



DORSET & WILTSHIRE
FIRE AND RESCUE



Dorset & Wiltshire Fire and Rescue Service

Report of Internal Audit Activity

Plan Progress 2022/23 Quarter 2 and Quarter 3

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Contents

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Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Introduction

This report summarises the Internal Audit activity completed for Dorset & Wiltshire Fire and Rescue Service in Quarter 2 and Quarter 3 2022/23 in line with the Annual Audit Plan approved by the Finance & Audit (F&A) Committee and the Chief Fire Officer in March 2022.

The schedule provided in Appendix 1 contains a list of all audits agreed in the Annual Audit Plan 2022/23.

We have provided a summary of activity which outlines our assurance opinion and the number and priority of any actions that we made in relation to the audit work undertaken in Quarter 2 and Quarter 3. To assist the Committee in its monitoring and scrutiny role, a summary of each audit (objective, risk, controls tested, findings and actions) has also been provided, the content of which has been discussed and agreed with the responsible Director.

The scope for each audit is agreed in advance with nominated managers. This process intends to focus on the key risks to which that area of the Services activity is exposed and the associated controls which we would expect to be in place to ensure that risk is managed.

The key controls have been assessed against those we would expect to find in place if best practice in relation to the effective management of risk, the delivery of good governance and the attainment of management objectives is to be achieved. Where applicable, selected and targeted testing has been used to support the findings and conclusions reached.

We have performed our work in accordance with the principles of the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS) in so far as they are applicable to an assignment of this nature and you, our client.

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Audit Summary

In Quarter 2 and Quarter 3 2022/23, the following audits were completed in accordance with the Audit Plan:

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Priority of Recommendations		
						1	2	3
Creditors & Debtors	Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	0	-	-	-
Business Risk Management Arrangements	Performance Management Corporate Governance Risk Management	HMICFRS – Effectiveness & Efficiency Pillars Priority 1, 2, 3, 4, 5	Final	Substantial	1	-	-	1
Business Case Evaluation	Performance Management Corporate Governance Programme & Project Management Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	0	-	-	-
Records Management	Information Management	HMICFRS Efficiency Pillar Priority 4	Final	Substantial	1	-	-	1
Budget Preparation and Management	Financial Management Performance Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	0	-	-	-

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Assurance Definitions

Each completed audit has been awarded an “Assurance opinion” rating. This opinion takes account of whether the risks material to the achievement of the Services objectives for this area are adequately managed and controlled. The Assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in the below:

Assurance Definitions

None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Partial	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Adequate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

From our work in Quarter 2 and Quarter 3, we have made recommendations which seek to strengthen the Services controls within each audit area. We highlight those matters of that we believe merit acknowledgement in terms of good practice or undermine the system’s control environment, and which require attention by management. All improvement actions are allocated a priority grading and have been agreed with the management teams in the appropriate area.

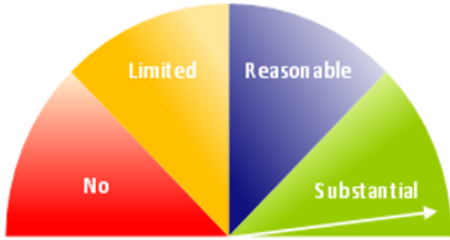
Categorisation of Recommendations

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

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.

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Creditors & Debtors

Assurance Opinion		Number of Actions	
 <p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>		Priority	Number
		Priority 1	0
		Priority 2	0
		Priority 3	0
		Total	0

Audit Opinion:

Substantial Assurance

Objectives:

To provide assurances over how creditor and debtor transactions are processed, and to ensure that agreed policy/procedures are complied with.

Risks:

1. There is a risk that fraudulent or erroneous payments could be made to creditors if key financial controls are not operating effectively. This could lead to financial loss, challenge, and reputational damage for the Service.
2. If processes for monitoring and collecting debtor payments are not ineffective, this could result in a loss of income. In turn, this could also lead to challenge and reputational risks for the Service.

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Creditors & Debtors

Controls Tested:

The following areas of control were covered under the scope of this audit programme:

Creditors

- Payments are made only for goods and services which have been appropriately authorised, and which have been received.
- Payments are authorised and paid in a timely manner and are only made to valid creditors.
- Payments are correctly recorded in the Financial Management System.

Debtors

- Sales invoices are raised and processed in accordance with procedures and are only raised to valid debtors.
- Credit notes and write offs are processed in accordance with procedures.
- Debt management and recovery procedures are clearly defined and adhered to.
- All income is correctly recorded in the Financial Management System.

