



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

Internal Audit Progress Report

Presented at the Audit Committee of: 16 June 2023

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1 Key messages

The internal audit plan for 2023/24 was approved by the Audit Committee at the March 2023 meeting. This report provides an update on progress against that plan, any remaining audits from the 2022/23 plan, and summarises the results of our work to date.



Since the last Audit Committee, we have issued the two **final reports** from the 2022/23 internal audit plan and this concludes the 2022/23 internal audit reviews:

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



Dates have been agreed for the 2023/24 reviews and we are currently agreeing the scopes for the reviews with management. [\[to note\]](#)



The Head of Internal Audit Opinion and annual report 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>Change Management (6.22.23)</p> <p>Overall, we confirmed through our review that the Service has well-designed and consistently applied processes and governance arrangements to ensure strategic changes are planned, approved, monitored, and assessed appropriately. We identified the Service has change management documentation in place which clearly details the Service’s approach and a lifecycle project flowchart that clearly sets out the steps that should be taken from pre-project through to project closure. We also identified consistent communication of engagement plans and outcomes pertaining to the Service’s portfolio and subsequent programmes.</p> <p>In addition, we noted the presence of communication logs for projects, completion of change request forms, and appropriate approval of changes. The Service also has robust governance and reporting arrangements in place in relation to the approvals and reporting of progress against the change management programme.</p> <p>We identified minor control weaknesses relating to the absence of plans or tracking mechanisms to assist the Service in maintaining the current maturity level of three or further improving its maturity levels to levels four and five in relation to the Portfolio, Programme, and Project Management Maturity Model (P3M3). We also noted a minor issue relating to a disconnect between the closure of projects and the eventual benefits realisation.</p>	<p>Substantial Assurance</p>	-	-	2
<p>Efficiency and Cost Savings (7.22.23)</p> <p>Noting the efficiency savings process was in its infancy at the Service, overall, we confirmed that the Service has established controls with regards to monitoring and reporting against the budget and savings and efficiency programme through budget management procedures and the governance structure. We confirmed that budget holders were in communication with the finance team during the budget setting process and throughout the year for monitoring the budget and efficiency savings.</p>	<p>Reasonable Assurance</p>	1	-	3



Assignment	Opinion issued	Actions agreed		
		H	M	L
<p>We confirmed that the savings and efficiencies identified were included in the MTFS and the MTFS and the budget were both reviewed and approved by the PFCC. We confirmed that a robust governance structure had been designed and was operating effectively in relation to the review, challenge and monitoring of the budget and the identification and tracking of savings and efficiencies.</p> <p>We noted an area of weakness in relation to the validity of savings and efficiencies identified due to timing differences between budget updates, overstatement of savings that should have been removed and input errors in the tracker, with significant variances between the potential savings identified and the underlying assumptions. We also noted other areas of weakness; with differences between the MTFS and the Tracker of £100k, a lack of a formalised validation process and a lack of action tracking for identified savings shortfalls.</p> <p>In order to strengthen the reliability of the data in the Tracker, the Service may wish to consider implementing some of the areas of best practice provided.</p>				

2 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	FINAL	22/03/23	12/04/23	Substantial Assurance	-	-	2	June 2023 (March 2023)**	June 2023
Efficiency and Cost Savings	FINAL	05/05/23	07/06/23	Reasonable Assurance	1	-	3	June 2023 (December 2022)**	June 2023

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

** See explanation of change in section 4 below.

3 Progress against the internal audit plan 2023/24

Assignment	Start date / Status	Draft report issued	Final report issued	Opinion	Actions agreed			Target Audit Committee (per IA plan)	Actual Audit Committee
					H	M	L		
KFC - On-call payments and processes	Fieldwork complete							September 2023 (June 2023)	
Collective Productivity of Wholetime Stations	Fieldwork in progress							September 2023	
Service Actions post Grenfell and Manchester Arena	13/07/2023							September 2023	
Finance system - prep-implementation review	14/08/2023							December 2023	
Culture and Behaviours	25/09/2023							December 2023 (June 2023)	
Follow up	14/12/2023							March 2024	

4 Other matters

Changes to the audit plan

There have no further changes to the 2022/23 plan since the last 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	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.

Head of Internal Audit Opinions 2022/23

The Audit Committee should note that the assurances given in our audit assignments is included within our Annual Assurance report. In particular the 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.

Our Annual Report for 2022/23 is on the June Audit Committee agenda.

Information and briefings

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

- Emergency Services client briefing May 2023;
- Using your Strategic Risk Appetite; and
- Emergency Services Risk Register Analysis.



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 2022/23 (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%	71%	Cyber Security and Change Management were issued 17 and 19 days after the debrief date respectively (due to auditor annual leave).	
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	8 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%	65%		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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