



# NORTH YORKSHIRE POLICE, FIRE AND CRIME COMMISSIONER, FIRE AND RESCUE AUTHORITY

Annual internal audit report year ended 31 March 2023

Final

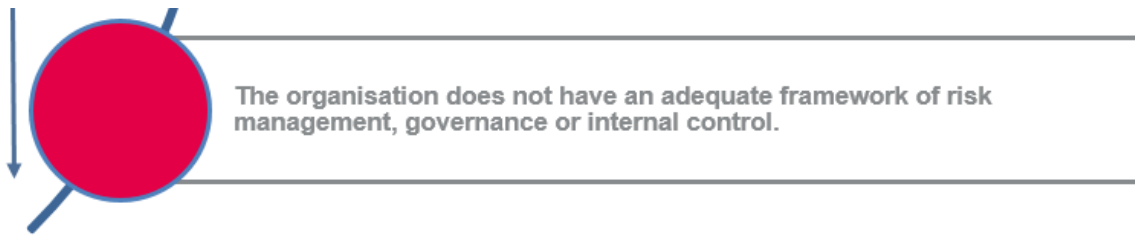
This report is solely for the use of the persons to whom it is addressed.  
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

# THE 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 North Yorkshire Police, Fire and Crime Commissioner, 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 opinion is achieved through a risk-based plan of work, agreed with management and approved by the Independent Audit Committee (IAC), our opinion is subject to inherent limitations, as detailed below:

- internal audit has not reviewed all risks and assurances relating to the organisations;
- the opinions are 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 board takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management / lead individual(s);
- 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

**Context to 2022/23 Internal Audit Plan** - It should be noted that the Fire Service has been subject to a significant amount of change and the Chief Fire Officer and Chief Financial Officer had a number of concerns that were fed into the 2022/23 internal audit programme. RSM were also newly appointed internal audit providers in 2022/23 and therefore a new approach and fresh pair of eyes were engaged and a targeted plan of internal audit coverage on known area of risk was directly by and agreed with Senior Officers and the Committee. We also noted that the Deputy Chief Fire Officer is establishing a risk and assurance board, with the intention to triangulate sources of assurance more effectively and we will work colleagues at the Service to provide advice and assistance in future years.

Based on the work we have undertaken on the systems of governance, risk management and internal control across the Service, our opinion on governance, risk management and control have been informed by the following:

## Governance

We did not perform a specific governance review in 2022/23, however we have covered elements of the governance frameworks in place at the Service for the following reviews and have used this work to support our governance opinion:

- Health and Safety (Partial Assurance);
- Fleet Management (Partial Assurance); and
- On-call Firefighter Recruitment (Partial Assurance).

Each of the above reviews received a negative assurance opinion, and we identified a number of areas that required improvements in the design of the control frameworks and/or compliance with those controls.

## Risk

We did not perform a specific risk management review in 2022/23; however, our risk management opinion was informed by the assessment of the risk mitigation controls and compliance with those controls in our risk-based reviews in the following areas:

- On-call Firefighter Recruitment Process (*Risk: Recruit and retain talent across all levels of the organisation. Knowledge Management/skills transfer. Succession planning*);
- ICT – Maintenance and Updates (*Risk: Operate with secure systems to prevent loss of critical assets and sensitive information, through disruption or damage to systems and reputation resulting from a cyber-attack*); and
- Health and Safety (*Risk: H&S protocols to protect our workforce, public and partner agencies. Preventing death or serious injury, working within prescribed or current HSE guidelines and legislation*).

The specific reviews (above) resulted in **two partial assurance** opinions (negative) and **one minimal assurance** opinion (negative). Given the negative assurance opinions the Service should review the related risks to ensure the control frameworks are operating effectively and if the risk profile needs to be amended.

We have also attended all IAC meetings throughout the year and confirmed the Service's risk management arrangements have been reported. The Service has introduced a Risk and Assurance Board to increase the reporting on the Service's risk management arrangements and improve oversight of where assurances are provided, but this will take time to bed in and mature.

## **Control**

We have undertaken six audits (including the three risk driven reviews mentioned above) of the control environment that resulted in formal assurance opinions. These six reviews concluded that the Service could take **two minimal assurance** (negative) and **four partial assurance** (negative) opinions. We identified significant control deficiencies in the Service's control framework in both the design and application of those controls.

### ICT – Maintenance and Updates (Minimal Assurance)

The ICT – Maintenance and Updates audit focused on other systems and how updates are identified and patched where appropriate following the Gazetteer review\*. The review focussed on four IT systems. Overall, we identified that while there were processes and controls in place which should help manage ICT maintenance and updates at NYFRS, these were not being applied consistently and effectively and there are improvements required in the control environment to ensure a proactive and secure cyber environment.

