



ROYAL BERKSHIRE FIRE & RESCUE SERVICE

Internal Audit Strategy 2024/25

Presented at the Audit and Governance Committee meeting of: July 2024

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

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

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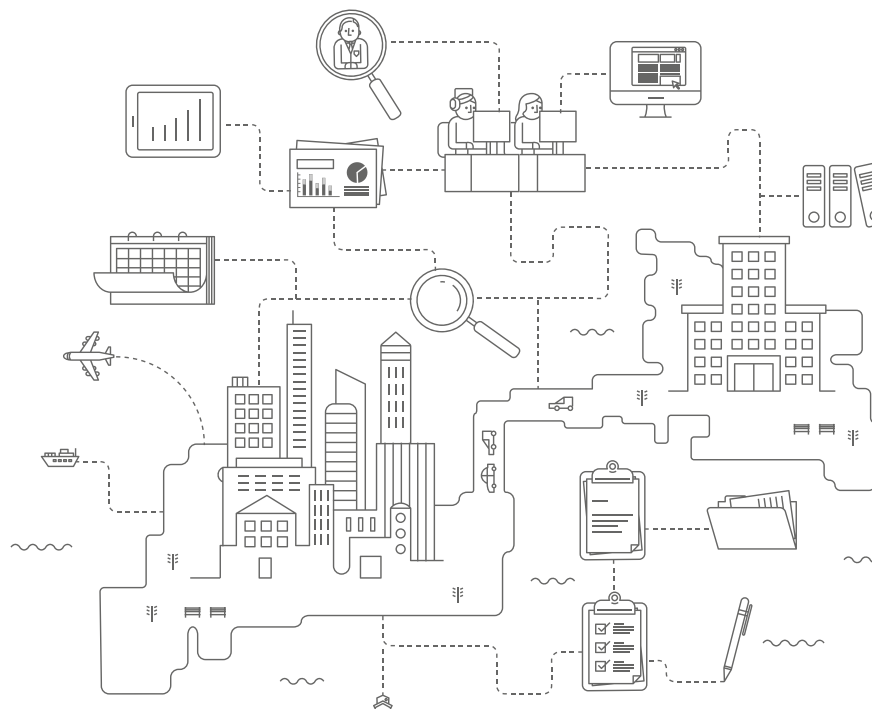
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EXECUTIVE SUMMARY

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 & Rescue Service in the year ahead, including changes within the sector.

Our Internal Audit Plan for Royal Berkshire Fire & Rescue Service is presented for approval by the Audit and Governance Committee at this meeting. The Committee are asked to approve the Internal Audit Plan and associated Internal Audit Charter. During the year, we will continue to work with management and hold regular meetings to deliver an internal audit programme which remains flexible and agile to ensure it meets your needs.

The key points to note from our plan are:



Your core team are Dan Harris, Partner and Louise Davies, Manager who are supported by a core team and specialists, as required.



Number of deliverables 13 (including annual plan and annual report)



Flexible and agile approach to deliver in order to respond to your needs.



Fee for audit £65,435 (excluding VAT)



