



**DORSET & WILTSHIRE  
FIRE AND RESCUE**



Item 22/07 Appendices A & B

# Dorset & Wiltshire Fire and Rescue Service

Internal Audit Plan 2022-23  
and Internal Audit Charter

**Internal Audit ■ Risk ■ Special Investigations ■ Consultancy**

Unrestricted

# The Internal Audit Strategy

The Internal Audit Plan represents a summary of the proposed audit coverage for the financial year 2022-23

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable us to provide a well-informed and comprehensive year-end annual internal audit opinion.



## Introduction and Objective of the Internal Audit Plan

Internal audit provides an independent and objective opinion on the Service's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes. The Annual Plan sits within a wider four year strategy, that is kept under ongoing review.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Service in these areas are adequately controlled and managed.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines of defence' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Service's Annual Governance Statement.

It is the responsibility of the Strategic Leadership Team (SLT), and the Finance & Audit Committee, to determine that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the Service.

When reviewing the proposed internal audit plan (as set out in Appendix A), key questions to consider include:

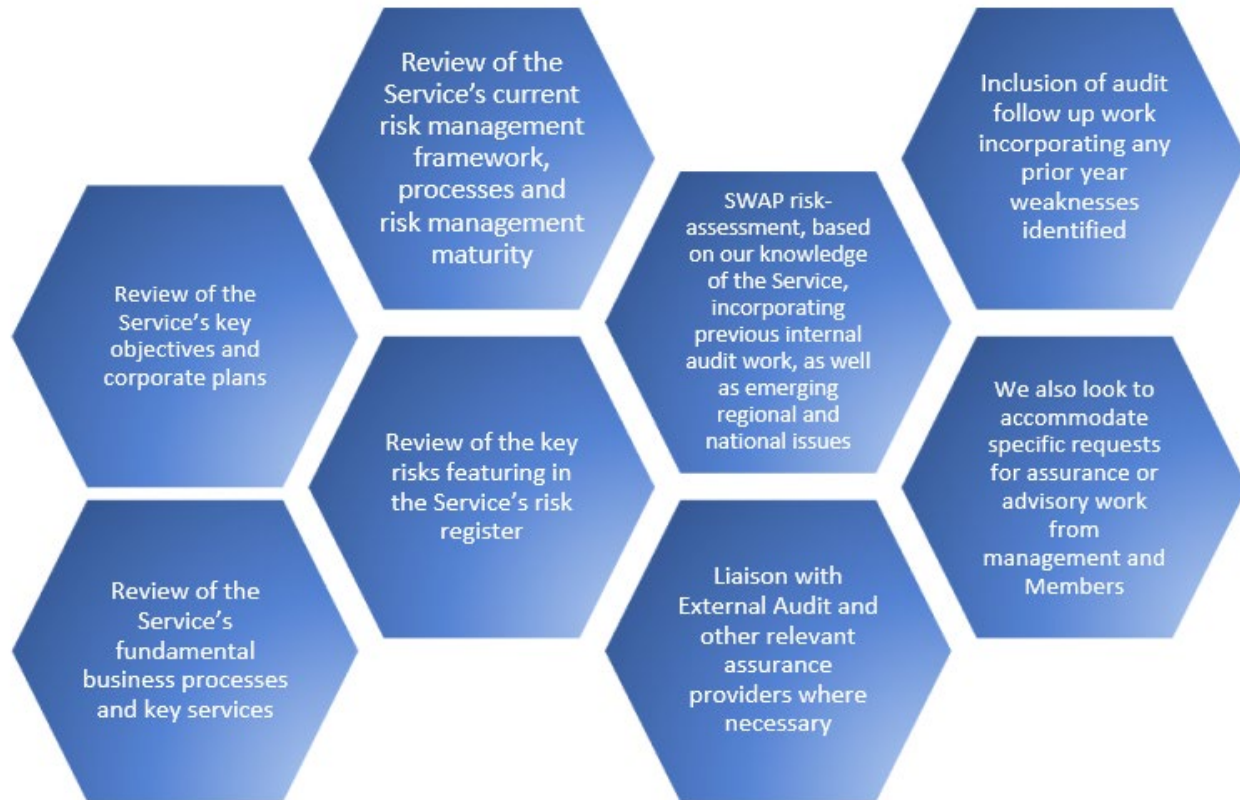
- Are the areas selected for coverage this coming year appropriate?
- Does the Internal Audit Plan cover Dorset & Wiltshire Fire and Rescue Service's (the Service) key risks as they are recognised by SLT and the Finance & Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the Service's risk profile effectively?

