



AVON FIRE AND RESCUE SERVICE

Annual internal audit report 2021/22

FINAL

14 June 2022

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

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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 Avon Fire and Rescue Service 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 audit committee, 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 board 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;
- 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

Performance Management

This audit focused on:

- data quality testing for a sample of five KPIs;
- reviewing areas of underperformance to understand what is being done to rectify the root cause;
- benchmarking against other Fire and Rescue Services to determine what performance data is reported through the governance structure; and
- internal quality checks in place over data.

We considered the Service's performance management control framework to be well-designed with performance measures clearly defined and regularly reported on. We noted opportunities to strengthen the controls further, particularly around setting out the roles / responsibilities of those responsible officers who have been assigned accountable for certain performance measures. Furthermore, the governance arrangements in place could be developed in order to provide clear and regular check and challenge processes.

We agreed two medium priority actions with management and the Fire Authority can take **reasonable assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Training

This audit reviewed the controls in place to ensure workforce planning and the development of training strategies are aligned so that the Service is developing the right number of qualified and trained people in the right roles, to deliver its Service Plan and safe services to its communities.

Part 1 – October 2021: Overall, we found that AF&RS has a control framework that should allow for adequate management of training requirements. However, the control framework was not being applied effectively as from the data we were provided, we noted over 200 mandatory training / qualification requirements appeared to be out of date, and we could not

see that this data was escalated up through the governance structure so that the Fire Authority could challenge it. However due to an issue with the data, AF&RS were unable to provide an accurate reflection of the training figures.

Part 2 – April 2022 update: Our initial audit testing noted Firefighters with expired mandatory qualifications were still being utilised in an operational capacity during our initial audit and up to April 2022. However, further data analysis identified that this represented only 15 Firefighters with expired qualifications being utilised in an operational capacity.

We agreed four low and five medium priority actions with management and the Fire Authority can take **partial assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Fleet Management

This audit reviewed the controls in place to ensure Avon Fire provides a reliable and fit for purpose fleet of vehicles to meet the needs of the community and deliver an effective fire and rescue service. We found the control framework in place allows for adequate management of vehicle maintenance and inspection scheduling. We noted that the processes used were highly manual and hard copies of documentation and other backups were relied upon due to system instability. System limitations

prevented reporting being completed on a regular basis. As such, overall fleet scheduling. As such, overall maintenance and repairs data was not available at an appropriate level through the governance structure. We also noted that the Fleet Management policies currently in place to manage the fleet and responsibilities with regards to vehicle maintenance. Furthermore, there was no guidance on how AF&RS purchases, maintains their assets, however capital expenditure and procurement processes are set out in the Fire Authority Constitution.

We agreed two low and three medium priority actions with management and the Fire Authority can take **reasonable assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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Requested addition of 'and adhered to', to the end of this sentence.
RSM response: The actual audit report we did not specifically state that the Constitution was adhered to in this respect so I am reluctant to add these words in to this annual summary.

Our initial audit testing noted Firefighters with expired mandatory qualifications were still being utilised in an operational capacity during our initial audit and up to April 2022. However, further data analysis identified that this represented only 15 Firefighters with expired qualifications being utilised in an operational capacity.

Financial Controls – Devolved Budgets

This audit reviewed the controls in place to ensure effective financial management through devolvement of budgets, brought in as part of the Financial Improvement Plan.

At the time of audit, not all directorates / budget areas had been devolved, with operational areas still to be complete, in line with the approved devolved budget pilot. Devolved responsibilities and reporting were limited due to utilising legacy coding in the current finance system. The manual nature of the reporting and system used initially impacted the accuracy of some non-pay budget reporting.

We noted the Fire Authority had established policies and procedures clearly setting out the framework for devolved budgets. Following discussions with a sample of Budget Holders, they were aware of their responsibilities under this new process. The Fire Authority had also updated and strengthened its Constitution to further support the devolution of budgets across the organisation.

We agreed four low priority actions with management and the Fire Authority can take **reasonable assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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

Transformation Programme

This audit reviewed the controls in place to enable Avon Fire to deliver efficiencies through digitalisation and the transformation of working practices and processes. We focused specifically on application of the project management framework adopted, the communication strategy used to keep Service staff informed and the governance framework in place.

We found that the Service had an adequately designed project management control framework in place to manage delivery of the Transformation Programme, in line with good practice.

Although the programme timeframe has had to be extended by a year, we observed that the impact of this on the overall programme budget and quality had been considered through the governance structure. The impact of the Transformation Programme delays on delivering the Service Plan 2022-2025 had been considered by the Transformation team to ensure targets remain achievable and necessary updates are made.