Areas of Good Practice:

- There are comprehensive internal procedural guides and templates in place covering ordering and payments, and for income processing and debt recovery. The guides are accessible to all employees through the Connect intranet site.
- There are appropriate controls in place prevent payments from being coded incorrectly, and to ensure that transactions are made in a timely manner and are correctly recorded in the financial system.
- Appropriate processes and budgetary and system controls exist to match invoices to orders and goods received notices, and covering the approval of requisitions and invoices, prior to releasing payments to suppliers.
- Suitable processes are in place to ensure that all income is raised and processed in line with written procedures.
- The Financial Team undertakes monitoring on a regular basis to ensure that payments to/from suppliers/customers are processed in a timely manner, and to ensure that any aged debts are progressed and escalated where appropriate.
- Appropriate processes and controls exist to set up suppliers and debtors within the Financial Management System, to enable payments to be made and income to be realised. No concerns were identified following in-depth analysis of potential duplicate suppliers and of changes to supplier details.
- There are suitable processes in place to govern and process credit notes and write offs. Our testing in these areas identified that the respective documented procedures were applied in practice.
- Periodic reconciliations take place which ensure that the general ledger agrees with key creditor and debtor accounts.

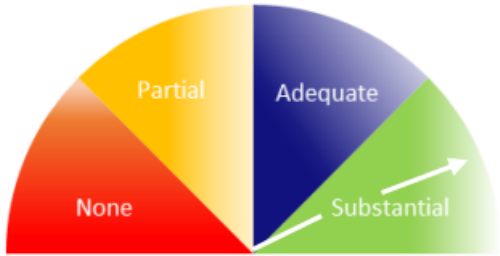
Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Summary of Recommendations:

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
No findings or recommendations were made following our review of creditor and debtor processes.				

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Business Risk Management Arrangements

Assurance Opinion		Number of Actions	
	<p>A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>	Priority	Number
		Priority 1	-
		Priority 2	-
		Priority 3	1
		Total	1

Audit Opinion:

Substantial Assurance

Objectives:

To ensure the Service has a planned and systematic approach to the identification, evaluation, and management of risks in order to control the probability and/or impact of unfortunate events, or to maximise the realisation of opportunities.

Risk:

An adverse event or action occurs which negatively affects the Service's ability to achieve its objectives and to successfully execute its strategies.

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Business Risk Management Arrangements

Controls Tested:

The following areas of control were covered under the scope of this audit programme:

- There is an approved risk management procedure (or equivalent) in place with guidance for the effective identification, assessment, and management of risks.
- All staff and relevant Members have had sufficient training and support or have sufficient knowledge and awareness of risk management to effectively carry out their role within the Service.
- All risks identified by the Service both on a strategic level and an operational/departmental level are recorded and updated on centralised risk registers.
- Risks are regularly reviewed and reported to senior management and Members.
- Risk management is embedded into the culture of the Service.

Areas of Good Practice:

- Key staff provide knowledge and oversight to support risk management across the Service.
- Continual support is in place to assist Service staff raising and managing risks on an ongoing basis.
- The risk registers on Sytle are regularly monitored and kept up to date.
- Sampled managers were aware of their responsibilities in relation to risk management.
- All risks are regularly reviewed and updated monthly. During testing we found one risk overdue (out of a total of 56), however it was pleasing to note that management were already aware of this and there was a plan in place to manage it.
- Risks are reported on a quarterly basis to the Finance & Audit Committee and annually via the Statement of Assurance.
- Risks are linked to department and/or Director dashboards for senior management oversight.
- A risk appetite matrix is in place and reviewed annually by the Strategic Leadership Team.

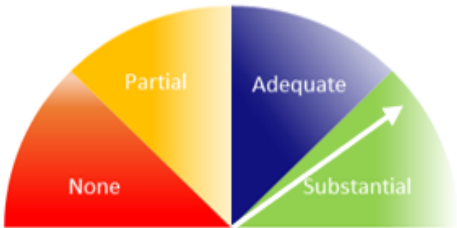
Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Summary of Recommendations:

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
It was identified that currently there are no structured training and awareness sessions in place around risk management. Whilst we are happy there is continual support and guidance around raising and managing risks on an individual basis, it was agreed with the Standards and Assurance Manager that it would be beneficial to introduce an awareness session, especially for new starters who may be involved with risk management.	We recommend that the Standards and Assurance Manager introduce an awareness session around risk management, in line with the Risk Management Procedure and the responsibilities for Sycle.	We will develop an e-learning package that provides awareness of the risk management. This will be added to the induction checklist to ensure that new starters with risk management responsibilities are provided with training and awareness.	Standards and Assurance Manager 31 December 2022	3

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Business Case Evaluation

Assurance Opinion		Number of Actions	
	<p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>	Priority	Number
		Priority 1	-
		Priority 2	-
		Priority 3	-
		Total	-

Audit Opinion:

Substantial Assurance

Objectives:

To ensure that the Service undertakes adequate arrangements to effectively evaluate service improvements.

