

<b>REPORT REFERENCE NO.</b>	<b>AGC/22/5</b>
<b>MEETING</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>10 MAY 2022</b>
<b>SUBJECT OF REPORT</b>	<b>INTERNAL AUDIT 2021-22 YEAR-END REPORT</b>
<b>LEAD OFFICER</b>	<b>Director of Governance &amp; Digital Services</b>
<b>RECOMMENDATIONS</b>	<p><i>That the Committee considers:</i></p> <ul style="list-style-type: none"> <li>• <i>the opinion statement within this report;</i></li> <li>• <i>the completion of audit work against the plan; and</i></li> <li>• <i>audit findings provided.</i></li> </ul> <p><i>In review of the above, the Committee should consider the assurance provided and satisfy itself from this assurance that the internal control framework continues to be maintained at an adequate level to mitigate risk.</i></p>
<b>EXECUTIVE SUMMARY</b>	<p>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.</p> <p>Internal Audit activities across the Service are managed through a shared service agreement that sees Internal Audit and the Devon Audit Partnership work together to deliver the Internal Audit Plan.</p> <p>This is the closing Internal Audit Annual Report for the financial year 2021–22. This report sets out the progress that was made against the approved 2021-22 Internal Audit Plan and updates on additional review work undertaken.</p> <p>Two amendments were made to the audit plan in year to include the following audits:</p> <ul style="list-style-type: none"> <li>• Flexi Duty system. This was accommodated by deferring the Application of Learning audit to the next financial year.</li> <li>• Organisational Safeguarding Assurance report. This was accommodated by deferring the Working with Children &amp; Young People audit to the next financial year.</li> </ul> <p>Based on the completed audit work to date, it is the view of Internal Audit that the systems in operation within the Service demonstrate a reasonable level of assurance.</p>

	<p>This means that 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.</p> <p>Where weaknesses have been identified, management have agreed these findings and the recommendations or accepted the associated risks. All audit reports include an action plan that identifies responsible officers, and target dates, to address control issues identified during review.</p> <p>In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.</p>
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	Not applicable
<b>APPENDICES</b>	A. Definitions of Audit Assurance Opinion Levels.
<b>BACKGROUND PAPERS</b>	<a href="#">Report APCR/21/3 (2021-22 Draft Internal Audit Plan)</a> 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 (DAP) 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 provide an update on delivery of the planned audit work for 2021-22 and an assurance opinion on the systems in operation within the Service. 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 wishes to, draw to the attention of the Committee. The team 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. Two risk-based amendments were made to the internal audit plan to include the following audits following requests made by Service Delivery:
  - Audit of the Flexi Duty system. This was accommodated by deferring the Application of Learning audit to the next financial year
  - Organisational Safeguarding Assurance report. This was accommodated by deferring the Working with Children & Young People audit to the next financial year.
- 2.2. Delivery of the 2021-22 plan has been impacted in quarter 4 by Covid-19 related sickness for Internal Audit, DAP and Service colleagues and deferral of annual leave to quarter 4. This has resulted in delay to completion for some audits with an estimated completion date for all by the end of May 2022.
- 2.3. The chart overleaf provides an overview of plan completion.


	Complete?	January	February	March	April	May
<b>Internal Resource</b>						
Community Safety: Fire Prevention		█	█	█	█	█
Light Fleet Support	✓					
Station Compliance	✓					
Fleet Management				█	█	█
Organisational Safeguarding Assurance					█	█
Training: Fitness Testing	✓					
PPE Audit			█	█	█	█
NFI	✓					
<b>Devon Audit Partnership</b>						
Key Financial Systems	✓					
Risk Management	✓					
Use of data				█	█	█
Information Security: Availability of Systems				█	█	█
Flexi Duty Rota		█	█	█	█	█


In Progress: Draft Report
In Progress: Fieldwork


2.4. Table 1 below provides the assurance summary for all completed audits. In addition to the planned work, consultancy and advice has continued to be provided where required.

