



ESSEX POLICE, FIRE AND CRIME COMMISSIONER, FIRE AND RESCUE AUTHORITY

Internal Audit Progress Report

Presented at the Audit Committee of:

24 March 2023

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1 Key messages

The internal audit plan for 2022/23 was approved by the Audit Committee at the March 2022 meeting. This report provides an update on progress against that plan and summarises the results of our work to date.



Since the last Audit Committee, we have issued two **final reports** from the 2022/23 internal audit plan.

One was an advisory review of **Cyber Essentials**.

The second was a split opinion of relating to **Key Financial Controls – Overtime and Additional Shift Work (partial assurance) and CIPFA Financial Management Code (substantial assurance)**. [\[to note\]](#)



The fieldwork is complete for two further reviews from the 2022/23 plan are complete and the reports are currently in the quality assurance process. This concludes all reports from the 2022/23 plan:

- **Change Management; and**
- **Efficiency and Cost Savings**. [\[to note\]](#).





The proposed internal audit plan for 2023/24 is also on today's agenda. [\[To note\]](#)

2 Reports

2.1 Summary of final reports being presented to this committee

This section summarises the reports that have been finalised since the last meeting from the 2022/23 plan:

Assignment	Opinion issued	Actions agreed		
		H	M	L
<p>Cyber Essentials (4.22.23)</p> <p>Essex Police, Fire and Crime Commissioner, Fire and Rescue Authority completed a Cyber Essentials self-assessment questionnaire in October 2022. We agreed 7 actions to address some issues identified during our audit.</p>	Advisory review	1	3	3
<p>Key Financial Controls – Overtime and Additional Shift Work and CIPFA Financial Management Code (5.22.23)</p> <p>Overtime and ASW - We concluded from our review that there were controls in place for awarding ASW and allocating staff for overtime and ASW. However, we found compliance issues and areas of control weakness which require timely management attention. These were in relation to the ability to overwrite hours claimed within the system resulting in inaccuracies of payments made. We identified four out of 25 of our sample testing with errors. Whilst additional data analytics testing only identified overpayments amounting to £1.3k between March and October 2022, a control weakness has been identified that present a risk that needs to be addressed.</p> <p>We noted that up until the introduction of the Power BI dashboard, budget holders were not sighted on overtime commitment and spend as the approval process is undertaken by station managers and sent to the payroll department for payment to be made. We noted that there was also a lack of challenge/oversight/scrutiny of overtime/ASW from a strategic level despite the spend exceeding £890k cumulatively for the year.</p> <p>CIPFA Code - We concluded from our review that a robust self-assessment against the requirements of the CIPFA FM Code had been completed by the Service which outlined that the</p>	<p>Partial assurance (Overtime and ASW)</p> 	1	1	2
	<p>Substantial assurance (CIPFA FM Code)</p> 	-	-	2



Assignment	Opinion issued	Actions agreed		
		H	M	L
<p>Service has retained sufficient evidence to demonstrate that they have applied and complied with the requirements of the FM Code.</p> <p>We noted only minor areas for improvement in relation to governance and action planning with SMART activities with clear deadlines identified to further improve application of the principles from the FM Code.</p>				

3 Progress against the internal audit plan 2022/23

Assignment	Start date / Status	Draft report issued	Final report issued	Opinion	Actions agreed			Target Audit Committee (as per IA plan)	Actual Audit Committee
					H	M	L		
Emergency Response Driving	FINAL	01/08/22	19/08/22	Reasonable Assurance	-	3	1	September 2022	September 2022
Control Room – New Mobilising System	FINAL	18/11/22	01/12/22	Reasonable Assurance	-	2	2	December 2022	December 2022
Follow Up – Part 1	FINAL	Draft 13/09/22, 16/11/22 and 02/12/22	07/12/22	Reasonable Progress	-	6	3	March 2023	December 2022
Cyber Security (was Information Governance*)	FINAL	25/11/22	21/02/23	Advisory	1	3	3	March 2023	March 2023
Key Financial Controls-Overtime and Additional Shift Work and CIPFA Financial Management Code	FINAL	Draft 03/02/23, 08/03/23	14/03/23	Partial Assurance (Overtime and ASW)	1	1	2	March 2023	March 2023
				Substantial Assurance (CIPFA FM Code)	-	-	2		
Change Management	Fieldwork complete							June 2023 (March 2023)**	
Efficiency and Cost Savings	Initial fieldwork complete, quality assurance process identified some additional testing required.							June 2023 (December 2022)**	

* to be replaced with the Cyber Security review which was originally planned for 2021/22.

** See explanation of change below.

4 Other matters

Changes to the audit plan

There have been the following changes to the 2022/23 plan since the last meeting:

Auditable area	Reason for change
Efficiency and Cost Savings	Due to auditor availability and value added input sought by management, the completion of the fieldwork for this review was delayed until early March 2023. As such, this report will now be presented at the June 2023 AC meeting.
Change Management	Fieldwork did not complete until late February 2023 and so the report had not been issued in draft at the time of this report. This report will now be presented at the June 2023 AC meeting.

The following changes were previously reported:

Auditable area	Reason for change
Information Governance	We were asked to replace the Information Governance review with the Cyber Security review which was originally proposed for 2021/22.
Key Financial Controls - Overtime and Additional Shift Work and CIPFA Financial Management Code	The fieldwork commenced in December 2022 as per the dates agreed with management for both reviews. Therefore, the final reports will not be issued for the December 2022 AC as originally scheduled per the plan approved in March 2022 (which included indicative dates).
Efficiency and Cost Savings	



Head of Internal Audit Opinion 2022/23

The Audit Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular the Audit Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion.

We have issued one negative opinion from the four final reports issued to date. We also identified some weaknesses in the advisory review of Cyber Security. Whilst both of these findings will impact our year end opinion, they will not qualify the year end opinion. We will keep management updated as reports are finalised and present our annual opinion at the June 2023 meeting.

Information and briefings

Since the last Audit Committee meeting, we have issued the following newsletters and briefing papers:

- Emergency Services client briefing March 2023;
- Emerging Risk Radar; and
- Procurement and Contract Management Newsletters (January and February 2023).

RSM External reviews of quality

One of the key measures of quality is an independent third-party assessment and, as a firm we are required to conform to the requirements of the International Professional Practices Framework (IPPF) published by the Global IIA. Under the Standards, internal audit services are required to have an external quality assessment (EQA) every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

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.

5 Key performance indicators (KPIs)

	Target	YTD Actual	Explanation of variance	Notes
% Proportion of audit plan complete or in progress	100%	100%		100% target for the year.
Draft reports issued within 15 working days of debrief meeting	95%	100%		
Average working days between debrief meeting and draft report being issued	15 days	10 days		
Management responses received within 15 working days of draft report	95%	100%		
Management responses to reports containing high priority actions or negative opinions received within 15 working days of draft report	95%	100%		
Average working days taken for management to respond to draft report	20 days	7 days		
Final report issued within 3 working days of management response	95%	100%		
% of staff with CCAB/CMIIA qualifications /qualified by experience on audits	50%	54%		QBE = 10+ years relevant sector experience

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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.

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