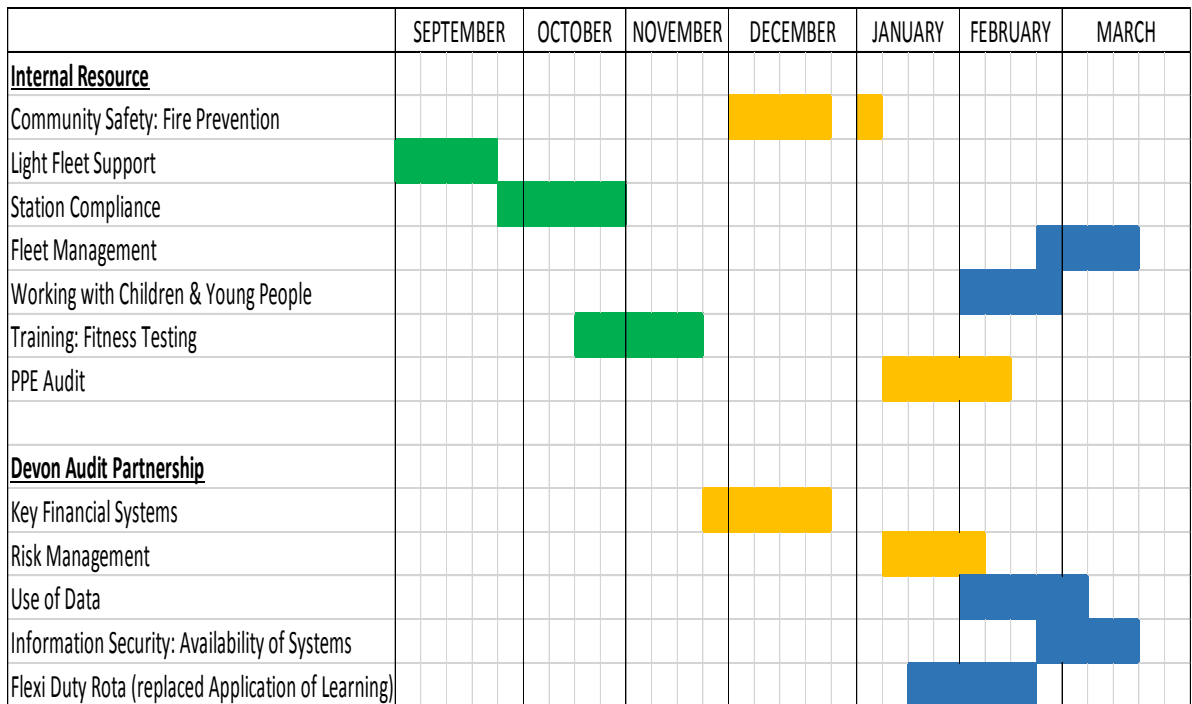| REPORT REFERENCE NO.	AGC/22/2
MEETING	**AUDIT & GOVERNANCE COMMITTEE**
DATE OF MEETING	**7 MARCH 2022**
SUBJECT OF REPORT	**INTERNAL AUDIT PROGRESS REPORT 2021-22 - QUARTER 3**
LEAD OFFICER	**Director of Governance & Digital Services**
RECOMMENDATIONS	***That the Committee reviews and considers the outcomes of the work completed as set out in this report and indicates whether it requires any further assurance.***
EXECUTIVE SUMMARY	The Internal Audit Service provides 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.
	This report sets out the progress that has been made up to and including Quarter 3 of the current (2021-22) financial year in delivery of the approved Internal Audit Plan and updates on the outcome of audit work undertaken to date.
	Delivery remains on track to deliver full completion of the 2021-22 plan.
	One amendment has been made to the audit plan to accommodate an urgent audit of the flexi duty system.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ANALYSIS	Not applicable
APPENDICES	A. Definitions of Audit Assurance Opinion Levels.
BACKGROUND PAPERS	Report APRC/21/3 (2021-22 Draft Internal Audit Plan) to the [then] Audit & Performance Review Committee meeting on 5 March 2021 (and the Minutes of that meeting).