Technology toolkit – 4 questionnaires, Alteryx, PowerBi

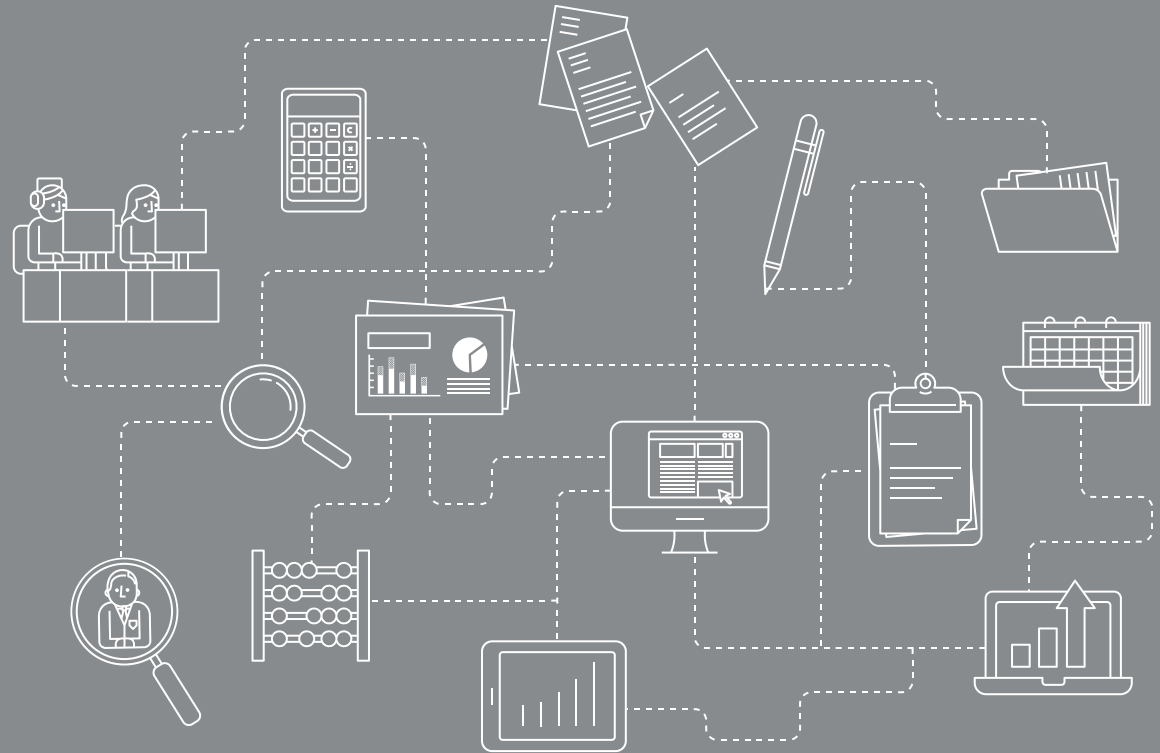


Internal Audit Charter, at Section 3.2.

‘RSM generally conforms to the requirements of the IIA Standards’ and RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics’.

Annual Internal Audit Plan and Methodology

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1.1 INTERNAL AUDIT PLAN 2024/25

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2024/25. The table details the strategic risks which have focused our internal audit coverage. This review of your risks allows us to ensure that the proposed plan aligns with the organisation's assurance needs for the forthcoming and future years.

| | Audit approach | Fee | Proposed timing | Proposed AGC Reporting |
|--|----------------|--------|-----------------|------------------------|
| Core Internal Audit Activity | | | | |
| Strategic Risk: Management of Cyber Security | | | | |
| Cyber Our audit would allow the Service to understand whether a robust control framework in relation to cyber security has been put in place. We would utilise our Technology Risk Assurance team and the exact scope will be agreed with the sponsor of the audit ahead of the fieldwork being completed. We will also follow up any management actions agreed as part of the 2023/24 audit in this area. | Advisory | £9,300 | Q4 | Q4 |
| Strategic Risk: Firefighter Safety | | | | |
| Operational Vehicle Compliance This review will provide assurance over the processes in place in respect of operational vehicle compliance including: <ul style="list-style-type: none"> - identification of regular checks to be undertaken on operational vehicles including daily checks and MOTs - clear maintenance schedules are in place for all operational vehicles - compliance testing to ensure checks are undertaken in line with the schedules - escalation processes where checks have not been undertaken as required - governance and reporting arrangements | Risk based | £5,900 | Q2 | Q3 |

