



ROYAL BERKSHIRE FIRE AND RESCUE SERVICE

Internal Audit Strategy 2021 - 2022

Presented at the Audit and Governance Committee meeting of: 31st March 2021

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

EXECUTIVE SUMMARY

In preparing our Internal Audit Plan for 2021/22 we have worked closely with management to produce an audit programme which remains mindful of the continuing developments and challenges around Covid-19. Whilst this plan is presented for consideration by the Audit and Governance Committee, we will continue to hold regular meetings with management, during the year, to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in these ever changing circumstances.

The key points to note from our plan are:



2021/22 Internal Audit priorities: Internal audit activity for 2021/22 is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2021/22 is included at Section 1.



Level of Resource: The level of resource required to deliver the plan is consistent with the 2020/21 plan and is in line with our tender submission and subsequent contract. We will continue with our approach of introducing the use of technology when undertaking our operational audits. During 2020/21 we embraced more ways of using technology to undertake our audit work including; the use of 4questionnaires, MS Teams meetings, secure web portals for audit data sharing (Huddle) and data analytics technology. This will strengthen our sampling and focus our audit testing.



Core Assurance: At the request of management and detailed in section 2 the areas for consideration are broadly in line with prior years. We have also included three call off audits where the exact nature of the coverage is to be determined by either management or the Audit and Governance Committee (but will always be approved by the Committee), this is a similar approach adopted in previous years.



'Agile' approach: Our approach to working with you has always been one where we will respond to your changing assurance needs. By employing 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to the Audit and Governance Committee during the year.

CONTENTS

1. YOUR INTERNAL AUDIT PLAN 2021/22	4
2. INTERNAL AUDIT PLAN 2021/22	5
APPENDIX A: YOUR INTERNAL AUDIT SERVICE.....	9
APPENDIX B: INTERNAL AUDIT STRATEGY 2021/22.....	10
APPENDIX C: INTERNAL AUDIT CHARTER	13
FOR FURTHER INFORMATION CONTACT.....	18

1. YOUR INTERNAL AUDIT PLAN 2021/22

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Royal Berkshire Fire and Rescue Service in the year ahead, including changes within the sector.

Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management who have indicated a preference to continue to review areas of key concern which are detailed in section 2 which follow a similar theme with prior years.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2021/22

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2021/22. The table details the strategic risk titles documented within the Corporate Risk Register which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes time for tracking the implementation of actions and an audit management allocation.

Objective of the review (Corporate Risk Register = 'Risk Title')	Audit approach	Fee	Proposed timing	Proposed Audit Committee
Risk Title: Management of Cyber Security				
<p>Cyber Essentials</p> <p>Following an advisory review in 2020/21 and a number of significant actions (1 high, 6 medium and 7 low actions in total) agreed across the Boundary Firewalls and Internet Gateways, Secure Configuration, Access Control, Malware Protection and Patch Management control themes we propose to undertake a further review of this area to confirm that actions have been addressed. Our review would allow the Service to take assurance that good practice in cyber security is being implemented.</p> <p>We would utilise our Technology Risk Assurance team to undertake this review.</p>	Advisory	£7,352	June 2021	December 2021
Risk Title: Operational Availability, Crewing and Capabilities / Capacity, Capability and resilience				
<p>Performance Management</p> <p>Following the introduction of a hub-model, we will review how performance is managed and reported as a result of the changes made. The review will allow management to take assurance that arrangements are in place to manage performance and that this is subject to close monitoring and controls and that these are being complied with.</p> <p>The review will provide coverage of the objective setting, ensuring objectives are SMART, that meetings are taking place, regular discussions are held throughout the year and the exact nature of the scope will be confirmed with management.</p>	Assurance	£4692	August 2021	December 2021
Risk Title: Management of Budget Pressures				
<p>Value for Money</p> <p>We propose to undertake a review of this area to allow the service to take assurance over the arrangements for ensuring VfM. While the exact nature of the scope will be decided with management, this could cover whether:</p> <ul style="list-style-type: none"> There is a strategy in place which sets out the service's objectives for identifying and delivering value for money which has been reviewed and approved. 	Assurance	£4692	October 2021	December 2021

