

REPORT REFERENCE NO.	AGC/21/3
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	30 JULY 2021
SUBJECT OF REPORT	INTERNAL AUDIT 2021-22 QUARTER 1 PROGRESS REPORT
LEAD OFFICER	DIRECTOR OF GOVERNANCE AND DIGITAL SERVICES
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>This report updates the Committee on progress in delivering the 2021-22 Annual Internal Audit Plan and updates on review work undertaken this financial year.</p> <p>The report shows that at three months into the year, overall delivery of the plan is on target but, as we are only three months into the year, there are no new audit opinions finalised to allow Internal Audit to comment on the current state of the Internal Control Framework.</p> <p>The work of the Internal Audit Service is to provide independent assurance to the Service's senior officers and Members that governance, risk management and controls are sufficient in ensuring delivery of the Service's objectives.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT	Not applicable.
APPENDICES	Appendix 1 - Assurance Opinion Levels
BACKGROUND PAPERS	Internal Audit 2021-22 Plan

1. **INTRODUCTION**

- 1.1. The 2021-22 internal audit plan was approved by the Audit & Performance Review Committee (APRC) on 5 March 2021.
- 1.2. Internal Audit and the Devon Audit Partnership are accountable for the delivery of the Plan and the Internal Audit Charter includes the requirement to report progress to this Committee at least three times per year.
- 1.3. The aim of this report is to update Members on progress in delivery against the internal audit plan, recognising that this is in the context of the Service remaining in the Business Continuity Recovery phase. Remote working and Covid-19 restrictions at Service premises and stations have continued during this time.
- 1.4. The report also includes an overview of the assurance tracking process and the current high priority recommendations that remain as 'open' on the assurance/audit tracker.

2. **PROGRESS AGAINST INTERNAL AUDIT PLAN**

- 2.1. In the 2021-22 Internal Audit Plan a total of 232 days were approved for Internal Audit activity.
- 2.2. As we are only three months into the year, there are no new audit opinions finalised to allow Internal Audit to comment on the current state of the Internal Control Framework but, based on previous years, there are no areas of the Internal Control Framework, or internal audit reports issued, where we can provide no assurance.
- 2.3. One internal audit remains outstanding from 2020-21 that was delayed due to Covid-19 restrictions and working arrangements. The Personal Protective Equipment audit will now be completed in addition to the 2021-22 audit plan.
- 2.4. The table below provides an update on individual areas of work being completed using resource from the agreed Internal Audit Plan. Work to date is progressing on target as planned, and audit reviews are substantially being completed within their allocated days.

Assurance Area	Status	Update	Audit Opinion
Devon and Somerset Fire & Rescue Audit Resource:			
Light Support Fleet Audit	In Progress: Draft Report	Awaiting management response to finalise the report. Rationale for audit: The light support fleet is not managed centrally and is an area of high expenditure. The Service needs to ensure that processes are effective and efficient in order to demonstrate value for money in the use of this fleet and ensure that the impact of changes to ways of working in response to Covid-19 is considered going forwards.	Opinion not yet available

Assurance Area	Status	Update	Audit Opinion
Station Compliance	In Progress: Fieldwork	<p>The fieldwork for this audit and draft report are on track for completion by the end of July.</p> <p>Rationale for audit: If the Service does not have adequate controls in place then there is a risk that some stations may not be complying with statutory requirements, for example with regard to legionella management.</p>	Opinion not yet available
Training: Fitness Testing	In Progress: Planning	<p>Fitness Training Audit is in progress, however a short piece of assurance work has also been requested by the Executive Board to disclose what new processes and procedures have been implemented after previous areas of concern were identified. This will support a more efficient and concise audit process.</p> <p>Rationale for audit: Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) reported a Cause for Concern that the Service 'cannot assure itself that operational members of staff meet the minimum fitness requirements to perform their role.' It is also important to provide assurance that equality impacts have been considered and reflected within Service policy and that process changes have been embedded.</p>	Opinion not yet available

Assurance Area	Status	Update	Audit Opinion
Health & Safety: Personal Protective Equipment (PPE)	In Progress: Planning	<p>Primarily due to Covid-19 Business Continuity measures, the start date for the fieldwork of this internal audit was postponed and has now been added to the 2021-22 Plan. The scope and objectives have been completed, with fieldwork to commence in Quarter 3.</p> <p>The objective of this audit is to establish compliance with PPE training, legislation and requirements. The aim initially will be to review internal systems and processes, involving initial requirements, procurement and fitting, concluding in how compliant the service is in regards to training and refresher training of PPE use.</p>	Opinion not yet available
Community Safety: Fire Prevention	Due to start in Q3	Rationale for audit: The Authority has a statutory responsibility under the Fire and Rescue Services Act 2004 to give fire safety advice and needs assurance that it is prioritising its prevention work to prevent fires and other emergencies from occurring.	Opinion not yet available
Working with Children and Young People	Due to start in Q3	Rationale for audit: Errors in this area could damage the reputation of the Service and could potentially breach the Service's legal obligations with regard to safeguarding. By reviewing the security checks that are currently undertaken, assurance can be provided that the Service is ensuring the safety of its people and the community that it serves.	Opinion not yet available

