



**Shropshire**  
Fire and Rescue Service

**Appendix** to report on  
Internal Audit Report  
Standards Audit and Performance Committee  
10 July 2025



# ANNUAL REPORT OF INTERNAL AUDIT

## 2024/25

Date: July 2025

### 1. BACKGROUND

- 1.1 The Internal Audit Standards (the Standards) require the Head of Internal Audit to provide an annual Internal Audit Opinion and report that can be used by the organisation to inform its Annual Governance Statement.
- 1.2 The Standards specify that the annual report must contain:
- An Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control framework;
  - A summary of the audit work (including organisational knowledge) from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
  - A statement of the extent of conformance with the Standards including progress against the improvement plan arising from external assessments.

## 2. INTERNAL AUDIT OPINION 2023/24

- 2.1 The Head of Internal Audit's overall opinion on the organisation's system of internal control is that:

**Reasonable assurance** can be given that there is an adequate and effective control framework in place, designed to meet the organisation's objectives.

Of the 6 graded assignments completed in 2024/25, 5 (83%) resulted in an opinion of either Substantial or Reasonable assurance, with 1 Limited assurance rating.

The progress made by management in implementing the actions arising from audits has been good. Follow up work completed by Internal Audit has not highlighted any overdue High or Medium priority actions. Implementation of agreed control improvement actions strengthens the organisation's framework of governance, risk management and control.

Internal Audit is not providing an opinion on risk management and governance this year due to the limited work carried out in these areas. This reflects ongoing organisational change. A new approach to risk management was agreed in June 2025. The internal audit plan for 2025/26 includes a review of the design and effectiveness of the new framework. Similarly, with ongoing changes in governance arrangements we will be reviewing and providing an opinion on key areas in 2025/26 including performance management, project management, procurement and contract management.

- 2.2 A summary of Internal Audit assurance opinions issued in 2024/25 is shown in Table 1 below:

**Table 1 – Summary of Internal Audit Opinions in 2024/25**

<b>Assurance Area</b>	<b>Substantial</b>	<b>Reasonable</b>	<b>Limited</b>	<b>No</b>
Financial	2	0	0	0
Strategic & Operational Risks	1	2	1	0
<b>Totals</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>0</b>

