

For Publication

Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
5 December 2019  
Item No. 8

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**REPORT AUTHOR:** ASSISTANT CHIEF OFFICER/FRA TREASUER  
**SUBJECT:** REVIEW OF THE EFFECTIVENESS OF THE FIRE AND RESCUE AUTHORITY'S INTERNAL AUDITORS

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Background Papers: None

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Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	✓
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New			

*Any implications affecting this report are noted at the end of the report.*

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**PURPOSE:**

To consider the effectiveness of the Fire and Rescue Authority's Internal Audit arrangements.

## RECOMMENDATIONS:

For the Audit and Standards Committee to consider the report and confirm the effectiveness of the Fire and Rescue Authority's Internal Audit arrangements.

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### 1. Introduction

- 1.1 At their meeting on 28 June 2018 the Human Resources Policy and Challenge Group suggested that the Audit and Standards committee consider the effectiveness of the Authority's internal auditors. This was given the significant concerns raised nationally about the big four auditing firms in the United Kingdom. It should be noted that the big four are external audit firms and not internal audit. The effectiveness review was presented, for the first time, to the Audit and Standards at its meeting on 6 December 2018.

### 2. Background

- 2.1 Procurement - Following discussions with Essex (EFRS) and Cambridgeshire Fire and Rescue Services (CFRS), it was agreed that Cambridgeshire would lead on the tendering process for the provision of internal audit services and the evaluation panel would include representatives from all three authorities.
- 2.2 On 12 April 2011, the Fire Authority approved the appointment of RSM Tenon to provide internal audit services for a three year period from April 2011, with an option to extend for up to a further two years.
- 2.3 At its meeting on 30 June 2011 the Audit and Standards Committee considered and agreed an Internal Audit Charter with RSM Tenon to establish the purpose, authority and responsibilities for the internal audit service, which was signed by the Chair of the meeting on behalf of the Fire Authority. RSM, as known more recently, was also appointed by Essex and Cambridgeshire Fire and Rescue, which provided an opportunity for collaboration and comparison of audited areas where commonality.

- 2.4 On 1 April 2016 the contract for RSM was due to expire. The contract for RSM was again jointly procured by BFRS, CFRS and EFRS. At the Audit and Standards Committee on 29 June 2016, RSM were reappointed as the Authority's internal auditors to April 2019 with an option to extend for up to 2 years, we are currently in this extension period.
- 2.5 RSM meet with all of the authorities collectively a minimum of once per year to discuss contract management, quality, delivery and thematic reviews etc.
3. Conformance with Internal Auditing Standards
  - 3.1 RSM conforms with the Global Institute of Internal Auditors (IIA) International Professional Practice Framework (IPF). In complying with the standards, internal audit services are required to have an External Quality Assessment (EQA) every five years.
  - 3.2 In 2016 RSM (Risk Assurance Services LLP) commissioned an external independent review of its internal audit services to provide assurance that its approach met the requirements of the International Professional Practices Framework (IPPF). The external independent review was conducted by the Chartered Institute of Internal Auditors (CIAA).
  - 3.2 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 & Standards Committee and the supporting working papers. RSM were found to have an excellent level of conformance with the IIA's profession standards, including the Public Sector Internal Audit Standards (PSIAS). For an overview of the findings please refer to Appendix A.
  - 3.3 RSM provide the Service with an Internal Audit Charter every year and it forms part of the Internal Audit Strategy and is a requirement of the Public Sector Internal Audit Standards (Appendix B).
  - 3.4 RSMs risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of its internal audit services. Resulting from the programme, there are no areas which RSM believe warrant flagging to the Authority's attention as impacting on the quality of the service they provide to us.
  - 3.5 The additional benefit of the internal audit provision sitting outside the Authority and the audits not conducted by Service personnel, is that it provides for greater external independence and other control mechanisms, including impartiality.

#### 4. Developing the Internal Audit Strategy

- 4.1 RSM, in conjunction with the Corporate Management Team, develops the Authority's 3 year Audit Strategy based on the Service's corporate objectives, risk profile and assurance framework, as well as other factors affecting the Authority in the year ahead, including changes within the Sector.
- 4.2 When developing the internal audit strategy plan sources considered include:-
- Previous Audit findings
  - Requests from management
  - Business plans
  - Audit & Standards Committee
  - Authority Reports
  - Risk Register
  - Emerging issues in the sector
- 4.3 Risk Management, Governance and Key Financial Controls are audited annually. These audits were necessary in order for the Head of Audit to produce the year-end audit opinion.
- 4.4 The audit strategy shows how the plan links to the Authorities strategic risk and the reason for its inclusion. The strategy is reviewed annually and presented to the Audit and Standards Committee for ratification.
- 4.5 It is one of the roles of the Treasurer/Section 151 Officer, to ensure that there are adequate and effective Internal Audit arrangements in place.

5. Audit and Standards Committee

- 5.1 RSM attend all Audit and Standards Committee meetings where members can review the Audit Strategy, Progress and Annual reports. This provides the Authority the opportunity to ask questions, challenge reports and request clarification to provide greater transparency.

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