We agreed one low and three medium priority actions with management and the Fire Authority can take **reasonable assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Overview

Our opinion is also formed from our attendance at AGEC meetings, and our view of the Service's governance and risk management practices. We consider that the Service's approach to internal audit has developed over the years, and internal audit is used to focus on areas of known weakness with the aim of ensuring continuous improvement and efficiency gains. Therefore, our annual opinion reflects this approach, alongside the outcomes of our audit assignments.

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

Alongside our audit work, the Fire Authority and AGEC may wish to consider whether any other issues have arisen, including the results of any external reviews which may warrant consideration for inclusion in the Annual Governance Statement.

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

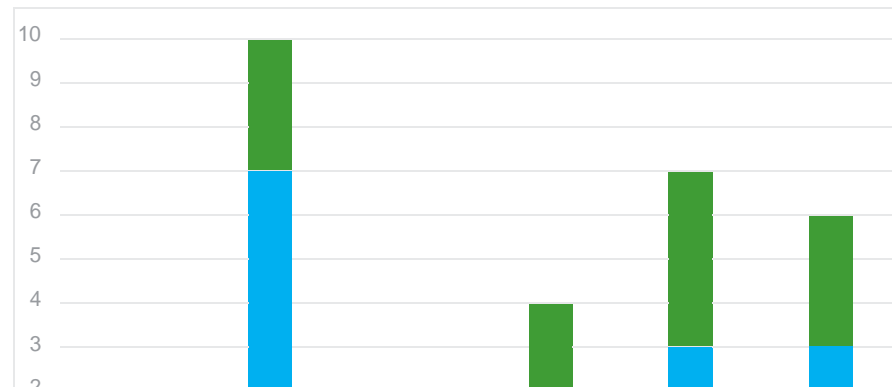
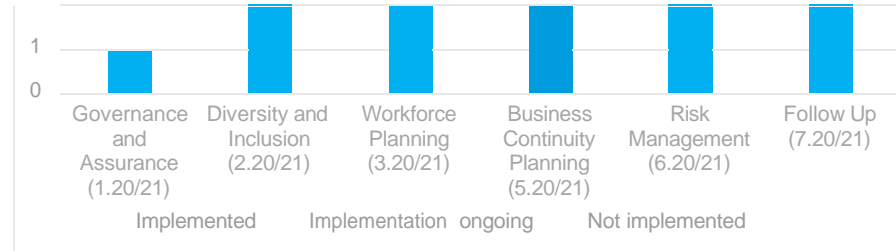
Management have agreed actions to address all of the findings reported by the internal audit service during 2021/22

Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through their internal action tracking spreadsheet. Progress has been reported to the Audit, Governance and Ethics Committee throughout the year. Our annual follow up report noted that 26/30 actions were accurately reported to AGEC.

Our annual follow up audit considered 30 management actions from our 2020/21 reports comprising 13 medium priority and 17 advisory actions. Taking account of the issues identified in our follow up work, in our opinion Avon Fire and Rescue Service has demonstrated **reasonable progress** in implementing agreed management actions.

Our work identified that 18 of the 30 actions raised had been fully implemented with 12 actions in progress of being implemented. Out of the 12 ongoing actions, seven related to advisory audit actions, and five are medium risk actions.





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

Area of work	How has this added value?
AGEC involvement	We attend all AGECE meetings and contributed to the discussions where appropriate on various items on the agenda to ensure that the Service benefits from wider input, in order to strengthen its governance arrangements.
Emergency Services sector briefings	As part of our client service commitment, during 2021/22 we have issued our ES sector client briefings and provided further updates on topical issues within the sector within our progress report to each AGECE.
Benchmarking	We have shared benchmarking information and good practice comparisons within each of our assignment reports. We also provide support and benchmarking throughout the year on an ad hoc basis for example when updating finance policies or development of the assurance framework.
Use of Subject Matter Experts	We have drawn on knowledge from SMEs across RSM throughout our audit work, for example in the Transformation audit we engaged our programme management consultants

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.

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.

