



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

Annual internal audit report year ended 6 May 2024

Draft

17 May 2024

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

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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 13 months ended 6 May 2024, the Head of Internal Audit opinion for North Yorkshire Police, Fire and Crime Commissioner, 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 Independent Audit Committee (IAC), 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 assurance framework. The assurance framework 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(s);
- 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; and
- 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

Context to 2023 / 2024 Internal Audit Plan

It should be noted that the Fire Service has been subject to continued challenges and the Chief Fire Officer, Deputy Chief Fire Officer, and Chief Financial Officer had a number of concerns that were fed into the 2023 / 2024 internal audit programme. However, in 2022 / 2023 RSM provided the organisation with an opinion of 'the organisation does not have an adequate framework of risk management, governance or internal control.' Based on the work we have undertaken on the systems of governance, risk management and internal control across the Service, our opinion on governance, risk management and control have been informed by the following:

Governance

We did not perform a specific governance review in 2023 / 2024, however we have covered elements of the governance frameworks in place at the Service for the following reviews and have used this work to support our governance opinion:

- Estates Management;
- Supplier Payments: Process and Control Assurance; and
- Grenfell Action Plans.

Each of the above reviews received **one substantial** (positive) and **two minimal assurance** (negative) opinions, and we identified a number of areas that required improvements in the design of the control frameworks and/or compliance with those controls in relation to those negative assurance reviews.

Risk

We did not perform a specific risk management review in 2023 / 2024; however, our risk management opinion was informed by the assessment of the risk mitigation controls and compliance with those controls in our risk-based reviews in the following areas:

- Asset Management (*risk 8501 – NYFRS assets don't support desired strategic and tactical outcomes*); and
- Security Policy Framework (*risk 8503 – Failure to adhere to operate with appropriate levels of security which protect the Fire services, its staff and the public from harm*).

The specific reviews (above) resulted in a **minimal** (negative) and **partial assurance** (negative) opinions. Given the negative assurance opinions the Service should review the related risks to ensure the control frameworks are operating effectively and if the risk profile needs to be amended.

We have also attended all IAC meetings throughout the year and confirmed the Service's risk management arrangements have been reported.

Control

We have undertaken five audits (including the two risk driven reviews mentioned above) of the control environment that resulted in formal assurance opinions. These five reviews concluded that the Service could take **three minimal assurance** (negative), **one partial assurance** (negative), and one **substantial assurance** (positive) opinions. We identified significant control deficiencies in the Service's control framework in both the design and application of those controls.

Partial Assurance opinions

Security Policy Framework

Our review focused on the security framework in place in relation to the Service's estate and those checks performed on staff. As a result of this review, we have agreed **two high, seven medium** and **one low** priority management actions. The first high priority management action relates to all sites across the estate portfolio currently being able to be accessed via the same key, which is provided to all new fire station starters across the Service with no adequate leavers process in place to ensure that keys are retrieved or access via those keys frequently refreshed.

The second high priority management action was agreed for the Service to review its current contractor on site arrangements to ensure that adequate ID checks or pre-authorisation is sought (in the event of out of hours or lone working on sites).

Minimal Assurance opinions

Asset Management

Our review focused on how the Service's asset management arrangements are effectively maintained and processes were in place to identify when replacements are required. Our review established that whilst expectations and processes have been identified by management, these do not seem to be reflected at an operational level, and further development is required to ensure gaps in the control framework are identified and resolved, and processes have been clearly communicated to the wider Service. This resulted in the agreement of **five high, five medium**, and **one low** priority management actions.

Estates Management

Our review focused on the Service's estates strategy and the information which informs the strategy e.g. stock condition surveys. In addition, we considered the reporting through the Service's governance structure and how the strategy informs the Service's medium-term financial plan. We identified the Service has not yet developed an estates strategy and in the absence of an up-to-date stock condition survey (last completed in 2014), there is limited information available to inform decision making in respect of planned estates works. Instead, works are raised based on historic records and professional judgement. We further identified that evidence to support the ordering of planned maintenance and reactive maintenance works is not retained on file to evidence approval in line with the scheme of authorisation. In addition, we noted that record keeping in respect of maintenance works could be improved to support effective planning and monitoring. This resulted in the agreement of **three high, 10 medium** and **three low** priority management actions.

Supplier Payments: Process and Control Assurance

Our review focused on whether expenditure is committed, approved and accounted for in line with the Financial Regulations, and that suppliers are paid accurately and in a timely manner. We identified that the controls used to manage the supplier payments process require urgent improvement, and noted significant deficiencies in relation to the purchase order and goods receipting processes. The ordering and receipting processes are managed by individual departments and not by the Finance Team, and the lack of centralised oversight has led to inconsistencies in processes and in the evidence retained on file.