### 3. REVIEW OF AUDIT COVERAGE

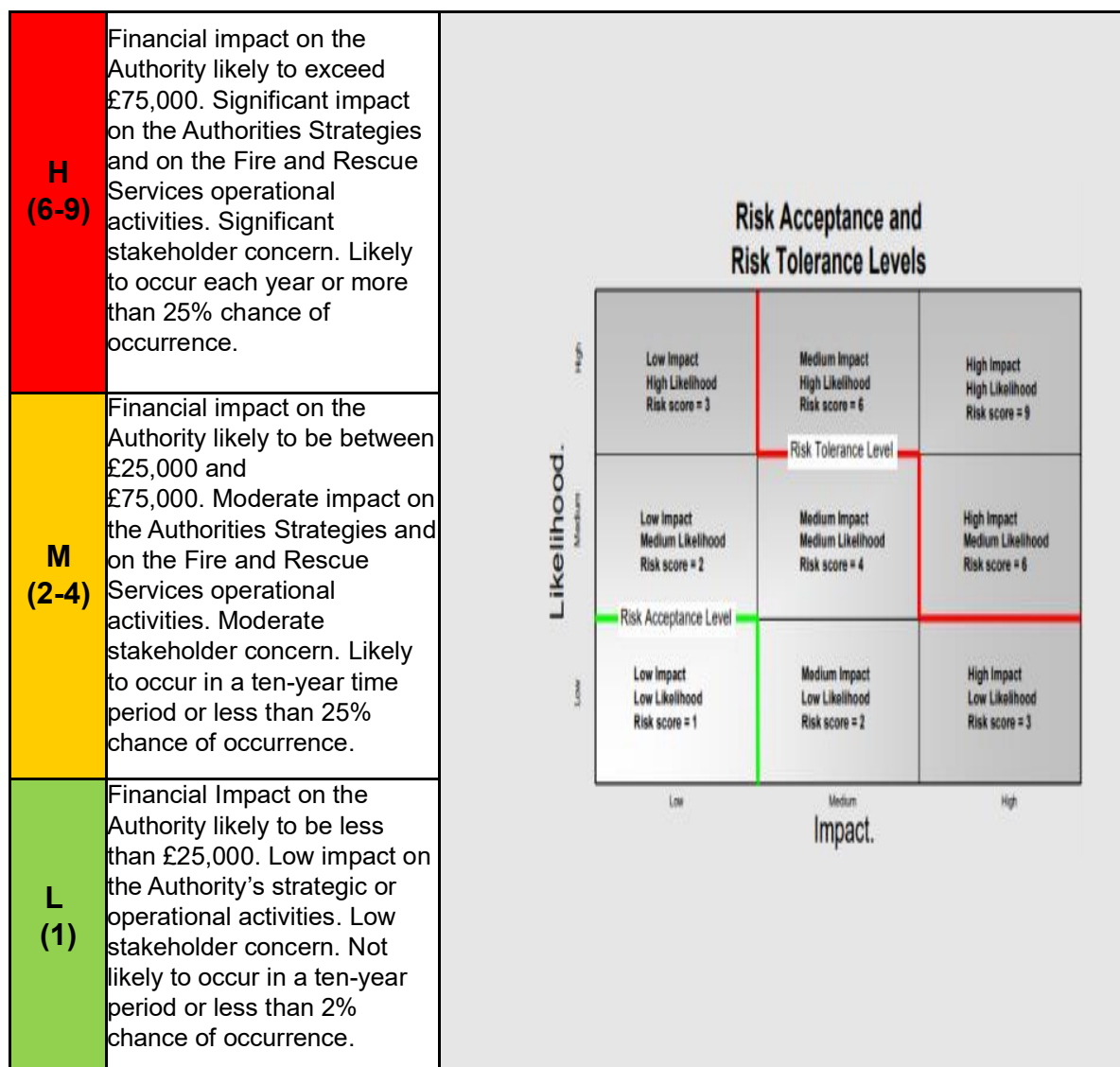
- 3.1 The Auditor's Opinion for each assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean:

**Table 2 – Assurance Categories**

<b>Opinion</b>	<b>Definition</b>
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

The prioritisation of recommendations made by Internal Audit is based upon an assessment of the level of risk exposure. The Auditor's Opinion considers the likelihood of corporate/ service objectives not being achieved, and the impact of any failure to achieve objectives. In order that recommendations can be prioritised according to the potential severity of the risk, a traffic light system is used, aligned with the organisation's risk assessment framework, as follows:

<b>Definition of Priority of Recommendations</b>		
<b>Risk Level</b>	<b>Definition</b>	<b>Matrix</b>



### 3.2 Summary of Internal Audit Work

Table 3 details the assurance levels resulting from all audits completed during the year:

Audit Area	Assurance Opinion
<b>Financial</b>	
Debtors	Substantial
Payroll & Pensions	Substantial
<b>Strategic &amp; Operational Risks</b>	
IT Network & Cyber Security	Limited
Corporate Health & Safety	Reasonable
HR – Movers & Leavers	Reasonable
Follow up reviews	Substantial

Outlined at pages 11 to 14 is a short summary of the findings of each of the audits completed. It should be noted that many of these findings have previously been reported as part of the defined cycle of progress update reports provided to the Committee.

