



STAFFORDSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY

[Annual internal audit report 2021/22](#)

9 May 2022

This report is solely for the use of the persons to whom it is addressed.

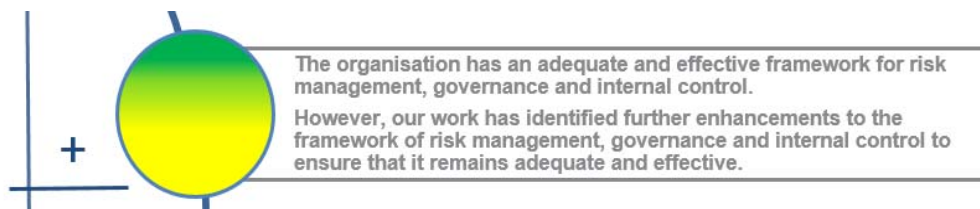
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

THE ANNUAL INTERNAL AUDIT OPINION

This report provides an annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance reporting.

The opinion

For the 12 months ended 31 March 2022, the head of internal audit opinion for Staffordshire Commissioner Fire and Rescue Authority (The Authority) is as follows:



Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.

Scope and limitations of our work

The formation of our draft opinion is achieved through a risk-based plan of work, agreed with management and approved by the ETAP, our opinion is subject to inherent limitations, as detailed below:

- internal audit has not reviewed all risks and assurances relating to the organisation;
- the opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. The assurance framework is one component that the Authority takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management / lead individual;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention; and
- our internal audit work for 2021/22 has continued to be undertaken through the operational disruptions caused by the Covid-19 pandemic. In undertaking our audit work, we recognise that there has been some impact on both the operations of the organisation and its risk profile; and our annual opinion should be read in this context.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

Our Governance opinion has been informed by our reviews that incorporated both operational and strategic governance aspects such as Business Continuity, Training & Development and Estates – Post Benefit Realisation.

Our Risk Management opinion has been informed by our risk-based approach to individual assignments and attendance at the ETAP meeting.

We have issued seven reports, of which three reports concluded that ‘substantial’ assurance could be taken and two reports concluded that ‘reasonable’ assurance could be taken. In addition, we completed an ‘advisory’ assignment that did not include an assurance opinion and we also undertook a follow up review and concluded that reasonable progress had been made by the organisation to implement previously agreed management actions.

For the reports where we concluded that ‘reasonable’ assurance could be taken, these related to the following areas:

Business Continuity

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 two ‘**medium**’ priority and five ‘**low**’ management actions being agreed with management. The medium priority management actions related to updating business continuity plans and corresponding business impact assessments.

Training and Development

The Service introduced a Recruitment and Training Pathway in June 2021 which allows on-call Staffordshire firefighters to transition to whole-time firefighters. The purpose of the Pathway is to equip trainees with the relevant skills and experience required to perform the duties required of a whole-time staff member. As part of the enrolment process on to the Pathway, a skills gap analysis is completed by the trainee and their line manager. A subsequent development plan is then produced and uploaded on to the PDR Pro System for monitoring and sign-off.

Our work confirmed that there are adequate controls in place, however, testing identified that the controls are not always consistently applied. Areas of improvements have been noted which has resulted in the agreement of three ‘**medium**’ and one ‘**low**’ priority management actions. The medium priority actions related to the completion of operational risk assessments, development plans and the agreement of technical documents in line with national operational guidance programme.

The advisory report related to the following area;

IT Strategy

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 had constrained resources. 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, the review 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.

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

Topics judged relevant for consideration as part of the annual governance statement

From the results of our internal audit work completed during 2021/22, the Authority should consider the issues identified in the advisory review on the IT Strategy and it's implementation for inclusion within your annual governance statement, along with any action already taken or planned to address the issues identified.

THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines previously discussed, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during the year ended 31 March 2022.

Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management.

During the year, we completed our annual follow up review to ascertain progress against the implementation of previous agreed management actions. Of the 16 management actions reviewed, nine (56%) actions had been fully implemented or superseded, and the remaining seven actions were in progress at the time of audit.

We concluded that **reasonable progress** had been made.

Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

OUR PERFORMANCE

Wider value adding delivery

As part of our client service commitment, during 2021/2022, we have issued four emergency services sector briefings within our progress reports presented to the ETAP, detailed below. We will continue to share our briefings with you during 2022/2023.

