



SOUTH YORKSHIRE FIRE AND RESCUE AUTHORITY

Draft Internal Audit Strategy 2024/25 - 2026/27 (including the Internal Audit Plan 2024/25)

Presented at the Audit and Governance Committee meeting of: 15 January 2024

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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EXECUTIVE SUMMARY

Our Internal Audit Plan for 2024/25 is presented for consideration by the Audit and Governance Committee. During the year, we will continue to work with management and hold regular meetings to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs.

The key points to note from our plan are:



2024/25 Internal Audit priorities: Internal audit activity for 2024/25 is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2024/25 is included at Section 1.



Level of Resource: The level of resource required to deliver the plan is in section two of this report with the daily rate inflated due to current inflation. This takes into account deep dive reviews and the use of specialists, such as data analytics specialists to provide greater assurance in specific areas including performance data and core financial systems.

In delivering your internal audit services we continue to embrace technology when undertaking operational audits. Through tools such as 4questionnaires to capture wider stakeholder engagement, MS Teams meetings, secure web portals for audit data sharing (Huddle) and data analytics, our approach consists of a combination of both on-site client presence and remote auditing. RSM UK has in place policies designed to protect both its staff and clients; which is supported through our flexible working approach. This will strengthen our sampling and focus our audit testing.



Core assurance: the key priorities and changes within the organisation during the period have been reflected within the proposed audit coverage for 2024/25 and beyond. During the development of the internal audit plan the following key areas were considered:

- **Service Plan:** our review of the current Service Plan for established that there were six priorities identified to be achieved. A number of the internal audits within the plan have a focus around these specific priorities.
- **Risk Register:** we have reviewed the Service and Authority Corporate Risk Register to inform the basis of the 2024/2025 plan and the wider three-year strategy. This has resulted in several reviews being included within the plan that are driven directly from risks identified by the organisation.



'Agile' approach: Our approach to working with you has always been one where we will respond to your changing assurance needs. By employing 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to Audit and Governance Committee during the year.

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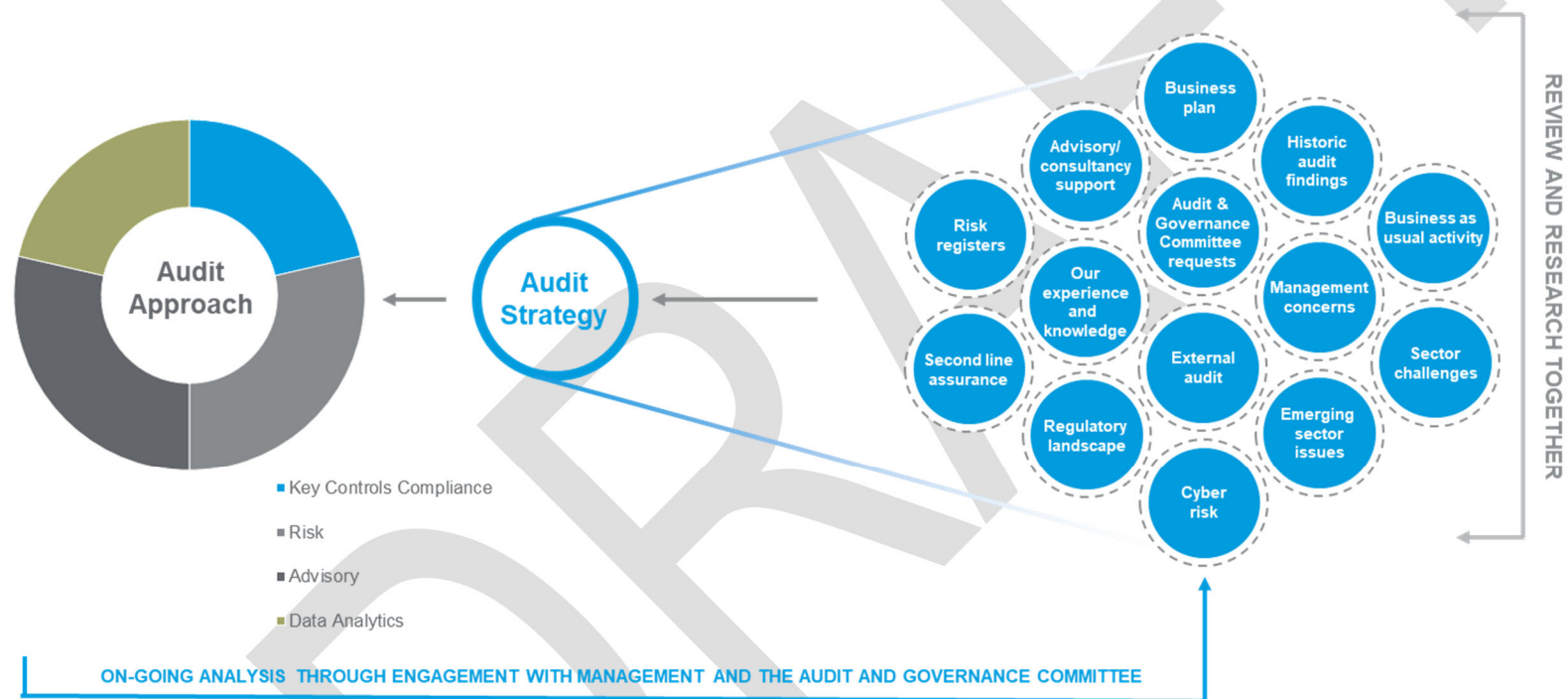
1. YOUR INTERNAL AUDIT PLAN 2024/25

