



# BEDFORDSHIRE FIRE & RESCUE AUTHORITY

Annual internal audit report 2019/20

Final

16 June 2020

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

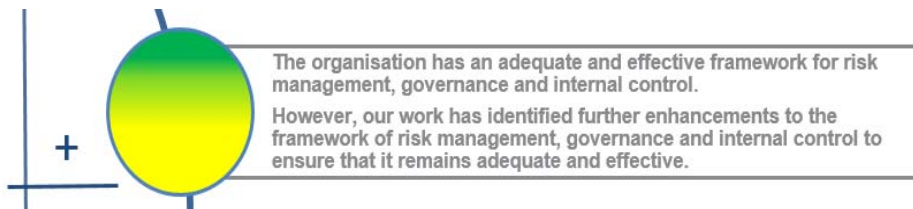
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

# 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 2020, the head of internal audit opinion for Bedfordshire Fire & 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.

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*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.*

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## 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 discussions with the Corporate Management Team on key risks and the organisation-led risk register. The risk register is one component that the authority 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; and

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- Our internal audit work for 2019/20 was completed prior to the advent of the substantial operational disruptions caused by the Covid-19 pandemic. As such our audit work and annual opinion does not reflect the situation which has arisen in the final weeks of the year. We do, however, recognise that there has been a significant impact on both the operations of the organisation and its risk profile

# FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

We issued four reports where we concluded that the Authority could take either substantial or reasonable assurance. This included the Community Risk Management Plan which contributed significantly to our Governance and Risk Management opinions. These were:-

- **Key Financial Controls**
- **Mobilising System Projects**
- **Community Risk Management Plan**
- **Environmental Strategy and De-polluted Scrap Vehicles**

## **Risk Management : Advice and support**

The Service have undertaken training with an RSM Risk Specialist in 2019/20 and management have undertaken a review of the risk management arrangements within the organisation. Associated guidance documents was being revised and updated at the end of the financial year and therefore our risk management audit has been delayed until 2020/21 when the updated process will be established. We have also undertaken a number of risk driven reviews in 2019/20 and used the outcome of these audits to further inform our opinions on the Authorities risk management arrangements.

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

## **Operational Business Continuity : Partial Assurance**

Our review found that there were significant issues in the design of controls around business continuity within the Service. It was noted during testing that the Service's primary business continuity plans did not include key information that is considered best practice and we also found a lack of monitoring by a responsible group of the rolling business continuity action plan.

More specifically, we found through comparison of the Authority's Flu Pandemic, Death in the Workplace and Fuel Shortage Business Continuity Plans with best practice that key information such as control rooms to be used in an event and how decision making will be logged had not been included, and the rolling business continuity action plan which includes actions identified as a result of exercises and tests had not been presented to a group in order to monitor progress. We followed up the medium priority actions agreed towards the end of the year and concluded that **reasonable progress** had been made with two actions implemented and the remaining implementation ongoing. We have agreed revised actions and timescales with management.

## **Property – Statutory Compliance : Partial Assurance**

We found that seven areas in our sample had up to date testing completed. However, in the remaining three (significant) areas of Gas Heating, Legionella and PAT testing we identified exceptions. Given the potential risk to life posed by non-compliance with statutory requirements and internal procedures in this area, it is imperative that controls are strengthened to ensure that all compliance tests can be completed within a timely manner. The organisation had agreed frequencies of testing and had the facilities in place to be able to identify when upcoming tests were due.

However, there was a lack of policy and procedure documentation in place for compliance areas. We found that Service Level Agreements with all contractors need to be agreed as of our sample of areas, only one area had a formal service level agreement in place. We also found that statutory compliance performance was not formally reviewed by any group or committee within the governance structure.

We followed up the high and medium priority actions agreed towards the end of the year and concluded that **reasonable progress** had been made with two of the four actions implemented, one ongoing implementation and the remaining not yet due. We have agreed revised actions and timescales with management for implementation.

### **Asset Management – Asset Tracking : Partial Assurance**

Our review identified issues in relation to asset management and tracking. We found that whilst quarterly stock checks had been undertaken, there was no record of the reasons for discrepancies in stock levels identified as part of checks carried out by the Service in September 2019. Additionally, through the completion of our own stock check on a sample of 30 operational items, we found that the Service had less stock than was recorded on Great Plains in 19 instances and more stock than recorded on Great Plains in two instances.

We confirmed that any changes to stock levels were being uploaded to both the Great Plains and BlueLight system to ensure the accuracy of both systems. We were advised, however, that whilst a data mapping exercise and reconciliation upon completion of the transfer to BlueLight had been planned, the overall transfer process had not been formally documented.

We also undertook one advisory review (details below) and two follow up reviews where we concluded that reasonable progress had been made to implement previously agreed management actions (both referred to above).

### **ICT – Cyber Security : Advisory Review**

The organisation completed a self-assessment questionnaire on 10 June 2019. Based upon the evidence available at the time of our fieldwork, we found that 17 of the 34 requirements for the five Cyber Essentials control themes had evidence to support the organisation's self-assessment that controls were established. Of the remaining 17 requirements there are 12 where the organisation is categorised as 'Working Towards Implementation' and 5 where work has 'Not Started'. The 17 issues identified were across the following control themes; Boundary Firewalls and Internet Gateways, Secure Configuration, User Access Control, Malware Protection and Patch Management.

