



BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Annual internal audit report 2021/22

Draft

17 June 2022

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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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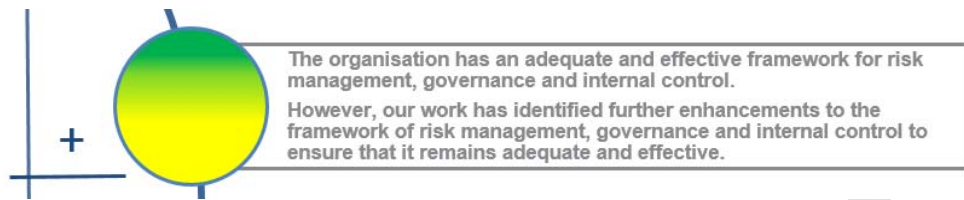


THE ANNUAL INTERNAL AUDIT OPINION

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 2022, the draft head of internal audit opinion for Bedfordshire Fire and Rescue Authority 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 risk register. The risk register 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

- our internal audit work for 2021/22 has continued to be undertaken through the operational disruptions caused by the Covid-19 pandemic. In undertaking our audit work, we recognise that there has been some impact on both the operations of the organisation and its risk profile; and our annual opinion should be read in this context.

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FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

Overview

Our Governance opinion has been informed specifically through our continued attendance at Audit & Standards Committee, as well as elements of our audits which reviewed reporting arrangements (for example Debrief and Organisational Learning, Key Financial Controls and Data Quality to support the Community Risk Management Plan)

Our Risk Management opinion has been informed by our risk management audit (partial assurance opinion), in addition to our risk-based approach to individual assignments and attendance at the Audit & Standards Committee, where risk management and the risk register is considered and challenged by members. As part of the implementation of the new risk management framework and system during the year some elements of the control framework have not formally been in place, or are now in need of review and update. However, we have seen evidence of both progress of the project and risk management papers presented to, and challenged at Audit & Standards Committee throughout the year contributing to our overall opinion.

During the year we have completed four assurance assignments, from which the Authority could take positive assurance (one substantial assurance and three reasonable assurance) these being:

- **Debrief and Organisational Learning – Reasonable Assurance (Draft)**
- **Key Financial Controls – Reasonable Assurance (Draft)**
- **Management of Assets (Airwave Radios) – Reasonable Assurance (Draft)**
- **Human Resources - Grey Book Recruitment – Substantial Assurance**

We issued the following reports where we concluded that the Authority could only take partial assurance:

Data Quality to support the Community Risk Management Plan - Partial Assurance

Overall, we identified weaknesses in compliance with the control framework in place to use data to support the CRMP. We found that the Authority had not transparently considered key risks identified in national and local risk registers within the CRMP. Additionally, we found that actual KPI performance reported to the Fire Authority did not trace accurately back to source data through sample testing. The Service Assurance Framework required an update in relation to the CRMP and evidence of discussions related to the newly identified CRMP priorities was required to be retained.

We also identified scope for improving efficiency or quality in relation to assigning actions to improve KPI performance and the use of achievable and realistic KPI targets.

We did, however, confirm that the CRMP was aligned with the national framework and key internal strategic documents such as the Medium-Term Financial Plan. Also, we confirmed that projects within the CRMP action plan were reviewed at the Corporate Management Team (CMT) and Project Management Office (PMO) meetings.

Risk Management - Partial Assurance (Draft)

We noted that there had been good progress made, with the organisation's move to BMIS for risk management, however, as part of the move from a framework supported by MS Word documents to the embedding of BMIS, our audit identified that some elements of the risk management control framework have not formally been in place throughout the transition and implementation, or are now in need of review and update to ensure that the risk management framework was effectively embedded and consistently applied. Our Risk Management survey of staff, including risk owners, found that the perception of risk management within the organisation was generally positive.

Areas for improvement included ensuring that the draft Corporate Risk Management Policy was approved along with further supplementary guidance being established, a formal programme of training being developed and delivered and the Corporate Risks within BMIS were to be reviewed to ensure that the requirements of the risk management approach were consistently applied. We also noted that risk owner monthly reviews were not yet consistently taking place, operational risk registers at station level had not yet been developed and the organisation's risk appetite had not been reviewed since 2020. Whilst the Service is largely aware of the journey they are currently on and improvements required and are working towards these, it is important that these improvements are implemented to increase the effectiveness of the management of risk in the organisation.

The follow up assignment has yet to be completed and reported in final and we reserve the right to update our opinion dependent on the findings of this review,

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, we consider that the issues identified above within the partial assurance reviews above should be areas that are considered by the Authority to be flagged as significant control issues when drafting the Annual Governance Statement (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 2021/22 (note one report to issue).

Implementation of internal audit management actions

Our work in this area has yet to be completed and reported in final.

Working with other assurance providers

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

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OUR PERFORMANCE

Wider value adding delivery

As part of our client service commitment, during 2021/2022, we have issued four emergency services sector briefings within our progress reports presented to the Audit Committee tailed below. We will continue to share our briefings with you during 2022/2023.

Area of work	Areas covered
Emergency Services – Sector Update: June 2021	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none">• Cyber Crime;• Code of Ethics for fire and rescue services;• Home Secretary to strengthen Police and Crime Commissioner role; and• The annual assessment of fire and rescue services.
Emergency Services – Sector Update: August 2021	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none">• Climate change risk: A guide for Audit and Risk Assurance Committees;• Risk Appetite – it's slippery;• Community Risk Management Planning; and• Fire Protection Learning Portal.
Emergency Services – Sector Update: November 2021	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none">• Cyber and information security;• ESG (Environmental, Social & Governance); and• Protection Fire Standard.
Emergency Services – Sector Update: March 2022	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none">• RSM and CIPFA Public Procurement Webinar;• Strengthening resilience: lessons learnt from the impacts of the pandemic; and• Analysis of non-fire incidents.
Best Practice	Shared best practice across the sector through our work.