**Table 1**

Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
<p><b>Light Support Fleet</b></p> <p><i>Audit Completion Date: July 2021</i></p> <p><i>Presented to Committee: 28<sup>th</sup> October 2021</i></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p><b>Limited Assurance</b></p>	 <p>Progress has been made but further work is required</p>

Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
<p>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.</p> <p>Effective use of the Light Support Fleet is monitored by the Resources Committee.</p>		
<p><b>Fitness Testing Audit – Final Report</b></p> <p><i>Audit Completion Date: October 2021</i></p> <p><i>Presented to Committee: 7<sup>th</sup> March 2022</i></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p><b>Reasonable Assurance</b></p>	 <p>Good progress since the completion of the fitness training assurance report and remains a focus.</p>

Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
<p><b>Station Compliance: Legionella Management - Final Report</b></p> <p><i>Audit Completion Date: September 2021</i></p> <p><i>Presented to Committee: 7<sup>th</sup> March 2022</i></p> <p>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 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.</p> <p>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 and the equipment associated with these systems (such as pumps,heat exchangers, showers and constituent parts).</p> <p>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.</p>	<p><b>Reasonable Assurance</b></p>	 <p>Reasonable assurance and governance noted throughout the reviewed process.</p>

Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
<p><b>National Fraud Initiative</b></p> <p><i>Completion Date: February 2022</i></p> <p>This is a mandatory initiative for public sector organisations.</p> <p>443 matches made, with 20 errors identified. One error was found to be an incorrect payment to a creditor who has since gone out of business. The Service has therefore incurred a loss of £507.60. This match finding has increased awareness in the Finance team and further checks have now been put into place by the Finance Team to ensure that this situation can be avoided in future.</p> <p>The remaining 19 errors were included in the 'Duplicate creditors by creditor name' report; these matches were data duplications within Integra, the Service's payment system. The outdated information has now been removed from the system.</p>	<p><b>Not Applicable</b></p>	<p>Not Applicable.</p>
<p><b>Risk Management</b></p> <p><i>Audit Completion Date: March 2022</i></p> <p>Risks are managed, monitored and reviewed in accordance with the Service's risk management framework.</p> <p>The audit identified that there is a comprehensive corporate risk register in place. It provides clear descriptions of risks and potential impacts, with appropriate mitigating controls. Risk owners are identified, and risk management and monitoring are in place.</p> <p>'SharpCloud' has enabled the Service to become digitalised and has assisted with the escalation process of risks from departments to corporate level.</p>	<p><b>Substantial Assurance</b></p>	 <p>Substantial assurance and governance noted throughout the reviewed process.</p>

2.5. Table 2 below provides the status of the audits yet to be completed. Table 3 sets out the two audits that have been deferred into the 2022-23 audit plan.

**Table 2**

Audit Area	Rationale	Status	Comment
<b>INTERNAL RESOURCE: INTERNAL AUDIT &amp; REVIEW MANAGER</b>			
<b>Community Safety: Fire Prevention</b>	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.	<b>DRAFT REPORT</b>	Draft Report sent to EB Lead for review on 10 April 2022.
<b>Personal Protective Equipment (PPE) Audit</b>  (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.	<b>DRAFT REPORT</b>	Final draft report meetings booked with SLT leads 13 and 14 April 2022.



Audit Area	Rationale	Status	Comment
<b>INTERNAL RESOURCE: INTERNAL AUDIT &amp; REVIEW MANAGER</b>			
<b>Fleet Management</b>	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.	<b>FIELDWORK</b>	Audit did not start until Community Safety and PPE audits were drafted.
<b>Organisational Safeguarding Assurance Report</b> <i>(Replaced Working with Children &amp; Young People audit)</i>	Safeguarding currently sits within the Prevention department. The work carried out is all related to the work of the Prevention department; this current process / structure offers little support to safeguarding the rest of the organisation. There are many organisational aspects of safeguarding that must be considered – for example, protecting and assuring the organisation in the vetting, recruitment, training, and lone working of its staff. It should be considered whether the responsibility for these and other elements of organisational safeguarding need to sit elsewhere within the Service; and if so, where.	<b>FIELDWORK</b>	Audit scope approved on 21 March 2022.  Fieldwork delayed until April to complete the Community Safety Audit.  Estimated completion – 2/3 weeks.
<b>DEVON AUDIT PARTNERSHIP</b>			
<b>Key Financial Systems (including Payroll)</b>	This is a fixed part of the audit plan which is presented to the External Auditor on an annual basis.	<b>DRAFT REPORT</b>	Awaiting issue of final report by DAP.

