



EAST SUSSEX FIRE AUTHORITY

**INTERNAL AUDIT STRATEGY AND
ANNUAL AUDIT PLAN 2020/21**



East Sussex
Fire & Rescue Service

1. Role of Internal Audit

1.1 Orbis Internal Audit provides a service to the Fire Authority in accordance with the Public Sector Internal Audit Standards (PSIAS) as defined by CIPFA and the Institute of Internal Auditors (IIA). It is the Fire Authority's responsibility to maintain an effective internal audit service and assurance of this can be obtained through confirmation that the service is delivered in conformance with PSIAS and that agreed performance indicators are being achieved, including delivery of the annual audit plan.

1.2 The mission of Internal Audit, as defined by the Chartered Institute of Internal Auditors (CIIA), is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit is defined as "*an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*"

1.3 Internal audit review, appraise and report upon the effectiveness of the internal control environment established by the management of the Fire Authority. It is the responsibility of management to establish and maintain appropriate systems of internal control.

1.4 The full role and scope of the internal audit service is set out within our Internal Audit Charter; a copy of which has been attached to this report as Annex A.

2. Risk Assessment and Audit Planning

2.1 The Fire Authority's Internal Audit Strategy and Plan is updated annually and is based on a number of factors, especially management's assessment of risk (including that set out with the Authority's risk registers) and our own risk assessment of the organisation's major systems and other auditable areas. This allows us to prioritise those areas to be included within the audit plan on the basis of risk.

2.2 The update of the plan for 2020/21 has involved consultation with senior officers and the Chairman of the Scrutiny and Audit Panel to ensure that their views on risks and current issues are identified and considered. The Fire Authority is subject to audit and inspection by other bodies, in addition to internal audit, including the external audit of the accounts. These additional sources of assurance have been taken into account as part of the planning process, primarily through discussion with the Assistant Director of Resources and Treasurer. As in previous years, we have also consulted with the Fire Authority's external auditor, Ernst & Young, which has included clarifying their approach to reliance on the work of internal audit.

2.3 In producing the audit plan (see below) the following key principles apply:

- A programme of key financial systems reviews is conducted annually based on a risk assessment.
- Previous reviews which resulted in 'minimal assurance' audit opinions will be subject to a specific follow up review to assess the effective implementation by management of agreed actions. This will also include any previous reviews of high-risk areas which received a 'partial assurance' opinion.

2.4 The overall aim of the Internal Audit Strategy and Annual Audit Plan is to allocate the agreed level of internal audit resources so as to focus on the highest risk areas and to enable an annual opinion to be given on the adequacy and effectiveness of the Fire Authority's framework of governance, risk management and control.

3. Audit Approach

3.1 The approach of internal audit is to use risk-based reviews, supplemented in some areas by the use of regularity/compliance audits. Where considered appropriate, we may also seek to utilise external specialist resources for certain assignments. In all cases, this will be agreed in advance with the Assistant Director of Resources and Treasurer. All of our work will have regard to management's arrangements for ensuring:

- Achievement of the organisation's objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

3.2 In addition, internal audit will continue to support management by providing informal advice and assistance throughout the year on key risk and control issues as required or as they arise.

4. Annual Internal Audit Plan 2020/21

4.1 In times of significant transformation, organisations must manage change effectively and ensure that core controls remain in place. Internal Audit must therefore be in a position to give an opinion that covers the control environment in relation to both existing systems and new developments.

