



**DORSET & WILTSHIRE
FIRE AND RESCUE**



Item 23/24 Appendix A

Dorset & Wiltshire Fire and Rescue Service

Internal Audit Annual Opinion Report 2022/23

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Unrestricted

Contents

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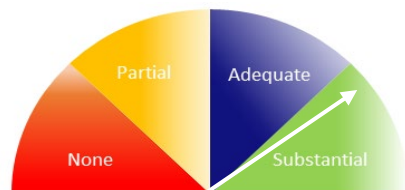
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Internal Audit Annual Opinion – 2022/23: 'At a Glance'

Annual Opinion 2022/23



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.

The Headlines



No Significant Risks identified.



No Priority 1 or 2 actions.



All actions were accepted by management.



9 reviews delivered in accordance with the 2022/23 Internal Audit Plan.

Internal Audit Assurance Opinions

Substantial 8

Adequate 1

Partial 0

No Assurance 0

Internal Audit Agreed Actions 2022/23

Priority 1 0

Priority 2 0

Priority 3 6

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.

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 Service.

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.

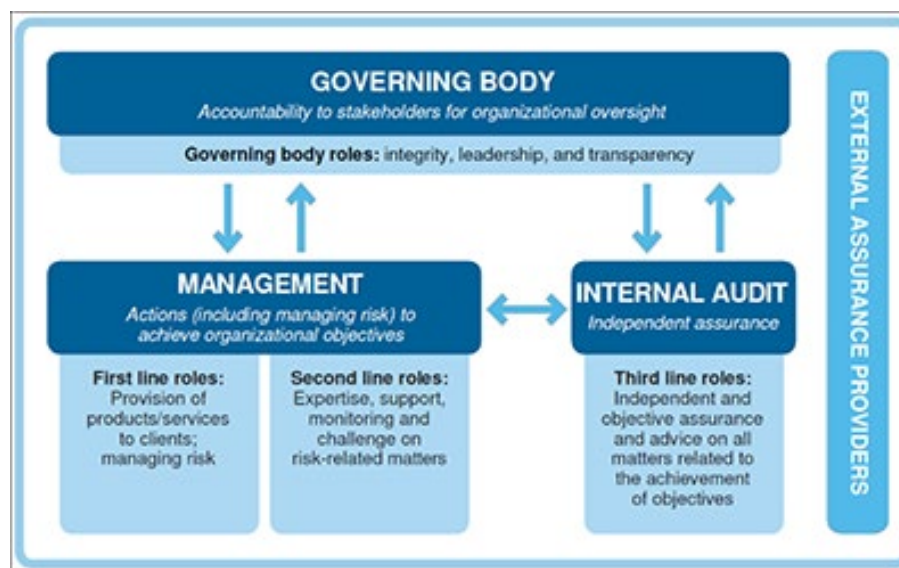


Background

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 2022/23.

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 2022/23

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



Annual Opinion

On the balance of our 2022/23 audit work for Dorset & Wiltshire Fire and Rescue Service, enhanced by the work of external agencies, I am able to offer a **Substantial Assurance** opinion in respect of the areas reviewed during the year.

The Assistant Chief Officer – Director of Service Support monitors and reports on the progress made to implement internal audit actions at each quarterly Finance and Audit Committee. Very good progress has been made in this regard.

