

OVERVIEW & SCRUTINY COMMITTEE



CAMBRIDGESHIRE
& PETERBOROUGH
FIRE AUTHORITY
Working together to improve community safety

Date: Thursday, 21 April 2022

14:00hrs

Fire and Rescue Service Headquarters

AGENDA

Open to Public and Press by appointment

1. Apologies for absence and declarations of interest

*Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>*

2. Minutes and Action Log

[Minutes](#) - 12 January 2022

Action Log - April 2022

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3. Petitions and Public Questions

OVERVIEW

4. Cyber Security Overview

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5. IRMP Performance Measures

To follow.

AUDIT

- | | | |
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| 6. | Internal Audit Plan | 9 - 26 |
| 7. | Internal Audit Progress Report | 27 - 38 |

SCRUTINY

- | | | |
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| 8. | Member Led Review
<i>To follow.</i> | |
| 9. | Work Programme | 39 - 42 |
| 10. | Date of Next Meeting
6 July 2022 | |

The Overview & Scrutiny Committee comprises the following members:

COVID-19

The legal provision for virtual meetings no longer exists and meetings of the Council therefore take place physically and are open to the public. Public access to meetings is managed in accordance with current COVID-19 regulations and therefore if you wish to attend a meeting of the Council, please contact the Committee Clerk who will be able to advise you further.

Councillor Sebastian Kindersley (Chair) Councillor Simone Taylor (Vice-Chair) Councillor Andrew Bond and Councillor Scott Warren Councillor Ian Gardener Councillor John Gowing Councillor Mac McGuire Councillor Catherine Rae

Clerk Name:	Daniel Snowdon
Clerk Telephone:	01223 699177
Clerk Email:	daniel.snowdon@cambridgeshire.gov.uk

Minutes - Action Log

This is the updated action log as at 21 April 2022 and captures the actions arising from the most recent Overview and Scrutiny Committee meetings and will form an outstanding action update to Members on the progress on compliance in delivering the necessary actions.

Minute No.	Report Title	Action to be taken by	Action	Comments	Status
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Minutes of the January 2022 Committee (virtual)

23	IRMP Performance Measures		Members requested a briefing note be circulated to all Fire Authority regarding the relationship with the ambulance service and co-responding.	Update 21 April 2022 Fire Authority seminar held on 10 February 2022 which included the subject of co-responding.	Completed
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To: Overview and Scrutiny Committee
From: Head of ICT and OHU - John Fagg
Presenting Officer: Deputy Chief Executive Officer – Matthew Warren
Telephone: 01480 444619
Email: matthew.warren@cambsfire.gov.uk
Date: 21 April 2022

Cyber Security Update Report

1. Purpose

- 1.1 The purpose of this report is to provide the Overview and Scrutiny Committee with an update on the current position with regards cyber security.

2. Recommendation

- 2.1 The Committee is asked to note the contents of this report and make comments as they deem appropriate.

3. Risk Assessment

- 3.1 Political – the current situation in Ukraine has elevated the risk of cyber incidents across the world. Public sector organisations in the UK are potential targets for foreign state actors.
- 3.2 Economic – with the current financial situation, cybercrime has the potential to rise where individuals see it as a relatively easy and low risk source of income; less sophisticated attacks are possible as novice cyber criminals enter the field.
- 3.3 Technological – technological advancements and the ease of accessibility for relatively inexperienced individuals to source Malware via software as a service (SaaS) portals is increasing. The reliance on technology by businesses mean that any cyber incidents can pose a risk to continued operations.
- 3.4 Legal – cybercrime poses a risk to data security. The Data Protection Act requires organisations to protect personal data from compromise. Any cyber incident leaves the Service open to investigation by the Information Commissioner posing financial and reputational risks.