<b>Audit Area</b>	<b>Rationale</b>	<b>Status</b>	<b>Comment</b>
<b>Use of Data</b>	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.	<b>DRAFT REPORT</b>	Fieldwork now complete and report is in draft.
<b>Information Security - Availability of systems</b>	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.	<b>DRAFT REPORT</b>	Slow responses from the Service combined with DAP Covid sickness caused delays in audit completion.

<b>Audit Area</b>	<b>Rationale</b>	<b>Status</b>	<b>Comment</b>
<b>Flexi Duty Rota</b> <i>(Replaced Application of Learning audit)</i>	Newly emerged risk to examine the 2021 DSFRS 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.	<b>DRAFT REPORT</b>	Draft report sent to EB and SLT leads on 2 March 2022. Management responses to be provided.

**Table 3 – Audits Deferred to 2022/23**

Audit Area	Rationale For Audit
<b>INTERNAL RESOURCE: INTERNAL AUDIT &amp; REVIEW MANAGER</b>	
<b>Working with Children &amp; Young People</b> <i>(Deferred to accommodate Safeguarding Assurance Report)</i>	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.
<b>DEVON AUDIT PARTNERSHIP</b>	
<b>Application of learning (including HMI and Grenfell)</b> <i>(Deferred to accommodate Flexi Duty Rota Audit)</i>	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.

**3. ADDITIONAL AUDIT AND ASSURANCE WORK COMPLETED**

***Assurance Mapping***

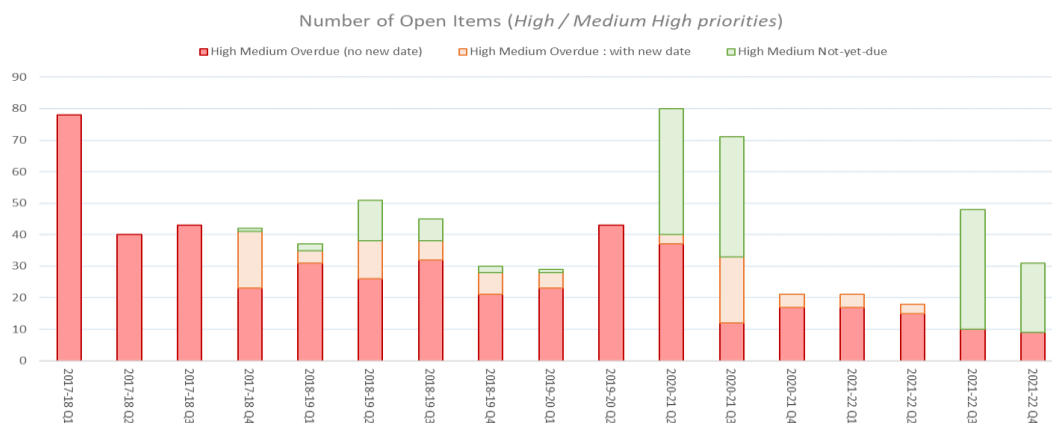
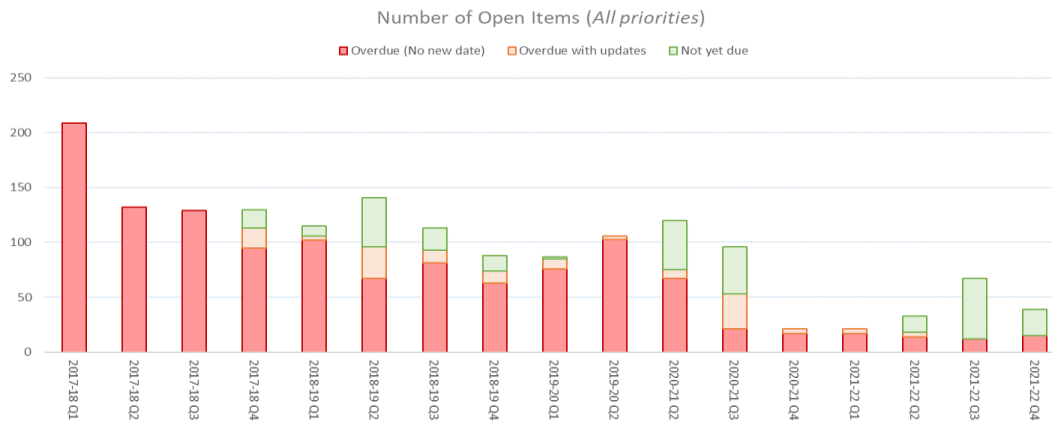
- 3.1. DAP was commissioned to develop an assurance map for the Service. An assurance map is a simple table on one or two pages that guides the Service to understand who provides assurance against the key risks to the organisation and where the gaps are which is critical for robust oversight of the organisation. At the same time as highlighting assurance gaps, the assurance map also shows where there is duplication or too much assurance. This information can help to ensure that assurance activity is co-ordinated and can help to target internal audit resource more effectively to risks or areas that are not well covered. A system for maturing and maintaining the Assurance Map now needs to be implemented.