Key findings relate to a critical system, Vision, not being up to date on security patching, vulnerabilities identified in the monthly vulnerability scans, annual penetration testing not being consistently logged and remediated in a timely manner. Furthermore, there was a lack of detail in the software inventory and the Patching Policy. We identified two high and three medium priority management actions.

\*RSM were commissioned to review the patching of the Gazetteer system which is a database of addresses used to direct crews in the event of an incident (this review was commissioned outside of the internal audit plan).

### Procurement (Minimal Assurance)

The annual governance statement for 2021/22 highlighted a requirement for development and improvements to be made to the Service's procurement activity. It was noted that contract regulations and procurement rules were applied inconsistently, and improvement was needed on the Service's policies and procedures over procurement. Our review highlighted that despite enableNY beginning in 2020, the handover of the Service's procurement to the Procurement Team who sit within North Yorkshire Police had only begun in 2022. Our review highlighted a significant lack of evidence to support the Service's ability to demonstrate that value for money had been achieved, or compliance with established policies and procedures such as the Corporate Governance Framework had been adhered to.

## Partial Assurance opinions

Our remaining reviews which formed part of the internal audit plan resulted in partial assurance opinions (negative). The key findings were as follows:

### Payroll – Process and Control Assurance

Our review considered whether the Service has an appropriate framework in place to ensure that all individuals working for the organisation are paid all monies due to them in a timely manner. Whilst we did not identify issues in payroll calculations, our review identified issues in the timeliness of the submission of key documentation from the Talent and Development Team to the Payroll Team and accuracy of contractual documentation to ensure that employees are paid accurately and in a timely manner. We further identified areas for control strengthening, such as independent payroll checks, the authorisation of payroll processing, and user access controls, which resulted in two high, four medium, and one low management actions being raised.

### Health and Safety

Our review considered whether the Service has adequate controls and processes in place to respond to any health and safety incidents and ensure timely actions and reporting is carried out. The review was linked to the Service's following risk: *'H&S protocols to protect our workforce, public and partner agencies. Preventing death or serious injury, working within prescribed or current HSE guidelines and legislation.'* Our review did not identify issues in the investigation and reporting of accidents and near misses, however our review identified issues in the timeliness of completion of health and safety training modules, and we noted that processes in place to chase outstanding training modules on a quarterly basis are ineffective. Issues were also identified in relation to Crew and Station Managers not completing Health and Safety e-learning training and the three-yearly cycle of IOSH training, which resulted in two high and one medium management actions being raised.

### Fleet Management

Our review considered whether the Service has adequate controls and systems in place to inform its fleet management plan and ensure the Service's grey fleet and specialist vehicles are managed and utilised effectively. We established that due to system limitations, the Service is not adequately equipped to track and locate fleet vehicles to ensure vehicle utilisation is optimised, which could lead to inefficiencies in fleet management. In addition, the Service does not have key governance documents in place to support effective fleet management, such as, policies, procedures, and a fleet management strategy, which resulted in five medium actions being raised.

### On-call Firefighter Recruitment Process

Our review considered whether adequate processes and systems are in place to recruit, attract and train on-call firefighters and ensure the Service retains adequate levels of personnel. We identified significant issues in the management of on-call firefighter training and induction records which were not retained centrally at the time of the audit, and we were therefore provided with minimal evidence to support training completion, which resulted in two high, two medium, and two low management actions being raised.

## **Follow Up**

Furthermore, the implementation of agreed management actions agreed during the course of the year are an important contributing factor when assessing the overall opinion on control. We have performed one follow up review which focussed on those actions raised as part of the Payroll – Process and Control Assurance review and concluded **reasonable progress** (positive opinion) had been made towards the implementation of those actions agreed. We have not reviewed the implementation of those recommendations by the Service's previous internal audit provider or the actions agreed as part of the other RSM reviews.

## **Overall conclusion**

Your Head of Internal Audit opinion for 2022/23 has identified significant weaknesses in the design and application of the Service's control framework that has resulted in a number of negative assurance opinions being provided. We have met with key Officers to discuss our opinion and the work we will do in 2023/24 to provide timely support, advice and assurance to management.

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

## **Topics judged relevant for consideration as part of the annual governance statement**

We issued two minimal (negative) and four partial (negative) assurance opinions in 2022/23. The Authority should therefore consider the minimal and partial assurance opinions when completing the annual governance statement, together with any actions already taken and action planned by management to address the actions agreed.

Management should also continue to pay particular attention to the action tracking process in place and ensure that the actions from the negative assurance reviews are tracked, to ensure these weaknesses identified are addressed in a timely manner.