4. Current Position

- 4.1 Cyber risks are ever apparent within all areas of business. Although usually for financial reward, attacks may also look to seek publicity or to deprive the public of services. Attackers take advantage of wider political and social economic situations to launch attacks and target unsuspecting members of staff. Nationally, cyber-attacks increased as a result of the COVID-19 pandemic and the recent events in Ukraine have elevated risks of cyber security incidents further, either through targeted or untargeted attacks.
- 4.2 Cambridgeshire Fire and Rescue Service (CFRS) has always taken cyber security seriously, being the only fire service to have achieved and maintained their ISO 27001 (Information Security Management) accreditation. This standard requires regular external audits from the British Standard Institute (BSI) inspectors to ensure compliance is being maintained. The last full recertification inspection in April 2021 identified only two minor non-conformities and highlighted a number of areas of good practice. The Information Governance Manager continues to monitor and audit performance against this standard internally, working with the BSI during any external audits.
- 4.3 A requirement of the ISO 27001 certification is to conduct annual penetration testing of the ICT infrastructure to identify any areas of vulnerabilities. The evaluation involves conducting external, internal and social engineering testing by an accredited external company. The reports generated are clearly confidential due to the nature of any findings. Any remediation plans following the receipt of the reports are put into place to ensure critical and high risk vulnerabilities are rectified as a matter of urgency, with a further plan in place to address, where appropriate, any medium and low risk vulnerabilities. Additionally, a penetration test of the mobilisation system is required post any major system change as part of the Code of Connection requirements for the Airwave communication system. The requirements for this will continue with the move to the new system solution and the future move to the Emergency Services Network (ESN).
- 4.4 In 2021, CFRS engaged an independent company (jointly with Bedfordshire Fire and Rescue Service) to validate existing cyber measures, security tools and training to identify any areas of improvement. They confirmed that we were in a good position compared to many other businesses that they had audited but did make a number of suggestions on areas that could be further enhanced. The ICT Shared Service staff have been evaluating a number of options as a result of the external recommendations, with further investment in cyber security tools to be made this financial year. These will primarily be to automate some areas of system monitoring to relieve pressure on staff and to ensure any future cyber incidents are quickly identified and mitigated.
- 4.5 ICT staff are informed of any new cyber threats via the National Cyber Security Centre's (NCSC) Cyber Incident Sharing Partnership (CiSP). This is a secure, online forum to exchange cyber security information in real time, in

a confidential and dynamic environment. Our free membership increases situational awareness. When appropriate, cyber threats are also shared directly by the Home Office on behalf of the NCSC.

- 4.6 The ICT Shared Service staff also sign up to the NCSC early warning service. This provides timely notifications about possible incidents and security issues. The service automatically filters through trusted threat intelligence sources to offer specialised alerts for organisations so they can investigate malicious activity and take the necessary steps to protect themselves.
- 4.7 CFRS are therefore in a good position with regard to defensive technologies and our ability to respond to any perceived or actual cyber incident.

Bibliography

Source Documents: None



CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY

Internal Audit Plan 2022 - 2023

Presented at the Overview and Scrutiny Committee meeting of: 21 April 2022

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.

EXECUTIVE SUMMARY

Our Internal Audit Plan for 2022/23 is presented for consideration by the Overview and Scrutiny Committee.

The key points to note from our plan are:



2022/23 Internal Audit priorities: Internal audit activity for 2022/23 is based on analysing your service priorities and risk profile as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2022/23 is included at Section 1.



Level of Resource: The level of resource required to deliver the plan is consistent with 2022/23 and our day rates are in line with the submission. We will continue with our approach of using technology when undertaking our operational audits. During 2022/23 we embraced more ways of using technology to undertake our audit work including; the use of 4questionnaires, MS Teams meetings, secure web portals for audit data sharing (Huddle) and data analytics technology. This will continue to strengthen sampling and focus our audit testing. Refer to Appendix A.



Core Assurance: In addition to our core audit areas, we have focused our coverage on key risks to the organisation such as **Integrated Risk Management Planning Framework, Debrief following Complex Incidents, System Ownership and ICCS and Mobilising System.**

