



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

Annual internal audit report 2022/23

16 May 2023

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

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

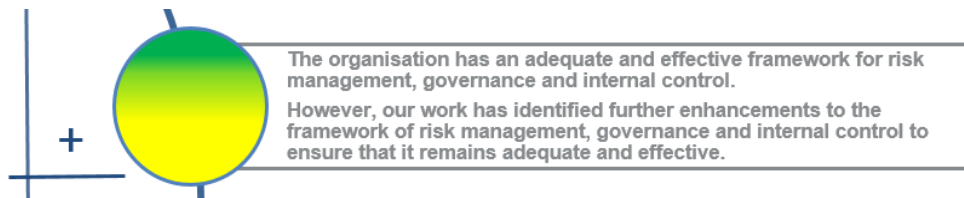


THE ANNUAL INTERNAL AUDIT OPINION

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 2023, the head of internal audit opinion for Essex 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 audit 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 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;
- 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

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

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 have not undertaken a specific review of governance arrangements within 2022/23, however throughout our audits, we have reviewed elements of the governance arrangements and frameworks in place which has helped inform our governance opinion. For example, our change management, cyber security and efficiency and cost savings audits have all considered the governance arrangements in place.

Risk Management

We have not undertaken a full review of risk management arrangements during 2022/23, however, our internal audit plan is risk-based and has included a number of audits designed to allow the Authority to take assurance that controls covering some of the strategic risks are designed and operating effectively. Our risk management opinion has also been informed from our attendance at Audit Committee meetings, where risk management is a standing agenda item and where strategic and operational risks are discussed and constructively challenged. We have also used our cumulative knowledge of the risk management processes in place to inform our opinion.

Internal Control

During the year we completed six assignments, which including one advisory review on cyber security, and a follow up review. Five of these reviews concluded with a positive assurance opinion:

- Change Management – **Substantial** Assurance
- Emergency Response Driving – **Reasonable** Assurance
- Control Room – New Mobilising System – **Reasonable** Assurance
- Efficiency and Cost Savings – **Reasonable** Assurance
- Follow Up – **Reasonable** Progress

The Key Financial Controls – Overtime and Additional Shift Work (ASW) and CIPFA Financial Management Code had a split opinion. **Substantial** Assurance (CIPFA Financial Management Code) and **Partial** Assurance (Overtime and Additional Shift Work (ASW)).

We identified some compliance issues and areas of control weakness which require timely management attention relating to the ability to overwrite hours claimed within the overtime system resulting in inaccuracies of payments made and a lack of challenge/oversight/scrutiny of overtime/ASW from a strategic level.

We also undertook an advisory review of Cyber Security. The Authority completed a Cyber Essentials self-assessment questionnaire in October 2022 and based upon the evidence available at the time of our fieldwork, we found that 50 of the 64 requirements from the five Cyber Essentials control themes had evidence to support the self-assessment that controls are established. Of the remaining 14 requirements, six were not applicable, one was not started, and issues were identified in the remaining seven. These issues were identified across the Office Firewalls and Internet Gateways, Secure Configuration and User Accounts and Administrative Accounts control themes. We agreed one high, three medium and three low priority management actions.

The follow up review assessing the progress made to implement previously agreed management actions, which concluded that the organisation had made **reasonable progress** in implementing previously agreed management actions (see below).

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 one negative assurance opinion (Key Financial Controls – Overtime and Additional Shift Work (ASW) and CIPFA Financial Management Code) in 2022/23 and one advisory review (Cyber Security) with some weaknesses. The Essex Police, Fire and Crime Commissioner, Fire and Rescue Authority should therefore consider these reviews when completing the Annual Governance Statements (AGS), together with any actions already taken and action planned by management to address the actions agreed.

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 and any significant issues from advisory 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 2022/23.

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 Committee, with the validation of the action status confirmed by internal audit through a follow up review.

