



BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Annual internal audit report 2022/23

FINAL

9 June 2023

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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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

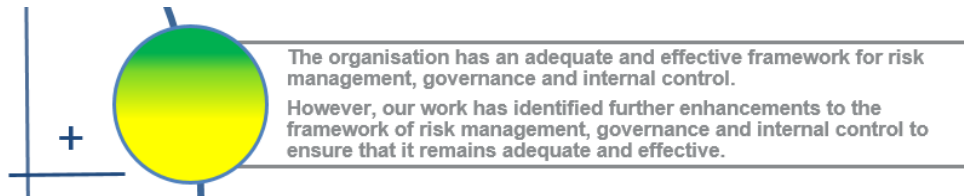


THE ANNUAL INTERNAL AUDIT OPINION

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 2023, the 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 opinion is achieved through a risk-based plan of work, agreed with management and approved by the Audit & Standards 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;
- 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.

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 Implementation of Actions from HMICFRS – Engagement with Local Community, Key Financial Controls and Data Management).

We have not undertaken a full review of risk management arrangements during 2022/23, however, our Risk Management opinion has been informed by 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.

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

- ICT – Digitalised Systems User Proficiency – Reasonable Assurance
- Data Management– Reasonable Assurance
- Key Financial Controls (Accounts Receivable) – Substantial Assurance

We also undertook an advisory review of Implementation of Actions from HMICFRS – Engagement with Local Community where we confirmed progress had been made in addressing the areas for improvement identified in the 2020/21 HMICFRS inspection. This included amendments made to the Service's Community Risk Management Plan (CRMP) to include areas of improvement in engaging with the community, actions from the CRMP identified and tracked, which were monitored through the governance structure and the development of the Communication and Engagement Strategy 2023-27.

The follow up review assessing the progress made to implement previously agreed management actions, which concluded that the organisation had made **reasonable progress** in implementing previously agreed management actions (see below).

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 there are no significant issues which should be 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 2022/23.

Implementation of internal audit management actions

Our internal audit work consisted of two follow up reviews. For our first review, of the 27 management actions followed up, we were able to confirm that six had been fully implemented. In the remaining 21 instances five actions had not been fully implemented and for 16 actions we did not receive evidence to support the completion of the actions.

A second review was completed to obtain a more accurate position of the status of the actions.

For our second follow up review of the actions agreed to address previous years' internal audit findings we found that the organisation had made **reasonable progress** in implementing the agreed actions. Of the 21 medium actions included in our review, 15 had been completed or superseded, five were in progress, and in one instance we were not provided with sufficient evidence to confirm implementation, therefore the action had been recorded as not implemented and repeated. For one action originally with a medium priority rating, we downgraded to a low priority rating due to the action being partly implemented.

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

Area of work	How has this added value?
Issue of Emergency Services Briefings	The sector briefings provide both Management and Authority Members with an insight of key risks, issues and an update of any changes in sector requirements.
Webinar invitations	Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates. Examples include VAT, Employment Tax and Change Management.
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.
Managing Risks in a Changing Environment - Analysis of fire and rescue service risk registers	Analysis of the risk facing the fire and rescue services across the country to enable the organisation to compare and benchmark your risks and identify any potential gaps in risk identification.
Emergency Services - benchmarking of internal audit findings 2019/20	We provided management with our annual Emergency Services - benchmarking of internal audit findings 2019/20, which compares the numbers of actions agreed and the assurance opinions provided across the sector in our client base.
Coronavirus: Various briefings and webinars	RSM have delivered a number of webinars and client briefings in relation to Coronavirus (ranging from Government financial support for employers, fraud briefings, HR and Legal Support etc).

Conflicts of interest

RSM has not undertaken any work or activity during 2022/23 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