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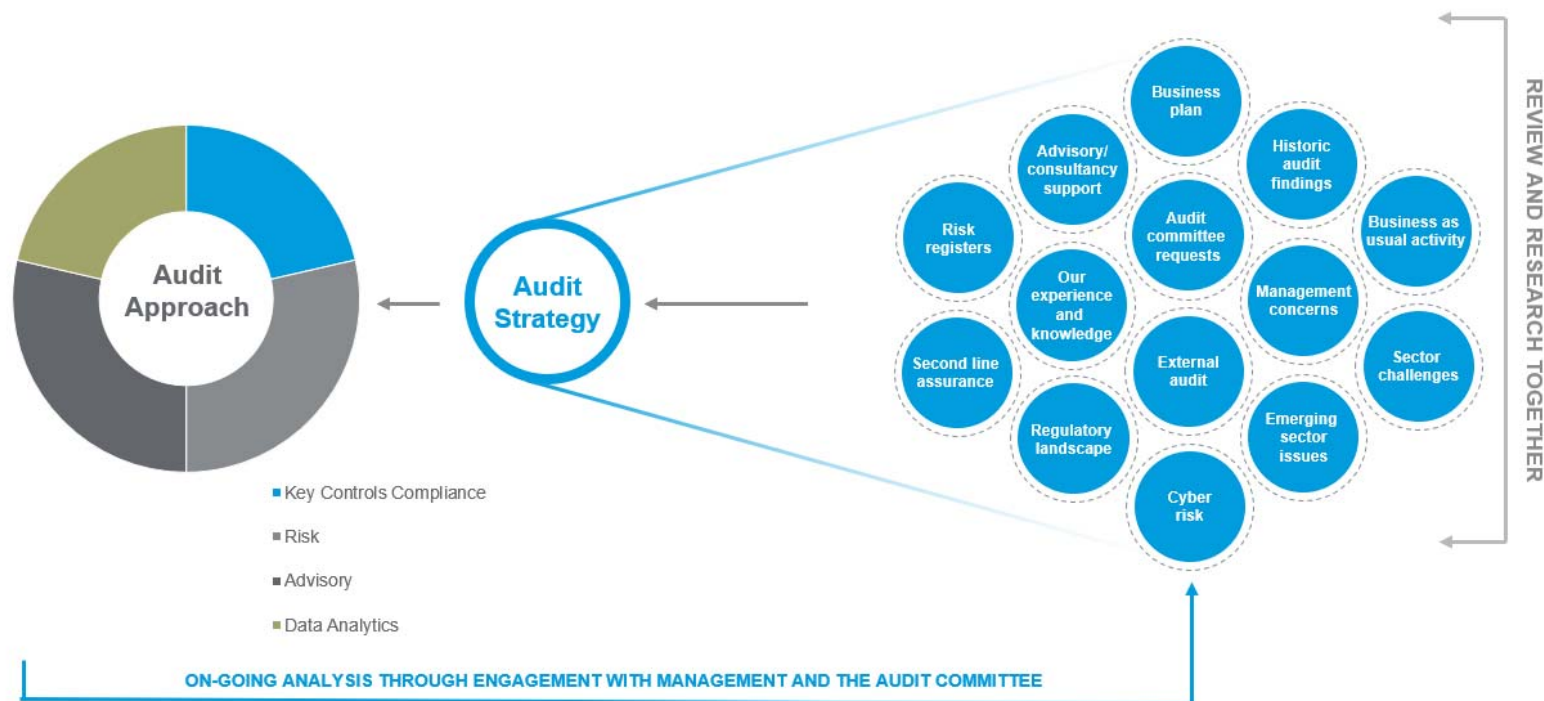
1. YOUR INTERNAL AUDIT PLAN 2022/23

Our approach to developing your internal audit plan is based on analysing your priorities, risk profile and assurance framework as well as other, factors affecting Cambridgeshire and Peterborough Fire Authority in the year ahead, including changes within the sector.

Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the Deputy Chief Executive and the Finance Manager.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2022/23

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2022/23. The table details the corporate risks which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes time to follow up actions and an audit management allocation.

