

# Internal Audit Annual Report & Head of Internal Audit Opinion 2024/25

North Wales Fire & Rescue Service

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# 1 Executive Summary

This annual report provides your 2024/25 Head of Internal Audit Opinion, together with the planned internal audit coverage and outputs during 2024/25 and MIAA Quality of Service Indicators.

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual 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 statement.

| Head of Internal Audit Opinion  | 1 <sup>st</sup> April 2023 – 31 <sup>st</sup> March 2024 | 1 <sup>st</sup> April 2024 – 31 <sup>st</sup> March 2025 | Factors considered in forming our opinion  |
|---|--|--|--|
| High Assurance, can be given that there is a strong system of internal control which has been effectively designed to meet the organisation's objectives, and that controls are consistently applied in all areas reviewed.   |  |  | <ul style="list-style-type: none"> <li>• <b>Inherent risks</b> in the areas audited</li> <li>• <b>Scope limitations</b> of individual audit reviews</li> <li>• <b>Control weaknesses identified</b> and their impact</li> <li>• <b>Internal control environment</b> adequacy and effectiveness</li> <li>• <b>Management's responses</b> to recommendations</li> <li>• <b>Progression of implementation of recommendations</b> by management</li> </ul> |
| <b>Substantial Assurance</b> , can be given that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.   | ✓  | ✓  |  |
| Moderate Assurance, can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.                               |  |  |  |
| Limited Assurance, can be given that there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk. |  |  |  |
| No Assurance, can be given that there is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the organisation's objectives.  |  |  |  |

| Key Area                       | Summary   |
|--------------------------------|---|
| Head of Internal Audit Opinion | <p>As highlighted above, the overall opinion for the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025 provides <b>Substantial Assurance, that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.</b></p> <p><b>Context:</b> This opinion is provided in the context that the North Wales Fire &amp; Rescue Service (NWFRS) like other organisations across the public sector is facing a number of challenging issues and wider organisational factors particularly with regards to changes in the political landscape, financial challenges and increasing collaboration across organisations and systems.</p> <p>With regards to the Senior Leadership Team (SLT), there has been some changes across the Assistant Chief Fire Officer roles in year.</p> <p>NWFRS has developed and implemented their Community Risk Management Plan (CRMP) for 2024-29, aiming to identify risks facing the community and describes how the Fire and Rescue Authority will manage those risks, and continue to prevent and respond to fires and other emergencies. The plan is intended to assist in transparent and justifiable decision-making and help Fire and Rescue Services identify collaborative opportunities with partner organisations more easily.</p> <p>In response to the Corporate Resilience review at NWFRS, the Authority has commissioned an Emergency Cover Review to identify options for emergency response, which is ongoing.</p> <p>A Budget Scrutiny working group has met regularly in year which has included members of the Audit Committee to endorse the financial planning assessment process to set a balanced budget for 2025/26.</p> <p>In February 2025, NWFRS (along with Mid and West Wales Fire and Rescue Services) published its final report of the jointly commissioned Independent Cultural Review. The recommendations made as part of the review are now being taken forward by the Service in creating a supportive, inclusive and progressive workplace culture.</p> <p>In year we have issued a limited level of assurance in relation to Risk Management. Internal work is being progressed within the Service such as the development of a Risk Management Strategy, full implementation of the risk registers and embedding of risk management processes across the Departments and roll out of the training provision. It was also recognised that the Internal Audit work for 2024/25 has placed a focus on the key risks to NWFRS business and the key areas of concern.</p> <p><b>Compliance with professional standards:</b> In providing this opinion we can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards. We also confirm</p> |

| Key Area                          | Summary  |
|-----------------------------------|--|
|                                   | <p>organisational independence of the audit activity and that this has been free from interference in respect of scoping, delivery and reporting.</p> <p><b>Purpose:</b> The purpose of our Head of Internal Audit (HoIA) Opinion is to contribute to the assurances available to the Accountable Officer and the Fire Authority which underpin their own assessment of the effectiveness of the system of internal control. As such, it is one component that the Accountable Officer on behalf of the Fire Authority takes into account in making its Annual Governance Statement (AGS).</p> <p><i>Please include the summary text in the table above when referring to the HoIA Opinion in your AGS.</i></p>  |
| Scope and Limitations of Our Work | <p>Our opinion is formed through the completion of a risk-based plan of assignments, agreed with management and approved by the Audit Committee.</p> <p>Our opinion is subject to the following inherent limitations:</p> <ul style="list-style-type: none"> <li>• We have not reviewed all risks and assurances relating to the organisation.</li> <li>• The opinion is 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)</li> <li>• The opinion is based on the findings and conclusions of the agreed audit assignments which were limited to the objectives and scope agreed with management.</li> <li>• Where strong controls have been identified and confirmed, their effectiveness may still be impaired in some instances. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance.</li> <li>• Due to the limited scope of individual audit assignments, there may be weaknesses in controls which we are not aware of, or which were not brought to our attention.</li> <li>• The points raised in this report relate only to the issues we encountered during delivery of the internal audit service. It is not an exhaustive list of all weaknesses or potential improvements. Management is responsible for maintaining a</li> </ul> |