### 3.3 Adding Value

Much internal audit work is carried out “behind the scenes” and is demand led but is not always the subject of a formal report. Examples include:

- Governance e.g. assisting with the Annual Governance Statement.
- Risk management. For example, the critical review of Business Continuity undertaken in 2024.
- Dissemination of information regarding potential fraud cases likely to affect the organisation.
- Drawing managers’ attention to specific audit or risk issues. For example, the critical review of methodologies for capturing productivity data.
- Internal audit recommendations: follow up review and advice.
- Day to day audit support and advice for example risk implications arising from proposed changes in controls.
- Networking with audit colleagues in other organisations on professional points of practice.
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### 3.4 Service Performance in 2024/25

Description	Narrative	Target	Actual
Delivery	% of audit days delivered by Year End	90%	92% (61 days delivered)
Productivity	% of available time spent on productive audit work	80%	81%
Effectiveness	% of agreed recommendations implemented by the agreed date	75%	100%
Customer Satisfaction	% of Post Audit Questionnaires which have rated the service as “Very Good” or “Good”	80%	100% (post audit questionnaires)  92% (result of client survey issued during External Quality Assessment)

## 4. QUALITY ASSURANCE AND COMPLIANCE WITH PROFESSIONAL STANDARDS

- 4.1 The Public Sector Internal Audit Standards (the Standards) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The Standards were intended to promote further improvement in the

professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.

- 4.2 The objectives of the Standards, which applied until 31<sup>st</sup> March 2025, were to:
- Define the nature of internal auditing within the public sector;
  - Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
  - Establish the basis for evaluation of internal audit performance and to drive improvement planning.
- 4.3 The Standards required that an independent External Quality Assessment (EQA) of the service be completed every 5 years. An EQA was completed in the 2024/25 financial year, and the results confirmed that the service is operating in **General Conformance to the Standards**. This is the highest of the three available assessment grades. The findings of the external assessment were used to develop a new Quality Assurance policy.
- 4.4 As part of the EQA a client satisfaction survey was issued and based upon a response from 15 senior client officers and members across the shared service, there was a 92% positive satisfaction score. Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. All staff work to a given methodology and have access to the internal audit reference material and Charter which are updated regularly to reflect the requirements of the standards and the changing environment that Internal Audit operates in. On-going dialogue is maintained with the deputy s151 officer and the Client Officer Group which governs the shared service. The Client Officer Group for the Internal Audit Shared Service comprises all the partners' s151 Officers all whom actively encourage and support the on-going development of the service.
- 4.5 As noted at Paragraph 4.3 above, a new Quality Assurance policy was approved in September 2024. In accordance with the standards, the Head of Internal Audit is required to include a statement on compliance with the policy within this annual report. The Head of Internal Audit can confirm that the service operated in compliance with the policy from the date of its approval to the end of the financial year.

#### **4.6 Continuous Improvement in 2024/25**

In addition to implementation of the Quality Assurance policy, the following continuous improvements have been implemented by the Service during 2024/25:

- Introduction of a formal set of Key Performance Indicators for the service, with the results reported to the Standards, Audit & Performance Committee.
- Completion of an auditor skills review.
- Documented evaluation of fraud risks as a standard requirement for all audits.
- Aligning the grading of internal audit recommendations with those impact definitions used within the organisation's risk management process.
- Team training in environmental sustainability audit, and appointment of a service champion for this area.

#### **4.7 New Global Internal Audit Standards and 2025/26 Improvement Plan**

There are new Global Internal Audit Standards which apply for the 2025/26 financial year onwards. The new Standards cover five key areas (domains):

- The purpose of internal auditing
- Ethics and Professionalism
- Governing the Internal Audit function
- Managing the Internal Audit function
- Performing Internal Audit services

- 4.8 The Head of Internal Audit has reviewed the new Standards with the team and the following actions are planned to ensure compliance with the additional requirements:

