



ROYAL BERKSHIRE FIRE AND RESCUE SERVICE

Annual internal audit report 2020/21

7 July 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.

THE ANNUAL INTERNAL AUDIT OPINION

This report provides an annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance reporting.

The opinion

For the 12 months ended 31 March 2021, the head of internal audit opinion for Royal Berkshire Fire and Rescue Service is as follows:




Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.

Scope and limitations of our work

The formation of our draft opinion is achieved through a risk-based plan of work, agreed with management and approved by the audit committee, our opinion is subject to inherent limitations, as detailed below:

- internal audit has not reviewed all risks and assurances relating to the organisation;
- the opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. The assurance framework is one component that the board takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management / lead individual;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention; and

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- our internal audit work for 2020/21 has been undertaken through the substantial operational disruptions caused by the Covid-19 pandemic. In undertaking our audit work, we recognise that there has been a significant impact on both the operations of the organisation and its risk profile, and our annual opinion should be read in this context.
 - Our planned internal audit work for 2020/21 has been subject to some postponement. Following requests, we paused the reviews of Capital Projects (Theale Fire Station) and Performance Management (Appraisals) however these were both completed subsequently with positive assurance opinions. We are of the view that sufficient internal audit coverage has been performed to allow the provision of the annual Head of Internal Audit Opinion for 2020/21 included in this report.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

Fleet Management 1.20/21

Our review found controls are in place to ensure that all red-fleet vehicles are maintained to ensure they remain fit for purpose. Notably, we identified a signed JWA was in place between RBFRS and HFRS, which clearly specifies the roles and responsibilities of the two parties. Our review also confirmed the effectiveness of controls in place to ensure that complete fleet records are maintained via the Tranman system, with no omissions identified. Our review also included consideration of invoicing and budgetary arrangements, where no issues were identified.

Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.

Cyber Essentials (Advisory) 4.20/21

A self-assessment questionnaire was completed on 26 November 2020. Based upon the evidence available at the time of our fieldwork, we found that 15 of the 34 requirements from the five Cyber Essentials control themes had evidence to support the self-assessment that controls are established. For the remaining 19 requirements, 15 did not have evidence to fully support self-assessment scores, three had not been implemented (in line with the self-assessment scores) and one could not be tested as the required information was not provided.

Firefighter Pension Administration – West Yorkshire Pension Fund 2.20/21

Our review concluded that there were robust controls in place covering pension administration at WYPF and that these controls are being followed in practice. We noted that one action that had been agreed in 2018/19 and restated in 2019/20 in relation to succession planning. This action remained in progress at the time of this audit.

Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.

Governance and Risk Management 5.20.21

Our review found there were effective arrangements and processes in relation to governance and risk management. Testing covered relevant plans, frameworks, policies and strategies as well as group meetings, the discharging of duties and accuracy of information. We did identify minor areas for improvement, specifically the recording of action tracking within Management Committee minutes, ensuring terms of reference include linkage to the Standing Orders and the provision of risk management training.

Review of Payroll Provider - Dataplan 3.20.21

From our review, we confirmed that the controls in place at Dataplan were robust and were complied with in practice. We did note one exception which resulted in the agreement of a low priority management action.

Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.

Capital Projects (Theale Fire Station) 6.20.21

Our review confirmed that controls were in place in relation to the oversight of the Theale Fire Station project. There was one notable exception resulting in a medium priority action, where the terms of reference for the Strategic Performance Board and Property Development Working Group were out of date at the time of our review. In addition, implementation dates for actions reported at Station Coordination Group meetings were not always assigned.

Issues were identified in relation to Boundary Firewalls and Internet Gateways, Secure Configuration, Access Control, Malware Protection and Patch Management control themes. This led to one high, six medium and seven low priority management actions being agreed.

Following the review, and agreement of the management actions, we were provided with further evidence to demonstrate that action has been taken by the service to implement the one high and all six medium priority actions.

Fire Fighter Pension Account Government Return 7.20/21

Our review concluded that adequate control framework was in place for the preparation and review of the annual return. Testing included confirming submission was timely, confirming consistency with a sample of staff and reviewing the forecast contributions.

Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.

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Performance Development Reviews 8.20/21

Overall, our review found that there were effective controls and arrangements in place relating to the PDR process. We identified that a PDR Policy and other guidance materials had been prepared to outline the process expectations and key responsibilities, whilst confirming training had been provided and regular communications are issued informing staff of the appraisal process.

We have noted some areas for improvement, namely in relation to the formal chasing of overdue PDRs. It should be noted that we recognise that COVID-19 has had a significant impact on working practices and the need to conduct PDRs remotely.