4.2 As a result, and following consultation with senior management, we are proposing to deliver a programme of work in 2020/21 amounting to 90 days. Details of all the planned work is set out in the following table:

Core Audit Activity

Area	Outline Objective	Planned Days
Fundamental Accounting Systems	<p>East Sussex Fire Authority use the main financial systems of East Sussex County Council, specifically:</p> <ul style="list-style-type: none"> • HR/Payroll • Accounts Payable • Accounts Receivable • Pensions • General Ledger <p>On a cyclical basis, dependent on perceived risk and the results of previous year's internal audit activity, we review these systems to ensure that key controls remain in place and operate effectively.</p>	12
Home Fire Safety Visits	<p>This review will assess the adequacy of arrangements for managing fire home safety visits, including in relation to capturing requests for visits, scheduling, provision (including consistency and compliance with relevant legislation) and quality assurance, where a failure to conduct visits, including to the required standard, could result in the safety of residents being put at risk.</p>	8
Project 21 (Mobilising and Control)	<p>Project 21 is a project to transition the Authority's current in-house mobilising and control arrangements to a partnership with Surrey Fire and Rescue Services. This review will assess the adequacy of project management arrangements in relation to the transition, including in relation to project planning and preparation, overall governance, risk management, financial monitoring, reporting and communication, and implementation.</p>	10
Occupational Health Provision	<p>A review of the collaborative arrangement for occupational health following transition from outsourced to in-house provision through collaboration with Surrey and Sussex Police and Surrey Fire and Rescue Service. The review will consider the outcome of an internal review of delivery and will have a particular focus on financial arrangements.</p>	5
Customer Complaints	<p>A review to assess the adequacy of arrangements in place over the customer complaints process, including in relation to ensuring compliance with relevant legislation and local policy, that there is clear guidance over the complaints process for staff and members of the public and this is well publicised, complaints are dealt with in a timely manner and that complaints data is recorded and used for monitoring and performance improvement purposes.</p>	5
Management of the Capital Programme	<p>This audit will review the management arrangements of the overall capital programme, including in relation to governance and decision-making, the prioritisation of projects, monitoring and reporting. The review will also assess compliance with CIPFA's Prudential Code.</p>	6
Service Delivery Review	<p>This review will assess whether the anticipated benefits of the Safer Communities restructure, as defined within the business case, have been achieved.</p>	5

Area	Outline Objective	Planned Days
Estates Health and Safety Management	This review will assess the health and safety management arrangements within the Authority's Estates function, to ensure it provides a safe working environment for all staff, contractors and others affected by the services it provides.	6
Network Security	A review to assess the adequacy of network security arrangements within the Authority.	8
Supply Chain Management - Follow-Up	A review of Supply Chain Management was completed in 2018/19 and received an opinion of partial assurance. This review will assess the adequacy of implementation of the agreed actions arising from the audit.	3
Procurement Cards Follow Up	A review of Procurement Cards was completed in 2019/20 and received an opinion of partial assurance. This review will assess the adequacy of implementation of the agreed actions arising from the audit.	3
Compliance with HR Policies Follow Up	A review of Compliance with HR Policies was completed in 2019/20 and received an opinion of partial assurance. This review will assess the adequacy of implementation of the agreed actions arising from the audit.	3
Management and Advice	This includes preparation of the Internal Audit Strategy and Plan, production of the Annual Internal Audit Report and Opinion, advice and ongoing liaison with management.	8

Advisory Work

Area	Outline Objective	Planned Days
Human Resources Business Process Review	Human Resources are currently reviewing all their processes to ensure they remain fit-for-purpose and efficient. We will work with the HR Team to assess the proposed revised processes and control arrangements in place prior to their roll out across the Authority.	5
Counter Fraud Training	The delivery of counter fraud training to Fire Authority staff.	3
Total Planned Days		90

5. Potential Future Reviews

5.1 The following areas have been identified during the audit plan consultation process and risk assessment but have not been incorporated within the 2020/21 audit plan. These will be subject to consideration as the year progresses and when planning audit work for future years:

- Estates arrangements with Sussex and Surrey Police
- Operational response review
- Health and safety management system
- Post implementation review of Safer Communities restructure
- Data security
- Preston Circus refurbishment
- Internal governance review
- Business continuity

- Information governance
- Disaster recovery

6. Quality and Performance

6.1 With effect from 1 April 2013, all of the relevant internal audit standard setting bodies, including CIPFA, have adopted a common set of Public Sector Internal Audit Standards (PSIAS). These are based on the Institute of Internal Auditors International Professional Practices Framework and replace the previous Code of Practice for Internal Audit in Local Government.