Improvement Action	Planned Implementation Date
Ensure all members of the team are reminded of the requirements of the Code of Ethics. This covers integrity, objectivity, confidentiality, due care, professional conduct, conflicts of interest, use of information, and professional development.	September 2025
Ensure that additional professional development over and above mandatory corporate training is recorded on individual learning plans.	September 2025
Update the Internal Audit Charter to incorporate a mandate. The mandate will define why internal audit exists within the organisation. It will also specify the authority, role and responsibilities.	October 2025
Develop a formal Internal Audit Strategy setting out its vision, strategic objectives and supporting initiatives.	November 2025
As part of audit planning, consider how data analytics and Artificial Intelligence may be used to create more efficient and effective workflows.	November 2025. This will be considered alongside development of the Internal Audit Strategy.
Review communications to ensure the Service adopts the use of conclusions rather than opinions.	August 2025

## 5. ORGANISATION INDEPENDENCE

If independence or objectivity is impaired in fact or appearance, the Head of Internal Audit is required to disclose this. The Head of Internal Audit can confirm that the Internal Audit service is independent and objective, and this is currently demonstrated in a number of ways:

- The Head of Internal Audit reports directly to the s151/ chief finance officer at all organisations in the Shared Service and the equivalent Audit Committee. He also has direct unfettered access to the Heads of Paid Service, Monitoring Officers and Chairs of the Audit Committees.
- Any attempts to unduly influence the scope of audit reviews or the contents of reports will be reported by the Head of Internal Audit to the Head of Paid Service and the Chair of the Audit Committee.
- All officers responsible for internal audit work are required to complete an annual Declaration of Interests form, which is in turn reviewed by the Head of Internal Audit. In the case of the Head of Internal Audit, the form is



reviewed by the Director of Finance and Resources (s151 officer) at Worcester City Council. Auditors are required to report any interests that might compromise the impartiality of their professional judgements – or give rise to a perception that this impartiality has been compromised. Any conflicts of interest are avoided when allocating assignments.

- The Standards, Audit and Performance Committee approves any significant consultancy activity included in the Internal Audit Plan.

## **6. LIMITATIONS INHERENT TO THE WORK OF INTERNAL AUDIT**

Internal Audit undertakes a programme of work agreed by the Council's senior managers and approved by the Audit Committee subject to the limitations outlined below.

### ***Opinion***

Each audit assignment undertaken addresses the control objectives agreed with the relevant responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work, were excluded from the scope of individual internal audit assignments or were not brought to the attention of Internal Audit. As a consequence, the Audit Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

### ***Internal Control***

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees, management override of controls, and unforeseeable circumstances.

### ***Future Periods***

The assessment of each audit area is relevant to the time that the audit was completed. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

### ***Responsibilities of Management and Internal Auditors***

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance, and for the prevention or

detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected, additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

## 7. SUMMARY OF INTERNAL AUDIT FINDINGS

Audit Area	Assurance Rating	Summary of Findings
Payroll & Pensions	Substantial	<p>The scope of this review covered:</p> <ul style="list-style-type: none"> <li>• Assurance that on-call variable pay is correct and timely.</li> <li>• Assurance that Statutory Sick Pay (SSP), Statutory Maternity Pay (SMP) and Paternity leave (PL) is correctly calculated and processed through the system.</li> <li>• Assurance that expense and overtime pay is correct and timely.</li> </ul> <p>The review confirmed that:</p> <ul style="list-style-type: none"> <li>• There are well controlled procedures in place for the approval of on call variable pay, this was supported through our sample testing of the various elements of on call variable pay, which found in all cases that the pay had been authorised in accordance with the SWFRS policy with no exceptions noted.</li> <li>• Sample testing confirmed that paternity leave has been paid in accordance with SWFRS guidance.</li> <li>• From a sample test of maternity payments, we found that all payments have been awarded in accordance with the fire service maternity scheme and payments of both statutory and occupational have been correctly calculated with no issues to note.</li> <li>• Testing of a sample of sickness payments found that all were authorised in accordance with the SWFRS sickness policy, and both the statutory and occupational elements of the sickness payments have been calculated correctly.</li> <li>• All expenses and overtime claims selected for testing were authorised in accordance with the financial regulations.</li> </ul> <p>The review did not find any areas of the system where controls could be strengthened, and accordingly substantial assurance was awarded.</p>
Debtors	Substantial	<p>The objective of this audit was to provide assurance that debts are raised and managed in line with service policies and procedures. The scope covered:</p> <ul style="list-style-type: none"> <li>• Procedures for the raising of debts, issuing credit notes, and recording receipts.</li> </ul>

