



**DORSET & WILTSHIRE  
FIRE AND RESCUE**



Item 24/08 Appendix A

# Dorset & Wiltshire Fire and Rescue Service

## Report of Internal Audit Activity

### Plan Progress 2023/24 Quarter 4

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

Unrestricted

# Internal Audit Plan Progress 2023/24 Quarter 4

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# Internal Audit Plan Progress 2023/24 Quarter 4

## Introduction

This report summarises the Internal Audit activity completed for Dorset & Wiltshire Fire and Rescue Service in Quarter 4 2023/24 in line with the Annual Audit Plan approved by the Finance & Audit (F&A) Committee and the Chief Fire Officer in March 2023.

The schedule provided in Appendix 1 contains a list of all Audits agreed in the Annual Audit Plan 2023/24.

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 4. 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 2023/24 Quarter 4

### Audit Summary

In Quarter 4 2023/24, the following Audits were completed in accordance with the Audit Plan:

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Actions	Priority of Actions		
						1	2	3
Procurement Cards and Fuel Cards	Financial Management Corporate Governance	HMICFRS Efficiency Pillar Priority 4 Strategic Risk 0006	Final	Adequate	3	-	1	2
Business Continuity Arrangements	Performance Management Risk Management	HMICFRS Effectiveness/Efficiency Pillars Priority 1,2,3,4 Strategic risk 530	Final	Substantial	-	-	-	-

## Assurance Definitions

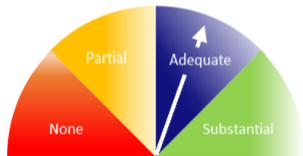
Each completed Audit has been awarded an “Assurance opinion” rating. This opinion takes account of whether the risks material to the achievement of the Service’s objectives for this area are adequately managed and controlled. The Assurance opinion ratings have been determined in accordance with the Internal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

Assurance Definitions	
<b>None</b>	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.
<b>Partial</b>	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.
<b>Adequate</b>	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.
<b>Substantial</b>	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 4, we have raised actions 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 Actions	
In addition to the corporate risk assessment, it is important that management know how important the action is to their service. Each action has been given a priority rating at service level with the following definitions:	
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.

## Procurement Cards and Fuel Cards

Assurance Opinion		Number of Actions	
	<p>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.</p>	Priority	Number
		Priority 1	-
		Priority 2	1
		Priority 3	2
		Total	3

### **Audit Opinion:**

Adequate Assurance

Overall, there are good arrangements in place for the monitoring and management of Procurement Cards and Fuel Cards, however three actions have been raised to provide further enhancements, therefore an 'Adequate' audit opinion has been provided.

### **Objective:**

To provide assurance that processes in place for Procurement Cards and Fuel Cards are operating effectively.

### **Risk Reviewed:**

Inappropriate, unauthorised and/or fraudulent transactions are made using Service issued Procurement or Fuel Cards leading to financial loss and reputational damage.

## Procurement Cards and Fuel Cards

### **Controls Tested:**

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

- There are documented policies and procedures for the use of Procurement cards and fuel cards.
- Approval and sign off processes are in place.
- There is management oversight of Procurement card and fuel card spend and usage.
- Monitoring and reporting of Procurement card and fuel card transactions.
- Transaction limit processes are in place.
- Fraud prevention processes are in place.

### **Areas of Good Practice:**

Procurement cards:

- There is an up to date Procurement card procedure in place which outlines the procedures and card holder responsibilities. However, note the action created below.
- There are adequate controls in place to ensure only eligible staff members are provided with Procurement cards. However, note the action created below.
- There is a process in place to control Procurement card limits and required increases. No transaction limit increases occurred during the audit period.
- Procurement card spend is monitored and reconciled monthly. Testing found that 15/15 of the sampled transactions had the relevant logs, receipts and invoices which reconciled with the bank statement.

Fuel Cards:

- There is an up to date Management & Use of Service Vehicles Policy in place which outlines the responsibilities of vehicle users, including that of fuel provision.
- There are controls and processes in place to identify fuel card misuse.

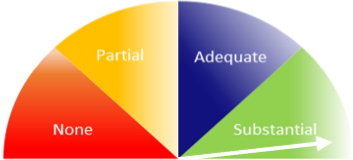
### **Summary of Actions:**

Findings & Risk	Action	Management Response	Officer Responsible/ Timescale	Rec Priority
<p>The P-card procedures state that: <i>2.11. The budget holder's permission should be obtained before making any purchases.</i></p> <p>It was explained during the audit that formal approvals happen after the transaction has taken place. Whilst this is standard practice for P-cards, the P-card procedures do not state the process to manage the dispute of transactions. The absence of documentation increases the risk of disputes over reimbursing transactions. Clearly documented consequences for inappropriate transactions provide a strong base for pursuing corrective actions, providing a greater level of control to cover approval of P-card transactions occurring post transaction.</p>	<p>The Service should document within the procedure: the dispute process, the implications to making a transaction that is not approved, and the consequences, i.e. paying back the transaction value.</p>	<p>The observations and associated recommendation of the audit are accepted and there is a recognition that the policy will be updated to include the dispute process, the implications to making a transaction that is not approved, and the consequences, i.e. paying back the transaction value.</p>	<p>Chief Accountant</p> <p>Complete</p>	2
<p>The P-card procedures state that: <i>3.4. Line managers must check monthly transaction log sheets submitted by their staff to verify that all expenditure complies with this procedure and is supported by relevant receipts.</i></p> <p>We undertook data analysis on P-card transactions over the audit period (April – October 2023), where it was also found that there were 25 transaction logs, of 294, that had not been</p>	<p>The outstanding transaction logs should be escalated as required, to ensure that transactions within are reviewed and authorised.</p>	<p>Outstanding transaction logs are currently raised with the individual and followed up with their line manager. Communications will be sent to all relevant individuals to remind them of the P-Card transaction processes and follow ups will continue to take place.</p>	<p>Chief Accountant</p> <p>Complete</p>	3



