

NORTH YORKSHIRE POLICE, FIRE AND CRIME COMMISSIONER, FIRE AND RESCUE SERVICE

[Draft Internal Audit Strategy 2022/23 - 2024/25 \(including the Internal Audit Plan 2022/23\)](#)

Presented at the Joint Independent Audit Committee meeting of: 15 March 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.

EXECUTIVE SUMMARY

Our Internal Audit Plan for 2022/2023 is presented for consideration by the Joint Independent Audit Committee (JIAC). As the developments around Covid-19 will continue to impact on all areas of the organisations' risk profile, we will work closely with management to deliver an internal audit programme which remains flexible and agile to ensure it meets your needs in the current circumstances.

The key points to note from our plan are:



2022/23 internal audit priorities: internal audit activity for 2022/23 is based on analysing your corporate risk register and assurances provided by other providers e.g. HMICFRS. We have also considered other factors affecting you in the year ahead including changes within the sector. Our detailed plan for 2022/23 is included at section two of this report. We met with the Chief Finance Officer of the Police, Fire and Crime Commissioner, Interim Deputy Chief Fire Officer and Chief Accountant on 3rd March to discuss the internal priorities of the Service.



Level of resource: the level of resource required to deliver the plan is in section two of this report and our daily rates are in line with our tender submission.



Core assurance: the key priorities and changes within the organisations during the period have been reflected within the proposed audit coverage for 2022/23 and beyond. During the development of the internal audit plan the following key areas were considered:

HMI findings:

Effectiveness, Efficiency, People Assessment: in 2018/19 the Service received an overall good gradings across 'Effectiveness' and requires improvement in 'Efficiency' and 'People' from the HMI. The Service is due an inspection at the time of drafting the internal audit plan. In 2023/24 a review of the monitoring and implementation of HMICFRS recommendations has been included as part of the internal audit programme.

Risk register: we have reviewed the Service's risk register to inform the basis of the 2022/23 plan and the wider three-year strategy. This has resulted in a number of reviews being included within the plan that are driven directly from risks identified by the risk register.

Previous internal audit assurance: we considered the reviews and assurance levels provided by the Service's previous internal audit provider, Veritau. At the time of drafting the internal audit plan no negative assurance opinions had been provided but the following reports were in draft or in progress:

- Policies and Procedures;
- Bank Mandate Procedures;
- Health and Safety;
- Risk Management;
- Procurement; and
- ICT: Asset Management.

We have included a 'follow up' allocation, which will allow us to review the progress in implementing a sample of the recommendations agreed from these reviews.



'Agile' approach: our approach to working with you is that we will respond to your changing assurance needs. By employing an 'agile' or a flexible approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to the JIAC during the year.