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the Service's strategies, key business objectives, associated risks, and risk management processes.



## Approach to Internal Audit Planning

The factors considered in putting together the 2022-23 internal audit plan (forming part of the Service's Strategy for 2019-23) have been set out below:



We will regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the Service's operations, systems, and controls. Our 2022-23 audit plan is therefore flexible to respond to new and emerging risks as and when they are identified.

A documented risk assessment prior to developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.

As above, it is the responsibility of the Service's SLT, and the Finance & Audit Committee to ensure that, following our risk assessment, the proposed plan contains sufficient and appropriate coverage.



## Internal Audit Coverage 2019-23

The 2019-23 internal audit programme of work is based on a documented risk assessment, which SWAP will re-visit regularly, at least annually. The input of SLT as well as a review of the Service's risk register will be considered in this process.

Below we have set out a summary of the internal audit coverage in relation to the Strategic Priorities for the Service:



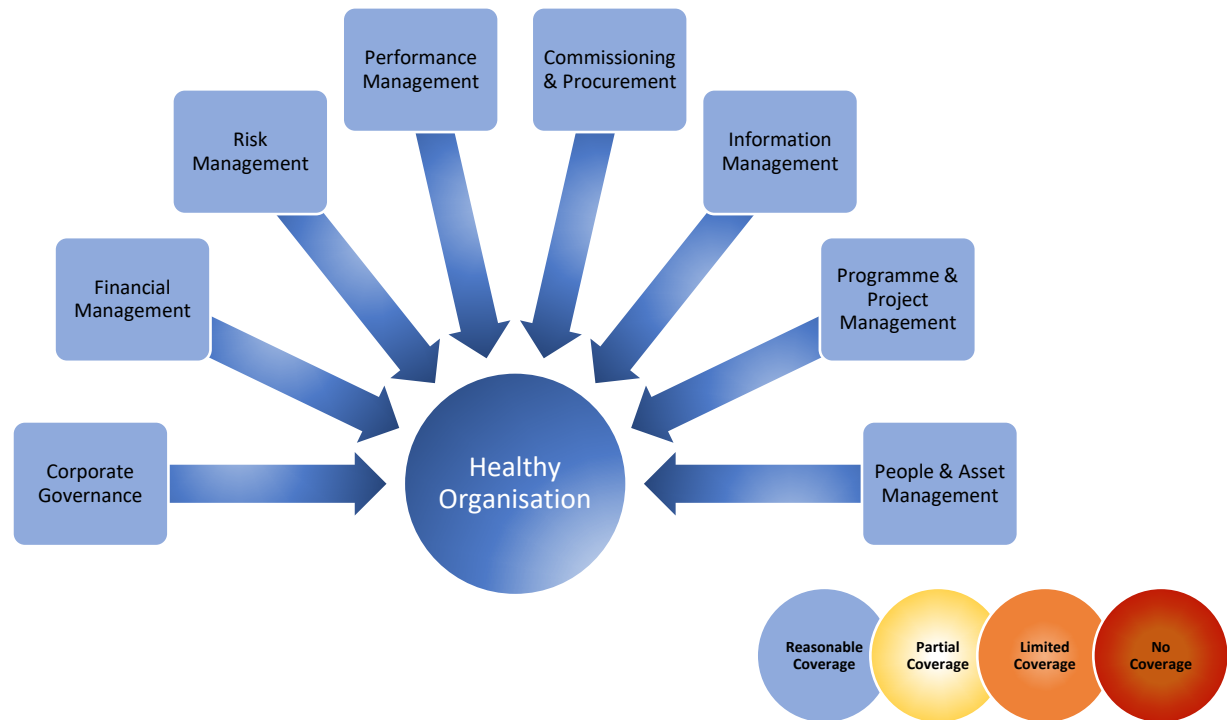
Following our SWAP Risk Assessment above, we have set out how the proposed 2022-23 plan presented in Appendix A provides coverage of the Service's key corporate outcomes, as well as coverage of the eight themes of a 'Healthy Organisation'.