1.   **INTRODUCTION**

1.1.   The 2021-22 internal audit plan was approved by the [then] Audit & Performance Review Committee on 5 March 2021. The Plan forms the principal work of the Internal Audit Service and is a significant source of assurance of the effectiveness of the internal control environment. The Plan sets out the combined scope of internal audit work to be completed by the Devon & Somerset Fire & Rescue Service Internal Audit team ("the team") and the Devon Audit Partnership.

1.2.   The team 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 Audit & Governance Committee at least three times per year.

1.3.   The aim of this report is to update the Committee on progress in delivery against the internal audit plan. This report therefore presents a summary of audit work undertaken to date and the current stage of the audit work. Where an audit report has been issued, it includes an audit assurance opinion on the adequacy and effectiveness of the internal control environment. Definitions of Audit Assurance Opinion Levels can be found at Appendix A.

1.4.   The team can confirm that there are no significant facts or matters that impact on its independence as auditors that it is required to, or wish to, draw to the attention of the Committee. The team has complied with the Internal Audit Charter and confirms that it is independent and able to express an objective opinion on all statements provided.

1.5.   The opinions contained within this report are based on audit examination of restricted samples of transactions/records and discussions with officers responsible for the processes reviewed.

2.   **DELIVERY OF THE 2021-22 AUDIT PLAN**

2.1.   This report provides an update on delivery of the planned audit work for 2021-22. Any revisions to the plan are carried out in conjunction with relevant management personnel.

2.2.   Further to an urgent request from Service Delivery for a change to the audit plan to accommodate an audit of the Flexi Duty system, a risk based decision was made to flex the audit plan to accommodate the request by deferring the application of learning audit to the start of the next financial year given that it was assessed as a Should Do rather than a Must Do in the audit plan.

2.3.   The audit will focus on a review of the 2021 rota, how it has been applied in practice and identification of any lack of clarity or gaps in the current policy, procedure or guidance. The outcome of this audit will feed into the planned review of the Flexi Duty Officer system this year.

2.4. The chart below provides an overview of plan completion. Delivery remains on track to deliver full completion of the 2021-22 plan.

	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Internal Resource							
Community Safety: Fire Prevention				In Progress	In Progress		
Light Fleet Support	Completed						
Station Compliance		Completed					
Fleet Management							Not Yet Started
Working with Children & Young People						Not Yet Started	
Training: Fitness Testing			Completed				
PPE Audit					In Progress	In Progress	
Devon Audit Partnership							
Key Financial Systems				In Progress			
Risk Management						In Progress	
Use of Data						Not Yet Started	Not Yet Started
Information Security: Availability of Systems							Not Yet Started
Flexi Duty Rota (replaced Application of Learning)					Not Yet Started	Not Yet Started	

■ = Completed Audits   ■ = In Progress   ■ = Not Yet Started

2.5. Table 1 below shows the detailed status of audits in progress or completed and their associated reported summaries. In addition to the planned work, consultancy and advice has continued to be provided where required. Table 2 details the work that has not yet started.

Table 1

Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
Light Support Fleet - Final Report Whilst guidance exists and there is noted evidence of improved practice within Fleet and Procurement from the previous audit, there are significant inconsistencies in the approach taken between Officers in Charge and area office administration. Knowledge of procedures and consistency in application differ as perceptions are influenced by the high volume of policies available across four different departments potentially causing confusion rather than clarity.	**Limited Assurance**	Progress has been made but further work is required

Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
It is Audit's opinion that there is a lack of formal governance and control in place over area administrators to monitor Light Fleet Vehicle usage and Hired Car spend. A new 'Telematics' system is to be introduced to support transparency in fleet vehicle usage and a review of current vehicle usage policy required to support reduction in hired car spend. Effective use of the Light Support Fleet is monitored by the Resources Committee.		
Fitness Testing Audit – Final Report The report identified further evidence of continued improved practice within the fitness team and service strategy from the existing assurance work completed earlier this year. It is Audit's opinion that there is a plan in place for additional resource and the introduction of the SQL data management system has solidified transparency for the Fitness Advisors to assure fitness levels throughout the Service. There is a generally sound system of governance, risk management and control now in place, with some minor improvements that are being introduced and reviewed regularly.	**Reasonable Assurance**	Good progress since the completion of the fitness training assurance report and remains a focus.
Station Compliance: Legionella Management - Final Report With increased attention from water authorities on Legionnaire's disease and the related public health concern, there was a need to establish the controls and management programme that the Service has in place to monitor potential risk areas where Legionella bacterial infection is foreseeable across stations. Proactively managing	**Reasonable Assurance**	Reasonable assurance and governance noted throughout the reviewed process.

Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
the risk of Legionella bacteria in water systems is more cost effective than responding to an outbreak after it has occurred whilst also reducing the risk to health. It is the responsibility of Estates to maintain the majority of station compliance with statutory testing, under various legislation, supported by third party companies. These third party companies provide assurance that the Service remains compliant to ACOP L8 and HSG274 by providing site Risk Assessments and reports to control, understand and monitor its water systems, the equipment associated with these systems (such as pumps, little used outlets, heat exchangers, showers and its constituent parts). It is Audit's opinion that a sound system of governance and control is in place with just a couple of minor inefficiencies noted that are now being reviewed regularly.		
National Fraud Initiative - Review Phase This is a mandatory initiative for public sector organisations. Ongoing progress that is nearing completion for 2021-22.	Not Applicable	
Community Safety: Fire Prevention 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.	Not yet available	

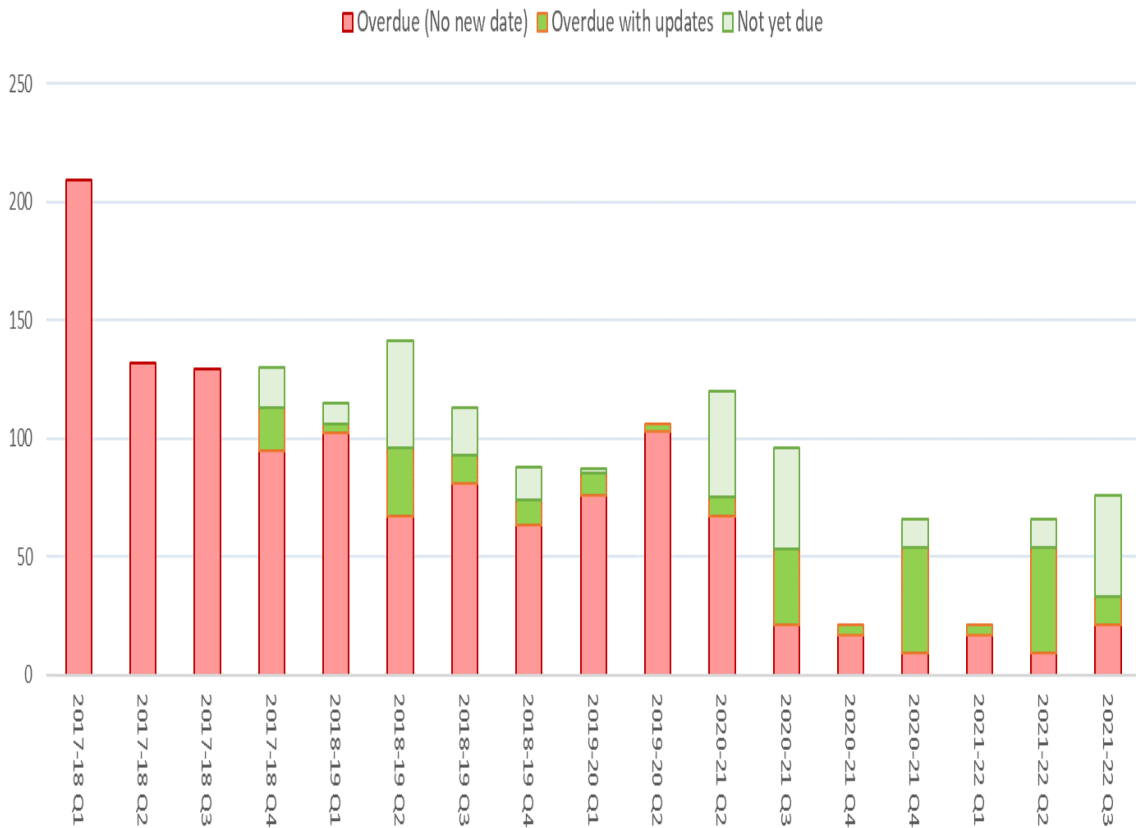| Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
Key Financial Systems (including Payroll) - DAP This is a fixed part of the audit plan which is presented to the External Auditor on an annual basis.	Not yet available	
Personal Protective Equipment (PPE) Audit (Carried over from 2020-21 Plan due to the impact of response to Covid-19) 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 training and refresher training of PPE use, with the understanding of identifying areas requiring improvement. This will act as a base audit to further develop proposed annual audits to cover other aspects of PPE use, such as legislation, contamination, replacement equipment and availability.	Not yet available	
Risk Management 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.	Not yet available	