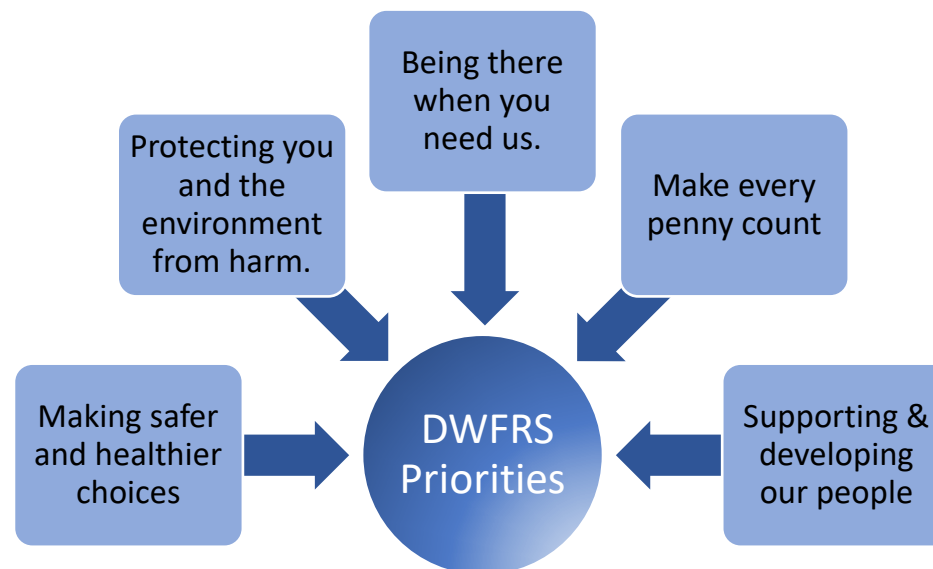
We would like to take this opportunity to thank management for their collaboration and support throughout the year.

Alignment to DWFRS Priorities 2022/23

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 2022/23

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

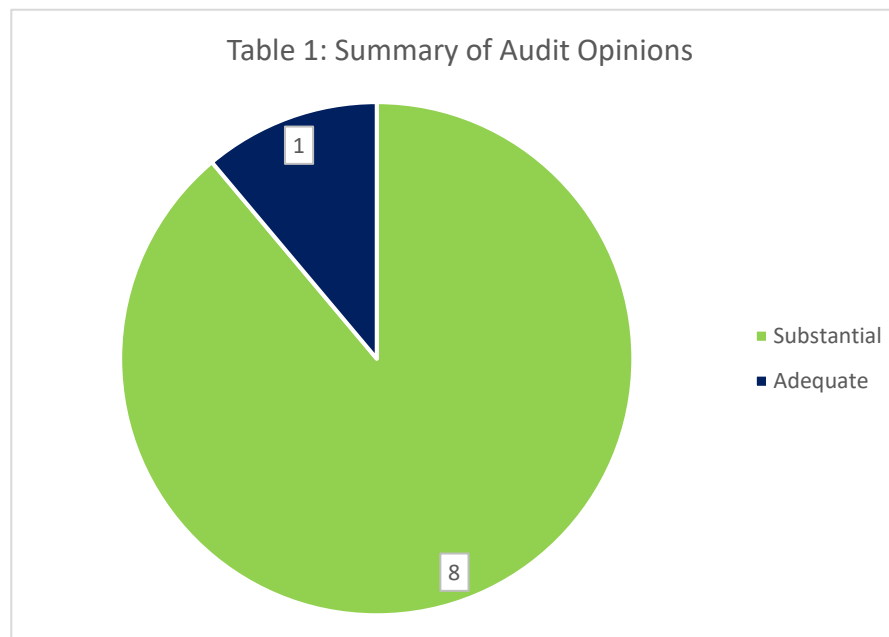


Table 1 above indicates the spread of assurance opinions across our work during the past year (8 Substantial and 1 Adequate opinion were awarded). In the previous year there were 5 Substantial and 3 Adequate Assurance opinions awarded.

