



CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY

FINAL Annual internal audit report 2021/22

20 September 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.

THE POWER OF BEING UNDERSTOOD
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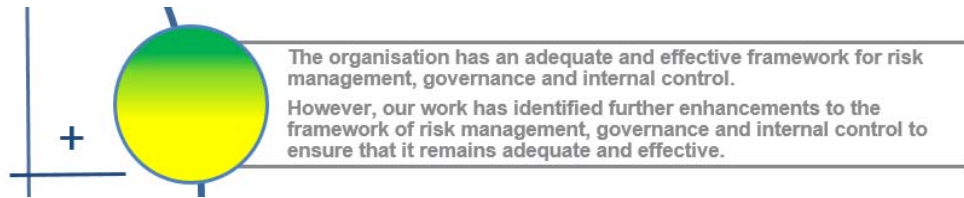


THE ANNUAL INTERNAL AUDIT OPINION

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 12 months ended 31 March 2022, the head of internal audit opinion for Cambridgeshire and Peterborough Fire 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 overview and scrutiny 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 risk register. The risk register and related assurances are 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

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- our internal audit work for 2021/22 has continued to be undertaken through the operational disruptions caused by the Covid-19 pandemic. In undertaking our audit work, we recognise that there has been some impact on both the operations of the organisation and its risk profile; and our annual opinion should be read in this context.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

Overview

Our Governance opinion has been informed specifically through our continued attendance at the Overview & Scrutiny Committee, as well as elements of our audits which reviewed reporting and data arrangements (for example Key Financial Controls and Sickness Absence)

Our Risk Management opinion has also been informed by our risk-based approach to individual assignments and attendance at the Overview & Scrutiny Committee.

During the year we have completed five assurance assignments, from which the Authority could take positive assurance (three substantial assurance and one reasonable assurance) these being:

- **Human Resources – Wellbeing Strategy – Substantial Assurance**
- **Key Financial Controls – Substantial Assurance**
- **CFRMIS - Collection and Update of Risk Information – governance, planning and staff training – Substantial Assurance**
- **Capital Projects – Training Centre – Reasonable Assurance**
- **Training Centre Resourcing – Reasonable Assurance**

We issued the following two reports where we concluded that the Authority could only take **partial assurance**:

Asset and Fleet Management System - Partial Assurance

We found there to be adequate controls in place with respect to schedule of works, including a planned maintenance date populated within Miquet and confirmed, from our sample of assets, that barcodes were present to allow scanning of assets for inventories. In addition, governance arrangements were in place to manage asset and equipment issues.

However, we identified a number of weaknesses that needed to be addressed. We found that processes could be improved in relation to utilising the asset management system. Miquet provided fields to be populated, such as asset cost, end of life, station location and purchase dates, however these were not being fully utilised or consistently populated. This posed a risk in being able to manage the Authority's assets and could impact appropriate budgetary decisions. In addition, the Authority did not have an Asset Management Policy in place to define the roles and responsibilities with regards to asset management, furthermore there was no central guidance on how the Authority purchased, tested and maintained their assets.

Sickness Absence Management - Partial Assurance

Our review noted a number of areas of good practice operating effectively at the Authority, including roles and responsibilities being clearly documented and defined, regular reporting and discussion of sickness absence levels throughout the organisation from the Area Commanders up through to the Chief Officers Advisory Group, an Employee Assistance Programme being in place, as well as staff being referred to Occupational Health in a timely manner, and sickness absence being recorded on the payroll system accurately.

However, our review also noted a number of areas where improvements could be made to further strengthen the control environment. These included compliance with sickness absence procedures, with exceptions identified regarding the completion of return to work meetings, maintaining a contact log, and properly recording actions against trigger points. Our testing also noted cases where doctors' notes were either not on file or did not cover the entire absence period. Additionally, COVID-19 was confirmed to have impacted the delivery of training, with no absence management training delivered since 2019.

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

Based on the work we have undertaken on the Authority's system on internal control, we consider that the issues identified above within the partial assurance reviews above should be areas that are considered by the Authority to be flagged as significant control issues when drafting the Annual Governance Statement (AGS), along with any actions already taken to address the issues identified.

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 2021/22.

Implementation of internal audit management actions

Taking account of the issues identified through our work, in our opinion Cambridgeshire and Peterborough Fire Authority has demonstrated **reasonable progress** in implementing agreed management actions.

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 2021/2022, 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 2022/2023.

Area of work	Areas covered
Emergency Services – Sector Update: June 2021	<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">• Cyber Crime;• Code of Ethics for fire and rescue services;• Home Secretary to strengthen Police and Crime Commissioner role; and• The annual assessment of fire and rescue services.
Emergency Services – Sector Update: August 2021	<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">• Climate change risk: A guide for Audit and Risk Assurance Committees;• Risk Appetite – it's slippery;• Community Risk Management Planning; and• Fire Protection Learning Portal.
Emergency Services – Sector Update: November 2021	<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">• Cyber and information security;• ESG (Environmental, Social & Governance); and• Protection Fire Standard.
Emergency Services – Sector Update: March 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">• RSM and CIPFA Public Procurement Webinar;• Strengthening resilience: lessons learnt from the impacts of the pandemic; and• Analysis of non-fire incidents.