During the delivery of the internal audit plan for 2022/23, the Service was subject to a PEEL review and the HMICFRS identified the Service required improvement in the area of Effectiveness, was inadequate in Efficiency, and was inadequate in relation to People. These concerns should also be considered when formulating the AGS.

The actions from Annual Governance Statement (2021/22) were presented to IAC in March 2023 and the following areas were due to be implemented by 31 March 2023:

- Defining outcomes in terms of sustainable economic, social and environmental benefits;
- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the entity's capacity, including the capabilities of its leadership and the individuals within it; and
- Managing risks and performance through robust internal control and strong public financial management.

Management should continue to track and report that the above areas have been implemented.

# 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

We have performed one follow up review to determine the Service's implementation of internal audit findings and we have concluded that **reasonable progress** had been made in implementing the agreed actions. The focus of the review was to provide assurance that agreed management actions from the Payroll – Process and Control Assurance (1.22/23) audit had been fully implemented. This review was originally completed by RSM in July 2022 and concluded with partial (negative) assurance.

## Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers, although we have noted above the work of HMICFRS and some of the significant findings from their work.



# OUR PERFORMANCE

## Wider value adding delivery

We have used subject matter experts to review the Service's arrangements for **ICT – Maintenance and Updates**. We will continue to use subject matter experts when appropriate to ensure true value is added to the Service.

As part of our client service commitment, during 2022/23, we have issued four emergency services sector briefings within our progress reports presented to the IAC, detailed below. We will continue to share our briefings with you during 2023/24.

Area of work	How has this added value?
Emergency Services – Sector Update: June 2022	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none"><li>• Data management fire standard consultation;</li><li>• Fire Standard is launched;</li><li>• Reforming fire and rescue services; and</li><li>• The Fire Risk Assessment Prioritisation Tool.</li></ul>
Emergency Services – Sector Update: September 2022	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none"><li>• Fire and Rescue Service inspections 2021/22;</li><li>• Fire standards implementation sessions; and</li><li>• Fire and rescue incidents statistics.</li></ul>
Emergency Services – Sector Update: December 2022	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none"><li>• Economic and Social Value of the UK Fire and Rescue Services Methodology;</li><li>• Early Intervention Implementation Framework launched; and</li><li>• Fire Standards Board launches new standard.</li></ul>
Emergency Services – Sector Update: March 2023	<p>The briefing paper provides a useful source of insight into recent developments and publications affecting the sector and provided further insight into the following areas:</p> <ul style="list-style-type: none"><li>• State of Fire and Rescue: The Annual Assessment of Fire and Rescue Services in England 2022;</li><li>• Fire and rescue services inspection programme and framework;</li><li>• Fire Safety (England) Regulations 2022;</li></ul>

	<ul style="list-style-type: none"> <li>• Firefighters far more likely to die from cancer and heart attacks than public; and</li> <li>• The Fire Standards Board open consultations on two Standard.</li> </ul>
Best Practice	Shared best practice across the sector through our work.
Briefings	Issued non-sector specific briefings to all of our clients, including Police, Fire and Crime Commissioner, and Fire Rescue Authority.

## 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 / 2023, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

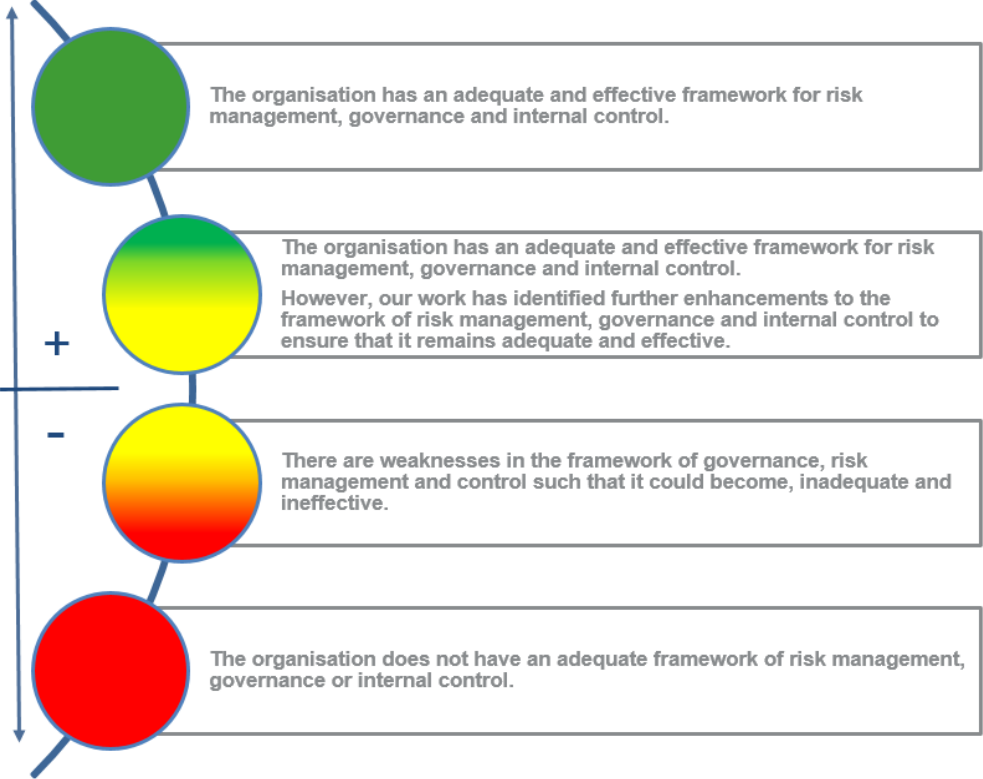
In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