Taking account of the issues identified, the Authority can take reasonable assurance that the controls in place to manage this area are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the area.

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

Topics judged relevant for consideration as part of the annual governance statement

Based on the work we have undertaken on the Authority's system on internal control, the Authority should consider the issues identified on the cyber essentials advisory review area set out above when completing their Annual Governance Statements (AGS), together with any subsequent action taken by management to address the weaknesses identified. In addition, the current COVID19 pandemic and its impact on the operations of the Service will obviously need to be reflected in the AGS.

THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines previously discussed, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2020/21.

Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place. During the year progress has been reported to the audit and governance committee, with the validation of the action status confirmed by internal audit on where actions are followed up in similar audits.

Our follow up of the actions agreed to address previous years' internal audit findings shows that the organisation had made **good progress** in implementing the agreed actions.

Our internal audit work has identified that only one action from the prior year remains outstanding and relates to written succession plans for WYPF.

It was noted that whilst informal successional plans are in place, no succession plans have been documented due to upcoming substantial changes in the workforce structure pending a restructure, which are ongoing with Bradford Council's HR Department (who is the administering authority of the WYPF).

Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

OUR PERFORMANCE

Wider value adding delivery

In the year, we have provided to Royal Berkshire Fire and Rescue Service the following information:

Area of work	How has this added value?
Issue of Emergency Services Briefings	The sector briefings provide both management and Audit Committee members with an insight of key risks, issues and an update of any changes in sector requirements.
Notice Fraud	A publication was issued in October 2020 highlighting the importance of being alert and reporting suspicious emails along with other potential frauds around travel and transport.
Managing Risks in a Changing Environment - Analysis of fire and rescue service risk registers	During December 2020, our latest review of fire and rescue services (FRSs) strategic risk registers identified some persistent challenges, together with some new and emerging risk areas, particularly in relation to IT and the external environment.
Webinar invitations	Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates.
Off-payroll working / IR35	We have provided Emergency Services clients with updates in relation to the Off-payroll working / IR35 rules, following the launch of the Government review into the implementation of the changes to the off payroll working rules that will aim to determine if any further steps can be taken to ensure the 'smooth and successful implementation' of the reforms
Coronavirus: Various briefings and webinars	RSM have delivered a number of webinars and client briefings in relation to Coronavirus.

Conflicts of interest

RSM has not undertaken any work or activity during 2020/2021 that would lead us to declare any conflict of interest.

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.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

Performance indicators

Delivery

Quality

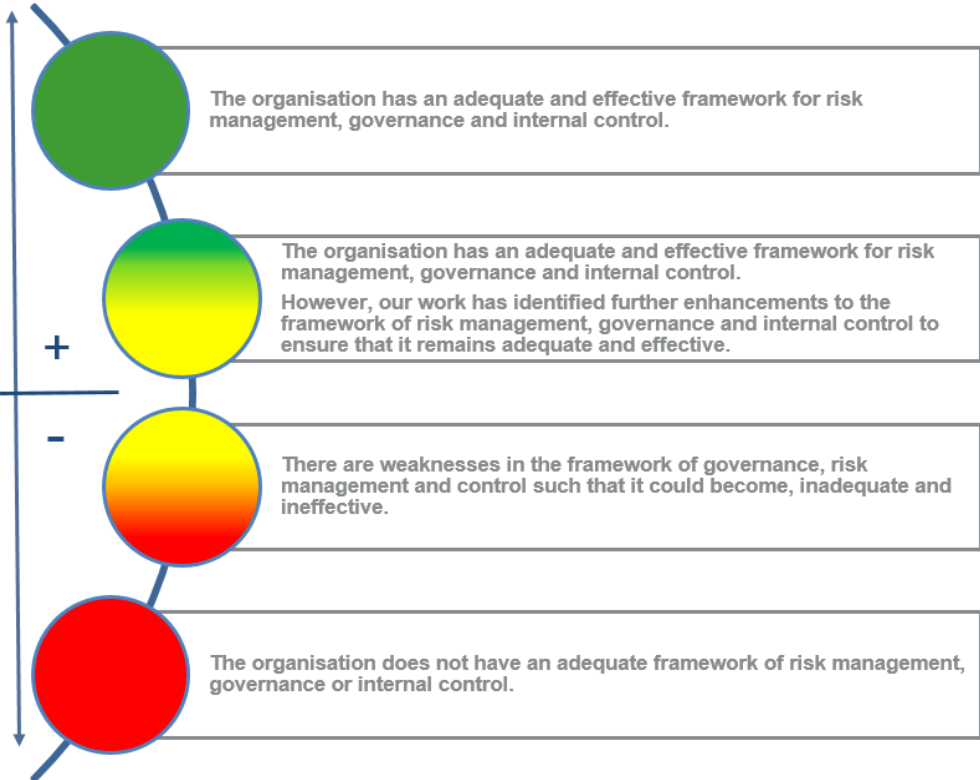
	Target	Actual	Notes		Target	Actual	Notes
Audits commenced in line with original timescales*	Yes	Yes		Conformance with PSIAS and IIA Standards	Yes	Yes	
Draft reports issued within 10 days of debrief meeting	100%	100%		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes	
Management responses received within 10 days of draft report	100%	71%	1	Response time for all general enquiries for assistance	2 working days	Yes	
Final report issued within 3 days of management response	100%	100%		Response for emergencies and potential fraud	1 working days	N/A	

