



# SOUTH YORKSHIRE FIRE AND RESCUE AUTHORITY

Annual Internal Audit Report 2022/23

Draft

25 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

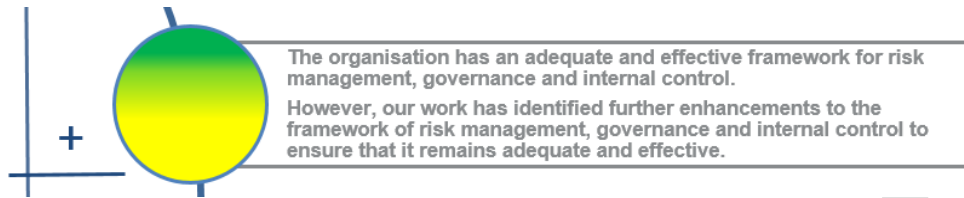


# THE ANNUAL INTERNAL AUDIT OPINION

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 South Yorkshire 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 draft opinion is achieved through a risk-based plan of work, agreed with management and approved by the Audit and Governance 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 Authority 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;
- 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; and
- 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.

# FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

## Governance

We have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2022/23 internal audit plan when forming our opinion on Governance at the Authority.

There is an adequate governance framework in place, and we have observed that the Audit and Governance Committee is effective in monitoring and challenging management and holding them to account.

Details of the reviews where assurance opinions have been provided are as follows:

### Contract Management – Partial Assurance

Our review identified that although there was a framework in place for contract management, there were areas for improvement identified and procedures were not being followed. We agreed three medium and three low priority management actions. The medium priority actions were in relation to the Service developing a dedicated training plan for staff undertaking contract management, ensuring regular meetings are held with contractors to review performance in line with the key performance indicators (KPIs) within the contract and ensuring that all contracts have a defined risk assessment undertaken to identify the

## Risk Management

Our risk management opinion was informed by our observation of risk management systems and processes throughout the course of all audits within the audit plan.

The Corporate Risk Register contains those risks which may impact achievement of the Service's strategic objectives, detailing the risk driver, the effect if the risk is not managed and the risk mitigations. The risks are discussed and reviewed by the Audit and Governance Committee on a quarterly basis.

A Risk Management Deep Dive review was conducted during 2022/23 where we provided a reasonable assurance opinion. Areas of improvement included documenting the sources of assurance for each of the risks.

### Organisational Development – Reasonable Assurance

We confirmed that some controls were in place for workforce planning, positive action, and recruitment and retention. We agreed a total of 14 low and four medium priority actions across the three areas.

The medium priority actions related to the succession planning toolkit needing finalising, there was no positive action strategy or action plan in place, the induction process for operational staff was not documented, and job descriptions had not been approved by the HR Department.

## Internal Control

We undertook nine internal audit reviews in 2022/23 which resulted in an assurance opinion. There were three reviews (33%) from which the Service could take substantial assurance, five reviews (56%) from which the Service could take reasonable assurance, and one review (11%) from which the Service could take partial (negative) assurance.

During the year we agreed a total of 58 management actions across assurance, advisory and follow up reviews. Of the 58 actions agreed: zero (0%) were 'high' priority, 18 (31%) were 'medium' priority, 39 (67%) were 'low' priority and one (2%) was advisory.

### Data Quality – Reasonable Assurance

Our review identified that although there was a framework in place for business intelligence and data quality, there were areas for improvement that have been identified. We agreed three medium and five low priority management actions. The medium priority actions were in relation to the Service developing a Business Intelligence Strategy in line with the Service's priorities, the introduction of a performance dashboard and additional training for users and updating the roadmap to allow the BI Team access to all of the data across the Service.

level of monitoring and scrutiny required for each contract. The sample testing related only to estates and facilities contracts.

#### Operational Resilience – Reasonable Assurance

As a result of our review we established that there was an adequate framework in place for operational resilience and business continuity. There were however occasions where the policy had not been fully complied with in relation to review of documentation and meetings taking place. We agreed four medium and one low priority actions with management. The medium actions related to a lack of evidence of plans being reviewed, a lack of guidance on testing, an absence of Business Continuity Management Meetings and questionnaire results demonstrating a gap in awareness of contingency arrangements.

#### Communications – Substantial Assurance

Overall, we found the controls in place to support external communications were well designed and being applied in practice. We identified findings that resulted in one medium and two low priority management actions being agreed with management.