Table 2 – Audits not yet started

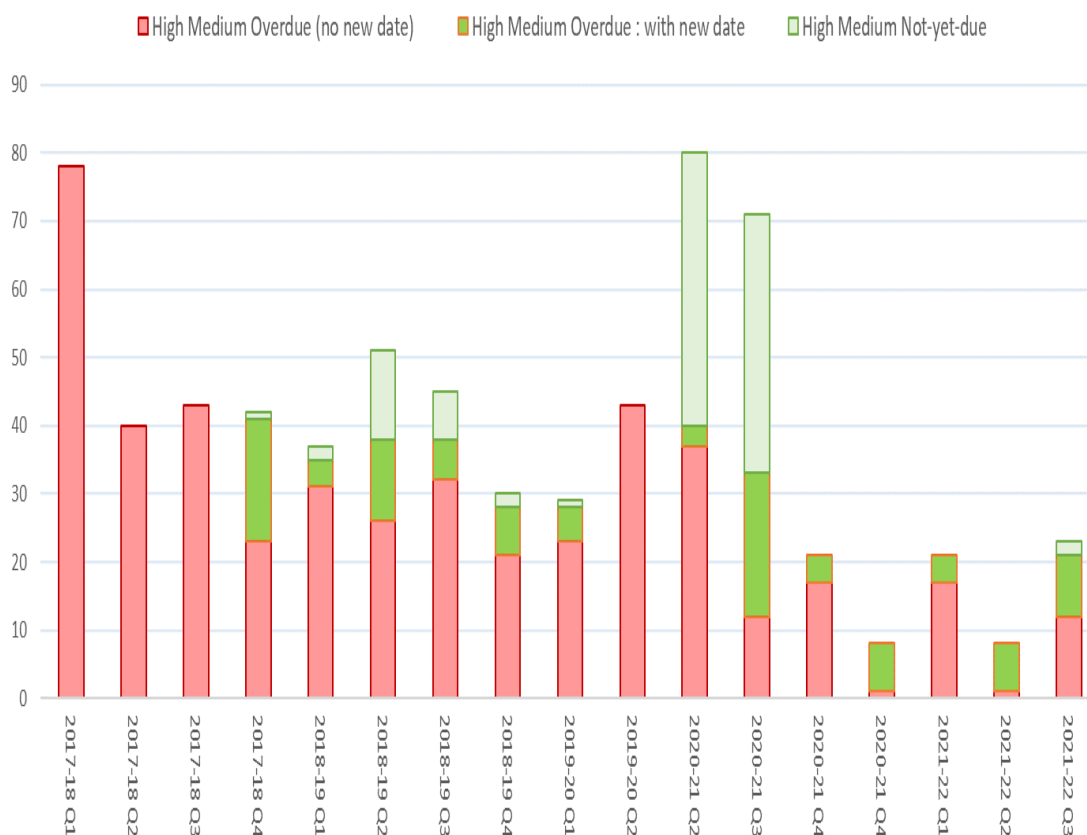| Audit Area	Rationale For Audit
INTERNAL RESOURCE: INTERNAL AUDIT & REVIEW MANAGER	
Working with Children & Young People	Errors in this area could damage the reputation of the Service and could potentially breach the Service's legal obligations with regard to safeguarding. By reviewing the security 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.
Fleet Management	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.
DEVON AUDIT PARTNERSHIP	
Use of Data	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.
Information Security - Availability of systems	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.
Application of learning (including HMI and Grenfell) *Deferred to 2022/23*	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.
Flexi Duty Rota *To replace Application of Learning audit*	Newly emerged risk to examine the 2021 flexi duty rota and management system to identify where improvements in efficiencies and effectiveness can be proposed to feed into the Flexi Duty Officer review.