Objective of the review (Corporate Risk Register = 'Risk Title')	Audit approach	Fee	Proposed timing	Proposed Audit Committee
<ul style="list-style-type: none"> The process for determining the value for money savings / improvements has been clearly defined including building these through discussions with Budget Holders; There is an understanding of value for money at Budget Holder levels and whether this is in line with the strategic commitments; The governance and reporting framework in place is effective, including quarterly performance reporting. 				
Risk Title: Workforce Planning				
Vetting and pre-employment checks: We will undertake a review of the above area to allow management to take assurance over the completeness of vetting and pre-employment checks conducted prior to hiring staff and whether this is in line with the service's policies and procedures.	Assurance	£4692	November 2021	March 2022
Risk Title: Management of operational risk information				
Risk Management & Governance: In order to comply with public sector internal audit standards, and to facilitate RSM's annual Head of Internal Audit opinion on risk management and governance, RSM will undertake the following: Risk Management: <ul style="list-style-type: none"> Deep dive on a sample of risks to challenge controls, assessments, assurances and actions recorded within the risk register to ensure that reflect operating practice. Follow up of prior year actions Governance: <ul style="list-style-type: none"> Business / Strategic Planning Key Performance Indicators Performance Management 	Assurance	£4384	January 2022	March 2022

Objective of the review (Corporate Risk Register = 'Risk Title')	Audit approach	Fee	Proposed timing	Proposed Audit Committee
Risk Title: Firefighter Pensions				
Fire Fighter Pension Administration: A review of the Fire Authorities pension provider 'West Yorkshire Pension Fund', to allow the service to take assurance that WYPF have adequate processes and controls in place to process Firefighter pensions.	Assurance	£4384	November 2021	March 2022
Payroll Provider – Dataplan: A review of the Fire Authorities payroll provider 'Dataplan', to allow the service to take assurance that Dataplan have adequate processes and controls in place to process the payroll.	Assurance	£4384	December 2021	March 2022
Core Assurance				
Key Financial Controls: In prior years, RSM has conducted a high-level review across a number of areas, it is proposed that going forward a deep dive of these areas will be undertaken on a cyclical basis. <ul style="list-style-type: none"> • General ledger; • Cash, bank and treasury management; • Payroll; • Payments and creditors – 2019/20 • Income and debtors; and • Asset Management • Annual Pension Return – 2020/21 	Assurance	£5104	February 2022	March 2022
Other Internal Audit Activity				
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	N/A	The fees and timings will be included within the internal audit reviews noted above	

Objective of the review (Corporate Risk Register = 'Risk Title')	Audit approach	Fee	Proposed timing	Proposed Audit Committee	
Management	This will include: <ul style="list-style-type: none"> • Annual planning • Preparation for, and attendance at, audit committee • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual opinion 	N/A	£5196	N/A	N/A
Call off Audit 1				Fees and timings of the call off audits will be dependent on the resources required and nature of the audits requested by management and the Audit & Governance Committee.	
Call off Audit 2					
Call off Audit 3					

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

2.1 Working with other assurance providers

The Audit and Governance Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Dan Harris as your Head of Internal Audit, supported by Amir Kapasi as your client manager.

Fees

Our fee to deliver the plan is £44,880 (excluding VAT). Fees for any call off audits will be confirmed with management (and approved by the Audit & Governance Committee) dependent on the level of resource required to deliver the audit.

Core team

The delivery of the 2021/22 audit plan will be based around a core team with specialist input from Technology Risk Assurance specialists delivering the Cyber Essentials audit. Other additional specialist skills will also be utilised where required.