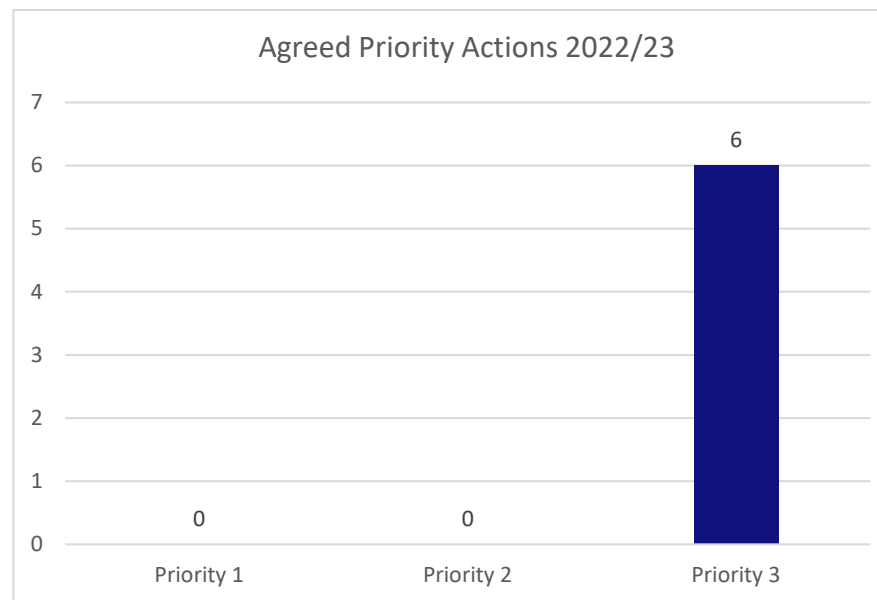
SWAP Performance - Summary of Audit Actions by Priority



Priority Actions

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.



It is pleasing to note that there are no Priority 1 or Priority 2 actions. For comparison, last year there were no Priority 1 or 2 actions either.

At the time of reporting, two actions remained in progress, with the other four completed.

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 Lead Data Analysts, we also seek 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. Examples of data analytics performed within our 2022/23 audits have been provided below:

- **Creditors & Debtors:**

We provided analysis of the whole population of data (for transactions between May 2021 - June 2022) to inform the work on:

- Duplicate suppliers
- Duplicate payments
- Timeliness of invoices and payments
- Credit note matching
- Whether payments were appropriately authorised.

We also used data analytics to select a sample of suppliers to verify new supplier set up and changes to supplier details.

- **Records Management:**

We undertook a review of the Information Asset Register to ensure the full data set included the following key information:

- Name of asset and description
- Type of information asset
- Data which is held and/or data flows
- Location of asset
- The Information Asset Owner (IAO)
- Appropriate risk assessments completed / undertaken (confidentiality, integrity and availability)
- Appropriate safeguards / risk controls included
- Appropriate access controls
- Processing and identification of any overseas activity
- Planned reviews and or audits to ensure accuracy and compliance.

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 2022/23 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 2022/23

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Actions		
						1	2	3
Q1 – Safeguarding Arrangements	People & Assets Management	HMICFRS Effectiveness and People pillar Priority 1,2,3,5	Final	Substantial	2	-	-	2
Q1 – Fixed Assets (Estates)	People & Assets Management	HMICFRS Efficiency Pillar Priority 4	Final	Substantial	1	-	-	1
Q2 – Creditors and Debtors	Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	-	-	-	-
Q2 – Business Risk Management Arrangements	Performance Management Corporate Governance Risk Management	HMICFRS –Effectiveness & Efficiency Pillars Priority 1, 2, 3, 4, 5	Final	Substantial	1	-	-	1
Q3 – Budget Preparation and Management	Financial Management Performance Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	-	-	-	-
Q3 – Records Management	Information Management	HMICFRS Efficiency Pillar Priority 4	Final	Substantial	1	-	-	1
Q3 – Business Case Evaluation	Performance Management Corporate Governance Programme & Project Management Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	-	-	-	-
Q4 – Corporate Procurement Plan	Commissioning & Procurement Financial Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	-	-	-	-
Q4 – Energy Management	People & Asset Management Financial Management	HMICFRS Efficiency Pillar Priority 4	Final	Adequate	1	-	-	1