3.   ACTION TRACKING OF AUDIT AND REVIEW RECOMMENDATIONS

3.1.   The Audit Tracker records all recommendations and agreed actions arising from internal audit work. The Audit Tracker is available to all employees through the Intranet Service Information Point (SIP).

3.2.   Updates are focussed on the higher priority items (such as those which are associated to high risks, or have deadlines provided by external bodies). 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.

3.3.   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. This piece of work is expected to be completed by the end of 2021-22, with ongoing reviews completed on a regular basis.

3.4.   The following tables show the number of open items on the Assurance/Audit Tracker.

Number of Open Items (*All priorities*)

Legend: ■ Overdue (No new date) ■ Overdue with updates □ Not yet due

Number of Open Items (*High / Medium High priorities*)

Legend: High Medium Overdue (no new date) · High Medium Overdue : with new date · High Medium Not-yet-due

4. **CONCLUSION AND RECOMMENDATIONS**

4.1. The team's opinion, based upon audit work completed and direct advice provided, is that some improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the areas audited. Where recommendations for improvements have been made, action plans have been agreed with management.

4.2. It is important that the internal audit service seeks to add value whenever it can. Feedback obtained from those audited during the year to date consider that the team are able to add value by:

- Providing objective and relevant assurance.
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.
- Input to changing processes resulting from the Covid Pandemic.

4.3. The team would like to express its thanks and appreciation to all those who provided support and assistance during the course of the audits. The team would also like to thank Devon Audit Partnership for its commitment in working with the Service over the course of the past year to date.

4.4. It is recommended that the Committee reviews and considers the outcomes of the work completed and whether they require any further assurance.

4.5. The progress made against the agreed Audit Plan will be reported back to this Committee on a regular basis.

MIKE PEARSON
Director of Governance & Digital Services

Definitions of Audit Assurance Opinion Levels

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.

Devon & Somerset Fire and Rescue Service

The Service Internal Audit team aims to be recognised as a high-quality internal audit service in the public sector and Fire Service. The team works by providing a professional internal audit service that will assist departments in meeting their challenges, managing their risks and achieving their goals. In carrying out its work, the team is required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards. The team is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on the team's service, processes or standards, the Audit Manager would be pleased to receive them at cweeks@dsfire.gov.uk

Direction of Travel Indicators

Indicator	Definitions
	No Progress has been made. The action plan is not being progressed at this time, actions remain outstanding.
	Progress has been made but further work is required. The action plan is being progressed though some actions are outside of agreed timescales or have stalled.
	Good Progress has/is being made. Good Progress has continued.