We note since the previous audit undertaken on this area, no significant changes have been made and therefore the results of the audit are reflective of the previous actions agreed. This resulted in the agreement of **three high** and **six medium priority** management actions.

Follow Ups

Furthermore, the implementation of management actions agreed during the course of the year are an important contributing factor when assessing the overall opinion on control. We have performed two Follow Up reviews during the course of the year. The initial review focused on the actions raised as part of the negative assurance opinions provided for Fleet Management; Health and Safety; Gazetteer; and On-Call Firefighter Recruitment during 2022 / 2023 which resulted in a **little progress** assurance opinion. A further Follow Up was undertaken that focussed on actions closed as part of Payroll; ICT – Maintenance and Updates; Procurement; and Follow Up of 2022/23 Negative Opinions: Fleet Management; Health and Safety; Gazetteer; and On-Call Firefighter Recruitment reviews. This review resulted in a **little progress** assurance opinion.

Overall conclusion

Your Head of Internal Audit opinion for 2023 / 2024 has identified significant weaknesses in the design and application of the Service's control framework that has resulted in a number of negative assurance opinions being provided.

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

We issued **three minimal** (negative), **one partial** (negative), and **one substantial** (positive) assurance opinions in 2023 / 2024. The organisation should therefore consider the minimal and partial assurance opinions when completing the annual governance statement, together with any actions already taken and action planned by management to address the actions agreed. In addition, the organisation should consider controls in place to monitor and implement those actions raised by internal audit to ensure actions are closed in a timely manner.

Management should also continue to pay particular attention to the action tracking process in place and ensure that the actions from the negative assurance reviews are tracked, to ensure these weaknesses identified are addressed in a timely manner.

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 2023 / 2024.

Implementation of internal audit management actions

We have performed two Follow Up reviews to determine the organisation's implementation of internal audit management actions. The initial review focused on the actions raised as part of the negative assurance opinions provided for Fleet Management; Health and Safety; Gazetteer; and On-Call Firefighter Recruitment. As part of this we considered the 19 management actions raised as part of these reviews which comprised of five high, 10 medium, and four low priority management actions. We confirmed that of the 19 actions raised, 16 were due at the time of review and we confirmed 11 actions had not been fully implemented. Our overall opinion confirmed the organisation had made **little progress** towards those actions previously raised.

We performed a further Follow Up review which considered the closed actions which had been raised as part of the Follow Up – Payroll; ICT – Maintenance and Updates; Procurement; and Follow Up of 2022/23 Negative Opinions: Fleet Management; Health and Safety; Gazetteer; and On-Call Firefighter Recruitment. We considered 20 management actions which comprised of five high, 13 medium, and two low priority management actions. We confirmed that 11 actions had been fully implemented and nine actions had been partly though not yet fully implemented or had not been implemented resulting in a **little progress** opinion being provided.

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

The reviews completed in 2023 / 2024 did not include the use of subject matter experts; however, we will continue to use subject matter experts when appropriate to ensure true value is added to the organisation. As part of our client service commitment, during 2023 / 2024, we have issued emergency services briefings within our progress reports presented to the organisation detailed below. We will continue to share our briefings with you during 2024 / 2025.

Area of work	How has this added value?
Emergency Services – Sector Update: May 2023	<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">• NFCC launch first evidence-based risk assessment methodologies.• More rigorous checks for fire and rescue employees.• Culture action plan.• Positive practice portal.• The Fire Standards Board launch two new professional standards.
Emergency Services – Sector Update: August 2023	<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">• NFCC publishes the culture action plan.• Terms of reference: Home Secretary's commission for a thematic inspection of the handling of misconduct.
Emergency Services – Sector Update: November 2023	<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">• Fires attended by fire and rescue services.• Workforce and pensions statistics.• Progress against recommendation made to fire and rescue services.
Emergency Services – Sector Update: March 2024	<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">• Fire and rescue incident statistics.• The government's response to the fire reform white paper and consultation.• New data management framework.• Consultation on internal governance and assurance fire standard.

Area of work	How has this added value?
RSM's Analysis of Emergency Services Risk Registers	We reviewed the key risks faced by our emergency services clients. We analysed 38 emergency services' strategic risk registers and 540 individual risks.
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, including North Yorkshire Police, Fire and Crime Commissioner, Fire and Rescue Authority.

