



**DORSET & WILTSHIRE**  
**FIRE AND RESCUE**



**SWAP**  
**INTERNAL AUDIT SERVICES**  
Assuring – Improving – Protecting

# Dorset & Wiltshire Fire and Rescue Service

## Internal Audit Annual Report and Opinion 2019-20

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## Summary

**The Head of Audit is required to provide an opinion to support the Annual Governance Statement.**

### Purpose

The Head of Internal Audit (SWAP Assistant Director) 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 organisation's governance, risk management and internal control environment;
- 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 standards; and
- 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 this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.

### Scope

The Internal Audit service for Dorset & Wiltshire Fire and Rescue Service is provided by SWAP Internal Audit Services. The internal audit 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. 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 control environment by evaluating its effectiveness. Primarily the work of the service is based on the Annual Plan agreed with Senior Management (see Appendix). This report summarises the activity of the internal audit function for the 2019-20 year against the Internal Audit Plan (as approved by the Finance and Audit Committee). Our annual opinion should inform the review of effectiveness within the AGS.

## Summary of Audit Work

The Annual Opinion is made based on the following sources of information:

- **Completed audits (during the year 2019-20) which evaluate risk exposures relating to the organisation's governance, information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.**
- **Observations from consultancy/advisory support.**
- **Follow up of previous audit activity, including agreed actions.**
- **Notable changes to the organisation's strategy, objectives, processes or IT infrastructure.**
- **Assurances from other providers, including third parties, regulator reports etc.**

### Annual Opinion

The Head of Internal Audit is required, under the Public Sector Internal Audit Standards (PSIAS) and linked in with the Chartered Institute of Internal Audit IPPF Standard 2450, to provide an annual opinion on the overall adequacy and effectiveness of the of the organisation's framework of governance, risk management and internal control.

Our internal audit annual opinion is a balanced reflection rather than a snapshot in time. Information to support this assessment is obtained from multiple engagements and sources (including advice/ consultancy work). The results of these engagements, when viewed together, provide an understanding of the organisation's risk management processes and their effectiveness.

Having considered the balance of 2019-20 audit work, overall I am able to offer Adequate assurance in respect of the areas reviewed during the year. There are no significant issues that Internal Audit is aware of which would require inclusion within the Annual Governance Statement.

This opinion informs the Service's Annual Governance Statement.

It is important to note that Internal Audit has not reviewed all risks and assurances relating to DWFRS and therefore cannot provide absolute assurance on the internal control environment. Senior Management are ultimately responsible for ensuring an effective system of internal control.

Further detail on the constituent areas informing our Opinion is outlined under subsequent headings below.

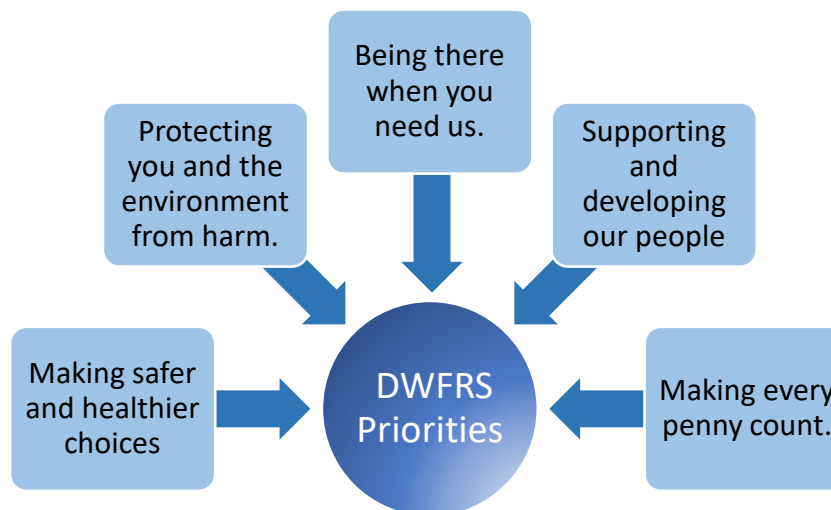
### **COVID-19**

The COVID-19 pandemic has inevitably impacted how the Service managed its operations towards the end of the 2019-20 financial year. The pandemic will have resulted in changes to working practices for officers and staff, together with challenges in new areas, such as greater consideration being afforded to infection control and the requirement to source substantial amounts of Personal Protective Equipment (PPE). The 2019-20 Internal Audit Plan at DWFRS had been delivered by the time the pandemic became more widespread and thus there was no impact on Plan delivery. Risk management and robust internal control will remain of paramount importance in responding to the issues raised by the pandemic and for the foreseeable future, given the unprecedented nature of its impact.