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting South Yorkshire Fire and Rescue in the year ahead, including changes within the sector.

Risk management processes

We have evaluated your risk management processes in 2021/22 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 Executive Leadership Team and the Audit and Governance Committee.

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 2024/25

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2024/25. The table details the strategic risks/priorities within the Service Plan 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 for tracking the implementation of actions and an audit management allocation.

Objective of the review (Strategic risk)	Audit approach	Fee	Proposed timing	Proposed Audit and Governance Committee
Strategic Risk / Service Plan Priority				
<p><i>Service Plan: Performance Information</i></p> <p>Performance Data</p> <p>This audit will focus on how performance data is collated, reviewed and reported. For a specific sample of data, we will substantiate the data back to source. This will include areas such as Local Performance Indicators and Key Performance Indicators across the Service and how these align to the corporate performance framework.</p>	Systems Based / Data Analytics	£4,600	27 January 2025	March 2025
<p><i>Service Plan: Service Delivery Improvements</i></p> <p>Specialism Review</p> <p>The specific areas for consideration will be confirmed nearer to the audit date, however, potential areas for inclusion include specialisms such as tackling wildfires, water rescue and dealing with flooding.</p>	Risk Based	£5,750	11 November 2024	January 2025
<p><i>Service Plan: Inclusion, Diversity and Culture</i></p> <p>Inclusion, diversity and culture leadership</p> <p>This review will be undertaken by our HR specialists, with a focus on the Service's priorities in this area, such actions in place to empower staff networks and how the induction and leadership programmes supports inclusivity.</p>	Risk Based	£6,900	September 2024	November 2024
Core Assurance				
<p>Organisational Development / Training</p> <p>This review will consider how the Service manages its continuous training programmes for firefighters, ensuring that all firefighters maintain the required competency levels and are equipped to carry out their roles safely and effectively. This will include ensuring incident command assessments are completed.</p>	Systems Based	£5,750	15 July 2024	September 2024