The follow up audit showed that the organisation had made **reasonable progress** in implementing the agreed actions (in line with our definitions).

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

As part of our client service commitment, during 2022/23, we have issued four emergency services sector briefings within our progress reports presented to the Audit Committee tailed below. We will continue to share our briefings with you during 2023/24.

Area of work	How has this added value?
Emergency Services – Sector Update: June 2022	<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">• Data management fire standard consultation;• Fire Standard is launched;• Reforming fire and rescue services; and• The Fire Risk Assessment Prioritisation Tool.
Emergency Services – Sector Update: September 2022	<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 Service inspections 2021/22;• Fire standards implementation sessions; and• Fire and rescue incidents statistics.
Emergency Services – Sector Update: December 2022	<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">• Economic and Social Value of the UK Fire and Rescue Services Methodology;• Early Intervention Implementation Framework launched; and• Fire Standards Board launches new standard.
Emergency Services – Sector Update: March 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">• State of Fire and Rescue: The Annual Assessment of Fire and Rescue Services in England 2022;• Fire and rescue services inspection programme and framework;• Fire Safety (England) Regulations 2022;

	<ul style="list-style-type: none"> • Firefighters far more likely to die from cancer and heart attacks than public; and • The Fire Standards Board open consultations on two Standard.
Best Practice	Shared best practice across the sector through our work.
Briefings and Publications	Issued non-sector specific briefings throughout the year to the ARFC and management as part of our ARFC papers, including in relation to Emergency Services Internal Audit Benchmarking.
The NED Network	The role of the Non-Executive Director is crucial. Whilst not typically involved in the day-to-day operations of a firm, they should be influencing policy, culture and accountability. RSM launched The NED network to help non-executive directors stay abreast of key issues, networking with peers and share ideas. Non-executive directors are invited to join free of charge. We have delivered an annual programme of events, along with supporting insights, articles and blogs designed specifically for our NED community.
Use of specialists	We have utilised specialists to support the delivery of the Internal Audit plan throughout 2022/23. This includes the use of Cyber specialists in the Cyber Security review.
Audit Committee attendance	We have attended all Audit Committees and where appropriate contributed to the wider agenda.

Conflicts of interest

RSM have undertaken some Anti-Fraud and Bribery training in 2022/23 and we have also been commissioned to assist the Authority in the recruitment of a new Audit Committee Chair. All this work was undertaken via separate letters of engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We have considered as part of all of these additional engagements the safeguards required to be in place and are satisfied that these have been met.

RSM has not therefore undertaken any work or activity during 2021/2022 that would lead us to declare any conflict of interest or a self-review threat.

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 2022/23, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

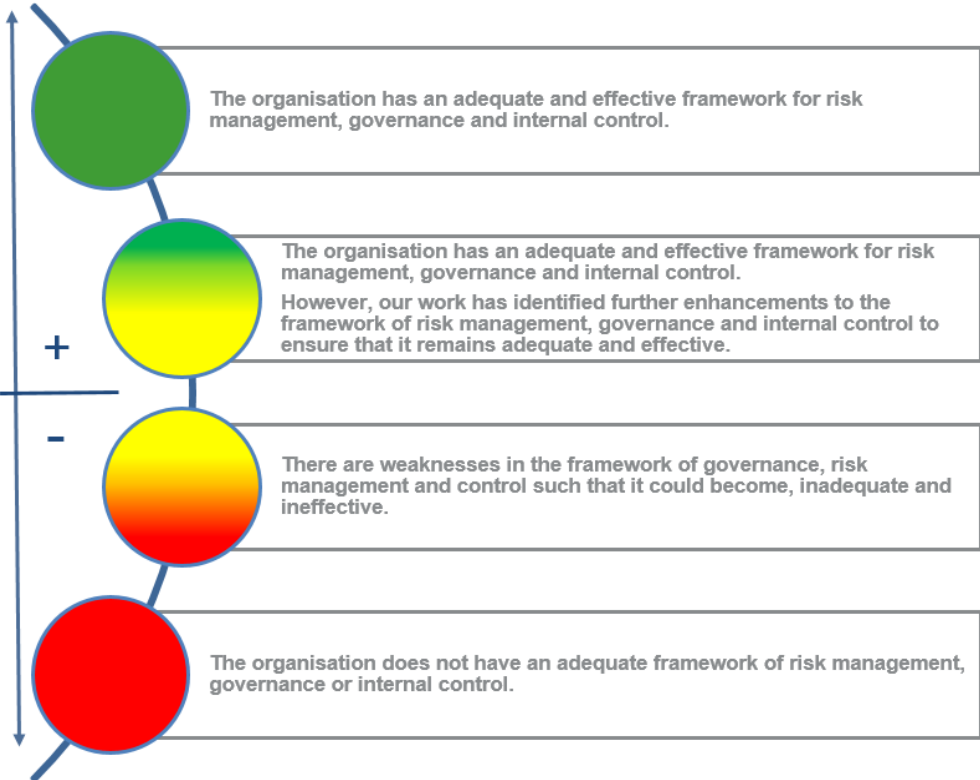
In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