	Audit approach	Fee	Proposed timing
Strategic objective: Operational Excellence			
Integrated Risk Management Planning Framework Review of the Integrated Risk Management Planning Framework and Service reporting structure to approve and monitor the Plan. As part of our audit we will assess the clarity of the framework and reporting structure to ensure roles and responsibilities have been defined and are being effectively discharged through the Service reporting structure. In addition, we will include the link between the Integrated Risk Management Plan and budgetary control, budget setting and budget monitoring for the Service including savings plans. Risk: There is a risk that Government funding is insufficient to meet the new demands meaning that performance improvements are not sustained, new initiatives cannot be taken forward.	Risk	£4,100	Q3
Debrief Following Complex Incidents The Service has made improvements to the structured debrief process following complex incidents, our review will focus on the arrangements that have been put in place to debrief incidents, learn lessons and act on lessons learnt included updating processes and share knowledge.	Risk	£3,400	Q1
System Ownership A review into the ownership of systems across the Services, this will include: <ul style="list-style-type: none"> • The Services Identification of the key systems, • Allocation of senior level ownership of the systems, including where responsibility changes, • Deep dive into a sample of systems across system owners to establish their understanding of the systems they are responsible for, how they ensure the accuracy of information contained within the systems and where how they assess the adequacy and accuracy of the outputs produced from the system. 	Risk	£3,400	Q2

	Audit approach	Fee	Proposed timing
Risk Management Review of the risk management arrangements including review of the risk management strategy, risk register, reporting and monitoring of risks through the governance structure.	Risk	£2,800	Q2
Governance Review of the governance arrangements in place within the Fire Authority. This will include whether groups within the governance structure are effectively discharging their duties.	Risk	£2,800	Q3
Key Financial Controls To review the key controls within the finance system which produce the management accounts and Authority financial management information. The specific areas to be reviewed will be agreed with management prior to the start of the audit.	Systems	£4,000	Q3
GDPR We will review compliance with the GDPR requirements. Specific areas for coverage to be agreed at the time of detailed scoping.	Advisory	£4,340	Q1
ICCS and Mobilising System This review will focus on the post implementation phase of ICCS and Mobilising System after it goes live assessing how it has been embedded following roll out and reviewing staff usage of the systems.	Risk	£4,300	Q4
Other Internal Audit Activity			
Follow Up To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Follow up	£1,800	Q4
Management This will includes: <ul style="list-style-type: none"> Preparation for, and attendance at, overview and scrutiny committee Regular liaison and progress updates Liaison with external audit and other assurance providers 		£4,890	Ongoing

	Audit approach	Fee	Proposed timing
Audit Strategy/Annual Report		£3,000	Ongoing
This will include:			
<ul style="list-style-type: none"> • Internal Audit Needs Assessment / Strategic and Annual Internal Audit Plans • Preparation of the annual internal audit opinion 			

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

2.1 Working with other assurance providers

The Overview and Scrutiny Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM UK Risk Assurance Services LLP. The team will be led by Suzanne Rowlett as your Head of Internal Audit, supported by Louise Davies as your Manager.

Core team

The delivery of the 2022/23 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required.

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' 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.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

APPENDIX B: INTERNAL AUDIT STRATEGY 2021/22 – 2022/23

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided		2018/19	2019/20	2020/21	2021/22	2022/23
	Red - Minimal Assurance / Poor Progress					
	Amber/red - Partial Assurance / Little Progress					
	Amber/green - Reasonable Assurance / Reasonable Progress					
	Green - Substantial Assurance / Good Progress					
	Advisory / AUP					
	IDEA					
Audit Area						
Integrated Risk Management Planning Framework			Substantial			✓
Budgetary Control & Efficiency Savings Plan			Included in IRMP audit			To be included in IRMP audit
ICCS & Mobs Implementation						✓
Procurement				Reasonable		
Cyber Security		Note: We will not be undertaking a review of Cyber Security as we have been advised that the organisation receives its own assurances in this area.				
Capital Projects – Training Centre						✓

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

2018/19	2019/20	2020/21	2021/22	2022/23
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Audit Area

Training Centre Resourcing



Sickness Absence Management

Partial

Human Resources

Substantial

Partial

Substantial
Wellbeing
Strategy

Asset and Fleet Management System

Partial

Partial

Debrief Following Complex Incidents

Reasonable



CFMIS – Collection and Update of Risk Information

Partial



System Ownership

Reasonable



Risk Management

Reasonable

Reasonable



Governance

Substantial

Reasonable



Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

	2018/19	2019/20	2020/21	2021/22	2022/23
Audit Area					
Key Financial Controls	Substantial	Substantial	Reasonable	Substantial	✓
Estates & Property Maintenance					
Fleet Management (Policies and procedures – Advisory)			Advisory		
Shared Services					
General Data Protection Regulation (GDPR)		Advisory			✓
Insurance Pool					
Brexit Preparedness		Advisory			
Follow Up	Reasonable	Reasonable Partial	Reasonable Partial	✓	✓