Best Practice	Shared best practice across the sector through our work.
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.
Procurement	The organisation has been invited to our RSM and CIPFA Public Procurement Webinars. These are a series of procurement and contract management network webinars offering expert advice on EU and UK public sector procurement legislation and practice. These monthly webinars include an update on current developments in public procurement as well as a more detailed discussion on a selected topical area.

Conflicts of interest

RSM has not undertaken any work or activity during 2021/22 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.

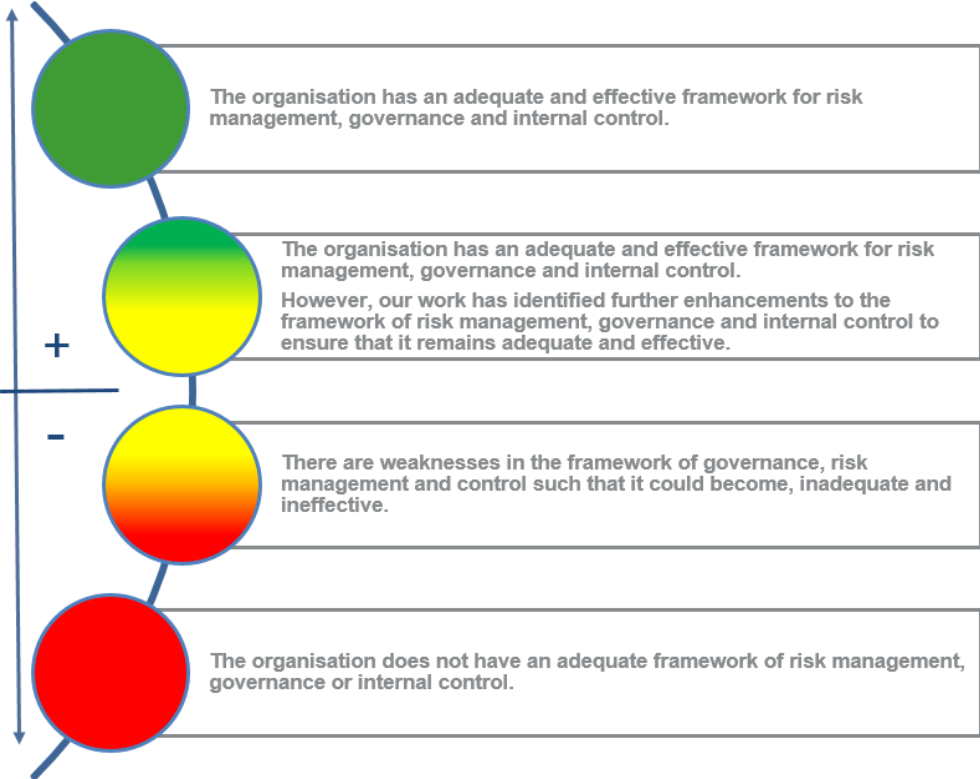
Quality assurance and continual improvement

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 2021/22, 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.

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.

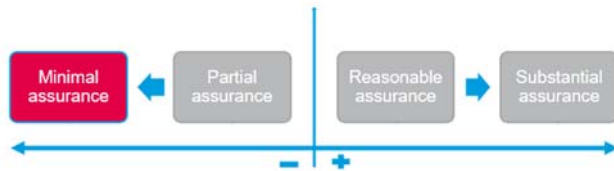
APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2021/22

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		
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Asset and Fleet Management	Partial Assurance [●]	2	4	0
Sickness Absence Management	Partial Assurance [●]	1	4	0
Human Resources – Wellbeing Strategy	Substantial Assurance [●]	1	0	0
Key Financial Controls	Substantial Assurance [●]	2	0	0
Capital Projects – Training Centre	Reasonable Assurance [●]	2	1	0
Follow Up	Reasonable Progress [●]	0	7	0
CFRMIS - Collection and Update of Risk Information – governance, planning and staff training	Substantial Assurance [●]	3	0	0
Training Centre Resourcing	Reasonable Assurance [●]	1	0	0

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:



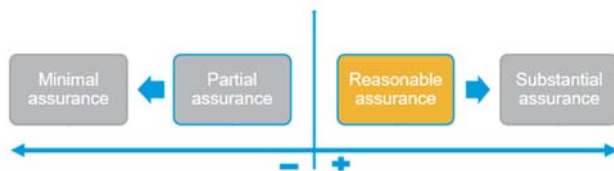
Taking account of the issues identified, the authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



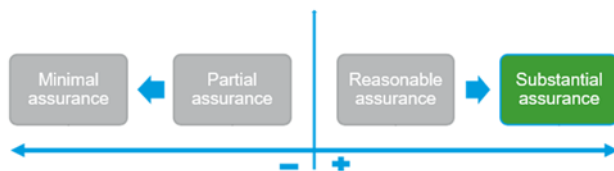
Taking account of the issues identified, the authority can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



Taking account of the issues identified, the authority 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 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 Cambridgeshire and Peterborough Fire 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.

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