***Programme Assurance***

- 3.2. Throughout 2021-22 DAP has been conducting a programme assurance/maturity assessment exercise for the Service using P3M3®. This is an overarching capability maturity model containing three sub-models; Portfolio Management Maturity Model, Programme Management Maturity Model and Project Management Maturity Model.
- 3.3. Evidence has been gathered from workshops held at Project, Portfolio and Programme levels. DAP is continuing to examine any documents and files that will help evidence the statements being made and is expecting to draft a report during April/May 2022.

## 4. ACTION TRACKING OF AUDIT AND REVIEW RECOMMENDATIONS

- 4.1. 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).
- 4.2. 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.
- 4.3. Additionally, some open actions have been superseded by changes to Service structure, digital transformation and other upgrades/changes. Work is ongoing to ensure that actions that have been superseded are documented and recorded as closed.
- 4.4. The tables below show the number of open items on the Assurance/Audit Tracker.



- 4.5. Since March 2021, 66 new actions have been added to the action tracker and 60 actions have been closed. There are currently 39 actions open including 15 actions that are outstanding (overdue an update); 5 of these are overdue by over 4 months.

## **5. AUDIT ASSURANCE STATEMENT**

- 5.1 One of the key roles of Internal Audit is to provide independent assurance as to how effectively risks are managed across the organisation.
- 5.2 Based on the completed audit work to date, it is the view of Internal Audit that the systems in operation within the Service demonstrate a reasonable level of assurance. This means that 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.
- 5.3 Where weaknesses have been identified, management have agreed these findings and the recommendations or accepted the associated risks. All audit reports include an action plan that identifies responsible officers, and target dates, to address control issues identified during review.
- 5.4 In giving this opinion, it should be noted that assurance can never to absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

## **6. FEEDBACK**

- 6.1 Senior Leadership Team and stakeholder feedback from two of the completed internal audits provided a completely satisfied response in terms of overall satisfaction with the way the audit was conducted. Comments included:
- “The audit has been an essential tool to improve our approach and reduce organisational risk.”
- “The approach is very engaging and supportive at every stage.”
- 6.2 One suggestion for improvement that will be considered going forwards is that “it would be great to see the audit recommendation and actions for follow up built into the in-phase performance management system in the future for visibility”.

## **7. CONCLUSION**

- 7.1. Based on the completed audit work, it is the view of Internal Audit that the systems in operation within the Service demonstrate a reasonable level of assurance.




- 7.2. The team would like to express its thanks and appreciation to all those who provided support and assistance during 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.

**MIKE PEARSON**  
**Director of Governance & Digital Services**

**Definitions of Audit Assurance Opinion Levels**

Assurance	Definition
<b>Substantial Assurance</b>	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.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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.

**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.