| | Audit approach | Fee | Proposed timing | Proposed AGC Reporting |
|---|----------------|--------|-----------------|------------------------|
| Risk Information To provide assurance over the process for updating Site Specific Risk Information on mobile data terminals to ensure the safety of firefighters. This will include: <ul style="list-style-type: none"> - responsibility for identifying site specific risk information has been clearly documented - clarity of the process to be followed - how information is recorded and whether this is in a standard format with key fields required - how mobile data terminals are updated and this information accessed - regularity of the review and update of information held - governance and reporting arrangements | Risk based | £6,000 | Q2 | Q3 |
| Driving Licence Checks To provide assurance over the processes in place to ensure that staff hold the appropriate driving licences including <ul style="list-style-type: none"> - The category and validity of the licence held - How the organisation ensures that the appropriate licence is held for the vehicle being driven - Regularity of checks to ensure that a current licence is still held - governance and reporting arrangements | Risk based | £5,500 | Q2 | Q3 |
| Core Areas | | | | |
| Key Financial Controls A deep dive review of one area on a cyclical basis: <ul style="list-style-type: none"> • General ledger - 2024/25 • Cash, bank and treasury management • Payroll – 2025/26 • Payments and creditors – 2019/20 • Income and debtors - 2022/23 • Asset Management – 2026/27 • Creditors – 2021/22 • Expenses - 2022/23 • Tax (2023/24) | Compliance | £5,500 | Q2 | Q3 |

| | Audit approach | Fee | Proposed timing | Proposed AGC Reporting |
|--|----------------|--------|-----------------|------------------------|
| <p>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.</p> | Risk based | £5,300 | Q3 | Q4 |
| <p>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.</p> | Compliance | £5,300 | Q3 | Q4 |
| <p>Risk Management and Governance In order to comply with public sector internal audit standards, and to facilitate RSM's annual Head of Internal Audit opinion, we could undertake the following:</p> <p>Risk Management: 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.</p> <ul style="list-style-type: none"> • Risk Management framework, risk reporting <p>Governance (coverage tbc but could include one of the following areas): Business / Strategic Planning</p> <ul style="list-style-type: none"> • Key Performance Indicators • Performance Management • Committee Structure, Terms of Reference, Decision Making • Member Skills and Training, induction etc. | Risk based | £5,300 | Q4 | Q4 |
| <p>Discipline and Grievance Handling To provide assurance that key HR Policies and Procedures in respect of Discipline and Grievance Handling are being followed appropriately throughout the organisation.</p> <p>This will include review of the processes in which grievances are investigated and how that process works with individuals raising grievances to confirm that the necessary steps and actions are being taken and the outcomes of investigations.</p> | Risk based | £6,900 | Q3 | Q3 |

Other Internal Audit Activity

| | Audit approach | Fee | Proposed timing | Proposed AGC Reporting |
|--|----------------|--------|---------------------|------------------------|
| 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 | | £7,635 | Throughout the year | Throughout the year |
| | Not applicable | | | |
| Follow Up To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management. | Follow Up | £2,800 | Q4 | March or July 2025 |

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.

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 such as external audit and HMICFRS to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