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Cambridgeshire and Peterborough Fire Authority. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Overview and Scrutiny committee

The internal audit service is provided by RSM UK Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Director, Suzanne Rowlett (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the Chief Fire Officer, with further reporting lines to the Deputy Chief Executive. The head of internal audit has unrestricted access to the chair of Overview and Scrutiny Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Cambridgeshire and Peterborough Fire Authority. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Overview and Scrutiny committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Overview and Scrutiny committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Overview and Scrutiny Committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Overview and Scrutiny Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Overview and Scrutiny Committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'Authority'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- Authority - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "Authority" may refer to a committee or another body to which the governing body has delegated certain functions (eg an Overview and Scrutiny committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.



We continue to closely monitor and implement official guidelines from the Government and health organisations in respect of Covid-19. All our staff must adhere to the relevant RSM Policies, including limiting time on site and completing the relevant approvals prior to any site visit.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Overview and Scrutiny Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.

- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Overview and Scrutiny Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Overview and Scrutiny Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the Authority in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Authority is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Authority to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Overview and Scrutiny committee.

Fraud

The Overview and Scrutiny Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Overview and Scrutiny Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the Overview and Scrutiny Committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

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Louise Davies, Manager

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Telephone: 07720 508146

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 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.

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.

Cambridgeshire and Peterborough Fire Authority

Internal Audit Progress Report

21 April 2022

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.

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1 Key messages

This report below provides a summary update on progress against each plan and summarises the results of our work to date. The reports finalised since the last Committee are highlighted in **bold** below.

Progress against the internal audit plan 2021/22

Assignment	Status / Opinion issued	Actions agreed			Opinion Issued
		L	M	H	
Asset and Fleet Management System	Final Report	2	4	0	Partial Assurance
Sickness Absence Management	Final Report	1	4	0	Partial Assurance
Human Resources - Wellbeing Strategy	Final Report	1	0	0	Substantial Assurance
Key Financial Controls	Final Report	2	0	0	Substantial Assurance
Capital Projects - Training Centre	Draft Report – Issued 30 March 2022				
Follow Up	In Progress				
Training Centre Resourcing	In Progress				
CFMIS - Collection and Update of Risk Information	Planned 11 April 2022				
ICCS and Mobs Implementation	To be carried forward to 2022/23 Internal Audit Plan				

Appendix A – Other matters

Annual Opinion 2021/22

The Overview and Scrutiny Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. 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. We have finalised two negative opinions to date in relation to Asset and Fleet Management System and Sickness Absence Management. The outcomes of these reviews and actions taken to implement these actions, will be considered as part of our year end opinion.

Changes to the audit plan

Since the last Overview and Scrutiny Committee, we were requested to postpone the CFMIS - Collection and Update of Risk Information due to workload pressures. This is now due to commence on 11 April 2022.

Information and briefings

We have issued the following client briefings since the last Audit & Standards Committee:

- RSM's Conformance with the IIA Standards and Codes of Practice
- Strengthening resilience: lessons learnt from the impacts of the pandemic

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit 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 being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

Appendix B – Executive summaries and action plans (High and Medium only) from finalised reports

EXECUTIVE SUMMARY – KEY FINANCIAL CONTROLS

Why we completed this audit

A key financial controls audit was undertaken at Cambridgeshire and Peterborough Fire Authority as part of the approved internal audit periodic plan for 2021/22.

This review was undertaken to assess the robustness of the financial controls in place in respect of payroll, accounts receivable and accounts payable. Testing was undertaken to assess whether the finance system is appropriately managed to ensure that financial transactions are accurately recorded, and appropriate payments are made, focusing on payroll, accounts payable and accounts receivable. This included ensuring compliance with the Authority's Financial Regulations and Financial Control Standards, that appropriate authorisation was granted for transactions where required, and that appropriate supporting documentation was retained on file. The organisation utilises the Dream finance system to support the key financial control framework.