Objective of the review (Strategic risk)	Audit approach	Fee	Proposed timing	Proposed Audit and Governance Committee
<p>We will consider the scheduling, delivery, monitoring and reporting on operational training completions, how the Service ensures any specialist skills are maintained, and the escalation processes to manage any non-completions.</p>				
<p>Estates Departmental Review</p> <p>This review will assess the processes in place for managing the vast estate in ensuring it is maintained to a high standard to meet the needs of the service. This will include how the Service is considering the Green Plan when making decisions regarding the estate and how value for money in the estate is assessed. We will also include how accessibility of the estate is considered and managed.</p>	Systems Based	£5,175	14 August 2024	November 2024
<p>Risk Management</p> <p>This review will focus on how risk management is embedded across the Service, including how the new risk system has been rolled out.</p>	Risk Based	£3,450	10 June 2024	July 2024
<p>Core Financial Systems</p> <p>A review will be conducted to assess the compliance with key financial controls in place and their operating effectiveness. The specific area of coverage will be agreed with management.</p> <p><i>This review will also incorporate data analytics testing.</i></p>	Key Controls Compliance / Data Analytics	£4,600	17 February 2025	March 2025
<p>Internal Service Governance</p> <p>This review will assess the new governance arrangements in place within the Service to confirm the committees have approved Terms of Reference and how they are delivering on their agreed responsibilities. This will include decision making, managing risks and approvals in line with delegated authorities.</p>	Systems Based	£3,450	2 April 2024	May 2024
<p>Digital Transformation</p> <p>This review will ensure that appropriate controls are in place for the effective operation and governance of the Digital Transformation Programme. This will include how the service identifies, monitors and manages the technology risks.</p>	Systems Based	£5,750	November 2024	January 2025

Objective of the review (Strategic risk)	Audit approach	Fee	Proposed timing	Proposed Audit and Governance Committee
Other Internal Audit Activity				
<u>Follow Up of Previous Internal Audit Recommendations</u>		£3,450	6 January 2025	March 2025
To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management. We will concentrate our testing on high and medium priority recommendations only.				
<u>Management</u>		£8,625	Throughout the year	
This will include: <ul style="list-style-type: none"> • Annual planning; • Preparation for, and attendance at, Audit and Governance Committee; • Regular liaison and progress updates; • Liaison with external audit and other assurance providers; and • Preparation of the annual 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 Audit and Governance 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 Robert Barnett as your Head of Internal Audit, supported by Anna Mullen as your Client Manager and Aaron Macdonald as your Assistant Manager.

Fees

Our fee to deliver the plan is £57,500 (excluding VAT).

Core team

The delivery of the 2024/25 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 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.

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.

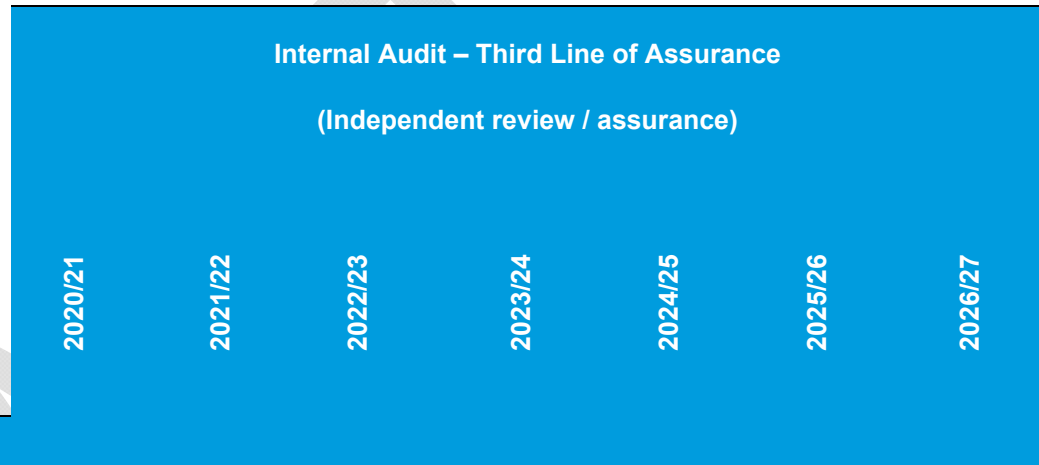
Corporate responsibility

At RSM we believe it is our responsibility to positively impact on our society and the environment. We have three pillars of corporate responsibility: environment, charity and community. For more details on RSM's commitment visit our website: [Corporate responsibility | RSM UK](#).

