was scheduling commencement of practical training after suspending training due to Covid-19. The key findings were that the Academy had generally sound systems of governance, risk management and control in place. The identified opportunities for improvement formed the basis for actions agreed with the Academy management team. Many of these were already addressed by previously scheduled changes to the Academy, however, those actions which were not already addressed, such as more regular review of the Academy's risk register, have been captured on the Assurance Tracker for regular updates.

3.   **ASSURANCE OPINION LEVELS**

3.1.   One of the key roles of Internal Audit is to provide independent assurance as to how effectively risks are managed across the organisation.

3.2.   The following assurance opinion levels have been developed to evaluate and report audit conclusions:

★★★★   Substantial Assurance

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited

★★★   Reasonable Assurance

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

★★   Limited Assurance

Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

★   No Assurance

Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

3.3.   The assurance levels detailed above are used by both Devon Audit Partnership and by DSFRS Internal Audit.

4.   **ACTION TRACKING**

4.1.   During Quarter 3, additional focus has been placed on obtaining updates on outstanding actions from the Audit & Review Assurance Tracker.

4.2.   The Audit & Review Assurance Tracker records all recommendations and agreed actions arising from key assurance activities, including the following:

- External reviews (including External Audit)
- Annual Statement of Assurance
- Internal Audit (Audit & Review and Devon Audit Partnership)
- Peer Review
- ICT Health Checks

4.3.   The Assurance Tracker is available to all employees through the Service Information Point (SIP).

4.4.   Updates are focussed on the higher priority items (such as those which are associated to high risks, or have deadlines provided by external bodies), however, the total number of overdue items of all priority, continues to decrease. The position as reported at the beginning of 2020-21 Quarter 4, as well as the updated position at 18 February 2021 is illustrated in Figure 1 and Figure 2 below, showing the impact of the additional focus on this area.

4.5.   The overdue actions are largely linked to longer term project work, such as the Safer Together Programme, that remain ongoing and are monitored through the assurance tracking process. There are no areas which are identified as non-responsive.

4.6.   Additionally, some open actions have been superseded by changes to the Service structure, digital transformation and other actions. Further work is ongoing to ensure that actions that have been superseded are documented and recorded as closed. This piece of work is expected to be complete by the end of 2020-21, and ongoing reviews will be completed on a regular basis.

4.7.   When updates are sought on overdue items, new expected completion dates are sought and continue to be monitored. The relatively high number of overdue items seen at the opening of Q3 2020-21 is due to a large number of actions being scheduled for completion at calendar year end 2020. However, the combination of the New Year bank holiday and the impact of Covid-19 meant that updates on these actions could not be obtained immediately. Whilst the actions would have reported as overdue in the Assurance Tracker, the updates subsequently received allowed these to be closed (as demonstrated in the figures for 18 February 2021).
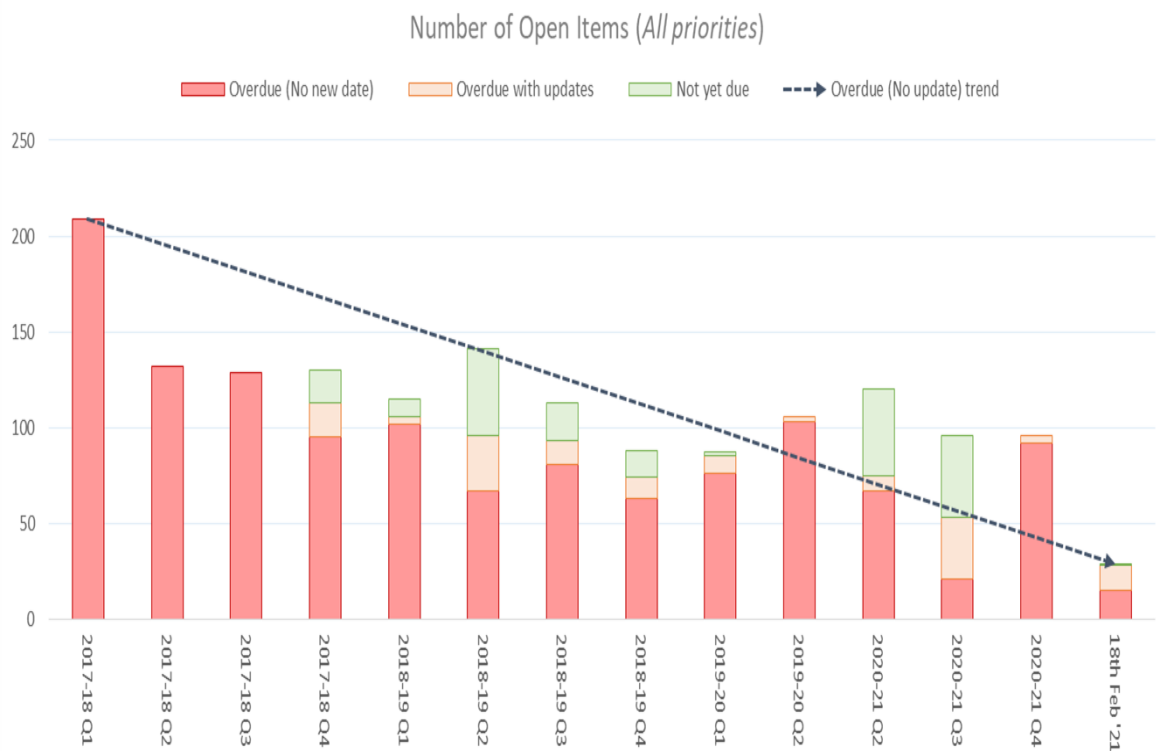

