



AVON FIRE & RESCUE SERVICE

Internal Audit Strategy 2022 - 2025 (including our Internal Audit Plan 2022/23)

Presented at the Audit, Governance and Ethics Committee meeting of: 29 June 2022

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

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.

EXECUTIVE SUMMARY

In preparing our Internal Audit Plan for 2022/23 we have worked closely with management to produce an audit programme which remains mindful of the continuing developments and challenges around Covid-19 and the organisational transformation programme. Whilst this plan is presented for consideration by the Audit, Governance and Ethics Committee (AGEC), we will continue to hold regular meetings with management, during the year, to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in these ever-changing circumstances.

The key points to note from our plan are:



2022/23 Internal Audit priorities: Internal audit activity for 2022/23 is based on analysing your corporate objectives and service plan, risk profile and assurance framework as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2022/23 is included at Section 2.



The level of resource required to deliver the plan approved by AF&RS management and included in Section 2 below, is 47 or 48 days, with a day rate of £515 as agreed in the tender process. The total days is below the 50 days tendered. However, the remaining 2 or 3 audit days provides some further flexibility in year.

We will continue with our approach of introducing the use of technology when undertaking our operational audits. During 2021 we embraced more ways of using technology to undertake our audit work including; the use of 4 questionnaires, MS Teams meetings, secure web portals for audit data sharing (Huddle) and data analytics technology. Refer to Appendix A.



Core Assurance: The internal audit plan includes core assurance reviews such as the annual follow up and financial controls. The remainder of the plan consists of risk-based assurance and advisory reviews driven from the risks identified on the corporate risk register, such as operational assurance and protection.



'Agile' approach: Our approach to working with you has always been one where we will respond to your changing assurance needs. By employing 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to AGEC during the year.

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1. YOUR INTERNAL AUDIT PLAN

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Avon Fire & Rescue Service in the year ahead, including changes within the sector.

Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers and assurance framework to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the AGEC.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high-level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2022/23

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2022/23. The table details the strategic risks which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes time for tracking the implementation of actions and an audit management allocation.

Objective of the review (Strategic risk)	Audit approach	Est. days*	Proposed timing	Proposed AGEC
Corporate Risk: CR02 Risk Reduction				
<p>Protection</p> <p>Protection is another key objective of the Service Plan and the Service's mission statement and is based on a risk-based inspection programme to prioritise audit and inspection work towards the premises which present the highest risk to life.</p> <p>We will review application of the core strategic actions and core business activities as set out in the Service Plan. The audit will also focus on risk management and governance of this approach, and whether this is fit for purpose for the new legislation in this area.</p>	Risk based assurance	7	July 2022	September 2022
Corporate Risk: CR03 Response and Rescue				
<p>Operational Assurance (SOP-H7)*</p> <p>The Quality Assurance Operational Response process provides a systematic approach to the active monitoring of workplace standards across operational response. The process also ensures that the operational response function examines how it discharges its responsibilities within a performance assessment framework and that the performance of our station personnel is consistent with Service policies and procedures.</p>	Risk based assurance	7	October 2022	November 2022
Corporate risk: CR14 Governance				
<p>Corporate Reporting</p> <p>A benchmarking review of the corporate reporting processes through the Fire Service and Fire Authority governance structures.</p> <p>Considering the appropriateness of the level of reporting to different forums, the assurances provided, timeliness and regularity of reporting, and potential duplication of effort and reporting. This review will support continuous improvement of the effectiveness of the Fire Authority's governance activities.</p>	Advisory	6	July 2022	September 2022

Objective of the review (Strategic risk)	Audit approach	Est. days*	Proposed timing	Proposed AGEC
Corporate risk: CR15 Pensions				
<p>Pensions</p> <p>This audit was approved and brought forward from the 2021/22 audit plan. Due to changes and uncertainties in treatment of the immediate detriment in 2021, the audit was pushed back.</p> <p>We will now review the systems and controls in place to ensure pensions and immediate detriments are handled and processed in line with that agreed by the Fire Authority.</p>	Key controls assurance	6	October 2022	November 2022
Corporate risk: CR16 Health, Safety and Welfare				
<p>Health & Safety – Investigations</p> <p>With an impact on reputation and staff wellbeing, this review will look at the proactive risk management and reactive investigatory processes around injury claims.</p>	Risk based assurance	6	January 2023	March 2023
Corporate risk: CR19 Change and Transformation				
<p>Business Cases and Benefits Realisation</p> <p>A benchmarking review of how the Service applies its business case processes (as trialled by the Transformation PMO), in line with good project / programme management activities, and the governance processes around this.</p> <p>This will also include a review of the roll out of the Benefits Realisation Strategy across the whole Service, and how this will be applied in practice.</p>	Advisory	6	August 2022	September 2022
Core assurance				
<p>Key Financial Controls</p> <p>A rolling programme of financial controls reviews to cover the following. Topic area for 22/23 has been confirmed as Purchase to Pay.</p>	Key controls design and application	6	October 2022	November 2022
Other Internal Audit activity				
<p>Follow Up</p> <p>To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.</p>	Follow up	5	February 2023	June 2023

