

EAST SUSSEX FIRE & RESCUE SERVICE

**INTERNAL AUDIT STRATEGY AND  
ANNUAL AUDIT PLAN 2023/24**



**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 several 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 2023/24 has involved consultation with senior officers and the Chair 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 considered 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 'partial' or '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 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 2023/24

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 for 2023/24 amounting to 80 days. Details of all the planned work is set out in the following table:

**2023/24 Audit Plan**

| Area                  | Outline Objective   | Planned Days |
|-----------------------|---|--------------|
| Key Financial Systems | <p>East Sussex Fire Authority use the main financial systems of East Sussex County Council, specifically:</p> <ul style="list-style-type: none"> <li>• HR/Payroll</li> <li>• Accounts Payable</li> <li>• Accounts Receivable</li> <li>• Treasury Management</li> <li>• Pensions</li> <li>• General Ledger</li> </ul> <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>   | 13           |
| MBOS Support          | <p>Modernising Back Office Systems (MBOS) relates to the implementation of Oracle as the replacement for the current SAP Enterprise Resource Planning system (ERP).</p> <p>The current SAP ERP system was implemented in 2004 and will no longer be supported beyond 2025. SAP contains a significant amount of Fire Authority Finance, Procurement and HR data for the authority, which will need to be reviewed and decisions made with regards to what, if any, data needs to be migrated into the replacement system.</p> <p>We will continue to provide independent advice, support and challenge on risk, control, probity and governance issues in respect of this programme.</p> <p>We also intend to provide support through several audits in the lead up to and during go-live; including, a gap analysis/controls assurance piece of work in relation to the key processes within the new system and assurance in relation to the payroll interface with Firewatch.</p> | 20           |
| People Strategy       | <p>This audit will review the implementation of the Fire Service’s People Strategy, with a specific focus on workforce planning and recruitment and retention of staff. This will include how the authority looks to allocate resources efficiently and effectively, achieve workforce priorities to</p>  | 8            |

| Area   | Outline Objective  | Planned Days |
|--|--|--------------|
|  | support and develop the workforce and continue to measure the success of the strategy.   |              |
| Pension Fund External Control Assurance        | To undertake a review external assurance received by the Fire Authority in relation to the administration of the Pension Fund by West Yorkshire Pension Fund. This audit will include ensuring that the Fire Authority receive appropriate information to allow for performance to be monitored.   | 5            |
| Implementation of Savings Plans                | <p>Since 2010/11 and to the end of this current Medium Term Financial Plan (MTFP), the Fire Authority has made, and has planned to make, savings totalling £13.046m of which £10.751m will have been delivered by the end of 2022/23. For 2023/24 there are planned savings of £1.295m with total savings of £2.295m over the duration of the MTFP.</p> <p>This audit will review the implementation of the Fire Authority's saving plan, with a focus on the delivery of the additional savings proposals for April 2024 and assess the adequacy of processes in ensuring that options being presented within the plan are viable and subject to appropriate monitoring arrangements.</p> | 8            |
| Joint Control Centre Contract Management       | In 2021, East Sussex Fire & Rescue Service entered a collaboration agreement with Surrey and West Sussex Fire & Rescue Services to have a shared Control Centre managed by Surrey Fire & Rescue Service. This audit will assess the adequacy and effectiveness of contract management arrangements in place in relation the Control Centre, to ensure that outputs received by the Fire Authority are in line with service level agreements.   | 8            |
| Office 365 – Cloud Data Governance & Migration | This audit will review the implementation of Office 365 across the Fire Authority, with a specific focus on the governance and migration arrangements for data within the cloud environment.   | 8            |
| Management and Advice                          | This includes the preparation of the Internal Audit Strategy and Plan, production of the Annual Internal Audit Report and Opinion, advice and ongoing liaison with management.   | 10           |
| <b>Total Planned Days</b>                      |  | <b>80</b>    |

## 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 2023/24 audit plan. These will be subject to consideration as the year progresses and when planning audit work for future years:

- Insurance arrangements
- Corporate Health & Safety
- Fire safety legislation changes
- Climate change – carbon reduction

## 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"> <li>• Annual Audit Plan agreed by Scrutiny and Audit Panel</li> <li>• Annual Audit Report and Opinion</li> <li>• Satisfaction levels</li> </ul> | <ul style="list-style-type: none"> <li>• April</li> <li>• July</li> <li>• 90% satisfied</li> </ul> |
| Productivity and Process Efficiency    | <ul style="list-style-type: none"> <li>• Audit plan – completion to draft report stage by 31 March 2023</li> </ul>   | <ul style="list-style-type: none"> <li>• 90%</li> </ul>  |
| Compliance with Professional Standards | <ul style="list-style-type: none"> <li>• Public Sector Internal Audit Standards</li> <li>• Relevant legislation such as the Police and Criminal Evidence Act, Criminal</li> </ul>  | <ul style="list-style-type: none"> <li>• Conforms</li> <li>• Conforms</li> </ul>                   |

| Aspect of Service                | Orbis IA Performance Indicator  | Target  |
|----------------------------------|---|---|
|                                  | Procedures and Investigations Act   |   |
| Outcomes and Degree of influence | <ul style="list-style-type: none"> <li>• Agreement to audit findings</li> </ul>       | <ul style="list-style-type: none"> <li>• 95%</li> </ul> |
| Our staff                        | <ul style="list-style-type: none"> <li>• Professional Qualified/Accredited</li> </ul> | <ul style="list-style-type: none"> <li>• 80%</li> </ul> |

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