Risks:

1. An adverse event or action occurs which negatively affects the Service's ability to achieve its objectives and to successfully execute its strategies.

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Controls Tested:

The following areas of control were covered under the scope of this audit programme:

- A standard procedure is in place for the evaluation of completed service improvements and projects.
- Objectives of the service improvement / project are reviewed to ensure they have been achieved, as per the original business case for the work.
- Evaluations include an assessment of whether stakeholder needs have been met.
- Delivery of the service improvement / project is reviewed to ensure its efficiency, include cost and time budgets.
- The sustainability of the completed service improvement / project is evaluated to ensure it is fit for future use within the Service.
- Any lessons learned from the service improvement / project are acted upon and shared across the Service to ensure they are suitably implemented.
- Evaluations are reviewed and signed off by Service Delivery Team, with any required remedial actions tracked to completion.

Areas of Good Practice:

- The PRM 13 - Service Improvement Procedure defines the roles and responsibilities of key personnel, including ensuring an evaluation is undertaken.
- There is an evaluation template in place, which includes considerations such as sustainability, time and budget, stakeholders needs, and lessons learned, assessing these against the base objectives in the original business case.
- Review of samples evidenced that stakeholders' needs were identified and updates to the project were communicated with them.
- Each part of the post project evaluation is tracked and followed up by the Program Officer to ensure post project delivery and lessons learned objectives are achieved in a timely manner.
- For the completed projects reviewed, we were able to conclude that the evaluations were completed within six months, including review and sign off by the Head of Department and the Service Delivery Team.
- Lessons learned identified during the post project review are followed up via an evaluation tracking sheet to ensure that lessons learned are implemented within future projects.

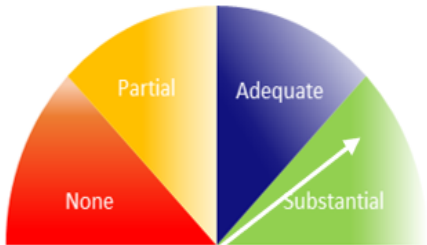
Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Summary of Recommendations:

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
No findings or recommendations were made following our review of business case evaluation processes.				

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Records Management

Assurance Opinion		Number of Actions	
	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Priority	Number
		Priority 1	0
		Priority 2	0
		Priority 3	1
		Total	1

Audit Opinion:

Substantial Assurance

Objectives:

To provide assurances that the Service has an embedded process to monitor and review the records it holds and that adequate controls are in place to support processes.

Risk:

Records are not classified, stored, secured, transmitted and disposed in accordance with local guidance and legislation, which may result in staff not having access to the information they need, or losses, breaches, fines and reputational damage.

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Records Management

Controls Tested:

The following areas of control were covered under the scope of this audit programme:

- Responsibilities for records management are clearly documented, and policies and procedures are available to users.
- The Service is aware of the information assets it holds and the processing activities it undertakes and reviews it regularly to assess its accuracy, adequacy, and necessity for business purposes.
- A Data Retention Schedule is in place which provides details on how long information assets will be kept.
- The Service stores, transmits and disposes of its information assets in accordance with agreed procedure and legislative requirements.
- Electronic records are analysed, reviewed, and cleansed before the transfer of data from shared drives to SharePoint

Areas of Good Practice:

- Responsibilities for records management are clearly documented, and policies and procedures are up to date and readily available to staff.
- There is sufficient training provided to all staff with different levels of records management responsibilities.
- There is a robust process to capture all information assets, set retention schedules, and review this information via a controlled process.
- The information captured in the information asset register and retention schedule meets the requirements of the Information Commissioner's Office (ICO).
- There is a process in place for assurance to be provided demonstrating that information asset risks are being managed and controls are in place to ensure the confidentiality, integrity and availability of information.
- Following conversations with teams, it is clear that staff have awareness of their records management responsibilities and retention periods of the data they manage.
- The archive unit manages and disposes the archived records. The sampled service areas had appropriate processes in place to manage their paper records with a Service wide direction to become paperless where possible.
- The Service is currently halfway through a two-year programme to migrate to SharePoint. There are clear procedures and training workshops in place to guide staff in cleansing and reviewing their data. Sampled teams spoken to confirmed that they understand the records management processes in place and the benefits of moving to SharePoint.
- A common theme identified through conversations was a positive attitude for records management and the Information Governance Team, noting how approachable and knowledgeable they were.