Quality assurance and continual improvement

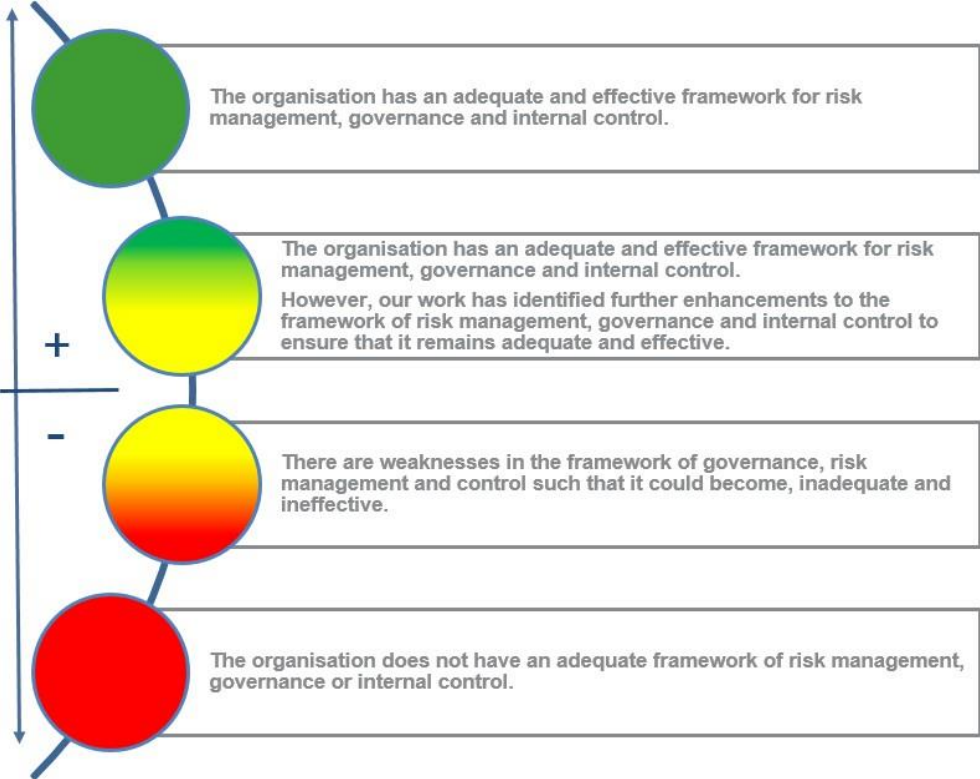
To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any 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.

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
 <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <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> <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p>	<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.

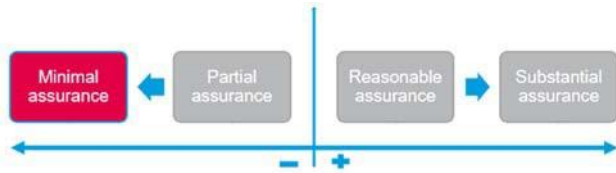
APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2021/22

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			
			A	L	M	H
Performance Management	Director of Corporate Services	Reasonable assurance [●]	-	0	2	0
Training	Assistant Chief Fire Officer Service Support	Partial assurance [●]	-	4	5	0
Fleet Management	Assistant Chief Fire Officer Service Support	Reasonable assurance [●]	-	2	3	0
Financial Controls – Devolved Budgets	Fire Authority Treasurer	Reasonable assurance [●]	-	4	0	0
Transformation	Assistant Chief Fire Officer	Reasonable assurance [●]	-	1	3	0
Follow Up	Director of Corporate Services	Reasonable progress [●]	7	0	5	0

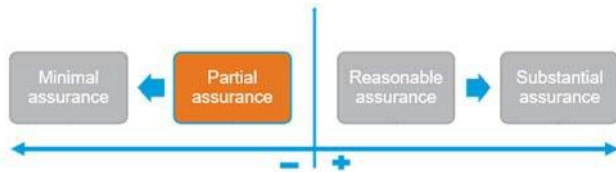
APPENDIX C: OPINION CLASSIFICATION

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



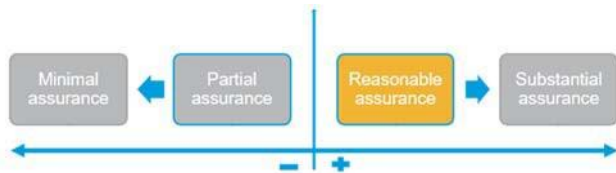
Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



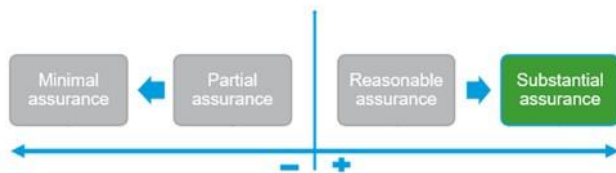
Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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

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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 Avon Fire and 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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