In addition, we have undertaken data analytics as part of our review of accounts payable, the findings of which are detailed in Appendix A.

Conclusion

Our review confirmed that key financial controls were primarily well designed and complied with. We found there to be adequate controls in place with respect to payroll, accounts receivable and accounts payable and confirmed that the Authority are executing their responsibilities in relation to the management of these areas and that management have full oversight of the processes in place.

However, we identified two control weaknesses with respect accounts receivable and as a result have agreed two low priority actions with management. Details of these can be found in Section 2 below.

Internal audit opinion:

Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the Authority relies to manage this area are suitably designed, consistently applied and effective.



Key findings

We noted the following controls to be adequately designed and operating effectively:

Payroll



The Financial Regulations and Financial Control Standards in place at Cambridgeshire and Peterborough Fire Authority clearly detail the requirements for the maintenance and management of the payroll system. The Financial Regulations and Financial Control Standards are maintained up to date and available to all staff via a shared staff drive.



Access to the payroll system is limited to authorised individuals. All employees with access to the payroll system only have access in line with their job role. Our testing of access to the payroll system confirmed that all three staff members with access work within the payroll department and have the appropriate level of access in line with their job role.



An authorised signatories list is in place at Cambridgeshire & Peterborough Fire Authority. The signatories list details the staff authorised to sign off payroll related documents.



For each new starter there is an authorised starter form in place detailing salary and working hours. This is input electronically into the Resourcelink system and supported by relevant documentation. A sample of 10 new starters since April 2021 were selected and testing confirmed that in two instances, our selected new starters were not actually new starters but had change roles with the Service. For all new starters, once confirmation has been given by the hiring manager to recruit a potential candidate, all ID checks are undertaken by HR, and Payroll is notified to add the employee onto Resourcelink. This is carried out on or before the employees start date. Testing the eight remaining new starters confirmed in all instances that all new starter checks had been carried out and Payroll notified to add the starter to Resourcelink. In all instances, testing confirmed that this was on or before the employees start date.



A leavers form is completed for all leavers which is signed by their line manager which clearly details the last date of service. A sample of 10 leavers since April 2021 were selected and testing confirmed in all instances a leavers form had been completed and reviewed by the employee's line manager and HR before being submitted to payroll for processing. The form clearly documented the employees leave date and in all instances the leaver was removed from payroll in a timely manner following their official leave date. We also confirmed that all salary and holiday calculations had been correctly calculated and documented.



Where there are amendments to standing data such as salary, contracted hours, bank accounts and address details, these are authorised by Payroll and updated on the system. A sample of 10 instances of changes to standing data were selected and testing confirmed that a Bank Accountant Credit Transfer Form had been completed by the employee detailing the changes to standing data to be made. This had been checked and input accurately into the system by payroll in a timely manner, with a segregation of duties present throughout.



Employees may wish to opt in for voluntary salary deductions. All voluntary deductions are authorised by Payroll and are input alongside supported documentation. A sample of 10 voluntary deductions were selected and testing confirmed in all instances there was supporting documentation confirming the deduction reason and the amount, this had been signed by the employee and checked by payroll. In all instances, the deduction was authorised by payroll and correctly input, the deduction was accurately reflected on the employee payslip, and a segregation of duties was present throughout.



For all additional payments such as such as overtime, acting up payments, honorariums and bonus payments, authorisation must be granted prior to payment being made. A sample of 10 additional payments made to employees was selected and testing confirmed that in all instances, the additional payment was correct and had been appropriately authorised for processing by payroll. The additional payment was accurately reflected on the employee's payslip and a segregation of duties was present throughout the payment process.



Payroll exception reports are run on a monthly basis. Any variances identified are investigated and documented by the Payroll Services Manager. Our review confirmed that on a monthly basis, payroll exception reports are run for support and uniform staff and review of the payroll exception reports for support and uniform staff for September, October and November 2021 confirmed that the reports had been run a timely basis each month with all variances identified and supporting documentation on file confirming that they had been investigated thoroughly.



Payroll for support staff and uniformed staff is processed separately at Cambridgeshire and Peterborough Fire Authority, with a separate pay run summary analysis reports being ran for each on a monthly basis.