Objective of the review (Strategic risk)	Audit approach	Est. days*	Proposed timing	Proposed AGEC
Management <ul style="list-style-type: none"> Annual planning Preparation for, and attendance at, audit committee Regular liaison and progress updates Liaison with external audit and other assurance providers Preparation of the annual opinion 	Advisory	5	Ongoing	Every meeting

**The Operational Assurance (SOP-H7) audit is included in the plan as a contingency audit to replace any audits that may be removed or postponed in year.*

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

2.1 Working with other assurance providers

The AGECE is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as HMICFRS and external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM UK Risk Assurance Services LLP. The team will be led by Mark Jones as your Head of Internal Audit, supported by Vickie Gould as your client manager.

Fees

Our tendered fee was based on 50 days input at £515 per day which equated to a fee of £25,750 (excluding VAT). Any core internal audit work over 50 days will be at an additional charge of £515 per day. As a consequence, if the full plan proposed in Section 2 above is actually delivered including both the Pensions Audit and the Operational Assurance (SOP-H7) audit our resources required will be a total of 54 days and our total fee will be £7,810 (excluding VAT). If either of these audits are removed from the plan the total days and total fee will be reduced accordingly using the composite fee rate of £515 per day.

Core team

The delivery of the 2022/23 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required.

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.

Compliance with GovS009 Internal Audit Functional Standard 2021/22

RSM affirms compliance with the requirements of the GovS009 Internal Audit Functional Standard. The Functional Standards are there to support compliance and continuous improvement across UK government for those working in and 'with' government. RSM is undertaking the self-assessment against the mandatory 'shall' elements of the Functional Standards and, as the Functional Standard is consistent with the requirements of our own policies and audit manual, RSM are embedding the requirements within our audit methodology.

Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

APPENDIX B: UPDATED INTERNAL AUDIT STRATEGY 2022 - 2025

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)					
2019/20	2020/21	2021/22	2022/23	2023/24	2024/25

Audit Area	BAF / Risk Ref	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Risk based assurance							
Performance Management	CR01						✓
Prevention	CR02					✓	
Protection	CR02				✓		
Operational Assurance	CR03				✓*		
Workforce Planning	CR04						
HR	CR04		Absence			✓	
Diversity, Inclusion, Culture and Equality	CR04						✓
Procurement	CR05					✓	
Business Continuity	CR06 / CR13 / CR18						
Cyber Security / IT Audit	CR12					✓	
Governance	CR14				✓		Reporting

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)					
2019/20	2020/21	2021/22	2022/23	2023/24	2024/25

Audit Area	BAF / Risk Ref						
Pensions	CR15				✓		
Health & Safety	CR16				✓		
Estates	CR17					✓	
Transformation	CR19						
Core assurance							
Financial Controls		P2P / Budgets	Financial Improvement	Devolved budgets	✓	✓	✓
Risk Management						✓	
Asset / Fleet Management		Asset		Fleet			✓
Follow Up		Reasonable	Reasonable	Reasonable	✓	✓	✓
Business Case / Benefits Realisation					✓		

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Avon Fire & Rescue Service. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the audit committee.

The internal audit service is provided by RSM UK Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner Mark Jones (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the Chief Fire Officer, with further reporting lines to the Director of Corporate Services.

The head of internal audit has unrestricted access to the chair of the audit, governance and ethics committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Avon Fire & Rescue Service. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the audit committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the audit committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the audit committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the audit committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the audit committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior leadership - are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- Fire Authority - the highest-level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (eg an audit committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.



We continue to monitor and implement official Government guidelines relevant to the nations of the UK in respect of Covid-19. RSM UK has in place policies to protect both its staff and clients, which are updated to reflect official guidelines.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the audit committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.

- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the audit committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the audit committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM UK Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the audit committee.

Fraud

The audit committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the audit committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the audit committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

Mark Jones

Vickie Gould

rsmuk.com

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 Avon 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.

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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