Internal audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible in order to ensure sufficient and appropriate assurances are received.



## Internal Audit Coverage in 2019-23 continued

Following our SWAP risk assessment, we have also set out below the extent to which the Strategy provides coverage of the eight themes of a 'Healthy Organisation'.



*Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss, or fraud.*



SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 25 public sector partners, but also providing services throughout the UK.



## Your Internal Audit Service

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- Candid
- Relevant
- Inclusive
- Innovative
- Dedicated

### Audit Resources

The 2022-23 internal audit programme of work will be equivalent to 70 days. The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The key contacts in respect of your internal audit service for are:

**Moya Moore, Executive Director – [Moya.Moore@swapaudit.co.uk](mailto:Moya.Moore@swapaudit.co.uk), 0208 142 5030**

**Dan Newens, Assistant Director – [Daniel.Newens@swapaudit.co.uk](mailto:Daniel.Newens@swapaudit.co.uk), 0208 142 5030**

### Conformance with Public Sector Internal Audit Standards

SWAP 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.

Every five years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed conformance with the Public Sector Internal Audit Standards.

### Conflicts of Interest

We are not aware of any conflicts of interest within the Service that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our Institute of Internal Auditors Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

### Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value, and improve the Service's operations. Consultancy work that is accepted, will contribute to our annual opinion, and will be included in our plan of work.

### Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud, and corruption. We have dedicated counter fraud resource available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Regular newsletters and bulletins containing emerging issues and risks.
- Communication of fraud alerts received both regionally and nationally.
- Annual Member information sessions
- Benchmarking and sharing of best-practice between our public-sector Partners

### **Our Reporting**

A summary of internal audit activity will be reported quarterly to SLT and the Finance & Audit Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Members. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the Service.

### **Internal Audit Performance:**

As part of our regular reporting to SLT and the Finance & Audit Committee, we will report on internal audit performance. The following performance targets will be used to measure the performance of our audit activity:

Performance Measure	Performance Target
<b><u>Delivery of Annual Internal Audit Plan</u></b> Completed at year end	>95%
<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 Service)</i>	>95%

## The Internal Audit Plan 2022-23

*It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.*

<b>Area to be audited</b>	<b>Proposed Audit Scope/Notes</b>	<b>Eight Themes of a healthy organisation</b>	<b>Linked to</b>	<b>2022-23 Timing</b>
Safeguarding arrangements	Possible scope: Does the Service have arrangements in place to ensure that its staff are adequately prepared to identify and report safeguarding concerns that they may encounter as part of their daily role	People & Assets Management	HMICFRS Effectiveness and People pillar Priority 1,2,3,5	Q1
Fixed Assets - Estates	Possible scope: Does the Service have systems and controls in place to review the condition of buildings across its estate to ensure that they are fit for day-to-day use and to ensure that any issues are raised and resolved effectively	People & Assets Management	HMICFRS Efficiency Pillar Priority 4	Q1
Creditors/Income and Debtors	Possible scope: Are there processes and internal controls in place to manage the creditors system, ensuring that: <ul style="list-style-type: none"> <li>• payments are made only for goods and services which have been appropriately authorised;</li> <li>• payments are made only for goods and services that have been received;</li> <li>• payments are properly authorised and paid in a timely manner;</li> <li>• payments are made only to valid creditors;</li> <li>• payments are correctly recorded in the Financial Management System.</li> </ul>	Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Q2