The medium category action related to updating the Communication Strategy and ensuring that the most up to date strategy is available to staff.

#### Purchasing and Creditors – Reasonable Assurance Risk Management Deep Dive – Reasonable Assurance

Our review determined that the Service have controls in place in relation to purchasing and creditors however, our review highlighted areas for improvement, specifically in relation to the verification of supplier bank details.

The review led to the agreement of one medium and three low priority actions with management. The medium action related to one out of 10 bank detail amendments not having evidence of an independent verification with the supplier.

#### Pension Reform – Immediate Detriment – Substantial Assurance

At the time of our audit, the Service had processed a total of six immediate detriment cases. Our testing found that SYFR managed the cases in line with the required processes. Our review of Local Pension Board meeting minutes also confirmed that the effects of these changes were also being reported and monitored on the risk register.

Our testing highlighted one exception leading to one low priority management action being agreed with management. This action related to ensuring SYFR check the lump sum amount recorded on the payment instruction from WYPF back to the retirement pack to ensure the member is paid the correct lump sum amount.

As a result of our review we established that there was a well-established framework in place for risk management with regular review and update. Through review of the Corporate Risk Register we established that assurances are not specifically documented within this and therefore are not monitored. We agreed one medium and one low priority action with management. The medium was in relation to sources of assurance not being documented on the Corporate Risk Register.

#### Strategic Partnerships – Substantial Assurance

Overall, we found the controls in place to help the service with partnerships were well designed and being applied in practice. We agreed one medium management action.

The medium priority action related to the lack of updates received from Barnsley Council regarding the Service Level Agreement (SLA) that is in place.

# 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.

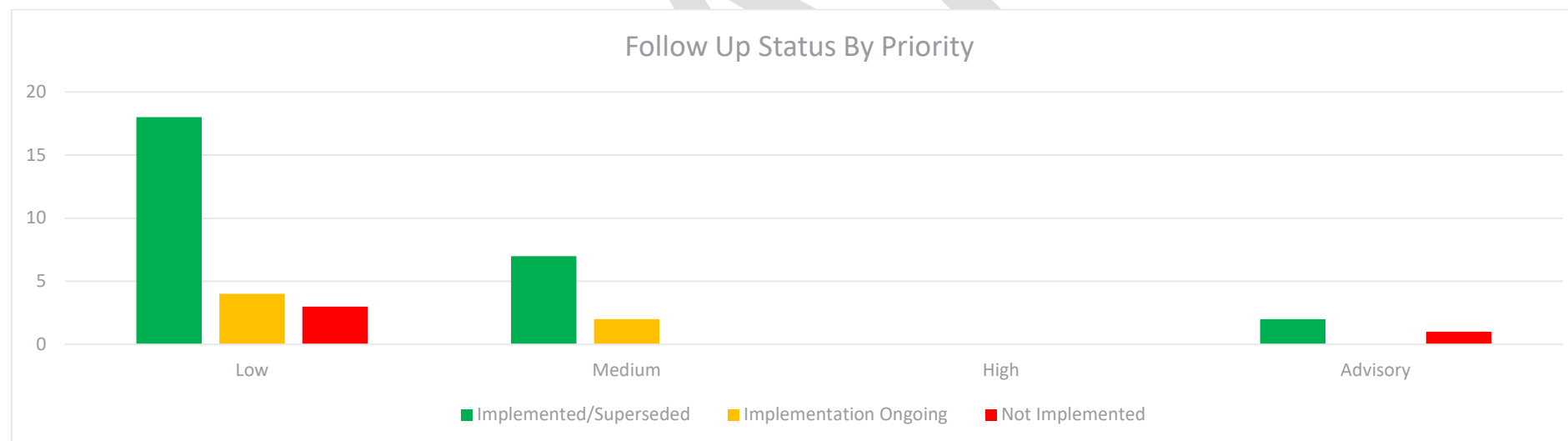
## Acceptance of internal audit management actions

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 their internal action tracking processes in place. During the year progress has been reported to the Audit and Governance Committee, with the validation of the action status confirmed by internal audit through the follow up review.

Our follow up of the actions agreed to address previous year's internal audit findings shows that the Service had made **reasonable progress** in the follow up review.



