



**DORSET & WILTSHIRE
FIRE AND RESCUE**



SWAP
INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

Item 21/23 Appendix A

Dorset & Wiltshire Fire and Rescue Service

Internal Audit Annual Opinion Report 2020/21

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Unrestricted

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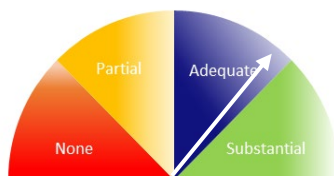
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Internal Audit Annual Opinion – 2020/21: 'At a Glance'

Annual Opinion 2020/21



There is generally a sound system of governance, risk management and control in place, although some minor issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

The Headlines

	No Significant Risks identified.
	No Priority 1 actions.
	All actions were accepted by management.
	10 reviews delivered in accordance with the 2020/21 Internal Audit Plan.

Internal Audit Assurance Opinions

Substantial	5
Adequate	5
Partial	0
No Assurance	0

Internal Audit Agreed Actions 2020/21

Priority 1	0
Priority 2	2
Priority 3	12

Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Service's risk management, control and governance processes.

Purpose

Internal Audit should provide a written annual report to those charged with governance to support the Service's Annual Governance Statement (AGS). This report should include the following:

- - An opinion on the overall adequacy and effectiveness of the Service's governance, risk management and internal control environment, including an evaluation of the following:
 - the design, implementation and effectiveness of the Service's ethics-related objectives, programmes and activities;
 - whether the information technology governance of the Service supports its strategies and objectives;
 - the effectiveness of risk management processes; and
 - the potential for the occurrence of fraud and how the Service manages fraud risk.
 - Disclose any qualifications to that opinion, together with the reasons for the qualification.
 - Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
 - Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
 - Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria.
 - Comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy these requirements and Members are asked to note its content and the Annual Internal Audit Opinion given.

Executive Summary

Three Lines Model

To ensure the effectiveness of the Service's risk management framework, the Finance and Audit Committee and senior management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

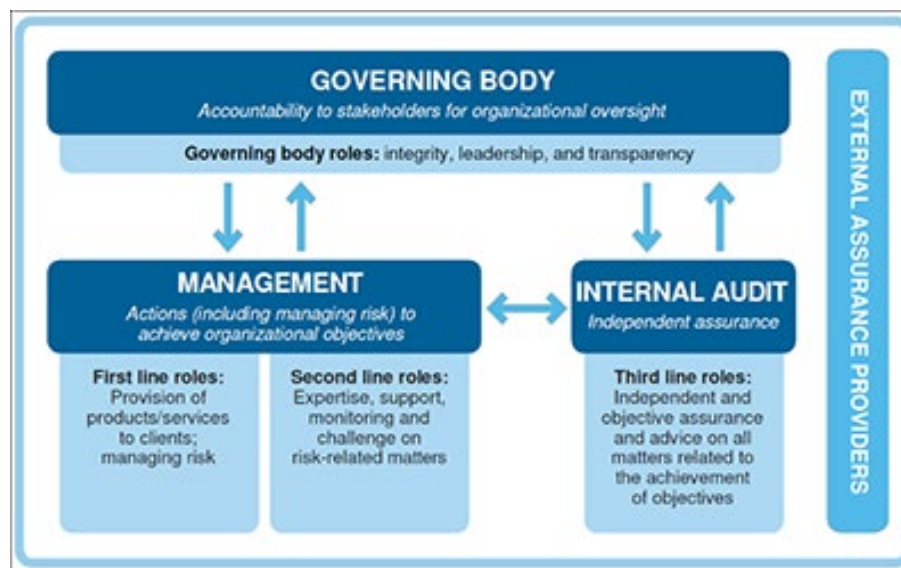
- The first line – functions that own and manage risk.
- The second line – functions that oversee or specialise in risk management, compliance.
- The third line – functions that provide independent assurance.

Background

The Internal Audit service for Dorset & Wiltshire Fire and Rescue Service (DWFRS) is provided by SWAP Internal Audit Services. The team's work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Service's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the year 2020/21.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



Internal Audit Annual Opinion 2020/21

Internal Audit is required to provide an opinion to support the Annual Governance Statement.

Annual Opinion 2020/21

On the balance of our 2020/21 audit work for Dorset & Wiltshire Fire and Rescue Service, enhanced by the work of external agencies, I am able to offer an **Adequate Assurance** opinion in respect of the areas reviewed during the year.

Audit work has been planned to ensure that sufficient assurance will be available to support the annual opinion. The professional requirements of PSIAS have remained unchanged and in line with these, ongoing consideration has been given to the risks arising from the impact of COVID-19 throughout the year.