Figure 1 : All open actions by status

Figure 2 : High & Medium High items by status

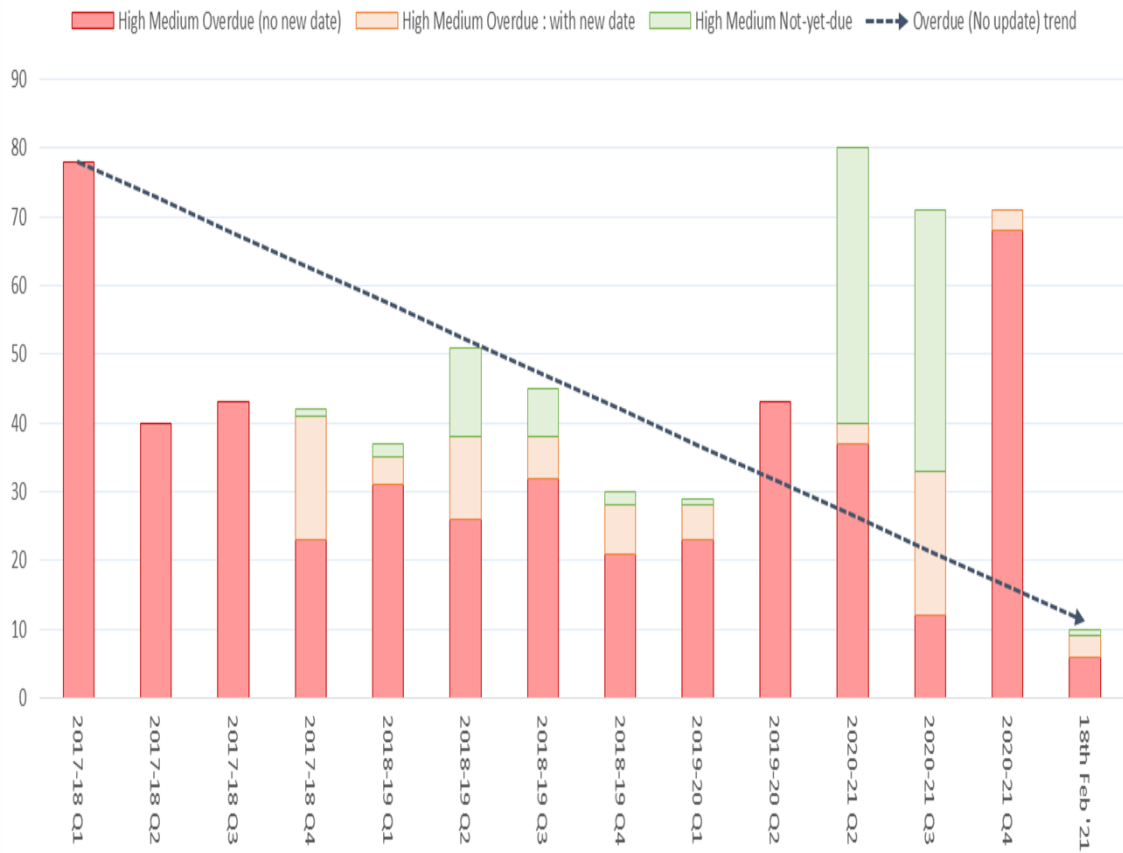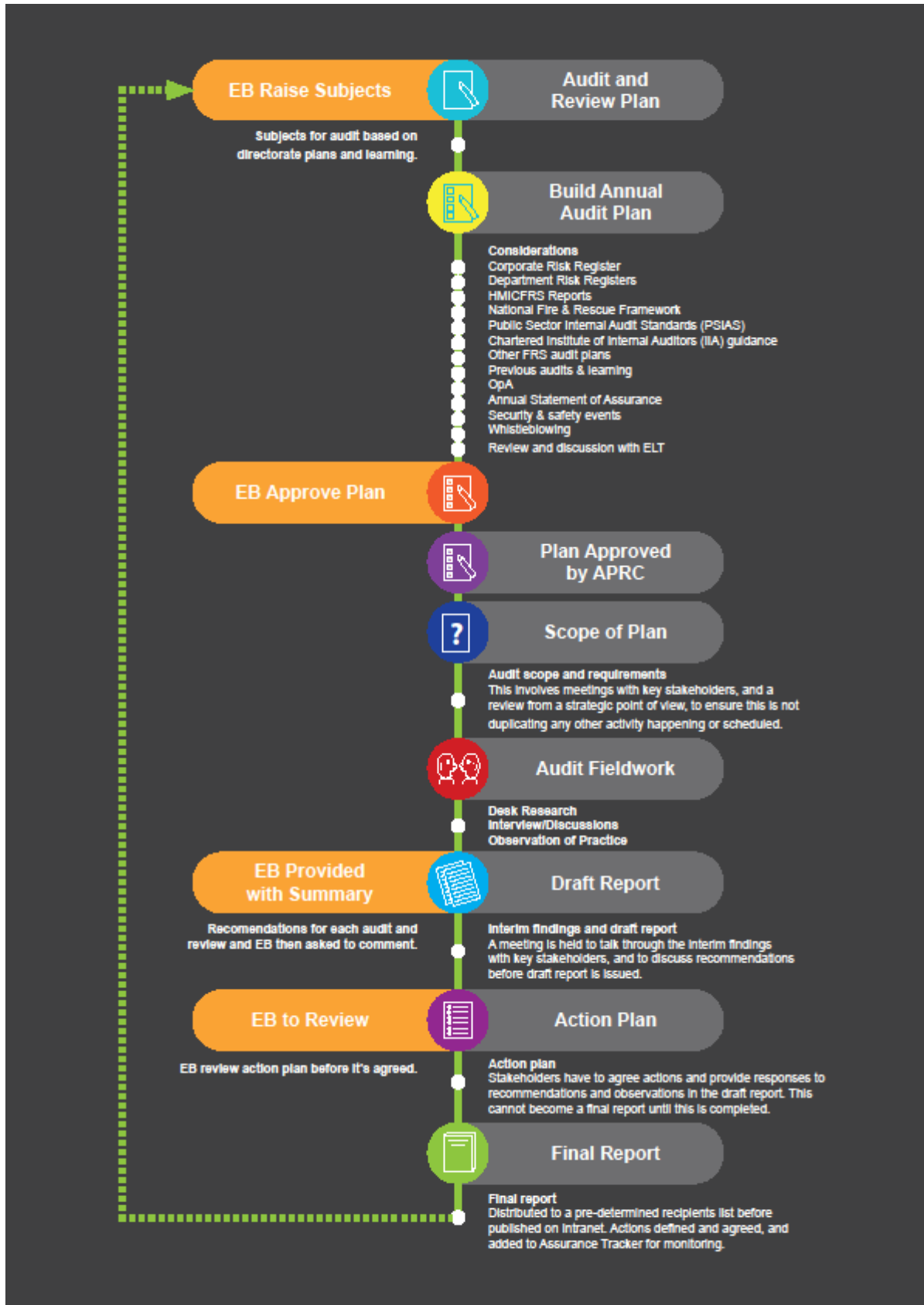*Figure 3: Internal Audit process*