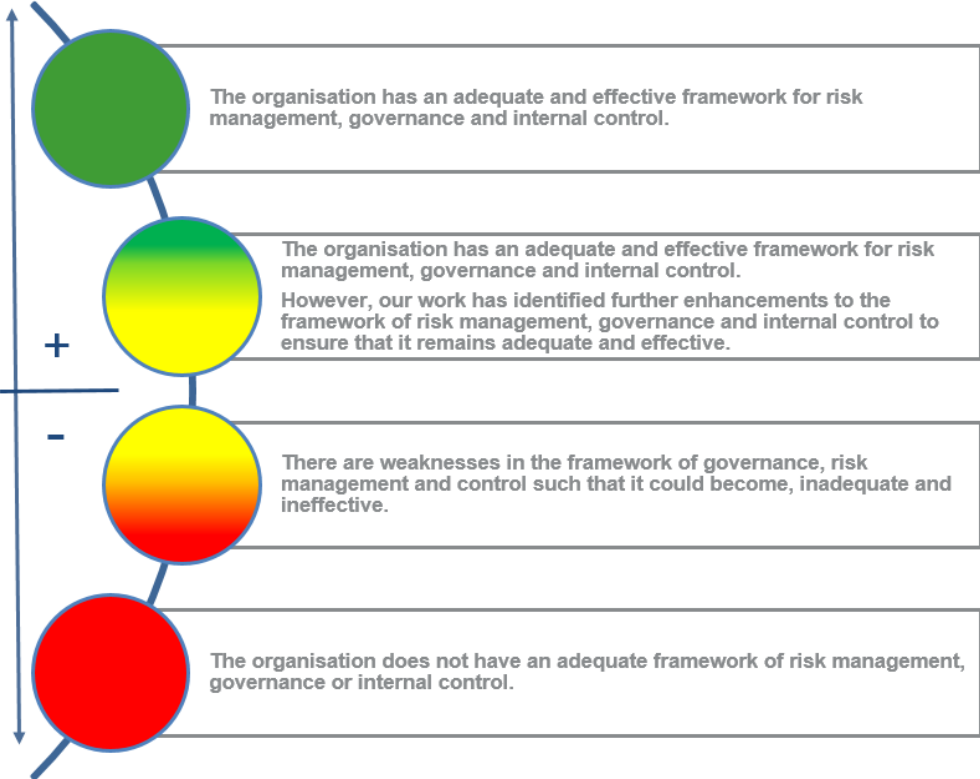
To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any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

Resulting from the programme in 2022/23, 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.

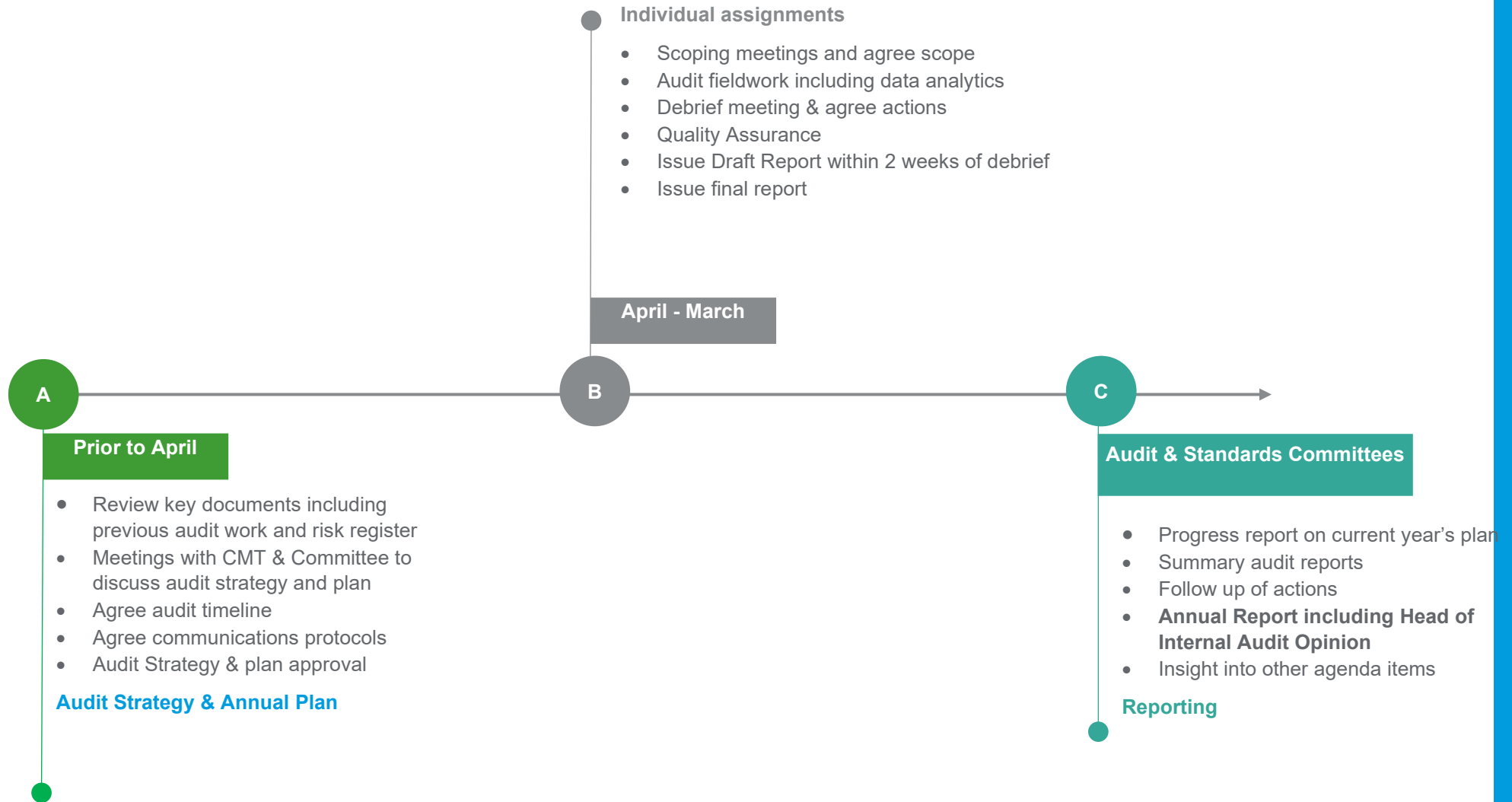
Annual opinions	Factors influencing our opinion
 <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <p>The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has 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 2022/23