## Performance indicators

Delivery			Quality		
	Target	Actual		Target	Actual
Draft reports issued within 10 working days of debrief meeting	10 days	9 working days (average)	Conformance with PSIAS and IIA Standards	Yes	Yes
			Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	As and when required
Final report issued within 3 working days of management response	3 days	1 working day (average)	Response time for all general enquiries for assistance	2 working days	2 working days (average)
			Response for emergencies and potential fraud	1 working day	-

# APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

Annual opinions	Factors influencing our opinion
 <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <p>The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.</p> <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p>	<p>The factors which are considered when influencing our opinion are:</p> <ul style="list-style-type: none"> <li>• inherent risk in the area being audited;</li> <li>• limitations in the individual audit assignments;</li> <li>• the adequacy and effectiveness of the risk management and / or governance control framework;</li> <li>• the impact of weakness identified;</li> <li>• the level of risk exposure; and</li> <li>• the response to management actions raised and timeliness of actions taken.</li> </ul>

# APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2022 / 2023

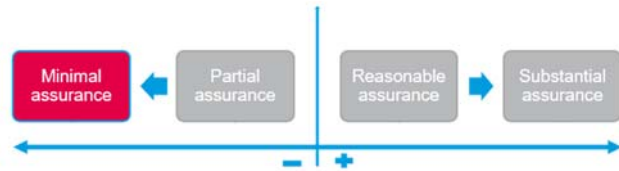
All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Assurance level	Actions agreed		
		L	M	H
ICT – Maintenance and Updates	Minimal Assurance	0	3	2
Procurement	Minimal Assurance	0	5	6
Payroll – Process and Control Assurance	Partial Assurance	1	4	2
Health and Safety	Partial Assurance	0	1	2

Assignment	Assurance level	Actions agreed		
		L	M	H
Fleet Management	Partial Assurance	0	5	0
On-call Firefighter Recruitment Process	Partial Assurance	2	1	2
Follow Up of Previous Internal Audit Management Actions: Payroll – Process and Control Assurance	Reasonable Progress	0	2	0
Gazetteer Patching Review	Partial Assurance	2	3	1

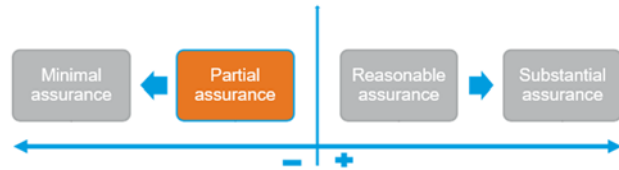
# APPENDIX C: OPINION CLASSIFICATION

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



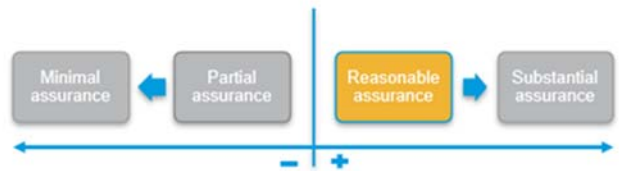
Taking account of the issues identified, the Police, Fire and Crime Commissioner, Fire and Rescue Authority **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



Taking account of the issues identified, the Police, Fire and Crime Commissioner, Fire and Rescue Authority can take **partial assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



Taking account of the issues identified, the Police, Fire and Crime Commissioner, Fire and Rescue Authority Yorkshire 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.



Taking account of the issues identified, the Police, Fire and Crime Commissioner, Fire and Rescue Authority can take **substantial assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

# YOUR INTERNAL AUDIT TEAM

**Dan Harris**

Head of Internal Audit

**RSM UK Risk Assurance Services LLP**

1 St. James' Gate, Newcastle Upon Tyne, NE1 4AD

**M:** +44 (0)7792 948767 | **W:** [www.rsmuk.com](http://www.rsmuk.com)



**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 **North Yorkshire Police, Fire and Crime Commissioner, Fire and Rescue 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.