	<p>Are there process and internal controls in place to manage the debtor's system, ensuring that:</p> <ul style="list-style-type: none"> <li>• sales invoices are raised and processed in accordance with procedures;</li> <li>• sales invoices are only raised to valid debtors;</li> <li>• credit notes and write offs are processed in accordance with procedures;</li> <li>• debt management and recovery procedures are clearly defined and adhered to;</li> <li>• all income is correctly recorded in the Financial Management System.</li> </ul>			
Business risk Management arrangements	<p>Possible scope:</p> <p>Does the Service have a clear and robust business risk management approach, that define the Service's risk appetite, clearly identifies strategic risks, and is embedded across the Service?</p>	<p><b>Performance Management</b>  <b>Corporate Governance</b>  <b>Risk Management</b></p>	<p><b>HMICFRS – Effectiveness &amp; Efficiency Pillars</b>  <b>Priority 1, 2, 3, 4, 5</b></p>	<p><b>Q2</b></p>
Budget Preparation and Management	<p>Possible scope:</p> <p>Has the Service an established and effective budget setting process for both revenue and capital that assesses options and includes relevant scrutiny? Is there a clear framework and process for reporting, scrutinising, and managing revenue and capital budgets throughout the year up to member level? Is the Service successful at meeting its budget each year and is there any evidence of excessive or repeated over/under spending at a corporate or service level?</p>	<p><b>Financial Management</b>  <b>Performance Management</b></p>	<p><b>Strategic Risk 0006</b>  <b>HMICFRS Efficiency Pillar</b>  <b>Priority 4</b></p>	<p><b>Q3</b></p>

Business Case evaluation process	Possible scope: Are adequate arrangements in place to effectively evaluate Service improvements to review and assure that the original objectives and efficiencies met.	<b>Performance Management Corporate Governance Programme &amp; Project Management Financial Management</b>	<b>Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4</b>	<b>Q3</b>
Records management	Possible Scope: Does the Service have an embedded process to monitor and review the records it holds with adequate controls in place to support these processes?	<b>Information Management</b>	<b>HMICFRS Efficiency Pillar Priority 4</b>	<b>Q3</b>
Corporate Procurement plan	Possible scope: Does the Service have efficient procurement arrangements in place to meet statutory requirements? Where appropriate, is the Service ensuring efficiencies and savings through the use of frameworks and collaboration.	<b>Commissioning &amp; Procurement Financial Management</b>	<b>Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4</b>	<b>Q4</b>
Energy Management	Possible scope: Does the Service have an effective Environmental Strategy, which drives effective monitoring of energy consumption, with a clear drive to reduce the Service's carbon footprint?	<b>People &amp; Asset Management Financial Management</b>	<b>HMICFRS Efficiency Pillar Priority 4</b>	<b>Q4</b>
Follow Ups	A review of the recommendations previously raised will be completed with ongoing reviews annually.	<b>All</b>	<b>All</b>	<b>Throughout Year</b>

## The Internal Audit Charter

### Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status, and authority of internal auditing within the Service, and to outline the scope of internal audit work.

### Approval

This Charter was approved by the Finance & Audit Committee on 7 March 2019 and is reviewed each year to confirm it remains accurate and up to date. It was last reviewed by the Finance & Audit Committee on 3 March 2021.

### Provision of Internal Audit Services

The internal audit service is provided by SWAP Internal Audit Services (SWAP). SWAP is a Local Authority controlled company. This charter should be read in conjunction with the contract, which forms part of the legal agreement between the SWAP and the Service.

The budget for the provision of the internal audit service is proposed by the Service and approved by the Dorset & Wiltshire Fire and Rescue Authority (the Authority).

### Role of Internal Audit

The Accounts and Audit (England) Regulations, state that: *“A relevant Authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance.”*

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Service’s operations. It helps the Authority accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

## Responsibilities of Management, the Finance & Audit Committee, and Internal Audit

### Management<sup>1</sup>

Management is responsible for ensuring SWAP has:

- the support of management and the Service.
- direct access and freedom to report to senior management, including the Chief Fire Officer and the Finance & Audit Committee; and
- notification of suspected or detected fraud, corruption, or impropriety.

Management is responsible for establishing (including the tracking and implementation of Internal Audit recommendations) and maintaining internal controls, including proper accounting records and other management information and is also responsible for the appropriate and effective management of risk.

### The Finance & Audit Committee <sup>2</sup>

The Finance & Audit Committee is responsible for approving the scope of internal audit work, receiving communications from the SWAP Assistant Director (as Head of Internal Audit<sup>3</sup>) on the progress of work undertaken, reviewing the independence, objectivity, performance, professionalism, and effectiveness of the Internal Audit function, and obtaining reassurance from the SWAP Assistant Director as to whether there are any limitations on scope or resources.