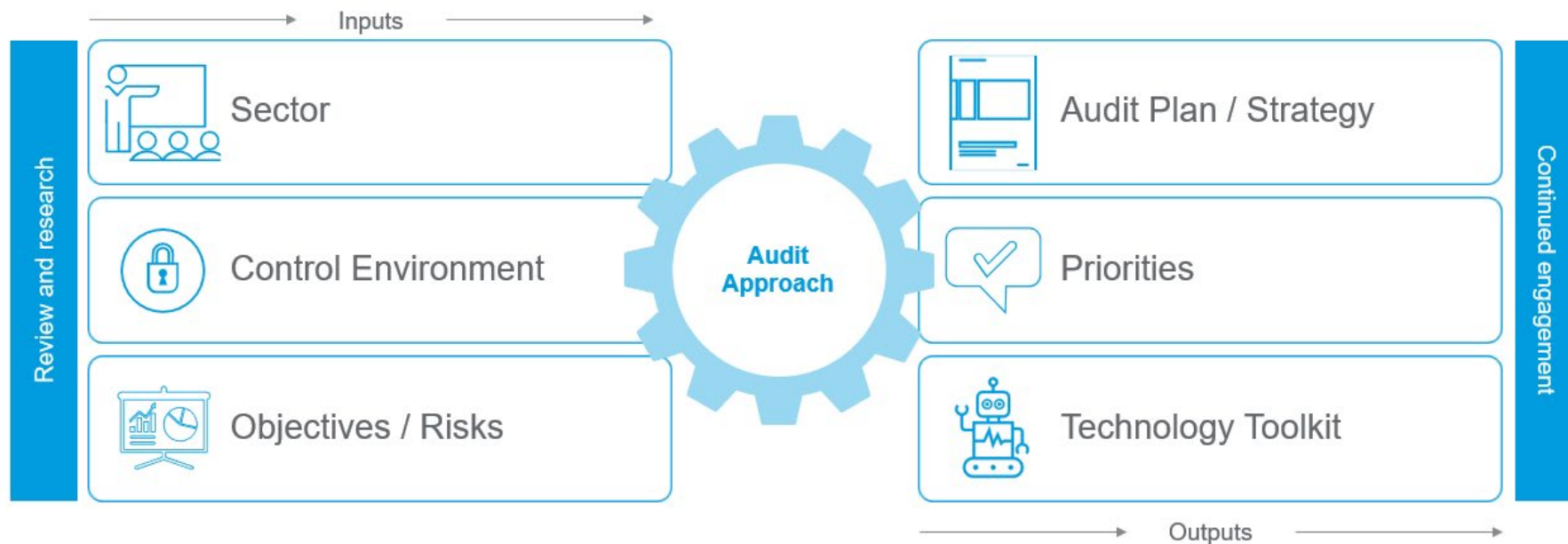
1.2 INTERNAL AUDIT METHODOLOGY

Our approach to developing your internal audit plan is based on analysing your organisational objectives, risk profile and assurance framework as well as other factors affecting Royal Berkshire Fire & Rescue Service in the year ahead, including changes within the sector. We also discuss audit priorities and coverage with management and the Audit and Governance Committee.

Risk management processes

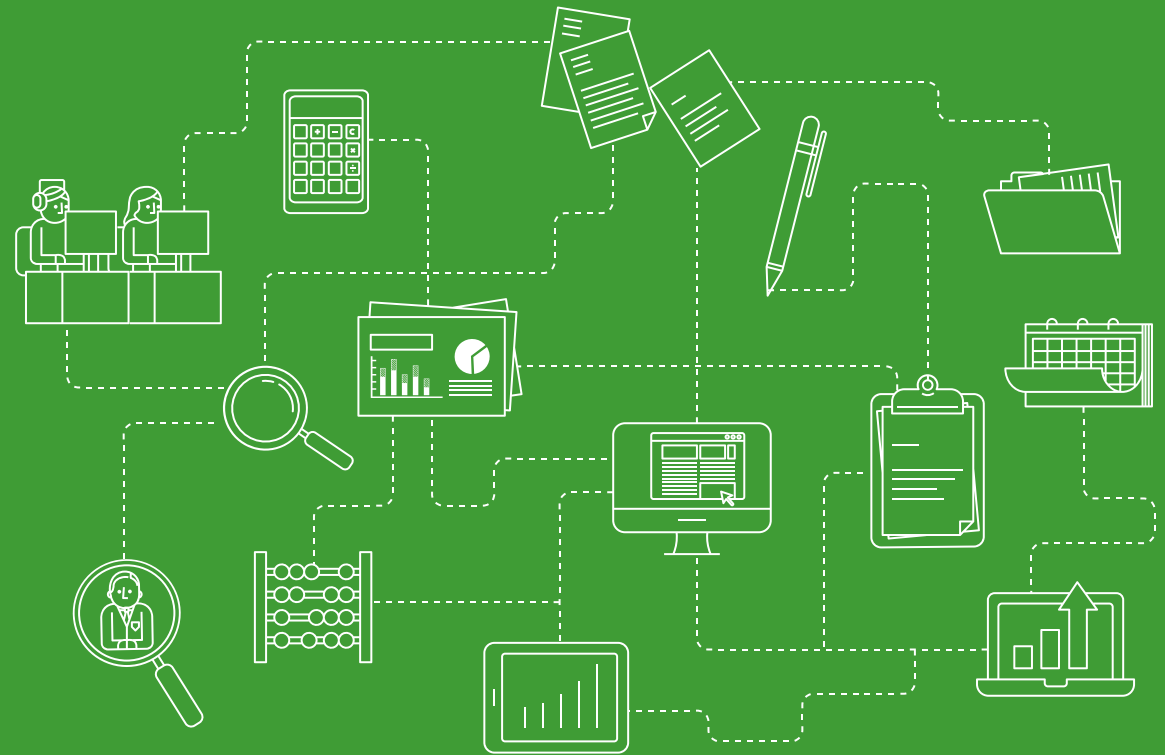
We have evaluated your risk management processes and consider that we can place reliance on your risk registers. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the Audit and Governance Committee to develop your annual audit plan and high-level strategic plan (See Section 2.1 and 3.2).

