



STAFFORDSHIRE FIRE AND RESCUE SERVICE

Item 5(i)

Internal Audit Progress Report

16 February 2022

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Contents

- 1 Key messages3
- 2 Reports4
- Appendix A – Progress against the internal audit plan 2021/226
- Appendix B – Other matters7
- Appendix C - Key performance indicators (KPIs).....9

1 Key messages

The internal audit plan for 2021/22 was approved by the Ethics, Transparency and Audit Panel (ETAP) at the 10th February 2021 meeting. This report provides an update on progress against that plan and summarises the results of our work to date. As the developments around Covid-19 impacts on all areas of the organisation's risk profile, we will continue to work closely with management to deliver an internal audit programme which remains flexible and agile to ensure it meets your needs.

We have issued four final reports since the last ETAP which are in relation to:

- Business Continuity (Reasonable Assurance),
- IT Strategy (Advisory),
- Key Finance Controls (Substantial Assurance) and;
- Payroll (Substantial Assurance).



In addition, we have almost completed our Governance audit fieldwork, but this will be completed in March 2022 in order for us to confirm compliance with the revised internal structure. Furthermore, our internal audit around Estates and Fleet Management are both work in progress.



Regular catch-up meetings have been held between RSM and management in order to provide updates in relation to changes within the organisation, impact to operations and also to discuss sector wide issues that may have an impact on the internal audit plan.

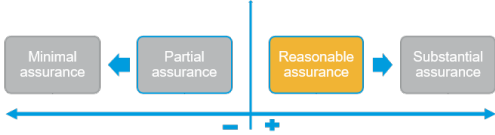


We have shared with management a number of briefings which are outlined in Appendix B below.

2 Reports

2.1 Summary of final reports being presented to this committee

This section summarises the reports that have been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		L	M	H
Business Continuity	Reasonable Assurance	5	2	0
<p>There is a well-defined structure in place for business continuity across the Service with an overarching policy still requiring formal approval to standardise processes in place. Areas for control enhancements and non-adherence to controls were identified resulting in a total of five 'low' and two 'medium' priority management actions being agreed with management.</p>				
				
IT Strategy	Advisory	-	4	2
<p>Our review identified that the work to deliver the objectives outlined in the Digital Strategy was underway, but the processes for ensuring that this work was adequately planned, governed, reported and aligned to the broader SFRS was not in place. This has been exacerbated by some changes within the key staff at SFRS and periods of absences within the ICT team which has constrained resources.</p>				
<p>Whilst it was evident from discussions with the key contacts during this review, that there was an understanding of some key issues such as the requirement to deliver Office 365 to deliver better opportunities for remote working, collaborating and resilience – this work did not seem aligned with broader initiatives to address strategic objectives. Consequently, there is a risk that the work</p>				



Assignment

Opinion issued

Actions agreed

L M H

underway is a series of disparate projects which are not necessarily aligned to the broader strategic objectives of SFRS.

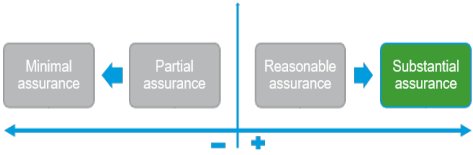
Consequently, this review has identified a number of key areas of weakness that management need to focus on, to formalise and enhance their current processes to demonstrate how ICT – and at a broader level SFRS – ensure that they meet the strategic objectives of SFRS.

Key Finance Controls

There is an appropriate control framework in place for governing Key Finance Controls across the Service. Our work confirmed that there are adequate controls in place which are being consistently applied.

Substantial Assurance

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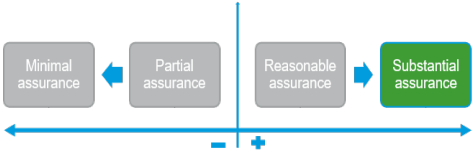
Payroll

Our review found that the Service has a well-designed framework of controls which are predominantly being complied with. Our sample testing of starters, leavers, amendments, deductions, advance payments, overpayments and expenses found few exceptions and we were satisfied that these controls are being complied with.

In addition, our testing around payment and authorisation of payroll found no exceptions. There was one minor exception in relation to authorising an expense claim form and when following up on actions agreed in the previous Payroll audit for the 20/21 financial year we found that one action had been partially implemented and one not implemented. Because of this we have included one new action, restated one action and agreed a new action to address the outstanding areas.

Substantial Assurance

3 0 0



Appendix A – Progress against the internal audit plan 2021/22

Assignment	Status / Opinion issued	Actions agreed			Target ETAP as per IA plan	Actual ETAP
		L	M	H		
Business Continuity	Final report issued / Reasonable Assurance	5	2	0	December 2021 (meeting postponed)	February 2022
IT Strategy	Final report issued / Advisory	0	4	2	December 2021 (meeting postponed)	February 2022
Finance Controls	Final report issued / Substantial Assurance	0	0	0	December 2021 (meeting postponed)	February 2022
Payroll	Final report issued / Substantial Assurance	3	0	0	May 2022 (will now be February 2022)	February 2022
Governance	Work in Progress				October 2021 (will now be May 2022)	
Fleet Management	Work in Progress				May 2022	
Estates	Work in Progress				February 2022	
Human Resources – Training & Development	Audit agreed – w/c 28 th Feb 2022				October 2021 (now May 2022)	
NFI	If and as required				-	
Follow Up of Previous Internal Audit Management Actions	Scoping meeting to be arranged				May 2022	



Appendix B – Other matters

Changes to the audit plan

Our approach to working with you is to respond to your changing assurance needs. By employing an 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery.

There are two changes to the Internal Audit Plan – both in relation to timing. It has been agreed to defer the start of the Training & Development audit to February 2022, due to internal changes within that team and allowing time for changes to embed. The Governance review has been deferred to report to May 2022 ETAP, to recognise changes in the Commissioner and priorities and the changes to the internal governance framework.

Annual Opinion 2021/22

The ETAP should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular, the ETAP should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion. There is one report on the IT Strategy that identified some significant issues that need to be addressed and will be mentioned in the annual report, but these issues in isolation will not quality the annual opinion for 2021/22. We will provide further updates at the next meeting.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Currently, following the completion of each product we deliver we attach a brief survey for the client lead to complete. The results of these surveys will be shared at each ETAP.



Client Briefings

Since the last meeting we have issued the Emergency Services Briefing for November 2021 and RSM's Conformance with the IIA Standards and Codes of Practice. These have been circulated to members.

Appendix C - Key performance indicators (KPIs)

Delivery				Quality			
	Target	Actual	Notes (ref)		Target	Actual	Notes (ref)
Audits commenced in line with agreed timescales	Yes	Yes		Conformance with PSIAS and IIA Standards	Yes	Yes	
Draft reports issued within 10 days of debrief meeting	10 days	6 days		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	N/A	
Final report issued within 3 days of management response	3 days	1 day		Response time for all general enquiries for assistance	2 working days	1 working day	
				Response for emergencies and potential fraud	1 working days	N/A	

Notes



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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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