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

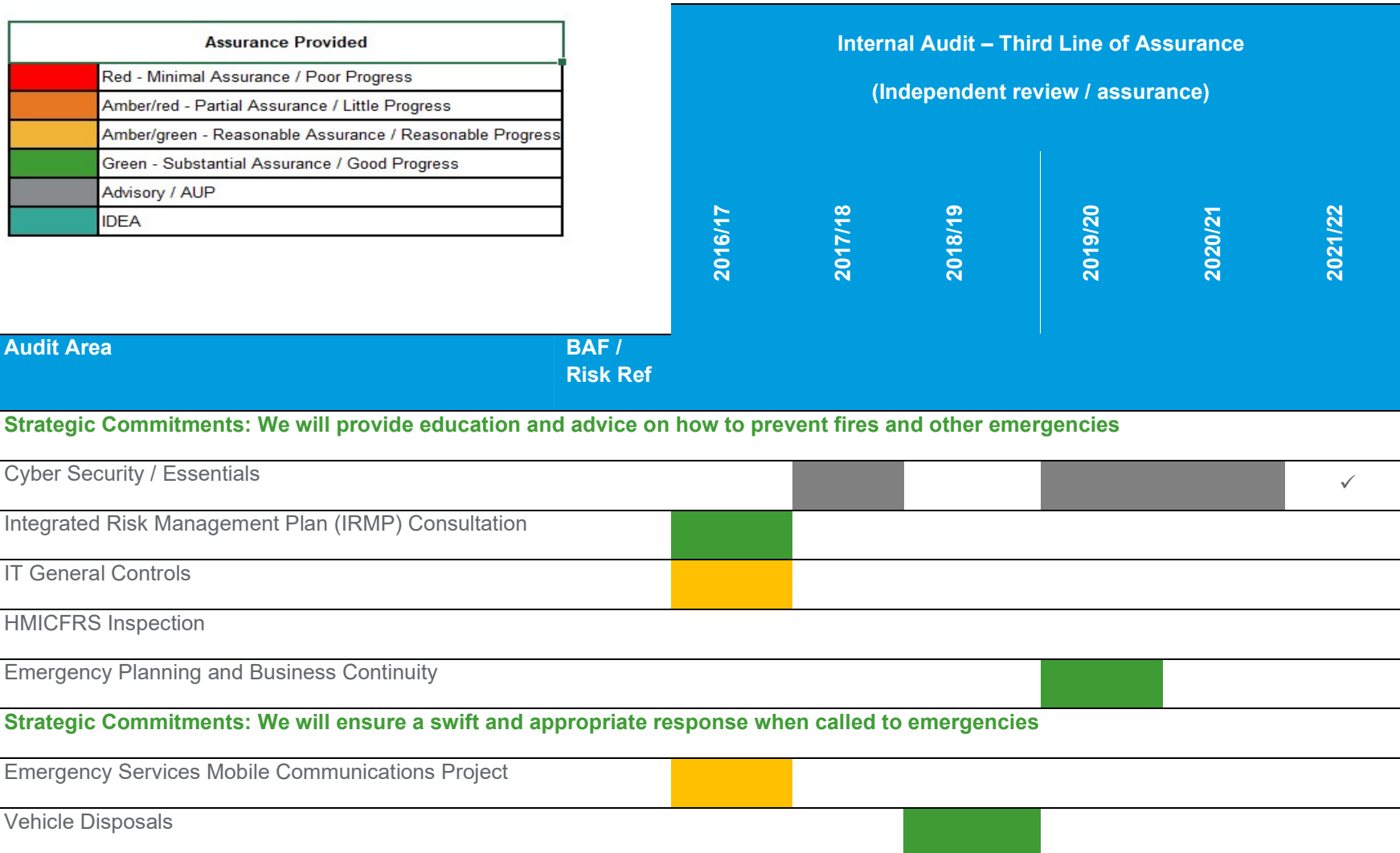
Our next external review will be conducted during 2021 and we will inform the Audit and Governance Committee of its findings.

Conflicts of interest

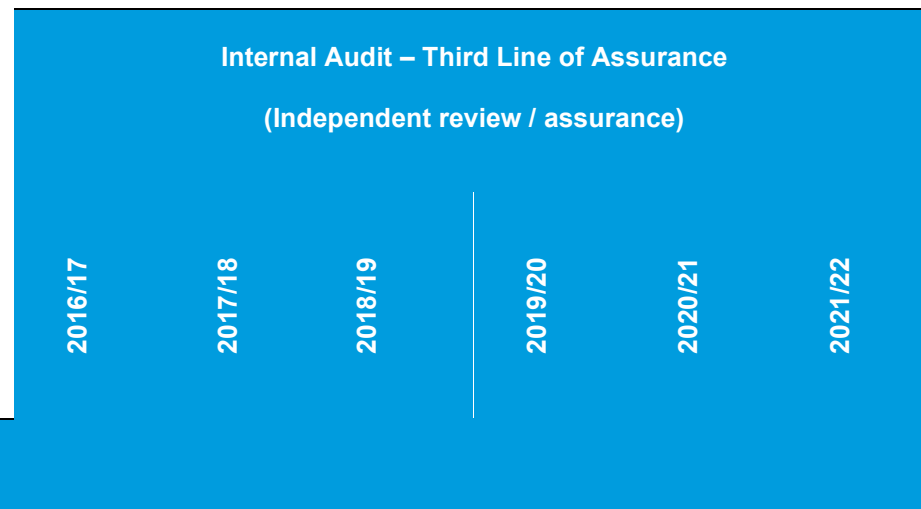
We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