Sector Experience	We have also made suggestions throughout our audit reports based on our knowledge and experience in the emergency services sector to provide areas for consideration.
Briefings	Issued non-sector specific briefings to all of our clients.
Procurement	The organisation has been invited to our RSM and CIPFA Public Procurement Webinars. These are a series of procurement and contract management network webinars offering expert advice on EU and UK public sector procurement legislation and practice. These monthly webinars include an update on current developments in public procurement as well as a more detailed discussion on a selected topical area.

Conflicts of interest

RSM has not undertaken any work or activity during 2021/22 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 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.

Quality assurance and continual improvement

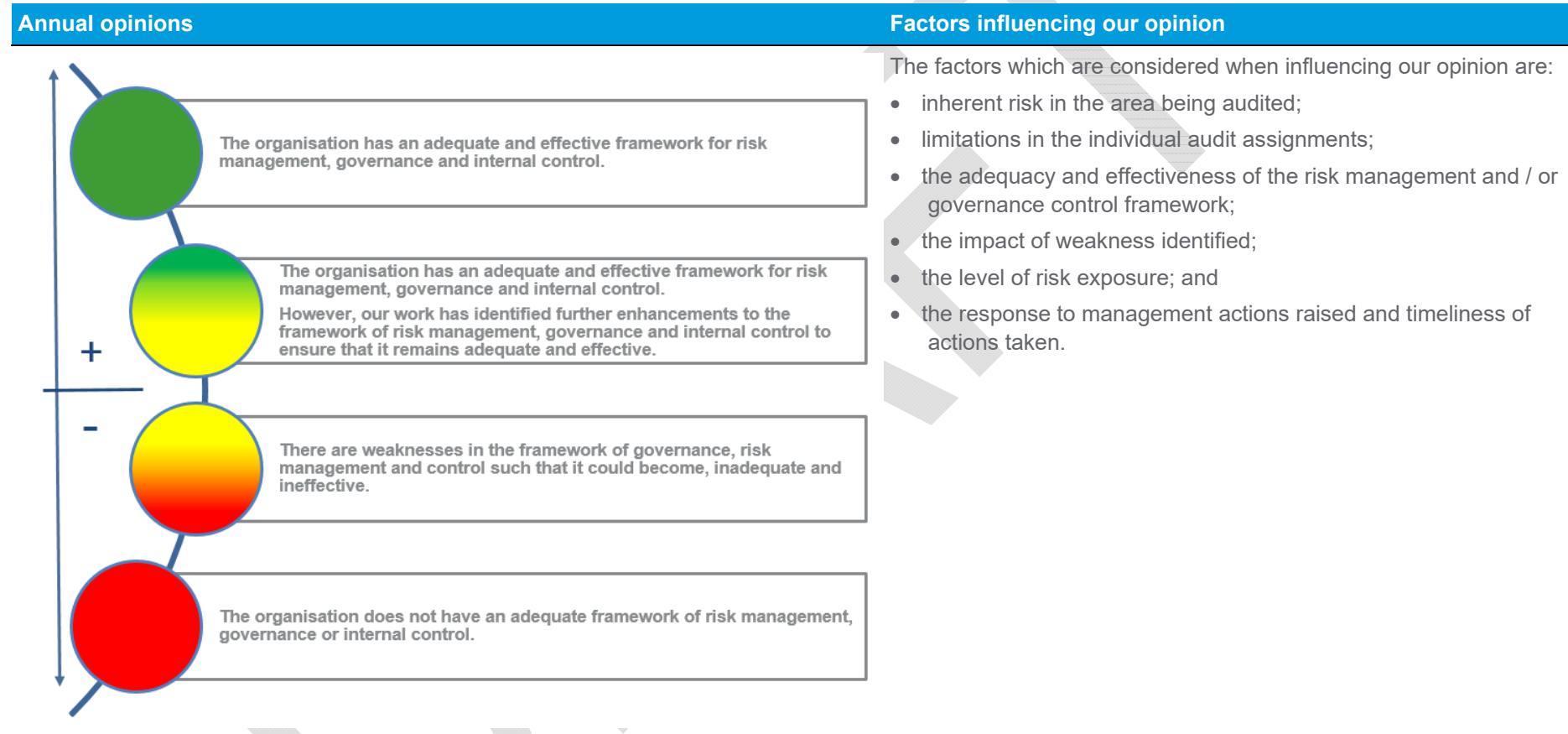
To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any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

Resulting from the programme in 2021/22, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

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.



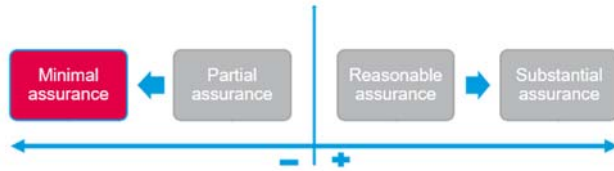
APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2021/22

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	Assurance level	Actions agreed		
		L	M	H
Data Quality to Support the Community Risk Management Plan	Partial Assurance [●]	2	3	1
Debrief and Organisational Learning (Draft)	Reasonable Assurance [●]	2	2	0
Key Financial Controls (Draft)	Reasonable Assurance [●]	6	2	0
Management of Assets (Airwave Radios) (Draft)	Reasonable Assurance [●]	2	1	0
Risk Management (Draft)	Partial Assurance [●]	0	5	0
Human Resources – Grey Book Recruitment	Substantial Assurance [●]	1	0	0
Follow up	In Progress			

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 authority 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 authority 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 authority 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 authority 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 Bedfordshire Fire and Rescue Authority, 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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