The validated self-assessment scores generate an overall status of Working Towards Implementation for the organisation's implementation of Cyber Essentials. Actions were been agreed to address issues found regarding the Cyber Essentials themes. Following implementation of our action plan, the Service self certified the achievement of Cyber Essentials to gain this certification.

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 partial assurance review (Operational Business Continuity, Property – Statutory Compliance, Asset Management – Asset Tracking) should be areas that are considered by the Authority to be flagged as significant control issues when drafting the Annual Governance Statement.

The Authority should also consider any action taken by management to address the weaknesses identified and we note reasonable progress was concluded for both follow up reviews (Operational Business Continuity and Property – Statutory Compliance audits).

# 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.

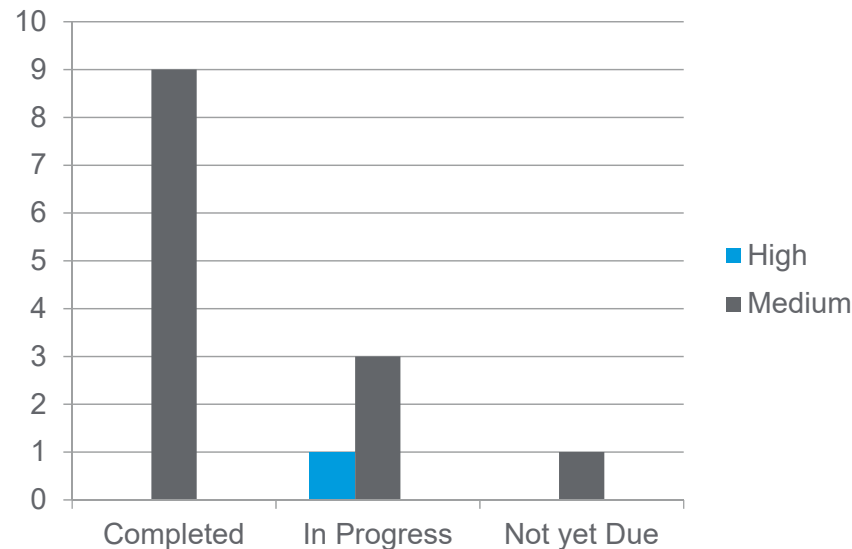
## Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2019/20.

## 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 & standards committee, with the validation of the action status confirmed by internal audit within specific follow up reviews.

We have undertaken two follow up reviews in year, our first follow up of the actions agreed to address previous years' internal audit findings shows that the organisation had made **reasonable progress** in implementing the agreed actions. The second review also identified **reasonable progress** had been made in implementing the agreed actions in the areas of Operational Business Planning and Property – Statutory Compliance.



## 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 COVID-19.
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 from 6 April 2020.
Trust in the boardroom	We have provided Emergency Services clients with our Trust in the boardroom thought leadership publication. With Boardrooms increasingly in the spotlight - effective corporate governance should be used as a passport to success to earn the trust of stakeholders and secure a more sustainable future. Recent corporate governance failings show us that the fallout of poor decision making, and inadequate control measures can be far reaching. Organisations and Boards not only need to be prioritising corporate governance, but also need to be analysing how effective they are in cementing that sustainable thinking.
RSM's 'Catch 22: Digital transformation and its impact on cybersecurity'	RSM's 'Catch 22: Digital transformation and its impact on cybersecurity' report comprises responses to a range of questions posed to 597 companies in 33 European countries, spanning multiple industries and sizes. RSM provided a number of insights and also a range of 'Cyber Security Top Tips'.
Emergency Services - benchmarking of internal audit findings 2018/19	We provided management with our annual Emergency Services - benchmarking of internal audit findings 2018/19, 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

During 2019/20, RSM Risk Constulants have undertaken some Risk Management training with management to assist in the update of the risk register. We do not consider this work resulted in a conflict of interest as this was undertaken by a separate service line and our robust client take on procedures were followed ahead of this engagement being accepted.