The monthly pay run summary analysis (PSA) reports for both support and uniform staff for September, October and November 2021 were reviewed and it was confirmed that the PSA had been produced in a timely manner and appropriately reviewed by the Payroll Services Manager prior to payment being made.

Accounts Receivable



As part of treasury management and monthly processing, Finance is responsible for identifying all income due and raising invoices accordingly. Testing on a sample of five invoices raised confirmed in all instances there was supporting documentation on file confirming the amount to be raised, all invoices raised were accurate, matching source documentation and were raised in a timely manner.



In instances where sales credit notes are required to be raised, these are raised and approved by finance and supported with the relevant documentation. Our review confirmed that the two sales credit notes raised year to date had been appropriately approved within the system and were supported by the relevant documentation.



The Service reviews debtor levels on a monthly basis and issues debt chaser letters in accordance with those reports. Testing on a sample of five outstanding debts as of 1 November 2021, confirmed in all instances that debtor levels had been reviewed at month end and debt chaser letters, including initial, second, and final reminders had been sent accordingly.



Aged Debtor reports are produced on a monthly basis outlining all bad debts, reviewed and issued to Senior Management for further scrutiny where required. The aged debtor reports for August, September and October 2021 were obtained and reviewed which confirmed that all reports were reviewed by management in a timely manner following month end. It was noted that debtor levels at the Authority remained low through the months sampled for testing.



It was confirmed with the Financial Accountant and Assistant Financial Accountant that no write offs had been undertaken in 2021/22 and therefore no testing was undertaken. However, a review of the Financial Regulations and Financial Control Standards confirmed there are documented procedures in place for the writing off of debts.

In addition, we identified two low priority management actions which can be found in section 2 of the report.

Accounts Payable



The Financial Regulations and Financial Control Standards outline all control standards regarding the accounts payable function and are made accessible to all staff via a shared drive. Our review confirmed they are maintained up to date and available to all staff.



Purchase orders are raised for the purchasing of goods by the purchaser against the relevant budget codes before being authorised by an authorised signatory. Once goods are received, a note is recorded on the finance system against the relevant purchase order confirming that the correct goods have been received prior to payment being made.

A sample of 10 paid invoices were selected and testing confirmed that in all instances, a corresponding purchase order had been raised prior to receiving the goods and payment of the invoice. Our testing also confirmed that the purchase order had been approved by an authorised signatory in line with their delegated limits. It was also confirmed that goods had been appropriately receipted and recorded and matched on the system and that goods were receipted after the purchase order was raised and approved, and prior to payment of the invoice. Our testing confirmed that all invoices were paid in a timely manner and segregation of duties was present throughout the purchasing process.



In instances where the value of a purchase cannot be known prior to purchase, a non-purchase order must be raised and approved appropriately. Testing of a sample of five non-purchase order confirmed in all instances that the non-po was approved in line with delegated authority limits and authorised prior to payment being made.



All requests to amend supplier details are reviewed and subject to due diligence checks to validate the change, authorised appropriately and updated on the system in a timely manner. For all amendments to supplier details, the change must be verified with the supplier and supporting documentation on file before the change is updated on Dream. A sample of 10 supplier amendments were selected and testing confirmed in all instances that the change had been verified with an attaching note on file confirming how the change was verified with the supplier. In three instances, our testing identified the supplier was a new supplier and in all three cases all supplier details were provided by a new supplier form. In all 10 instances the change was updated on Dream in a timely manner after confirming the details with the supplier.



Payment runs are undertaken on a weekly basis and are authorised maintaining a segregation of duties, in line with delegated authority. The Assistant Financial Accountant uploads all payments ready for processing, with the amount and payments to be made checked and approved by the Financial Accountant prior to payment being made. The last three payment runs made were obtained and reviewed and it was confirmed that the amount and payments to be made had been checked and approved by the Financial Accountant prior to payment being made.



At month end, aged creditor reports are run and analysed by Finance. These reports outline old invoices sat in the invoice register. All reports are independently checked and reviewed on a monthly basis. The aged creditor reports for October, November and December 2021 were reviewed and it was confirmed that detailed analysis had been added to all reports tested outlining what measures were being taken to clear old invoices. Our review confirmed that the reports had been run in a timely manner following month end and independently checked by the Finance Manager.