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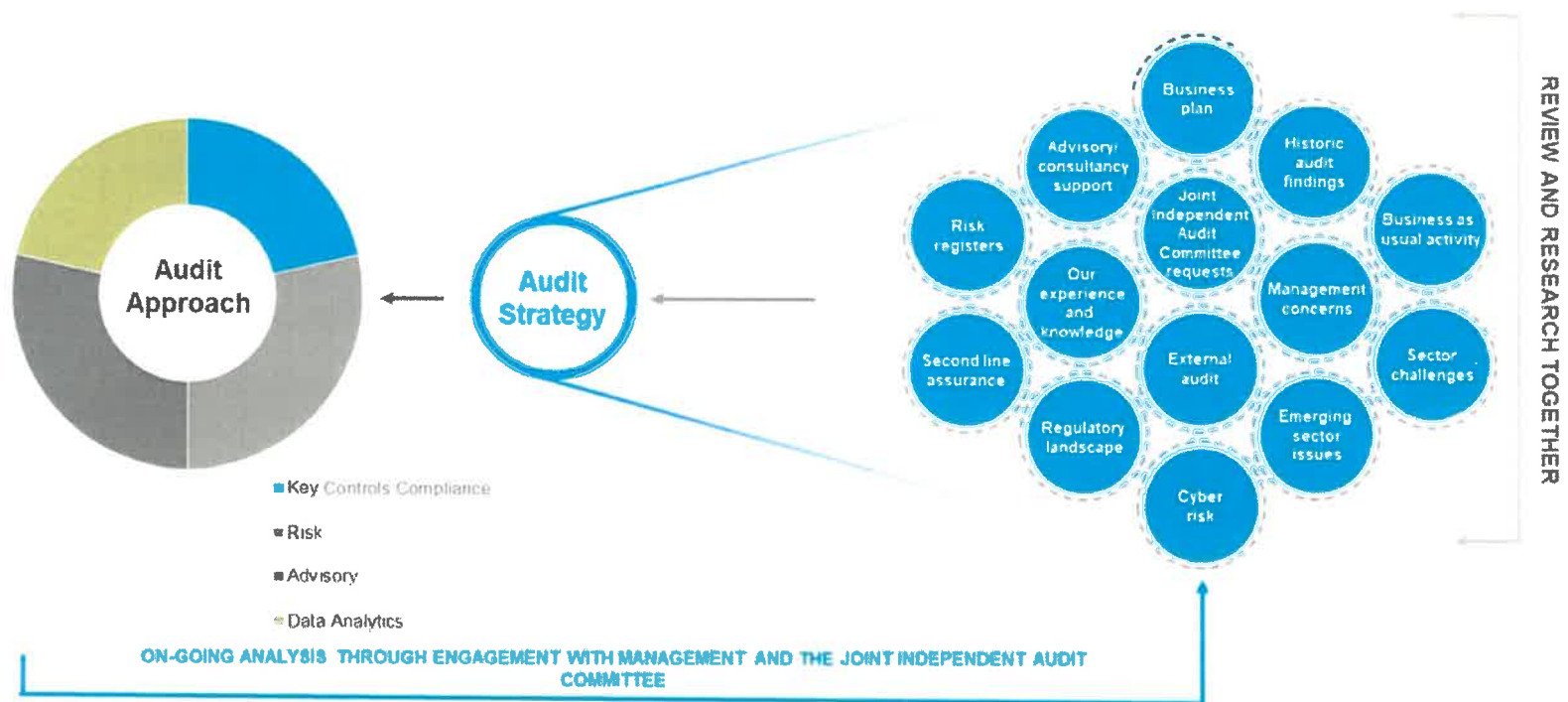
1. YOUR INTERNAL AUDIT PLAN

Our approach to developing your internal audit plan is based on analysing your Fire and Rescue Plan, risk profile and assurance framework as well as other, factors affecting North Yorkshire Fire and Rescue Service in the year ahead, including changes within the sector.

Risk management processes

We have carried out a desktop review of your risk register and have placed reliance on this when drafting the internal audit strategy. We will undertake a risk management review in due course and will also review the regular updates provided to the JIAC in relation to risk management. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the JIAC.

Figure A: Audit considerations – sources considered when developing the internal audit strategy.



Based on our understanding of the organisations, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2022/23

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2022/23. The table details the corporate risks which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisations' assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation.

Objective of the review (Corporate risk)	Days	Proposed timing	Proposed reporting to the JIAC
<p>Corporate Risk</p> <p><i>(Risk: Recruit and retain talent across all levels of the organisation. Knowledge Management/skills transfer. Succession planning)</i></p> <p><u>On-call Firefighter Recruitment Process</u></p> <p>Our review will consider the recruitment and onboarding of on-call firefighters through to the completion of initial training. We will confirm policies and procedures have been adhered to and controls in place are operating effectively and efficiently.</p>	10	Week commencing 14 November 2022	March 2023
<p><i>(Risk: Operate with secure systems to prevent loss of critical assets and sensitive information, through disruption or damage to systems and reputation resulting from a cyber attack)</i></p> <p><u>ICT: Maintenance and Updates</u></p> <p>The Service has identified issues with the updating of a core system. Gazetteer. A separate review of Gazetteer has been commissioned by the Service. Our review will consider how the Service ensures key systems are kept up to date with relevant software updates to reduce the risk of cyber threats.</p> <p>This review will be undertaken by IT specialists.</p>	15	Week commencing 16 January 2023	March 2023
<p><i>(Risk: H&S protocols to protect our workforce, public and partner agencies. Preventing death or serious injury, working within prescribed or current HSE guidelines and legislation)</i></p> <p><u>Health and Safety</u></p> <p>As part of the enableNY collaboration there is a Service Level Agreement (SLA) in place between the Service and enableNY for the provision of health and safety arrangements. Our review will consider the SLA in place to ensure the Service has received the appropriate outcomes.</p>	10	Week commencing 11 July 2022	September 2022