Figure A: Audit considerations when developing the Internal Audit Strategy.



Your Internal Audit Strategy 2016 - 2025

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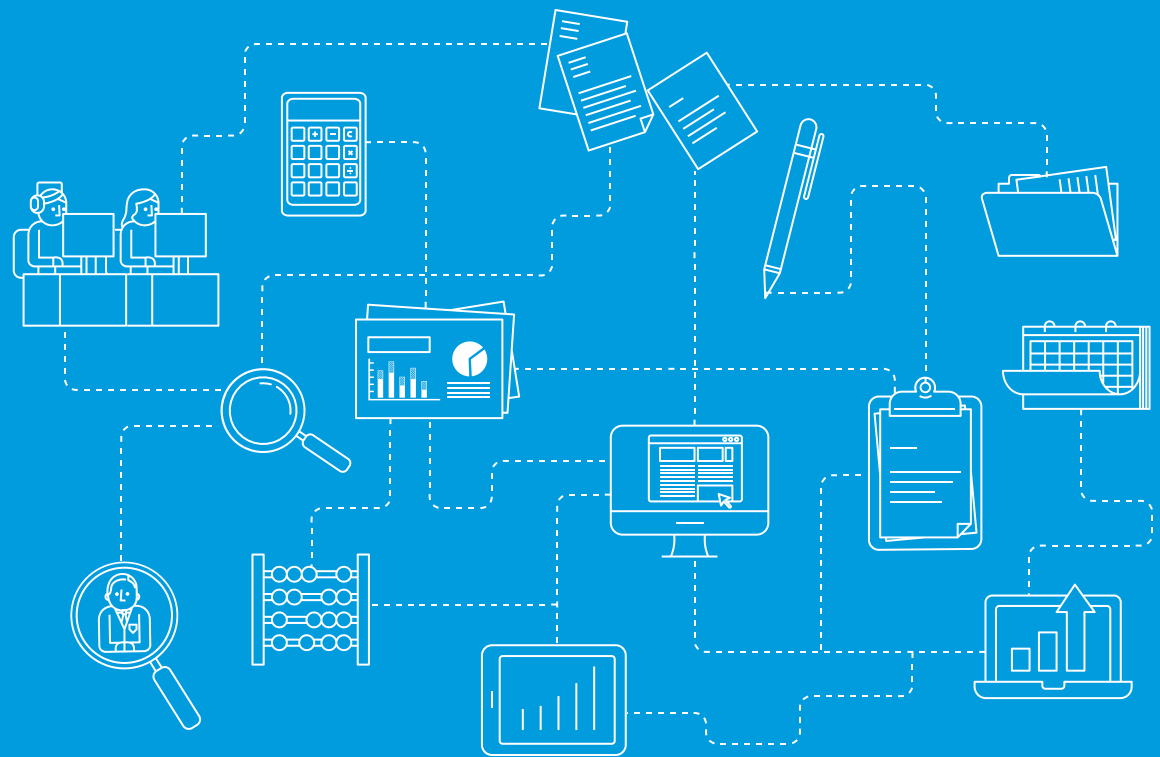
2.1 INTERNAL AUDIT STRATEGY 2024/25