## 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

Area of work	How has this added value?
Role of Internal Audit and Audit Committee Training	We delivered a training session to members on the Role of Internal Audit and Audit Committee to further enhance the skillset and knowledge of members to be able to deliver on their duties outlined within their Terms of Reference.
Sector Briefings and Articles	We have issued a number of sector briefings during the year providing information on key developments, publications and guidance including, for example, our Emergency Services Emerging Issues briefings. In addition, we have provided links to the RSM Employment Matters newsletters within our progress reports to the Audit and Governance Committee.
Flexible annual planning approach	We have remained flexible with our annual planning approach. This enables us to react to changes in priority and risk, to ensure internal audit is focused in the right areas at the right time, to be the best source of assurance where needed in specific areas of risk or control.
1:1 meetings / discussions	Throughout the year we have continued to liaise with management and held operational meetings to obtain an update on the Service's developments.
Webinar and event invitations	Representatives of the Service have been invited to attend various RSM events and webinars during the year. For example, our VAT webinar and our Public Procurement webinar series.

## Conflicts of interest

RSM has not undertaken any work or activity during 2022/23 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 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.

## Performance indicators

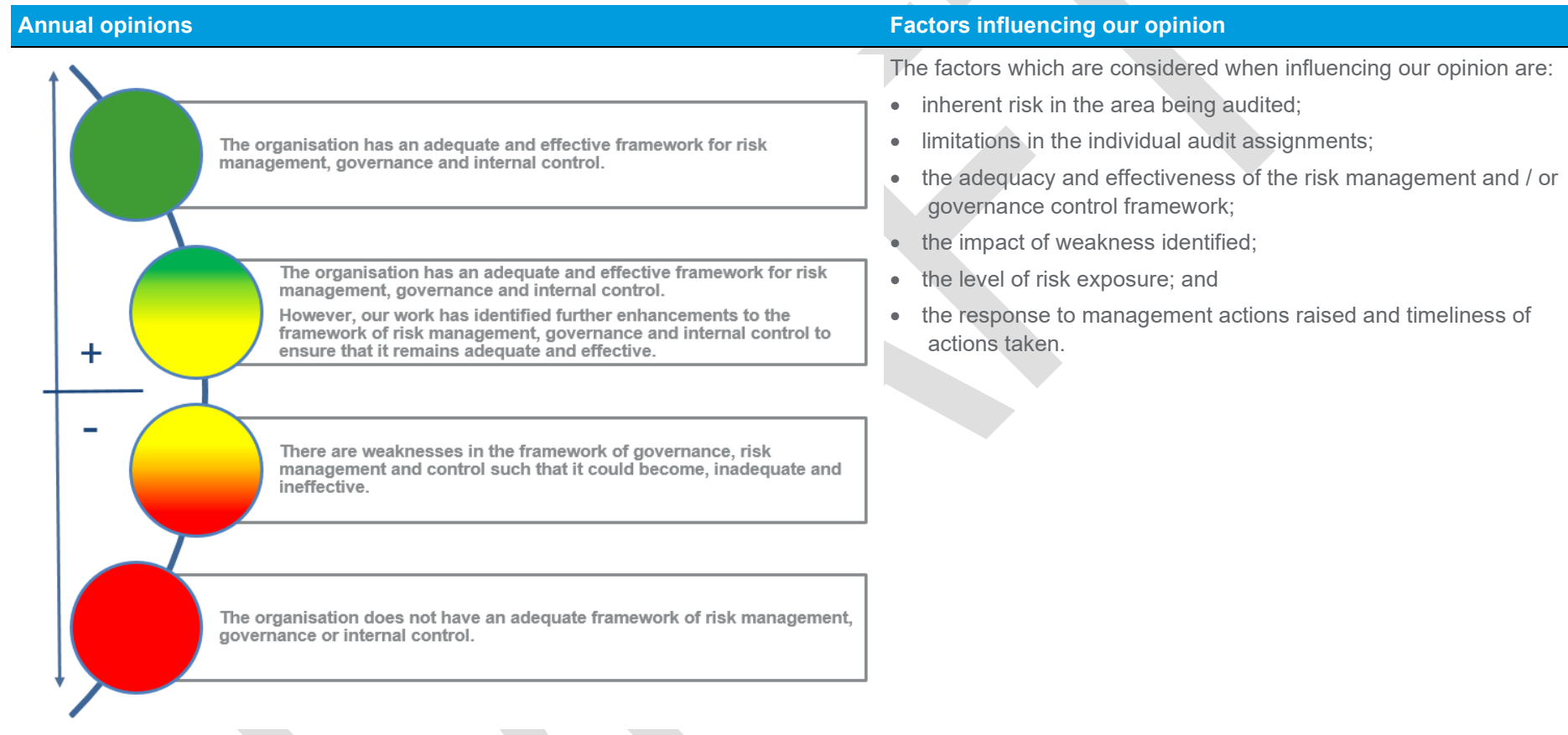
### Delivery

	Target	Actual		Target	Actual
Audits commenced in line with original timescales*	Yes	Yes	Conformance with PSIAS and IIA Standards	Yes	Yes
Draft reports issued within 10 days of debrief meeting	100%	8 days (average)	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes
Final report issued within 3 days of management response	100%	1 day (average)	Response time for all general enquiries for assistance	2 working days	2 working days