Our review confirmed that at the start of the pandemic, staff were sent to work from home which naturally came with an adjustment period before processing resumed as normal. Besides working from home, the Service implemented two main changes, these were that no signatories would need to be provided for approval of payments, instead, authorisation was provided solely by email. Secondly, the Service decided to pay suppliers immediately upon receipt of invoice in order to give them a more accurate picture of their cashflow position. The Financial Accountant and Assistant Financial Accountant confirmed that the Service managed to operate business as usual whilst working from home and staff have now returned to the office.

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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.

Overview and Scrutiny Committee Work Programme - Meetings 2022/23

Date	Meeting Time	Venue
2022		
Thursday 21 April	1400 hours	SHQ
Wednesday July	1400 hours	New Shire Hall
Thursday 6 October	1400 hours	SHQ
2023		
Thursday 19 January	1400 hours	New Shire Hall
Thursday 20 April	1400 hours	SHQ

Work Programme 2022/23

Thursday 21 April 2022			
Time	Agenda Item	Member/Officer	
	Minutes of Overview and Scrutiny Committee Meeting 12 January 2022		
	Action Log		
	<u>Overview</u> IRMP Performance Measures	ACFO/Head of Service Transformation	
	CFRS Cyber Security Update Report	Head of ICT and OHU	Annual
	<u>Scrutiny</u> Member-led Review Consultation with Representative Bodies	Councillors McGuire and Gowing	
	<u>Audit</u> External Audit Progress Report 2021/22	BDO	
	Internal Audit Plan 2022/23	RSM	
	Internal Audit Progress Report	RSM	
	Work Programme 2022/23	Chairman	
Wednesday 6 July 2022			
Time	Agenda Item	Member/Officer	

	Minutes of Overview and Scrutiny Committee Meeting 21 April 2022		
	Action Log		
	<u>Overview</u> IRMP Performance Measures	ACFO/Head of Service Transformation	
	Fire Authority Programme Management Update	Head of Service Transformation	
	<u>Scrutiny</u> Member-led Review of Estates, Property Management and Capital Programme	Councillors Gardener and Gowing	
	<u>Audit</u> Annual Internal Audit Report 2021/22	RSM	
	Internal Audit Progress Report	RSM	
	Work Programme 2022/23	Chairman	
Thursday 6 October 2022			
Time	Agenda Item	Member/Officer	
	Minutes of Overview and Scrutiny Committee Meeting 6 July 2022		
	Action Log		
	<u>Overview</u> IRMP Performance Measures	ACFO/Head of Service Transformation	
	<u>Scrutiny</u> Annual Review of Compliance with Local Government Transparency Code	Scrutiny and Assurance Manager	Annual
	Annual Governance Statement	Scrutiny and Assurance Manager	Annual
	<u>Audit</u> Internal Audit Progress Report	RSM	
	Work Programme 2022/23	Chairman	
Thursday 19 January 2023			
Time	Agenda Item	Member/Officer	
	Minutes of Overview and Scrutiny Committee Meeting 6 October 2022		
	Action Log		
	<u>Overview</u> IRMP Performance	ACFO/Head of Service	

	Measures	Transformation	
	<u>Scrutiny</u> TBC		
	<u>Audit</u> External Audit Completion Report 2021/22	BDO	
	Internal Audit Progress Report	RSM	
	Work Programme 2022/23	Chairman	
Thursday 20 April 2023			
Time	Agenda Item	Member/Officer	
	Minutes of Overview and Scrutiny Committee Meeting 19 January 2023		
	Action Log		
	<u>Overview</u> IRMP Performance Measures	ACFO/Head of Service Transformation	
	CFRS Cyber Security Update Report	Head of ICT and OHU	Annual
	<u>Scrutiny</u> TBC		
	<u>Audit</u> Annual Internal Audit Report 2022/23	RSM	
	Internal Audit Strategy 2023/24	RSM	
	Internal Audit Progress Report	RSM	
	Work Programme 2022/23	Chairman	