### Internal Audit

The SWAP Assistant Director is responsible for determining the scope, except where specified by statute, of internal audit work and for recommending the action to be taken on the outcome of, or findings from, their work designed to provide assurance and add value.

Internal audit is responsible for operating under the policies established by management in line with good practice. A range of SWAP policies exist to underpin staff and service development, including to seek out and implement new innovative audit techniques and increase technological solutions to ensure provision of an efficient and effective service and consolidate the role of Trusted Advisor. Internal audit is responsible for conducting its work in accordance with the mandatory elements of 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) and the CIPFA Local Government Application Note. SWAP has been independently assessed and found to conform with the standards.

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<sup>1</sup> In this instance Management refers to the Strategic Leadership Team and Statutory Officers.

<sup>2</sup> In this instance the Finance & Audit Committee relates to “The Board” referred to in the PSIAS.

<sup>3</sup> PSIAS refers to the ‘chief audit executive’.

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation, or control of any procedures. SWAP staff who have previously worked for the Service will not be asked to review any aspects of their previous department's work until a minimum of one year has elapsed.

### **Relationship with the External Auditors/Other Regulatory Bodies**

Internal Audit will co-ordinate its work with others wherever this is beneficial to the Service.

### **Status of Internal Audit in the Service**

The Chief Executive for SWAP and Assistant Director report to the Head of Service Improvement and to the Finance & Audit Committee as set out below.

The Assistant Director will be the first and primary point of contact for the Service for all matters relating to the Finance & Audit Committee, including the provision of periodic reports, as per company policy. The Assistant Director is also responsible for the design, development, and delivery of audit plans, subject to the agreement of the Authority.

### **Scope and authority of Internal Audit work**

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel, or physical property of the Service.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information used for operational and strategic decision making, and the means used to identify, measure, classify and report such information.
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management and communication of risks.
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary.
- assist management and Members to identify risks and controls with regard to the objectives of the Service.
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and determining whether the Service is in compliance.
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets.

- appraising the economy, efficiency and effectiveness with which resources are employed.
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned, with performance and accountabilities established.
- reviewing the operations of the Service in support of their anti-fraud and corruption policy, ethical expectations, and corporate values (and investigating where necessary) ethical expectations and corporate, social, and environmental values and responsibilities; and.
- at the specific request of management, internal audit may provide consultancy services (including e.g., data analytics, benchmarking, strategic/project reviews/investigations etc) provided:
  - the internal auditor's independence is not compromised.
  - the internal audit service has the necessary skills to conduct the assignment or can obtain such skills without undue cost or delay.
  - the scope of the consultancy assignment is clearly defined, and management can resource the work.
 management understand that the work being undertaken is not internal audit work although the outcomes may contribute to the annual opinion.

### Planning and Reporting

SWAP will submit an internal audit plan to Management and the Finance & Audit Committee for approval, setting out the recommended scope of work and which will be developed with reference to current and emerging risks. The plan will be reviewed on a quarterly basis to ensure it remains relevant and adequately resourced.

SWAP will carry out the work as agreed, report the outcomes and findings both during and on completion of reviews, and make recommendations on action to be taken to the appropriate officers and copied to the Temporary Director of Service Support. SWAP will present a regular summary of their work to Management and the Finance & Audit Committee, including assessing the Service's implementation of previous recommendations along with any significant, persistent, and outstanding issues.

Internal audit reporting will normally comprise a brief presentation to relevant officers and accompanied by an appropriately detailed written report, with the format tailored as necessary to the nature of the work. The detailed report will also be copied to the Temporary Director of Service Support and to other relevant line management.

The Assistant Director will submit an annual report to the Finance & Audit Committee providing an overall opinion of the status of risk and internal control within the Authority based upon, and limited to, internal audit activity conducted during the previous year.



In addition to the reporting lines outlined above, the Chief Executive of SWAP, the SWAP Directors and Assistant Directors, have the unreserved right to report directly to the Chair of the Finance & Audit Committee, the Chief Fire Officer or the External Audit Manager.

Revised February 2022