			Response for emergencies and potential fraud	1 working day	1 working day

\* This takes into account changes agreed by management and Audit and Governance Committee during the year; reflecting our 'agile' / 'flexible' approach to our service delivery.

# 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.







# 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.

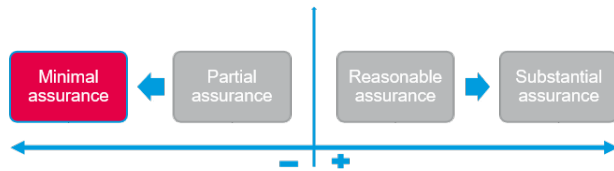
Assignment	Audit Lead	Assurance level	Actions agreed			
			L	M	H	Adv
Data Quality	Business Intelligence Manager		5	3	0	0
Operational Resilience	Area Manager Prevention, Business Intelligence, Governance, Collaboration and Projects		1	4	0	0
Pension Reform – Immediate Detriment	Financial Services Manager		1	0	0	0
Organisational Development	Head of HR		14	4	0	0
Contract Management	Assistant Chief Fire Officer		3	3	0	0
Communications	Communications Manager		2	1	0	0
Strategic Partnerships	Area Manager Prevention, Business Intelligence, Governance, Collaboration and Projects		0	1	0	0

Assignment	Audit Lead	Assurance level	Actions agreed			
			L	M	H	Adv
Purchasing and Creditors	Financial Services Manager		3	1	0	0
Follow Up	Chief Fire Officer	Reasonable Progress [●]	9	0	0	1
Risk Management Deep Dive	Strategic Governance and Collaboration Manager		1	1	0	0

DRAFT

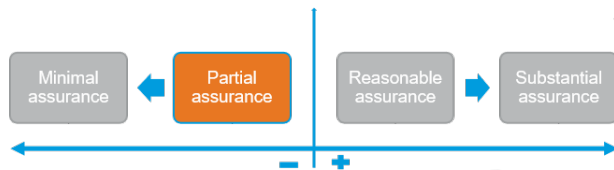
# APPENDIX C: OPINION CLASSIFICATION

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



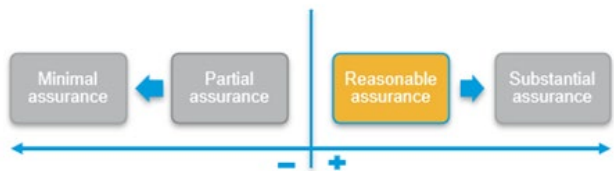
Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



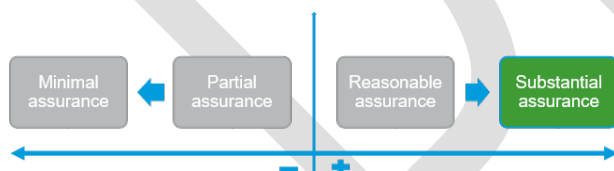
Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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

**Rob Barnett, Head of Internal Audit**

[Robert.Barnett@rsmuk.com](mailto:Robert.Barnett@rsmuk.com)

07791 237 658

**Anna Mullen, Manager**

[Anastasia.Mullen@rsmuk.com](mailto:Anastasia.Mullen@rsmuk.com)

**Aaron Macdonald, Assistant Manager**

[Aaron.Macdonald@rsmuk.com](mailto:Aaron.Macdonald@rsmuk.com)

DRAFT

**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 **South Yorkshire Fire and Rescue**, 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.