APPENDIX B: INTERNAL AUDIT STRATEGY 2021/22

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

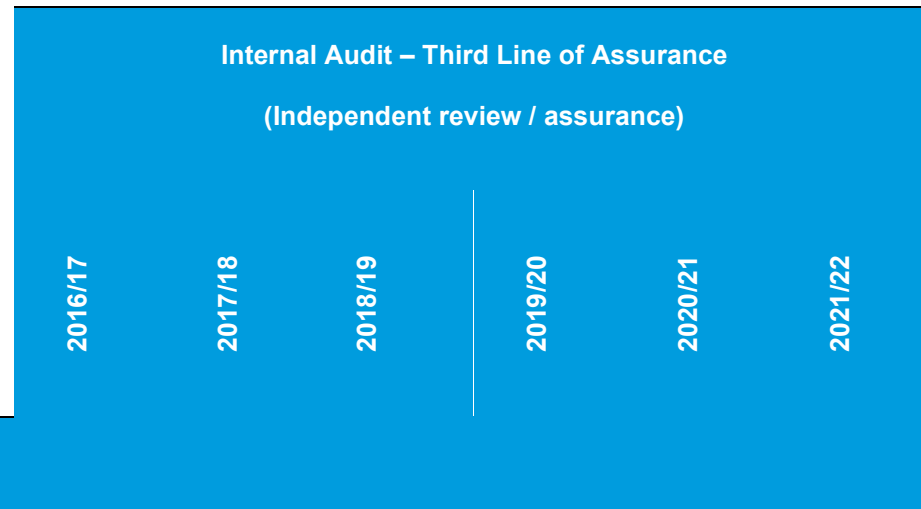


Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA



Audit Area	BAF / Risk Ref	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Fleet / Transport Management							
Strategic Commitments: We will provide advice, consultation and enforcement in relation to fire safety standards in buildings							
Facilities / Estates Management							
Capital Investment Strategy							
Capital Projects							
Strategic Commitments: We will seek opportunities to contribute to broader safety, health and wellbeing agenda, whilst delivering our core functions							
HR – Recruitment							
Sickness Absence Management							
Performance Management						✓	✓
Vetting							✓
Strategic Commitments: We will ensure that RBFRS provides good value for money							

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA



Audit Area	BAF / Risk Ref	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Key Financial Controls		Amber/green	Green	Green	Green	Green	Green
Fire Fighter Pension Administration		Green	Amber/green	Green	Green	Green	Green
Payroll Provider – Dataplan			Green	Follow up – Good progress	Green	Green	Green
Procurement			Advisory				
Timesheet and Timekeeping			Advisory				
Financial Planning / Long Term Budgeting					Green		
Value for Money							Green
Core Assurance							
Risk Management & Governance		Green	Green	Green	Green	Green	Green
Follow Up (Included within individual audits)		✓	✓	✓	✓	✓	✓

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Royal Berkshire Fire and Rescue Service. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the audit and governance committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner, Dan Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief executive, with further reporting lines to the Head of Finance and Procurement.

The head of internal audit has unrestricted access to the chair of audit committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Royal Berkshire Fire and Rescue Service. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the audit committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the audit committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the audit committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the audit committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the audit committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- Board of governors - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (eg an audit committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.



We continue to closely monitor and implement official guidelines from the Government and health organisations in respect of Covid-19. All our staff must adhere to the relevant RSM Policies, including limiting time on site and completing the relevant approvals prior to any site visit.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the audit committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.

- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the audit committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the audit committee and management summarising outcomes of audit activities, including where actions have been followed up as part of the reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the audit committee.

Fraud

The audit committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the audit committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the audit committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Royal Berkshire Fire and Rescue Service and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.