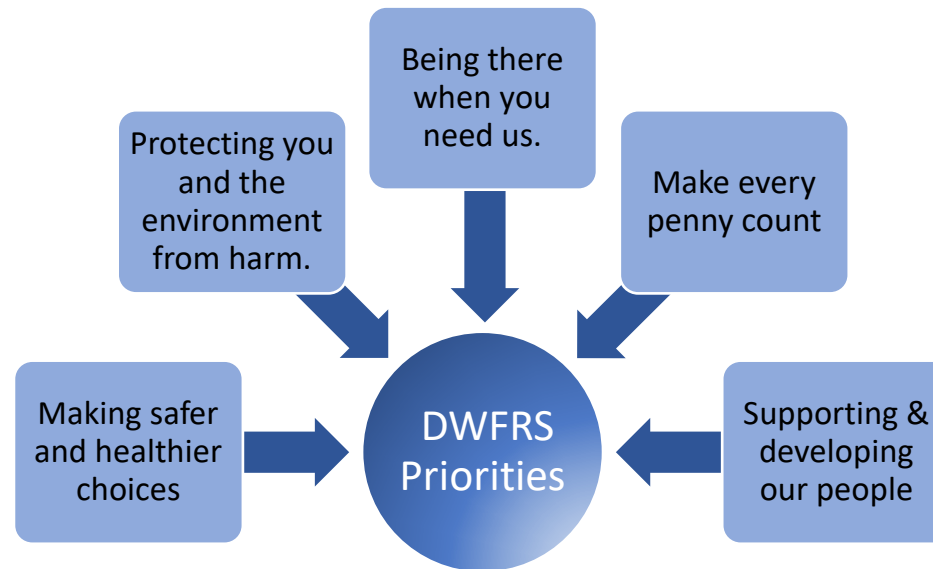
The Head of Service Improvement monitors and reports on the progress made to implement internal audit actions at each quarterly Finance and Audit Committee. Good progress has been made in this regard.

We would like to take this opportunity to thank Management for their collaboration and support throughout the year.

Alignment to DWFRS Priorities 2020/21

Internal audit coverage should be aligned to key Service priorities and key Service risks.

Audit Coverage by Corporate Priority



It should be noted that where an assurance opinion is provided, this is based on the work completed and commensurate with the audit budget, not the entire control framework pertaining to the particular area concerned.

There were no significant risks identified in the year.



Summary of Audit Opinion and Actions 2020/21

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

Assurance Definitions

No Assurance	The areas reviewed were found to be inadequately controlled. Risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Adequate	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be substantially controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Summary of Audit Opinion

Table 1: Summary of Audit Opinions

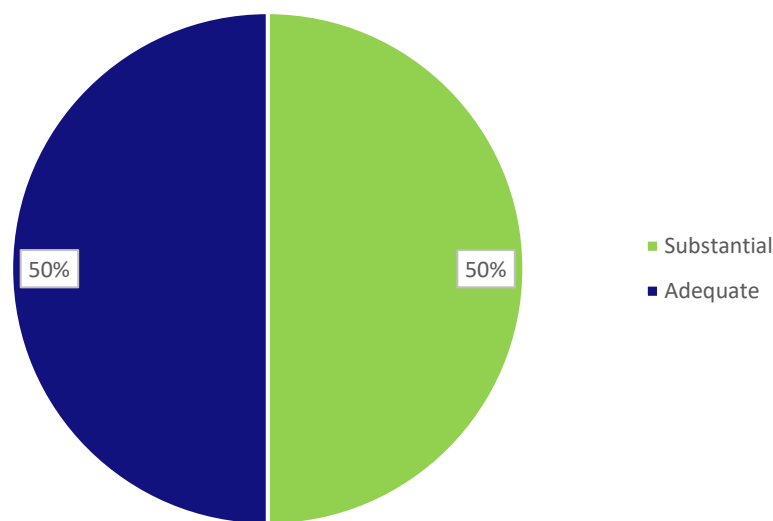


Table 1 above indicates the spread of assurance opinions across our work during the past year (5 Substantial and 5 Adequate opinions were awarded). There were no Partial or No Assurance opinions awarded this year. In the previous year there were 2 Partial, 4 Adequate, and 3 Substantial Assurance opinions.