Assurance Area	Status	Update	Audit Opinion
Fleet Management	Due to start in Q4	Rationale for audit: Availability of vehicles/appliances that are fit for purpose forms part of risk CR056 on the corporate risk register. Further to previous audit work in this area and implementation of the fleet strategy, assurance needs to be provided that improvements are being embedded.	Opinion not yet available

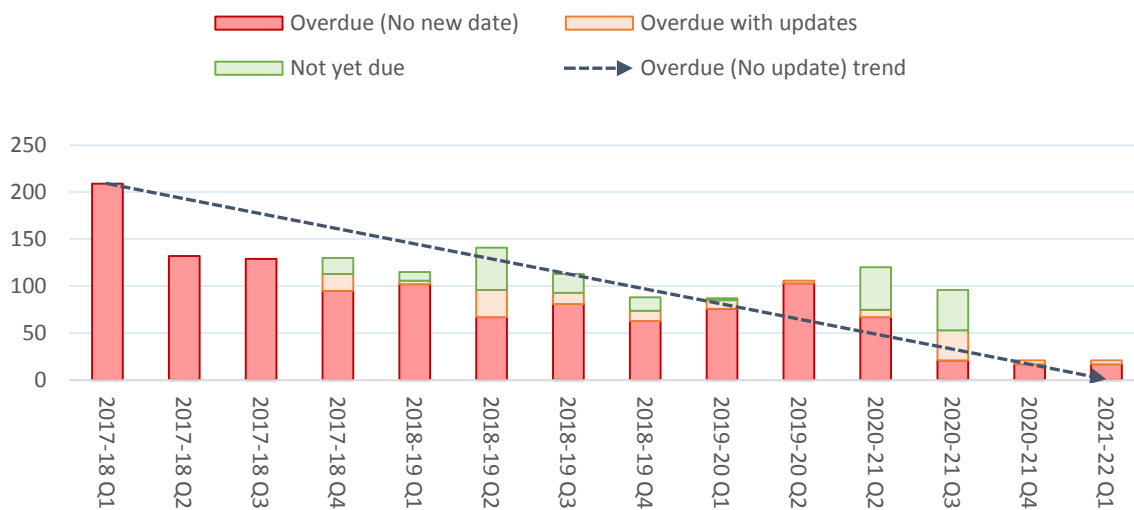
Assurance Area	Status	Update	Audit Opinion
Devon Audit Partnership Resource:			
Key Financial Systems (Inc. Payroll)	Starts 6 th December 2021	This is a fixed part of the audit plan which is presented to the External Auditor on an annual basis.	Opinion not yet available
Risk Management	Due to start in Q3	HMICFRS expressed concerns over some aspects of the risk management process. This audit will provide assurance on how well the Service's revised risk management framework has embedded.	Opinion not yet available
Use of Data	Due to start in Q4	Wherever possible the Service's work should be data driven to determine how activity is prioritised to ensure that services are provided effectively and efficiently. This data should be readily available, accurate and up to date.	Opinion not yet available
Information Security - Availability of systems	Starts 20 th September 2021	Information security is the foundation for high-scoring items on the Corporate Risk Register (CR037 & CR044). This is an area of increasing risk to all organisations, and with rapid increases in remote working and reliance on ICT, good security practices are essential.	Opinion not yet available

Assurance Area	Status	Update	Audit Opinion
Application of learning (including HMICFRS and Grenfell)	Due to start in Q3	There are risks associated to both not applying learning, and not being able to evidence that learning has been applied. Failure to apply learning can risk the safety of employees and the public, as well as risk non-compliance with updated regulations.	Opinion not yet available