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 1.1 above, as well as our own view of the risks facing the sector as a whole.

| Assurance Provided | Internal Audit – Third Line of Assurance (Independent review / assurance) | | | | | | | | | |
|---|--|---------|---------|---------|---------|---------|---------|---------|---------|--------------|
| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Future years |
| 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 | | | | | | | | | | |
| Strategic Commitments: We will provide education and advice on how to prevent fires and other emergencies | | | | | | | | | | |
| Cyber Security / Essentials | | | | | | | ✓ | ✓ | ✓ | ✓ |
| Information governance/GDPR | | | | | | | | ✓ | | |
| Integrated Risk Management Plan (IRMP) Consultation | | | | | | | | ✓ | | |
| IT General Controls* | | | | | | | | | | ✓ |
| HMICFRS Inspection | | | | | | | | | | |
| Emergency Planning and Business Continuity | | | | | | | | | | |
| Strategic Commitments: We will ensure a swift and appropriate response when called to emergencies | | | | | | | | | | |
| Emergency Services Mobile Communications Project | | | | | | | | | | |
| Vehicle Disposals | | | | | | | | | | |
| Fleet / Transport Management | | | | | | | | | | |
| Operational Vehicle Compliance | | | | | | | | | | ✓ |
| Risk Information | | | | | | | | | | ✓ |
| Strategic Commitments: We will provide advice, consultation and enforcement in relation to fire safety standards in buildings | | | | | | | | | | |
| Facilities / Estates Management | | | | | | | | | | |
| Grenfell Action Plans | | | | | | | | | | |
| 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 | | | | | | | | | | |

Your Internal Audit Service and Internal Audit Charter

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3.1 YOUR INTERNAL AUDIT SERVICE

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 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

3.2 INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Royal Berkshire Fire & 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 UK 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](#)
- Code of ethics
- Definition of internal auditing
- 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 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. Your head of internal audit Dan Harris has been in place for ten years. The Internal Audit Code of Practice as published by the Chartered IIA suggests that this is brought to the attention of the Audit and Governance Committee to review and confirm your assessment on the independence of your internal audit services.

To assist the assessment; RSM is able to remain independent for the following reasons:

- As an outsourced provider of internal audit services to Royal Berkshire Fire & Rescue Service, independence is inherent in our delivery and audit methodology.
- Our internal auditors do not have any operational responsibilities across Royal Berkshire Fire & Rescue Service.

-
- No member of the audit team is employed by Royal Berkshire Fire & Rescue Service.
 - The head of internal audit reports to the Chief Executive and Audit and Governance Committee Chair
 - RSM methodology includes a second partner review (by another head of internal audit who does not work on Royal Berkshire Fire & Rescue Service of the annual plan, the year-end annual report and opinion.
 - The Internal Audit Charter details our role and responsibilities and the authority we have which enables us to undertake our internal audit service.

The head of internal audit has unrestricted access to the Chair of Audit and Governance 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 & 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 and Governance 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 and Governance 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 and Governance 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 and Governance 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 and Governance 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 and Governance 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.

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 and Governance 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 and Governance 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 follow up 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 UK 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 and Governance Committee.

Fraud

The Audit and Governance Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit and Governance 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 and Governance Committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

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We are committed to delivering an excellent client experience every time we work with you. If you have any comments or suggestions on the quality of our service and would be happy to complete a short feedback questionnaire, please contact your RSM client manager or email admin.south.rm@rsmuk.com.

rsmuk.com

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 & 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 UK 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 UK 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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