Area of work	Areas covered
Managing risk in a changing environment – analysis of police risk registers	Our paper, published in April 2021, reviewed the 31 strategic risks registers and examined 461 individual risks in total. Our analysis considered the risks registers from police forces, offices of the police and crime commissioner (OPCC) and police, fire and crime commissioners (PFCC). This provided an insight into the persistent challenges, together with some new and emerging risks facing the sector.
Emergency Services – Sector Update: June 2021	The briefing paper provides a useful source of insight into recent developments and publications affecting the sector.
Emergency Services – Sector Update: August 2021	The briefing paper provides a useful source of insight into recent developments and publications affecting the sector.
Emergency Services – Sector Update: November 2021	The briefing paper provides a useful source of insight into recent developments and publications affecting the sector.
Emergency Services – Sector Update: March 2022	The briefing paper provides a useful source of insight into recent developments and publications affecting the sector.
Best Practice	Shared best practice across the sector through our work.
Sector Experience	We have also made suggestions throughout our audit reports based on our knowledge and experience in the emergency services sector to provide areas for consideration.
Webinar invitations	Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates. Examples include VAT, Employment Tax and Procurement.
Briefings	Issued non-sector specific briefings to all of our clients.

Conflicts of interest

RSM has not undertaken any work or activity during 2021/22 that would lead us to declare any conflict of interest.

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework 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 are used to inform the training needs of our audit teams.

Resulting from the programme in 2021/22, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements. To ensure that RSM remains compliant with the PSIAS framework 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 are used to inform the training needs of our audit teams.

Performance indicators

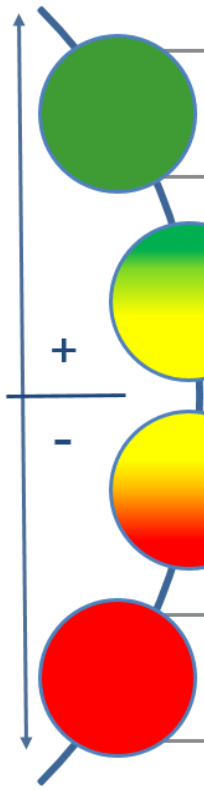
Delivery

	Target	Actual		Target	Actual
Audits commenced in line with original timescales*	Yes	Yes	Conformance with PSIAS and IIA Standards	Yes	Yes
Draft reports issued within 10 days of debrief meeting	100%	100%	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes
Management responses received within 10 days of draft report	100%	80%	Response time for all general enquiries for assistance	2 working days	1 working day
Final report issued within 3 days of management response	100%	100%	Response for emergencies and potential fraud	1 working day	N/A

* This takes into account changes agreed by management and audit committee during the year; reflecting our 'agile' / 'flexible' approach to our service delivery.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

Annual opinions	Factors influencing our opinion
 <div data-bbox="392 459 1176 587"> <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> </div> <div data-bbox="392 635 1176 778"> <p>The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.</p> </div> <div data-bbox="392 826 1176 970"> <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> </div> <div data-bbox="392 1018 1176 1161"> <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p> </div>	<p>The factors which are considered when influencing our opinion are:</p> <ul style="list-style-type: none"> • inherent risk in the area being audited; • limitations in the individual audit assignments; • the adequacy and effectiveness of the risk management and / or governance control framework; • the impact of weakness identified; • the level of risk exposure; and • the response to management actions raised and timeliness of actions taken.

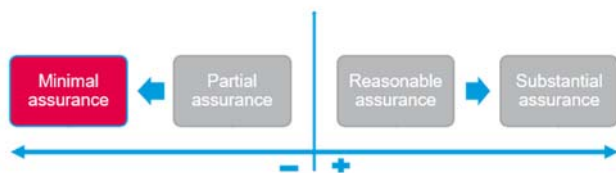
APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2021/22

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Business Continuity	David Greensmith, Director of Finance	Reasonable Assurance [●]	5	2	0
Training and Development	David Greensmith, Director of Finance	Reasonable Assurance [●]	1	3	0
Follow Up	David Greensmith, Director of Finance	Reasonable Progress [●]	4	3	0
Estates – Post Benefit Realisation	David Greensmith, Director of Finance	Substantial Assurance [●]	0	0	0
Key Finance Controls	David Greensmith, Director of Finance	Substantial Assurance [●]	0	0	0
Payroll	David Greensmith, Director of Finance	Substantial Assurance [●]	3	0	0
IT Strategy Advisory Audit	Howard Watts, Director of Community Safety	Advisory [●]	0	4	2

APPENDIX C: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Board can take:



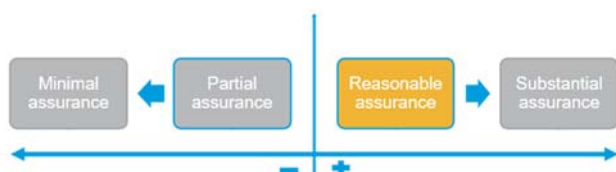
Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

YOUR INTERNAL AUDIT TEAM

Your internal audit team

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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.

Our report is prepared solely for the confidential use of Staffordshire Commissioner Fire and Rescue Authority, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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