Findings & Risk	Action	Management Response	Officer Responsible/ Timescale	Rec Priority
approved, despite reminder emails being sent. These totaled £3,351.63.  An action has been raised to ensure that these instances are escalated, with transactions reviewed for suitability.				
We sampled 5 employees' applications and approvals for obtaining a P-card. For 2 out of 5 of the samples tested, the applications and approvals were not available as they were completed in paper format, prior to the updated process, and archived. This meant that it was not possible to see the terms of the agreement, including the blocking list for card usage.	It is recommended that all P-card users that do not have electronic copies are asked to re-sign agreements, with electronic copies stored. This will ensure that records are up to date and that employees are signed up to the most up to date procedures and requirements, providing clarity over terms to support any instances of dispute.	The observations and associated recommendation of the audit are accepted and P-card users without electronic copies will be asked to sign their agreements again. Records will be updated to reflect this.	Chief Accountant  30 April 2024	3

## Business Continuity Arrangements

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	0

### **Audit Opinion:**

Substantial Assurance

Overall, sound arrangements are in place for Business Continuity, with no actions raised during this audit. A 'Substantial' audit opinion has been provided.

### **Objective:**

To provide assurance over the business continuity arrangements in place, to ensure they are effective during an incident or emergency.

### **Risk:**

The Service does not have adequate business continuity arrangements in place, which could lead to an inability to deliver key services, or financial and reputational damage.

## Business Continuity Arrangements

### Controls Tested:

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

- Governance arrangements in place to develop, implement, monitor, report, scrutinise and review the business continuity plan/s.
- Up to date Business Continuity Plans (BCP) are in place.
- Business continuity tests and lessons learned and performed.
- Emergency communication methods are in place.
- Business Impact Reviews and Risk Assessments are undertaken.

### Areas of Good Practice:

- There is an up to date business continuity procedure in place which is frequently monitored and reviewed. The procedure details the key resources, roles and responsibilities, and links key documents relating to business continuity such as incident response plans, templates, and risk assessment matrices.
- Up to date incident response plans and fire station BCP's are in place which are frequently monitored and reviewed. These capture the business impact assessment, critical activities, and the actions required to continue business during events.
- Business continuity forms part of the induction training for all staff and there is additional training and support provided to those with additional responsibilities.
- There is DWFRS representation on national and regional resilience forums.
- There is a schedule in place to test BCPs on a biennial and risk basis. Evidence was provided of BCP tests being undertaken and lessons learned with action points developed.
- There are adequate arrangements in place for both internal and external communications.
- BC is financed through service improvement budgets and there are adequate resources to implement and maintain the BCPs.

### Summary of Actions:

Findings & Risk	Action	Management Response	Officer Responsible/ Timescale	Rec Priority
It is pleasing to note that no actions were raised during this review.				

## Appendix 1 – 2023/24 Audit Plan and Performance

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Actions	Actions		
						1	2	3
Industrial Relations	People & Asset Management Corporate Governance	HMICFRS People/Effectiveness Pillars Priority 3,4,5 Strategic Risk 530	Final	Substantial	1	-	-	1
Cyber Security (Data Backups)	Information Management Corporate Governance	HMICFRS Efficiency Pillar Priority 4 Strategic Risk 301	Final	Substantial	1	-	-	1
Secondary Contracts Monitoring	People & Assets Management Corporate Governance	HMICFRS Efficiency Pillar Priority 4, 5	Final	Adequate	1	-	1	-
Grievance Arrangements	People & Assets Management Corporate Governance	HMICFRS People Pillar Priority 5	Final	Adequate	2	-	1	1
Short Term Absence Management	People & Assets Management	HMICFRS People Pillar Priority 5	Final	Substantial	2	-	-	2
Payroll	Financial Management	HMICFRS Efficiency Pillar Priority 4 Strategic Risk 0006	Final	Substantial	1	-	-	1
P-cards and Fuel Cards	Financial Management Corporate Governance	HMICFRS Efficiency Pillar Priority 4 Strategic Risk 0006	Final	Adequate	3	-	1	2

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Actions	Actions		
						1	2	3
Business Continuity Arrangements	Performance Management Risk Management	HMICFRS Effectiveness/Efficiency Pillars Priority 1,2,3,4 Strategic risk 530	Final	Substantial	-	-	-	-
Follow Ups	All	All	-	-	-	-	-	-

The performance results for progress against the internal audit plan for Quarter 4 of the 2023/24 Internal Audit Plan are as follows:

Performance Target	Average Performance	
	% of the Annual Plan	Number of Assignments
<b><u>Audit Plan – Percentage Progress</u></b>		
Final, Draft, Discussion, Removed	100%	8
In progress, Ongoing	0%	0
Not yet started	0%	0
	100%	8

The 2023/24 Internal Audit Plan is complete.