6.2 The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment. The outcomes from these assessments, including any improvement actions arising, will be reported to the Scrutiny and Audit Panel, usually as part of the annual internal audit report.

6.3 In addition, the performance of the internal audit service to the Fire Authority continues to be measured against key service targets focussing on service quality, productivity and efficiency, compliance with professional standards, influence and our staff. These are all underpinned by appropriate key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target
Quality	<ul style="list-style-type: none"> • Annual Audit Plan agreed by Scrutiny and Audit Panel • Annual Audit Report and Opinion • Satisfaction levels 	<ul style="list-style-type: none"> • June • June • 90% satisfied
Productivity and Process Efficiency	<ul style="list-style-type: none"> • Audit plan – completion to draft report stage by 31 March 2021 	<ul style="list-style-type: none"> • 90%
Compliance with Professional Standards	<ul style="list-style-type: none"> • Public Sector Internal Audit Standards • Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act 	<ul style="list-style-type: none"> • Conforms • Conforms
Outcomes and Degree of influence	<ul style="list-style-type: none"> • Agreement to audit findings 	<ul style="list-style-type: none"> • 95%
Our staff	<ul style="list-style-type: none"> • Professional Qualified/Accredited 	<ul style="list-style-type: none"> • 80%

6.4 At a detailed level, each audit assignment is monitored and subject to appropriate manager review. Customer feedback is also sought.

Russell Banks CMIIA

Orbis Chief Internal Auditor and Chief Internal Auditor for East Sussex Fire Authority

NON-CONFIDENTIAL REPORT

EAST SUSSEX FIRE AND RESCUE SERVICE

Agenda Item No.

Meeting Scrutiny & Audit Panel
Date 21 May 2020
Title of Report Internal Audit Strategy and Plan
By Assistant Director Resources / Treasurer
Lead Officer *Russell Banks, Chief internal Auditor, Orbis*

Background Papers None

Appendices 1. Internal Audit Plan 2020/21

Implications (please tick ü and attach to report)

Any implications affecting this report should be noted within the final paragraphs of the report

CORPORATE RISK		LEGAL	
ENVIRONMENTAL		POLICY	
FINANCIAL	ü	POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	
EQUALITY IMPACT ASSESSMENT <i>For reports requiring an EIA, the appropriate template can be accessed in Word, via the Templates Key within the Shared tab or via this link</i> file:///j:\msoffice\Templates\Shared\14_04%20Equality%20Impact%20Assessment.dot			

PURPOSE OF REPORT To provide an Internal Audit Plan for East Sussex Fire Authority covering the period 1 April 2019 to 31 March 2020.

EXECUTIVE SUMMARY East Sussex County Council (ESCC) has provided the internal audit service to East Sussex Fire Authority (ESFA) since 1 April 1997. This service is usually delivered based on a standard annual budget of 70 audit days.

The Internal Audit Strategy and Plan for 2020/21 is set out as Appendix 1. This Strategy and Plan has been produced on a risk basis, following consultation with senior officers, the Authority's external auditor, Ernst and Young (EY LLP) and the

Chairman of Scrutiny & Audit Panel. The Strategy seeks to achieve a balance between ensuring that existing controls are maintained and that assurance can be given on key projects within the Authority's transformation programme.

This draft strategy proposes a 90 day programme, however, officer's view is that this is justified by the level of risk and the requirement for assurance.

80 days can be funded from within the existing budget held within the Resources / Treasurer Directorate. The additional 10 days will be funded from the 2020/21 Corporate Contingency (10 days @ £365 = £3,650).

The Annual Internal Audit Report and Opinion for 2019/20 would normally be presented to the Panel at this meeting, however, the impact of Covid 19 means that work on a number of reviews is still ongoing, and as a result the report will be brought to the next Panel in July 2020. If any changes to the Strategy are then required they can also be addressed at that meeting.

RECOMMENDATION

The Panel is recommended to approve the proposed internal audit plan for 2020/21.
