

Item 7 (i)

# Staffordshire Fire & Rescue Service

## Internal Audit Progress Report

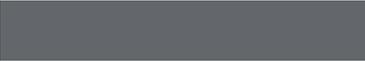
ETAP - 27 February 2024

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# 1 Key messages

The internal audit plan for 2023/24 was approved by the ETAP at the 24 May 2023 meeting. We continue to work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs throughout the year and based on your emerging risks and changing circumstances.

This report provides an update on progress against that plan and summarises the results of our 2023/24 work to date.

We have issued one final report since the last ETAP Committee in relation to Risk Management.



There have been a number of changes requested by management to the timing of reviews which has impacted on the profile of final reports that will be presented to ETAP to meet operational pressures and other priorities.

The majority of the remaining 2023/24 audits have been scoped and dates (and revised dates) have been agreed with management.

## 2 Reports

### 2.1 Summary of final reports being presented to this committee

Assignment	Opinion issued	Actions agreed		
		L	M	H
<b>Risk Management</b>  Our review concluded an established framework is in place for governing Risk Management across the Service. Key controls regarding the identification of risk, updating of risk registers and reporting of risk were found to have been well designed and operating effectively. However, areas of improvement were identified to further enhance the framework in place, which has resulted in the agreement of <b>two 'medium'</b> priority management actions.	<p>The diagram shows a horizontal scale from left to right. On the far left is 'Minimal assurance' in a grey box. To its right is 'Partial assurance' in a grey box. In the center is a vertical line with a '-' sign to the left and a '+' sign to the right. To the right of the line is 'Reasonable assurance' in a grey box. On the far right is 'Substantial assurance' in a green box. Arrows point from Minimal to Partial, and from Reasonable to Substantial.</p>	0	2	0

### 2.2 2023/24 Themes arising from control observations

	Low	Medium	High
Policies and / or procedures	1	1	0
Poor record keeping	0	1	1
Management or performance information	0	2	1
Lack of segregation of duties	0	1	2
Design of the control framework	0	2	1
Other	0	2	0

## Appendix A – Progress against the internal audit plan 2023/24

Assignment	Status / Opinion issued	Actions agreed			Target ETAP (as per original IA plan and revised per change control*)	Actual ETAP
		L	M	H		
Whistleblowing	Final Report issued – Reasonable Assurance	1	1	1	September 2023 (now November 2023)	November 2023
Driver Training	Final Report issued – Minimal Assurance	0	6	4	September 2023 (now November 2023)	November 2023
<b>Risk Management</b>	<b>Final Report issued – Substantial Assurance</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>February 2024</b>	<b>February 2024</b>
Fleet Management (replaced with Estates Management)	Refer to notes below. Fieldwork March 2024.				December 2023 (now May 2024)	
Financial Controls - Finance System Upgrade	Work in Progress				December 2023 (now May 2024)	
Payroll	Work in Progress				February 2024 (now May 2024)	
Environmental, Social and Governance - Preparedness	Scoping meeting held – fieldwork April 2024 by RSM ESG specialists.				May 2024	

## 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. Detailed below are all the changes to the audit plan that have been reported to ETAP and those highlighted in bold are the most recent changes:

Note	Auditable area	Reason for change
1	Driver Training	Management requested an additional audit around Driver Training. The fieldwork has commenced, and it was anticipated that the report would be presented at the September 2023 ETAP meeting. However, fieldwork has taken longer than anticipated (due to access to documentation) and therefore, the debrief will take place in the next two weeks and the draft report will be presented to December 2023 ETAP meeting.
2	Data Integrity	Within the original audit plan, we had suggested that the Data Integrity audit take place in June and be reported to the September 2023 ETAP, however Management have requested that this take place in late Q2 and therefore it will be presented to the December 2023. However, the audit scope is to be re-considered and the report will be presented to February 2024 ETAP.
3	Whistleblowing	It was anticipated that the report would be presented at the September ETAP meeting. However, fieldwork has taken longer than anticipated (due to access to documentation and resource constraints at Fire) and therefore, the debrief will take place in the next two weeks and the draft report will be presented to November 2023 ETAP meeting.
4	Fleet Management	Given the recent changes in Fleet, the audit will take place in Q4, to allow changes to embed.
5	Data Integrity	Following further discussions with Management it was determined that the original planned scope for this audit was no longer a priority and therefore the allocation is to be used to fund the additional Driver Training review.
6	<b>Financial Controls - Finance System Upgrade</b>	<b>Given resource pressures and preference regarding the completion of the audit work to take place in early February, the final report will now be presented to the May 2024 ETAP meeting.</b>

Note	Auditable area	Reason for change
7	Payroll	Similarly, the Payroll audit was originally planned to take place in December 2023 and be reported to ETAP in February 2024. However, Management have requested that instead the audit commences in February and therefore the report will be presented at the May 2024 ETAP meeting.
8	Fleet Management	The audit will now take place as part of the 2024/25 audit coverage, to allow for changes to embed and instead it is proposed that the Estates audit scheduled for 2024/25 will be brought forward and completed in March 2024.

## Annual Opinion 2023/24

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. We have issued one final report that has resulted in a negative opinion (Driver Training) to date. This will impact our year end opinion but will not at this stage result in an overall qualified opinion.

We will provide further updates to the CFOs as the remaining draft and final reports are issued, and we will present our annual report to the May 2024 ETAP 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 assessment.

## Appendix C - Key performance indicators (KPIs)

	Delivery				Quality		
	Target	Actual	Notes (ref)		Target	Actual	Notes (ref)
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	10 days	9 days		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	10 days	10 days		Response time for all general enquiries for assistance	2 working days	2 days	
Final report issued within 3 days of management response	3 days	1 day		Response for emergencies and potential fraud	1 working day	n/a	

### Notes

\* This takes into account changes agreed by management and Audit Committee during the year. Through employing an 'agile' or a 'flexible' approach to our service delivery we are able to respond to your assurance needs.



## For more information contact

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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 Fire & Rescue Service, 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.

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

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