APPENDIX B: INTERNAL AUDIT STRATEGY 2024/25 – 2026/27

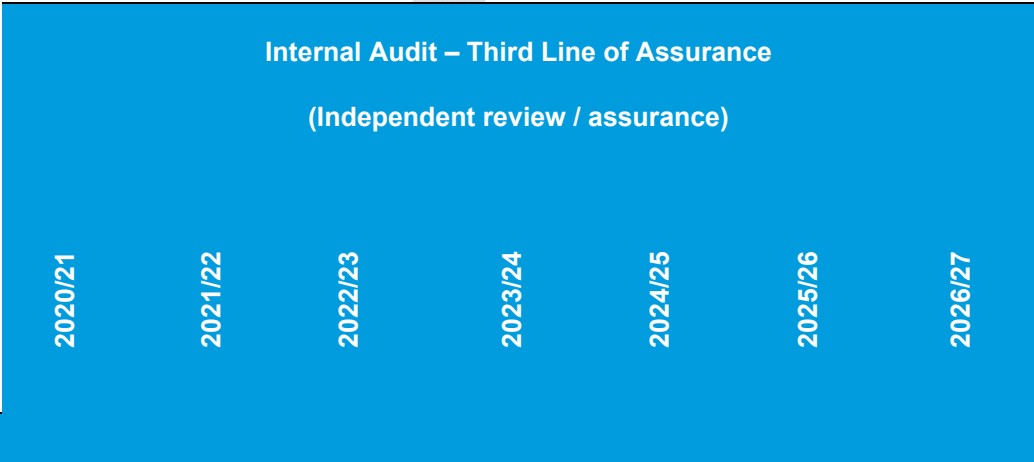
The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided	
	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	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Risk Based Audits							
Covid-19 Opportunities			Green				
Community Risk Management Plan (formerly Integrated Risk Management Plan)		Amber/green		✓			
Data Quality – Performance Data 2024/25			Amber/green		✓	✓	
Collaborations and Benefits Realisation		Green					✓
Specialism Review					✓		
Fleet Management			Amber/green			✓	
Procurement			Green				✓
Workforce Planning		Advisory / AUP					
Strategic Partnerships			Green				
Contract Management			Amber/red	Amber/green			

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



Audit Area

Organisational Development (Workforce Planning, Positive Action, Recruitment and Retention)

Wellbeing and Occupational Health

Risk Information following HMICFRS report and lessons learnt

Sustainability / ESG

Incident Ground Welfare Provision

Inclusion, diversity and culture leadership

Core assurance

Governance

Risk Management

Core Financial Systems

Human Resources Transactions/ GDPR Compliance

Equality, Diversity and Inclusion

Project Management

Organisational Development / Training

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

Internal Audit – Third Line of Assurance
(Independent review / assurance)

Audit Area

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Technical Services Departmental Review							
Stocks and Stores Departmental Review				✓			
Fraud						✓	
Business Premises Auditing				✓			
Estates Management					✓		
Physical Security							
Operational Resilience							
Pension Reform							
Communications							
ICT Strategy (Secure Remote Working and Operational Resilience)							✓
Digital Transformation					✓		
Police and Fire Programme							✓
Follow Up	✓	✓	✓	✓	✓	✓	✓

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for South Yorkshire Fire and Rescue 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 audit 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 internal audit function is required to comply with 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 Partner, Robert Barnett (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 Area Manager / Head of Service Improvement.

The Head of Internal Audit has unrestricted access to the Chair of Audit and Governance 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 South Yorkshire Fire and Rescue. 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 Audit and Governance 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 Audit and Governance 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 Audit and Governance 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 Audit and Governance 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 Audit and Governance Committee to demonstrate the performance of the internal audit service.

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

- 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.
- Executive Leadership Team who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- Fire 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, "board" may refer to a committee or another body to which the governing body has delegated certain functions (e.g. an Audit and Governance 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.

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 audit 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 Audit and Governance 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 Audit and Governance 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 board 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 board 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 UK 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 Board 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 Audit and Governance Committee.

Fraud

The Audit and Governance Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit and Governance 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 Audit and Governance Committee is also approving the internal audit charter.

DRAFT

FOR FURTHER INFORMATION CONTACT

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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 **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.

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