## Summary of Audit Work

### Opinion on Internal Control:

The diagram below provides an overview of the reasonable coverage afforded over 70 days in relation to the strategic priorities for the Dorset & Wiltshire Fire and Rescue Service:



Assurance Opinions provided for the 2019-20 audits completed have been as follows:

- Substantial (3)
- Adequate (4)
- Partial (2).

As stated above, on balance we have been able to provide an overall Adequate assurance opinion based on work completed throughout the year. On an individual engagement level, this is defined as *“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.”*

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.

### Definitions of Corporate Risk

High Risk:

### Significant Corporate Risks

We have not identified any significant corporate risks as a result of the work undertaken during the year.

## Summary of Audit Work

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Medium Risk:

Issues which should be addressed by management in their areas of responsibility.

Low Risk:

Issues of a minor nature or best practice where some improvement can be made.

### **Recommendations**

Recommendations to address weaknesses identified were raised accordingly with Management and over the course of the year, we have found the organisation to be supportive of Internal Audit findings and responsive to the recommendations made.

### **Changes to the Internal Audit Plan**

The schedule provided at Appendix A contains a list of all audits agreed for delivery as part the Annual Audit Plan 2019-20 and the final outturn for the financial year. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed. No changes to the 2019-20 Internal Audit Plan were required, however two audits were combined in Quarter 3 to provide a total of 10 audits delivered in year.

### **Governance:**

Whilst we have not specifically focused audit coverage on the Service's corporate governance mechanisms over the course of the year, we have not noted any areas of concern regarding governance. The meetings of the Finance and Audit Committee appear to be well led, with strategic areas of focus covered in detail with Members and presentation of the strategic risk register a standing agenda item for the Committee. The Business Continuity and Multi-Agency Response audit linked in with the Healthy Organisation theme of Corporate Governance and this was awarded a Substantial assurance opinion, with no recommendations raised, indicating good governance mechanisms operating in this area.

### **Risk Management:**

Determining whether risk management processes are effective is a judgment resulting from the internal auditor's assessment that:

- Organisational objectives support and align with the organisation's mission.
- Significant risks are identified and assessed.
- Appropriate risk responses are selected that align risks with the organization's risk appetite.
- Relevant risk information is captured and communicated in a timely manner across the organization, enabling staff, management, and the board to carry out their responsibilities.

In addition to the Business Continuity and Multi-Agency Response audit referenced above, SWAP also completed an audit of Critical Operational Risk Information during 2019-20. This piece of work was awarded an Adequate level of assurance and noted that there are clear procedures and assessment tools in place to support management of critical operational risk information. Risk appetite had been determined and display information was readily available to crews on a portable basis. Recommendations were raised regarding review of current arrangements of capturing risk information (as no one single system exists to capture all information) and completion of the overdue inspections for the two new and two existing sites.