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

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"> • 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.

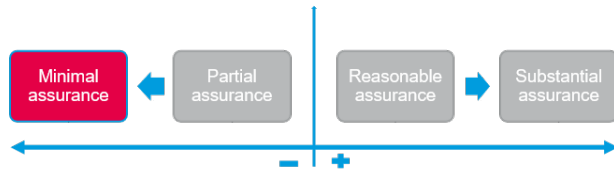
APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2022/23

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
Key Financial Controls (split opinion)	Overtime and Additional Shift Work (ASW)	Partial Assurance [●]	2	1	1
	CIPFA Financial Management Code	Substantial Assurance [●]	2	-	-
Emergency Response Driving		Reasonable Assurance [●]	1	3	-
Control Room – New Mobilising System		Reasonable Assurance [●]	2	2	-
Efficiency and Cost Savings		Reasonable Assurance [●]	3	-	1
Follow Up		Reasonable Progress [●]	3	6	-
Change Management		Substantial Assurance [●]	2	-	-
Cyber Security		No opinion / Advisory [●]	3	3	1

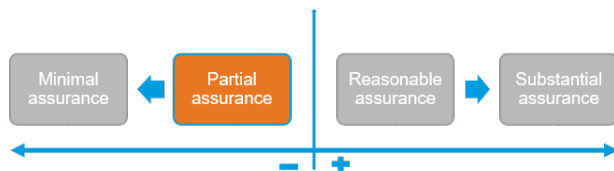
APPENDIX C: OPINION CLASSIFICATION

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



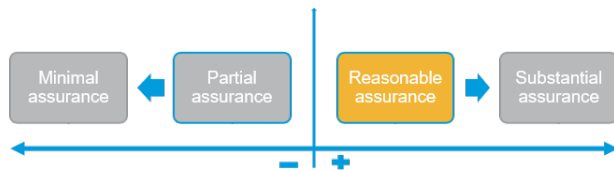
Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



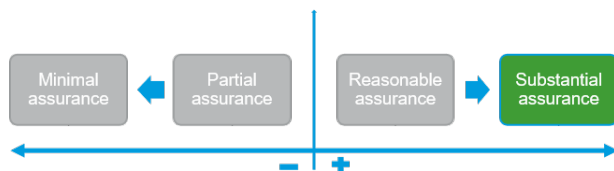
Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



Taking account of the issues identified, the board 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 board 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

Daniel Harris, Head of Internal Audit

Daniel.Harris@rsmuk.com

+44 (0)7792 948767

Zoe Hibbert, Manager

Zoe.Hibbert@rsmuk.com

+44 (0)1245 454106

rsmuk.com

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 Essex 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.

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.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.