Core Assurance:

Fleet Management

Our review will consider the Service's Fleet Management Plan and how this is formulated and informs the Service's fleet with due regard of the Risk and Resource Model (RRM).

10

Week
commencing
10 October
2022

December 2022

Payroll: Process and Control Assurance

Annually, we will review the Service's key financial processes and controls to ensure they are operating as intended. This coverage will review different key financial control systems each year. As part of the 2022/23 internal audit plan, we will undertake an assurance review to consider the processes and procedures the Service has in place in relation to payroll. We will review the following:

- The processing of starters and leavers;
- Other amendments to payroll, including salary increases and voluntary deductions;
- Deductions are applied appropriately e.g. pension; and
- How payroll data flows through to the Finance system and the monitoring of budgets.

We will use our data analytics tools to interrogate the system and to strengthen our sampling population.

14

Week
commencing
23 May 2022

June 2022

Procurement

Our review will ensure the Service achieves value for money through the robust procurement of goods and services and in accordance with the Service's financial regulations. Our review will focus on:

- A procurement policy has been regularly reviewed and approved.
- Responsibilities and accountabilities for procurement activities are clear and communicated to all relevant staff.
- Review of contract extensions and the approval process in place. We will consider increase spend or contract scope expansion and how these impact on the Service.
- A register of supplier contracts is maintained

We will use our data analytics tool, IDEA, to interrogate the system and to strengthen our sampling population.

10

Week
commencing
18 July 2022

September 2022

Other Internal Audit Activity

Follow Up of Previous Internal Audit Management Actions

To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.

6

Week commencing 23 January 2023

March 2023

Management

This will include:

- Annual planning;
- Preparation for, and attendance at, the Independent JIAC;
- Regular liaison and progress updates;
- Liaison with external audit and other assurance providers; and
- Preparation of the annual opinion.

10

Throughout year -

Total

85

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.

2.1 Working with other assurance providers

The JIAC 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 organisations.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM UK Risk Assurance Services LLP. The team will be led by Daniel Harris as your Head of Internal Audit, supported by Philip Church as your Senior Manager and Mike Gibson as your Client Manager

Core team

The delivery of the 2022/2023 internal audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required, for example, IT auditors.

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.

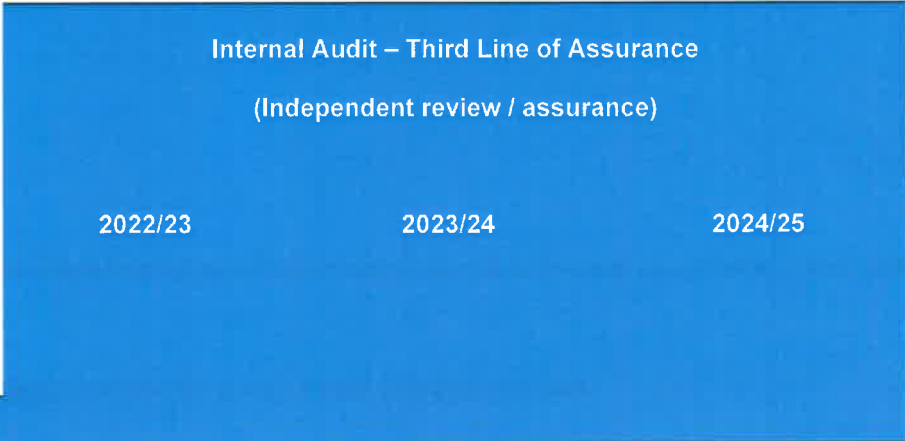
Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