Audit Area	Assurance Rating	Summary of Findings
		<ul style="list-style-type: none"> <li>Debt management, including the timeliness of debt raising, supporting documentation held, and actions taken to recover the debts.</li> <li>Reconciliations.</li> </ul> <p>The following areas of the system were found to be working well:</p> <ul style="list-style-type: none"> <li>Strong audit trails, including the retention and referencing of documentation.</li> <li>Accuracy of data across processes.</li> <li>Clear policy and procedural requirements.</li> </ul> <p>There were no issues identified during this audit, and accordingly Substantial Assurance was provided.</p>
HR – Movers & Leavers	Reasonable	<p>The scope of this review covered:</p> <ul style="list-style-type: none"> <li>Documented policies and procedures.</li> <li>Functionality of the MyView system.</li> <li>Review of the process adopted across departments.</li> </ul> <p>The review found the following areas of the system were working well:</p> <ul style="list-style-type: none"> <li>Segregation of duties, authorisations and notifications within MyView.</li> <li>MyView system usability; clear, relevant system entry fields.</li> <li>Guidance documents and process notes in place.</li> <li>The operational requirements of Tech Services, Fleet &amp; Workshops are met.</li> </ul> <p>The audit highlighted that there are Salto passes issued with generic names to contractors or stations with no identity or traceability. The support service was unable to identify where these passes were and who had possession. It was agreed that a full reconciliation will be carried out by the admin department to remove any leavers or unidentified staff from the system.</p>
Corporate Health & Safety	Reasonable	The scope of this review covered:

Audit Area	Assurance Rating	Summary of Findings
		<ul style="list-style-type: none"> <li>• Compliance with Health &amp; Safety at Work Act, Section 2, Regulation 3 (Management of Health &amp; Safety at Work Regs) for Mental Health.</li> <li>• Compliance with HSG65, Risk Assessment Management Systems.</li> <li>• Health &amp; Safety Policy (Brigade Order) concerning General Risk Assessments.</li> <li>• Engagement by senior leadership.</li> </ul> <p>The review found the following areas of the system were working well:</p> <ul style="list-style-type: none"> <li>• Brigade orders &amp; training achieve their aims and objectives.</li> <li>• Methods for ensuring contractors adhere to Health &amp; Safety principles.</li> <li>• Access to competent Health &amp; Safety advice, including professional officers and documentation.</li> </ul> <p>However, due to a lack of available information at the time of the audit we were unable to provide assurance over the services risk assessment matrix and individual risk assessments. It is recommended that management follow up on this to ensure the risk assessments are in place, up to date, and that any identified actions are being implemented.</p>
IT Network & Cyber Security	Limited	<p>This audit followed up on the previous Cyber Security Health Check Report completed in October 2021. The audit confirmed that good progress had been made in the following areas:</p> <ul style="list-style-type: none"> <li>• Privileged access management.</li> <li>• New security awareness training is about to be launched.</li> <li>• Enhanced fraud detection arrangements.</li> </ul> <p>However, it is recommended that management periodically review issues, gaps, deficiencies, or control failures ensuring there is timely reporting and remediation. Whilst a Business Continuity Exercise was carried out in February 2024, it is recommended</p>

Audit Area	Assurance Rating	Summary of Findings
		that ICT plan and carry out a Disaster Recovery test to ensure all applications and data can be restored after an interruption of services / disruption.
Follow up reviews	Substantial	The progress made by management in implementing the actions arising from audits has been good. Follow up work completed by Internal Audit has not highlighted any overdue High or Medium priority actions. Implementation of agreed control improvement actions strengthens the organisation's framework of governance, risk management and control.