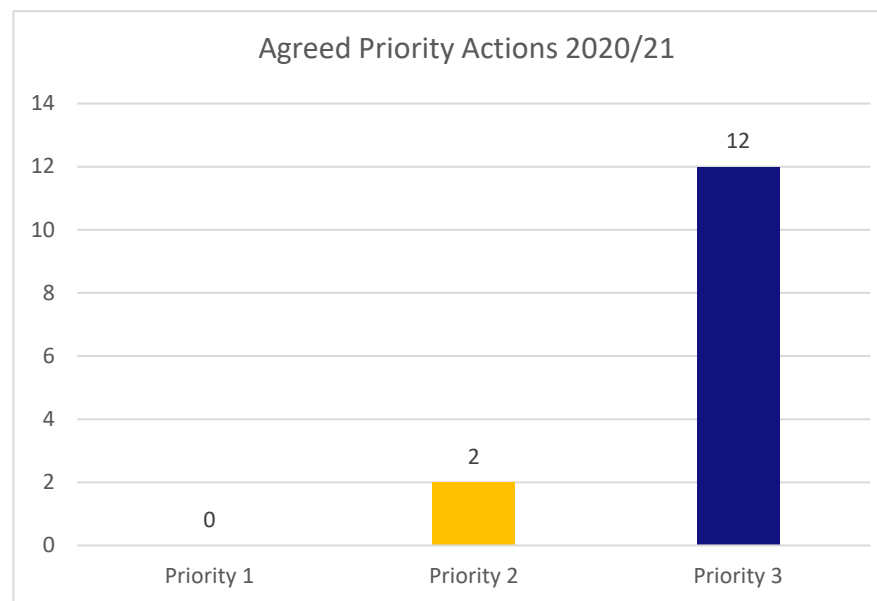
Summary of Audit Opinion and Actions 2020/21

SWAP Performance - Summary of Audit Actions by Priority

Categorisation of Actions

Priority 1	Findings that are fundamental to the integrity of the Service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by Management.
Priority 3	Finding that requires attention.

Priority Actions



It is pleasing to note that there are no Priority 1 actions and only 2 priority 2 actions. For comparison last year there were no Priority 1 actions, 12 Priority 2 actions and 12 Priority 3 actions.



Plan Performance 2020/21

Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.

Added Value

Throughout the year, SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

With the help of SWAP's Data Analysts, we are looking to include analysis of data as part of our auditing wherever possible. This allows us not only the opportunity to test whole populations of data, but where this is not possible or appropriate, to be able to use data analytics to target our testing in a more effective manner. Some examples of data analytics performed across 2020/21 are outlined below:

- **People Development** – A review of the number of staff who had completed their 1:1 review within the new system, outlining the percentage of staff who were still to complete theirs before the assigned deadline.
- **Information Security** – Review of the incidents log in place, highlighting gaps in the recording arrangements.
- **Malpractice Management Controls** – An assessment of the last review dates and approvals of key policies linked to malpractice.
- **Treasury Management** – Review and reperforming of the investment/borrowing records across the year.

Plan Performance 2020/21

Internal Audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).

SWAP Performance

SWAP's performance is subject to regular monitoring and review by both the SWAP Board of Directors and the Owners Board. The respective outturn performance results for DWFRS for the 2020/21 year are as follows:

Performance Target	Average Performance
<u>Audit Plan – Percentage Progress</u>	
Final, Draft and Discussion 90%	100%
In progress/Review	0%
Yet to complete	0%

SWAP work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Under these standards we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. SWAP was recently assessed in February 2020 and confirmed that we are in conformance to PSIAS.

Overview of Audits Completed 2020/21

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Actions		
						1	2	3
Q1 - Malpractice Management Controls	Performance Management Information Management People & Asset Management Corporate Governance	HMICFRS People Pillar Priority 5	Final	Adequate	3	-	-	3
Q1 - Critical Supplier Management	Commissioning & Procurement Financial Management	HMICFRS Efficiency Pillar Priority 4	Final	Substantial	1	-	-	1
Q1 - Asset Management Strategy	People & Asset Management Financial Management Performance Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Adequate	2	-	1	1
Q2 - Financial Resilience	Financial Management Performance Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	-	-	-	-
Q2 - Information security	Information Management Risk Management	Strategic Risk 301 Priority 4	Final	Adequate	1	-	-	1
Q2- Health and Wellbeing & fitness	People & Asset Management	HMICFRS People Pillar Priority 5	Final	Adequate	2	-	-	2
Q3 -Treasury Management	Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	1	-	-	1
Q3 - IT Asset Management	People & Asset Management Information Management	Strategic Risk 0006 Priority 4	Final	Adequate	3	-	1	2
Q4 - Project Management Framework (including business cases)	Performance Management Corporate Governance Programme & Project Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	1	-	-	1
Q4 - People Development	People & Asset Management Performance Management	HMICFRS People Pillar Priority 5	Final	Substantial	-	-	-	-