APPENDIX B: INTERNAL AUDIT STRATEGY 2022/25

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

Assurance Provided	
	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	2022/23	2023/24	2024/25
Corporate risks			
Recruit and retain talent across all levels of the organisation. Knowledge Management/skills transfer. Succession planning.	✓ (On call Fire Recruitment Process)		
Financial control (e.g. internal or external fraud) and financial planning across the organisation			✓ (Financial Planning)
Service's legal, statutory and regulatory responsibilities. Central Government requirements and non-statutory guidance.			✓ (Training)
H&S protocols to protect our workforce, public and partner agencies. Preventing death or serious injury, working within prescribed or current HSE guidelines and legislation.	✓ (Health and Safety)		
Organisational assets are used effectively to support the aims and objectives of the organisation.		✓ (Asset Management)	

Operate with secure systems to prevent loss of critical assets and sensitive information, through disruption or damage to systems and reputation resulting from a cyber attack.	✓ (ICT: Maintenance and Updates)		
Provide appropriate levels of security, tailored to the wide range of activities we undertake.		✓ (Security Policy Framework)	
Core Assurance			
Process and Control Assurance	✓ (Payroll)	✓	✓
Procurement	✓		
Fleet Management	✓		
Risk and Resource Model (RRM) / National Standard		✓	✓
General Data Protection Regulation (GDPR)			✓
Equality and Diversity			✓
Core Code of Ethics		✓	
Service Catalogue		✓	
Data Quality			✓
HMICFRS		✓	
Mental Health and Wellbeing			✓
Other Internal Audit Activity			
Follow Up of Previous Internal Audit Management Actions	✓	✓	✓

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for North Yorkshire Police, Fire and Crime Commissioner, Fire and 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 Joint Independent Audit 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 organisations have 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;
- Definition of internal auditing;
- Code of ethics: and
- 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 Dan Harris (acting as your Head of Internal Audit). The independence of RSM is assured by the internal audit service reporting to the Police, Fire and Crime Commissioner, with further reporting lines to the Interim Chief Fire Officer and the Commissioner's Chief Finance Officer.

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

- As an outsourced provider of internal audit services to North Yorkshire Police, Fire and Crime Commissioner, Fire and Rescue Service, independence is inherent in our delivery and audit methodology.
- Our internal auditors do not have any operational responsibilities across North Yorkshire Police, Fire and Crime Commissioner, Fire and Rescue Service.
- No member of the audit team is employed by North Yorkshire Police, Fire and Crime Commissioner, Fire and Rescue Service.
- The Head of Internal Audit reports to the Police, Fire and Crime Commissioner and Independent Joint Independent Audit Committee chair.
- RSM methodology includes a second partner review (by another head of internal audit who does not work on North Yorkshire Police, Fire and Crime Commissioner, Fire and 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 the Joint Independent Audit 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 North Yorkshire Police, Fire and Crime Commissioner, Fire and 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 Joint Independent Audit 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 Joint Independent Audit Committee. Equally we do not want the organisations 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 Joint Independent Audit 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 Joint Independent Audit 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 Joint Independent Audit 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.
- **Joint Independent Audit Committee:** 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 (e.g. an audit 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 Joint Independent Audit 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 organisations where audits will be performed, including other specialised services from within or outside the organisations.

The Head of Internal Audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisations.
- Initiate or approve accounting transactions on behalf of the organisations.
- 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 Joint Independent Audit 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 Joint Independent 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 organisations 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 organisations' 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 organisations 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 organisations' 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 Joint Independent Audit Committee.

Fraud

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

FOR FURTHER INFORMATION CONTACT

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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 **North Yorkshire Police, Fire and Crime Commissioner, Fire and 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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