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.

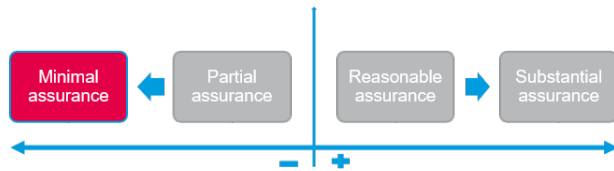
Assignment	Assurance level	Actions agreed		
		L	M	H
Follow Up (1.22/23)	No opinion	0	6	1
ICT – Digitalised Systems User Proficiency (2.22/23)	Reasonable Assurance [●]	2	2	0
Follow Up Part Two (3.22/23)	Reasonable Progress	1	5	0
Key Financial Controls – Accounts Receivable (4.22/23)	Substantial Assurance [●]	3	0	0
Data Management (5.22/23)	Reasonable Assurance [●]	2	3	0
Implementation of Actions from HMICFRS – Engagement with Local Community (6.22/23)	No opinion / Advisory [●]	0	0	0

APPENDIX C: AUDIT PROCESS



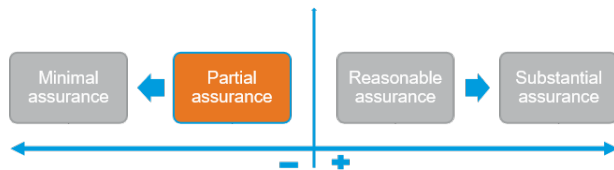
APPENDIX D: OPINION CLASSIFICATION

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



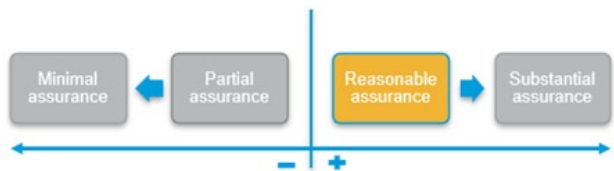
Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



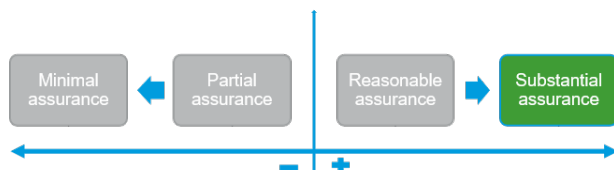
Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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

Suzanne Rowlett, Head of Internal Audit

suzanne.rowlett@rsmuk.com

+44 (0)7720 508148

Louise Davies, Manager

Louise.davies@rsmuk.com

+44 (0)7720 508146

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 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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