## **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**

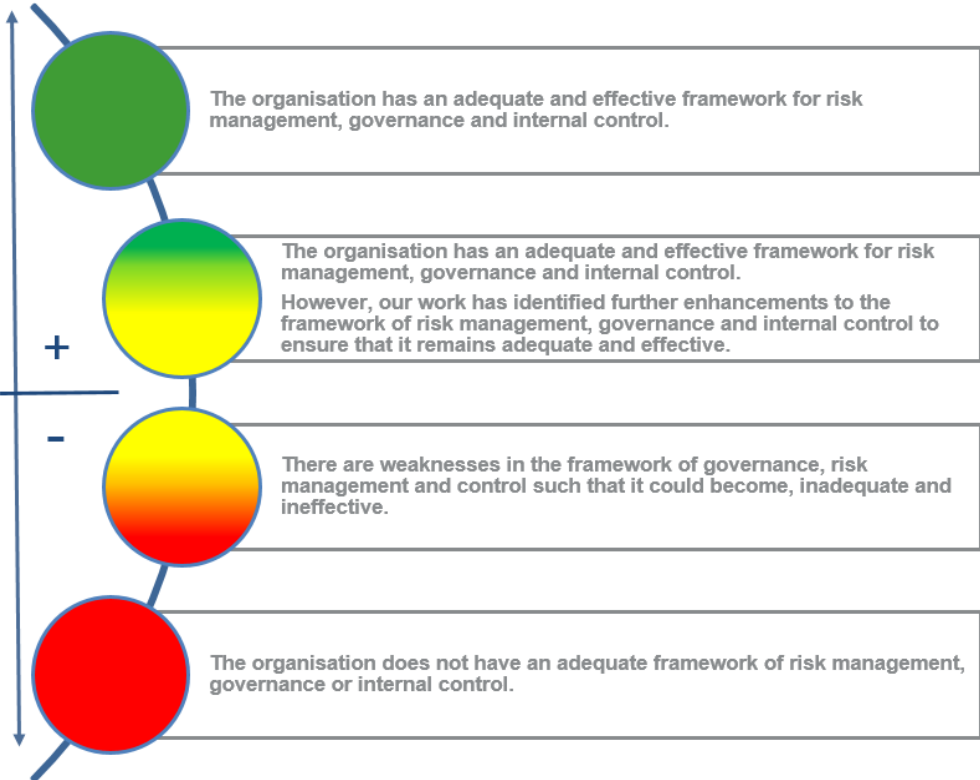
To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any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



# 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"> <li>• inherent risk in the area being audited;</li> <li>• limitations in the individual audit assignments;</li> <li>• the adequacy and effectiveness of the risk management and / or governance control framework;</li> <li>• the impact of weakness identified;</li> <li>• the level of risk exposure; and</li> <li>• the response to management actions raised and timeliness of actions taken.</li> </ul>

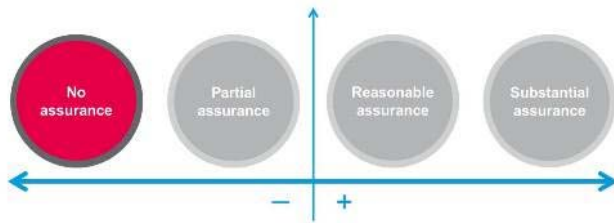
## APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2019/20

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
Operational Business Continuity (1.19/20)	Partial Assurance [●]	2	2	1
Property – Statutory Compliance (2.19/10)	Partial Assurance [●]	1	3	1
ICT – Cyber Security (3.19/20)	Advisory [●]	3	10	4
Follow up - Governance, Use of Risk Information and Stock Control (4.19/20)	Reasonable Progress [●]	2	0	0
Asset Management – Asset Tracking (5.19/20)	Partial Assurance [●]	0	3	0
Follow up - Operational Business Continuity & Property - Statutory Compliance (6.19/20)	Reasonable Progress [●]	0	1	1
Key Financial Controls (7.19/20)	Substantial Assurance [●]	2	1	0
Mobilising System Project - Project Management including Procurement & Pre-Contract Award Implementation (8.19/20)	Reasonable Assurance [●]	1	1	0
Community Risk Management Plan (9.19/20)	Substantial Assurance [●]	1	0	0
Environmental Strategy and De-polluted Scrap Vehicles (10.19/20)	Reasonable Assurance [●]	2	1	0
Risk Management	Advisory support			

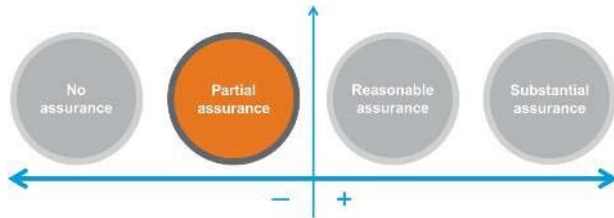
# APPENDIX C: OPINION CLASSIFICATION

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



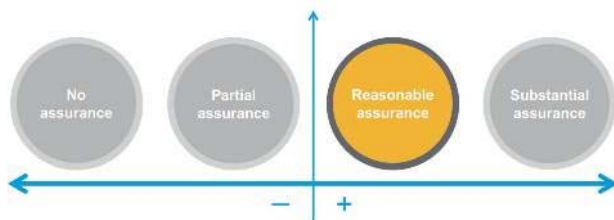
Taking account of the issues identified, the authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



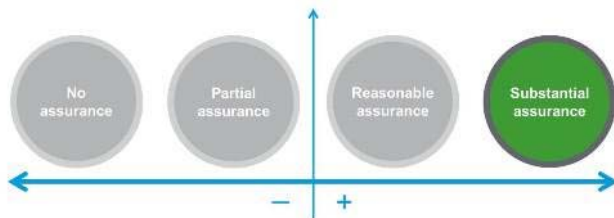
Taking account of the issues identified, the authority can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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 & 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 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.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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