## Summary of Audit Work

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

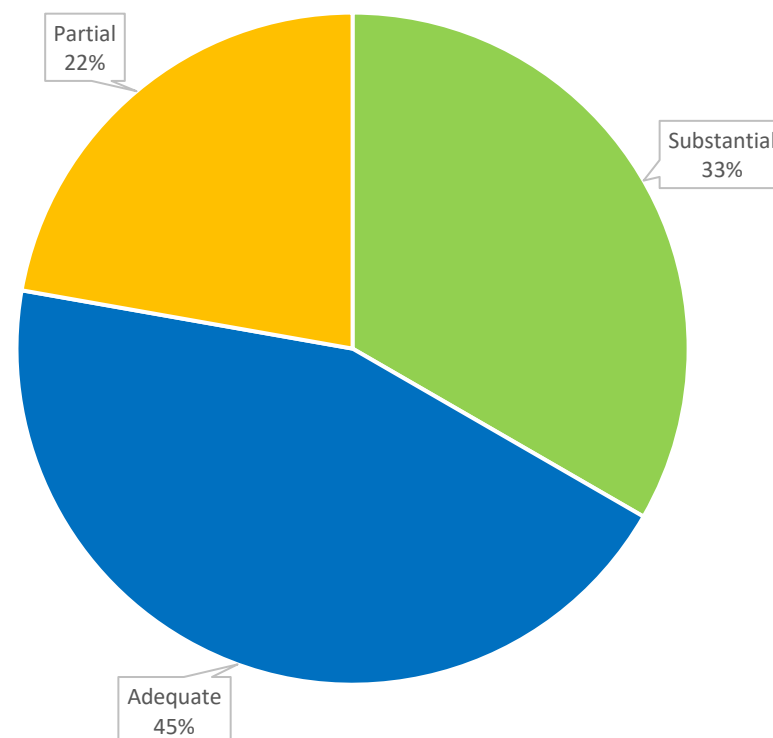
### Assurance Definitions

<b>None</b>	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.
<b>Partial</b>	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.
<b>Adequate</b>	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.
<b>Substantial</b>	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 Control Assurance Opinions

The chart below displays the assurance opinions provided through our 2019-20 audit work:

### Summary of Opinions for 2019/20 Internal Audit Plan





## Plan Performance

### Value Added

**‘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.’**

### Value Added

During 2019-20 we have sought to add value through the provision of the internal audit service to Dorset & Wiltshire Fire and Rescue Service in our reports.

In addition, we have also:

- Provided training to Members at our annual Members training events;
- Provided copies of Risk in Focus to the Service;
- Attended the Business Continuity Group; and
- Facilitated an ICT workshop.

An Assistant Director for Emergency Services was appointed who has responsibility for delivery of internal audit to SWAP's Police Partners and Fire and Rescue clients. This will help to ensure further sector-specific expertise can provide context and areas for consideration within our audit reports.

### External Quality Assessment

SWAP's 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 conformance to the required standards. SWAP was recently externally assessed in February 2020 and confirmed that we 'Generally Conform' to the standards.

Attribute Standard 1300 of the IPPF requires heads of internal audit to develop and maintain a Quality Assurance and Improvement Programme (QA&IP). Standard 1310 continues that the programme must include both internal and external assessments for improvement. Following our external assessment, we have pulled together our QA&IP and included additional improvements and developments identified internally that we want to achieve, as aligned to SWAP's Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our agreed actions.



## Plan Performance

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).

### Internal Audit Team Performance

SWAP's performance is subject to regular monitoring and review by both the Board and the Member Meetings. The respective outturn performance results for DWFRS for the 2019-20 year are as follows:

Performance Measure	Performance
<b><u>Audit Plan – Percentage Progress</u></b> Final, Draft and Discussion In progress/ Review Yet to start	100% 0% 0%
<b><u>Quality of Audit Work</u></b> Overall Client Satisfaction <i>(did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation?)</i>  Percentage of SWAP staff qualified or working towards a qualification	100%  100%

## Summary of Work Plan 2019-20

## Appendix A

The schedule below contains a list of audits agreed for inclusion in the Annual Audit Plan 2019-20 and the final outturn for the financial year.

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Recommendations		
						1	2	3
Q1 Planned and Reactive Maintenance	People and Asset Management Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Adequate	3	-	1	2
Q1 Payroll	People and Asset Management Performance Management Financial Management	Strategic Risk 0006, 232 HMICFRS Efficiency Priority 4, 5	Final	Partial	7	-	6	1
Q2 Medium Term Financial Plan and Capital Strategy	Financial Management Performance Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	-	-	-	-
Q2 ICT Strategy	Performance Management Information Management	Strategic Risk 0006 Priority 4	Final	Adequate	3	-	3	-
Q3 Business Continuity Planning / Multi-agency response arrangements/ Resilience	Performance Management Corporate Governance Risk Management People & Assets Management	HMICFRS – Effectiveness & Efficiency Pillars Priority 1, 2, 3, 4, 5	Final	Substantial	-	-	-	-
Q3 Recruitment and Workforce Planning	People & Asset Management Performance Management Financial Management	Strategic Risk 232 HMICFRS People Pillar Priority 5	Final	Substantial	3	-	-	3
Q4 Financial Management Systems	Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Adequate	2	-	-	2
Q4 Procurement Cards and Fuel Cards	Commissioning & Procurement Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar	Final	Partial	4	-	1	3
Q4 Risk Critical Information	Information Management Risk Management	HMICFRS Effectiveness Pillar Priority 1, 2, 3, 4, 5	Final	Adequate	2	-	1	1