Conflicts of interest

RSM has not undertaken any work or activity during 2023 / 2024 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 2023 / 2024, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

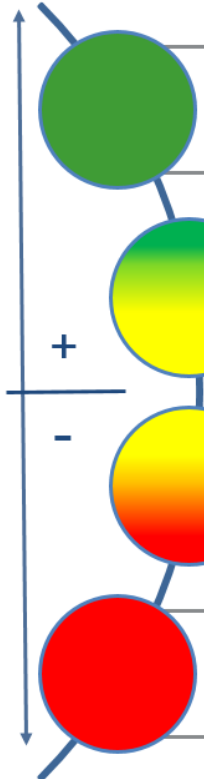
In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

Performance indicators

Delivery	Quality	
	Target	Actual
Draft reports issued within 10 working days of debrief meeting	10 days	9 working days (average)
	Conformance with PSIAS and IIA Standards	Yes
	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes
		As and when required
Final report issued within 3 working days of management response	3 days	1 working day (average)
	Response time for all general enquiries for assistance	2 working days
	Response for emergencies and potential fraud	1 working day

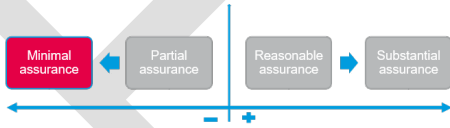

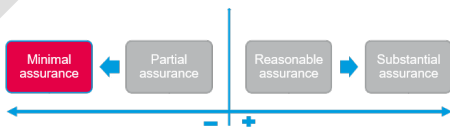
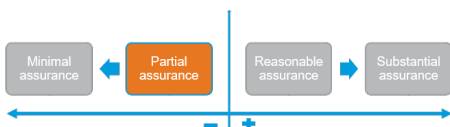
APPENDIX A: ANNUAL OPINIONS


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
 <div data-bbox="392 403 1176 531"> <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> </div> <div data-bbox="392 592 1176 719"> <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> </div> <div data-bbox="392 780 1176 908"> <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> </div> <div data-bbox="392 968 1176 1096"> <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p> </div>	<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 2023 / 2024

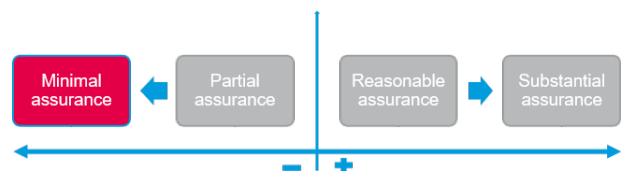
All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Assurance level	Actions agreed		
		L	M	H
Asset Management (draft)	Minimal Assurance 	1	5	5
Estates Management	Minimal Assurance 	3	10	3
Supplier Payments: Process and Control Assurance	Minimal Assurance 	0	6	3
Security Policy Framework (draft)	Partial Assurance 	1	7	2

Assignment	Assurance level	Actions agreed		
		L	M	H
Grenfell Action Plans	Substantial Assurance	2	1	0
 <pre> graph LR A[Minimal assurance] --> B[Partial assurance] C[Reasonable assurance] --> D[Substantial assurance] style D fill:#2e7d32,color:#fff </pre>				
Follow Up of Previous Internal Audit Management Actions (draft)	Little Progress	3	6	0
Follow Up of 2022/23 Negative Opinions: Fleet Management, Health and Safety, Gazetteer and On-Call Firefighter Recruitment	Little Progress	1	9	1

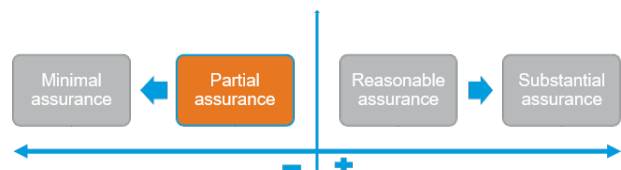
APPENDIX C: OPINION CLASSIFICATION

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



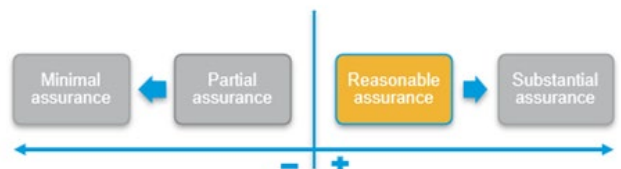
Taking account of the issues identified, the Police, Fire and Crime Commissioner, Fire and Rescue Authority **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



Taking account of the issues identified, the Police, Fire and Crime Commissioner, Fire and Rescue 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.



Taking account of the issues identified, the Police, Fire and Crime Commissioner, Fire and Rescue Authority Yorkshire 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.



Taking account of the issues identified, the Police, Fire and Crime Commissioner, Fire and Rescue 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 **North Yorkshire Police, Fire and Crime Commissioner, 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.

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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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