1. Management responses for two reports were not provided within 10 days of the draft report. One of these reports made their intended Audit & Governance Committee meeting, whilst the other was Cyber Essentials which also experienced delays in management responses

* This takes into account changes agreed by management and audit committee during the year; reflecting our 'agile' / 'flexible' approach to our service delivery.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

Annual opinions	Factors influencing our opinion
 <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <p>The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.</p> <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p>	<p>The factors which are considered when influencing our opinion are:</p> <ul style="list-style-type: none"> • inherent risk in the area being audited; • limitations in the individual audit assignments; • the adequacy and effectiveness of the risk management and / or governance control framework; • the impact of weakness identified; • the level of risk exposure; and • the response to management actions raised and timeliness of actions taken.

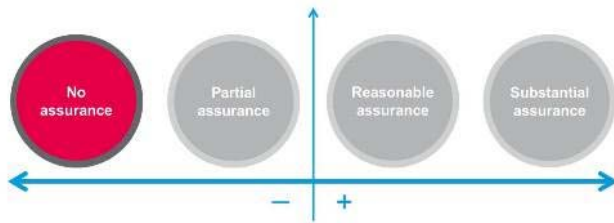
APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2020/21

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Fleet Management (1.20/21)	Andy Mclenahan - Head of Facilities, Fleet and Equipment	Substantial Assurance [●]	0	0	0
Firefighter Pension Administration – West Yorkshire Pension Fund (2.20/21)	Becci Jefferies - Head of Human Resources and Learning and Development	Substantial Assurance [●]	1	0	0
Review of Payroll Provider – Dataplan (3.20/21)	Becci Jefferies - Head of HR and Learning & Development	Substantial Assurance [●]	1	0	0
Cyber Essentials Security Review (4.20/21)	Tony Vincent - Head of Business Information and Systems	No opinion / Advisory [●]	7	6	1
Governance and Risk Management (5.20/21)	Katie Mills - Head of Corporate Services	Substantial Assurance [●]	3	0	0
Capital Projects - Theale Fire Station (6.20/21)	Alex Brown - Head of Property, Capital Projects and Estates	Substantial Assurance [●]	1	1	0
Firefighter Pension Account Government Return (7.20/21)	Conor Byrne - Head of Finance and Procurement	Substantial Assurance [●]	0	0	0
Performance Development Reviews (8.20/21)	Becci Jefferies - Head of HR and Learning & Development	Reasonable Assurance [●]	3	1	0

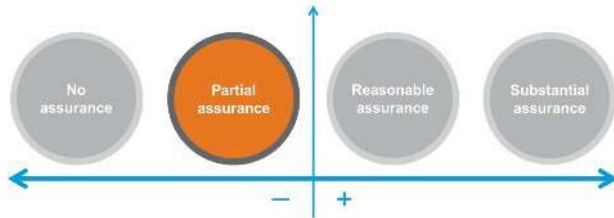
APPENDIX C: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the board can take:



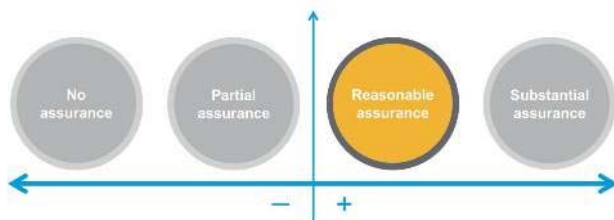
Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



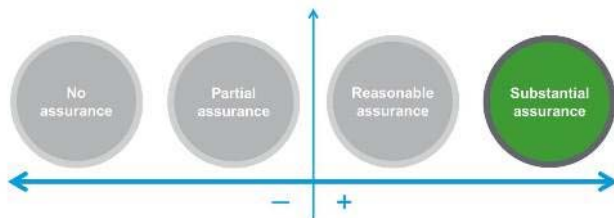
Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

YOUR INTERNAL AUDIT TEAM

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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.

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