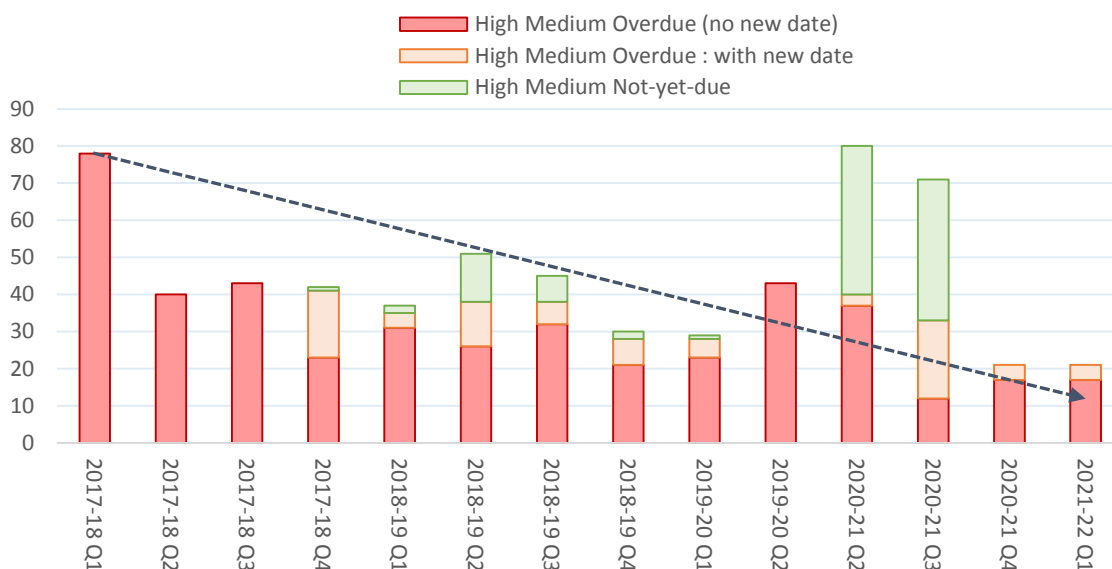
3. ACTION TRACKING OF AUDIT & REVIEW RECOMMENDATIONS

- 3.1. The Assurance/Audit Tracker records all recommendations and agreed actions generated by internal audit. Where relevant, these will also be reflected in either department plans (if incremental improvement) or the Change & Improvement Plan (if strategic).
- 3.2. The Audit Tracker is available to all employees through the Intranet Service Information Point (SIP).
- 3.3. 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, as can be seen from the graphs below, the trend for the total number of overdue items of all priorities, continues to decrease.
- 3.4. Any overdue actions recorded are largely linked to longer term project work and introduction of new processes that remain ongoing. These are monitored through the assurance tracking process and no areas are identified as non-responsive.
- 3.5. Additionally, some open actions have been superseded by changes to the Service structure, digital transformation and other upgrade/changes. Work is ongoing to ensure that actions that have been superseded are documented and recorded as closed.
- 3.6. The tables overleaf show the number of open items on the Assurance/Audit Tracker.

Number of Open Items (All priorities)



Number of Open Items (High / Medium High priorities)



4. NATIONAL FRAUD INITIATIVE

4.1. The National Fraud Initiative (NFI) is an exercise that matches electronic data with and between public and private sector bodies to prevent and detect fraud. The 2020-21 data matches were made available to Internal Audit, via the secure NFI software, during February 2021. Internal Audit will review and investigate the data matches during 2021-22 prioritising the higher risk matches. There are currently 443 data matches to review, investigate and record the outcomes on the NFI system. The NFI data matching exercise is carried out every two years, with a requirement that all data matches identified for Devon and Somerset Fire & Rescue Service have been checked within the NFI timeframe. Internal Audit will continue to provide progress reports to the Committee throughout the year on this work.

5. CONCLUSION & RECOMMENDATIONS

- 5.1. As we are only three months into the year, there are no new audit opinions finalised to allow Internal Audit to comment on the current state of the Internal Control Framework but, based on previous years, there have been no areas of the Internal Control Framework, or internal audit reports issued, where we can provide no assurance. For reference, the assurance opinion levels used are detailed at Appendix 1.
- 5.2. Both Audit & Review and the Devon Audit Partnership wish to use this report to thank all staff who have worked with them in delivering the audit programme and the willingness to positively engage in the audit process.
- 5.3. The progress made against the agreed Audit Plan will be reported back to this Committee at regular intervals.

MIKE PEARSON

Director of Governance & Digital Services

APPENDIX 1 TO REPORT AGC/21/3

Assurance Opinion Levels

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

The following assurance opinion levels are used by both DSFRS Internal Audit and Devon Audit Partnership and have been developed to evaluate and report audit conclusions:

ASSURANCE	DEFINITION
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.

The following recommendation priorities have been developed to evaluate and report where weakness or opportunity is identified.

PRIORITY	DEFINITION
High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks.

PRIORITY	DEFINITION
<p style="text-align: center;">Low</p>	<p>Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.</p>
<p style="text-align: center;">Opportunity</p>	<p>A recommendation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These recommendations do not feed into the assurance control environment.</p>