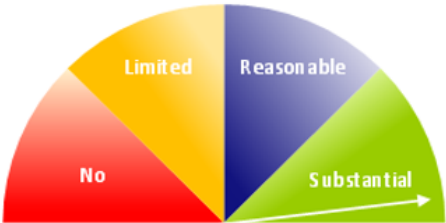
Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Summary of Recommendations:

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>On review of the information asset register, column M 'who has access to this data? General description of technical and organisational security measures in place', was not always completely answered with information relating to access and controls.</p> <p>Additionally, the disposal decision was not always clear. However, the Information Governance Manager explained that there was an understanding that all records would be destroyed unless clearly stated. It is suggested that the disposal action be included for the relevant information assets.</p>	<p>The Information Governance Manager should ensure that column M of the information asset register is always answered in a complete manner.</p>	<p>We will review column M of the information asset register to ensure information relating to access and controls is complete.</p>	<p>Information Governance Manager</p> <p>31 January 2023</p>	3

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Budget Preparation and Management

Assurance Opinion		Number of Actions	
	<p>A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>	Priority	Number
		Priority 1	0
		Priority 2	0
		Priority 3	0
		Total	0

Audit Opinion:

Substantial Assurance

Objectives:

To provide assurance that the Service has an established and effective budget setting process for both revenue and capital budgets, that assesses options and includes relevant scrutiny.

Risk:

1. Inadequate and/or ineffective processes for setting budgets leads to a budget that is not aligned with the Medium-Term Financial Plan and the Community Safety Plan, resulting in overspent finances and/or unachieved objectives
2. Inadequate and/or ineffective processes for managing budgets leads to failures to identify and act on major variances, resulting in overspent budgets and unachieved objectives.

Controls Tested:

The following areas of control were covered under the scope of this audit programme:

- There is a clear budget setting process in place and each department follows the same process.
- Budget assumptions are tested and scrutinised.

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

- The budget has been reported to the managing body and its acceptance has been minuted.
- Actions are developed where there is forecasted overspend.
- Budget monitoring is reported to senior management and Members, and scrutinised.
- There are procedures in place to amend budgets.
- Budgets have been allocated to appropriate officers and loaded to the Financial Management System.
- Exception reports are produced and monitored for overspend.

Areas of Good Practice:

- The budget is set following a robust process using sound and realistic assumptions.
- The budget that is set is aligned to the Medium-Term Financial Plan and Corporate Plan.
- Budget alterations (over and above agreed virement limits and between budgets) are approved by the managing body.
- Budgets are allocated to appropriately authorised officers.
- Budgets are continually monitored with procedures in place to safeguard against overspends.
- Budgets are input to the Financial Management System on a timely basis, at an appropriate level of detail.
- Budget monitoring is focused, and budget holders/ committees receive budget monitoring information, which is accurate, relevant, understandable, consistent, and up to date.

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Summary of Recommendations:

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
No findings or recommendations were made following our review of budget preparation and management processes.				

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Appendix 1 – 2022/23 Audit Plan and Performance

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Recommendations		
						1	2	3
Safeguarding Arrangements	People & Asset Management	HMICFRS Effectiveness and People Pillars Priority 1,2,3,5	Final	Substantial	2	-	-	2
Fixed Assets (Estates)	People & Asset Management	HMICFRS Efficiency Pillar Priority 4	Final	Substantial	1	-	-	1
Creditors & Debtors	Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	0	-	-	-
Business Risk Management Arrangements	Performance Management Corporate Governance Risk Management	HMICFRS – Effectiveness & Efficiency Pillars Priority 1, 2, 3, 4, 5	Final	Substantial	1	-	-	1
Budget Preparation & Management	Financial Management Performance Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	0	-	-	-
Business Case Evaluation Process	Performance Management Corporate Governance Programme & Project Management Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	0	-	-	-
Records Management	Information Management	HMICFRS Efficiency Pillar Priority 4	Final	Substantial	1	-	-	1

Internal Audit Plan Progress 2022/23 Quarter 2 and Quarter 3

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Recommendations		
						1	2	3
Corporate Procurement Plan	Commissioning & Procurement Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Not Started					
Energy Management	People & Asset Management Financial Management	HMICFRS Efficiency Pillar Priority 4	Not Started					
Follow Ups	All	All	-					

The performance results for progress against the internal audit plan for Quarter 2 and Quarter 3 of the 2022/23 Internal Audit Plan are as follows:

Performance Target	Average Performance	
	% of the Annual Plan	Number of Assignments
<u>Audit Plan – Percentage Progress</u>		
Final, Draft, Discussion, Removed	77%	7
In progress, Ongoing	22%	2
Not yet started	100%	9

The completion of the plan is currently on target.