| Key Area                             | Summary  |
|--------------------------------------|--|
|                                      | <p>robust system of internal controls, and internal audit should not be the sole basis for identifying all strengths and weaknesses.</p> <ul style="list-style-type: none"> <li>• This report is prepared solely for the use of the Audit Committee and the Fire Authority.</li> </ul>   |
| Planned Audit Coverage and Outputs   | <p>The 2024/25 Internal Audit Plan has been delivered with the focus on the provision of your HoIA Opinion. This position has been reported within the progress reports across the financial year. Review coverage has been focused on:</p> <ul style="list-style-type: none"> <li>• The organisation's Assurance Framework</li> <li>• Core and mandated reviews, including follow up; and</li> <li>• A range of individual risk-based assurance reviews.</li> </ul>   |
| Recommendations / Management Actions | <p>We have raised 18 recommendations as part of the reviews undertaken during 2024/25. All recommendations raised by MIAA have been accepted by management but have not yet been followed up by MIAA as the implementation due dates have not yet passed.</p> <ul style="list-style-type: none"> <li>• Of these recommendations: 0 were critical and 4 were high risk recommendations in relation to the reviews of Risk Management.</li> <li>• At the start of the 2024/25 year there were 8 recommendations outstanding from prior years. During the course of the year, we have undertaken follow up reviews and can conclude that the organisation implemented 2 actions during 2024/25.</li> <li>• The total number of prior year recommendations yet to be implemented is 6, of which 1 high risk which relates to the Cyber Organisational Controls review. All 6 outstanding recommendations (which relates to the Cyber Organisational Controls review) were not yet due and evidence has been provided to confirm that these are partially implemented. These will be followed up again in Quarter 2 2025/26.</li> </ul> |
| MIAA Quality of Service Indicators   | <p>MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA (2020), provides assurance of MIAA's full compliance with the Public Sector Internal Audit Standards (PSIAS). We also undertake regular</p>   |

| Key Area | Summary  |
|----------|--|
|          | <p>internal assessments to ensure our ongoing compliance with requirements. In year we completed our annual self-assessment of compliance with PSIAS and can continue to confirm full compliance with these standards.</p> <p>MIAA are committed to delivering and demonstrating the highest standards of information governance and cyber security to protect not only our information and systems but to protect the data we collect and create through our audit and advisory activities with clients.</p> <p>We have consistently submitted a compliant NHS Data Security and Protection Toolkit return and we are one of only circa 20 NHS organisations certified to the Cyber Essentials Plus standard. Certification to this standard required rigorous independent testing of our cyber security controls across our devices. That we have achieved this certification is a demonstration not only of the security of our devices but also a validation of the proactive monitoring and maintenance that we have in place to protect data and systems from malicious threats.</p> |

## 2 The Head of Internal Audit Opinion

Your internal audit service has been performed in accordance with MIAA's internal audit methodology which conforms with PSIAS. PSIAS require that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our work to obtain sufficient, appropriate evidence on which to base our conclusion.

### 2.1 Roles and Responsibilities

The Fire Authority is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The AGS is an annual statement by the Accountable Officer, on behalf of the Fire Authority, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievements of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process; and
- the conduct and results of the review of the effectiveness of the system of internal control, including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's assurance framework should bring together all of the evidence required to support the AGS requirements.

In accordance with PSIAS, the HoIA is required to provide an annual 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 (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which can provide assurance, subject to the inherent limitations described below. The outcomes and delivery of the internal audit plan are provided in Section 4.



## 3 Informing our Opinion

### 3.1 Basis for the Opinion

The basis for forming our opinion is as follows:

- |   |  |
|---|--|
| 1 | An assessment of the design and operation of the underpinning strategic governance, risk management arrangements and supporting processes.   |
| 2 | An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified. |
| 3 | An assessment of the organisation's response to Internal Audit recommendations, and the extent to which they have been implemented.  |

### 3.2 Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

Our opinion covers the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025 inclusive, and is underpinned by the work conducted through the risk-based internal audit plan.

#### A) Assurance Framework (AF)

A Risk Management review has been undertaken 2024/25 which resulted in a limited level of assurance. Five recommendations were raised and are due for completion in September 2025; these relate to finalising a Risk Management Strategy for the Service, review of risk registers, oversight and reporting arrangements and providing risk management training. These recommendations will be followed up in 2025/26 as part of our follow up work.

## B) Core & Risk-Based Reviews Issued

We issued:

|                                   |   |                                       |  |
|-----------------------------------|---|---------------------------------------|--|
| 0 high assurance opinions:        | N/A   | 1 <b>limited</b> assurance opinions:  | Risk Management                        |
| 3 substantial assurance opinions: | Training Strategy Implementation Plan<br>Key Financial Transactional Processing Controls<br>Procurement | 0 <b>no</b> assurance opinions:       | N/A                                    |
| 0 moderate assurance opinions:    | N/A   | 1 review without an assurance rating: | Attendance at Budget Scrutiny meetings |

## C) Follow Up

During the course of the year we have undertaken follow up reviews and can conclude that the organisation has made **good progress** with regards to the implementation of recommendations. We will continue to track and follow up outstanding actions.

*Chris Harrop*

Managing Director, MIAA  
March 2025

*Louise Cobain*

Assurance Director, MIAA  
March 2025

## 4 Internal Audit Coverage and Outputs

The 2024/25 Internal Audit Plan has been delivered with the focus on the provision of your Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year.

The audit assignment element of the Opinion is limited to the scope and objectives of each of the individual reviews. Detailed information on the limitations (including scope and coverage) to the reviews has been provided within the individual audit reports and through the Audit Committee Progress Reports throughout the year.

A summary of the reviews performed in the year is provided below:

|   | Review  | Assurance Opinion | Recommendations Raised |      |        |     |       |
|---|---|-------------------|------------------------|------|--------|-----|-------|
|   |   |                   | Critical               | High | Medium | Low | Total |
| 1 | Risk Management                                 | Limited           | -                      | 4    | -      | 1   | 5     |
| 2 | Training Strategy Implementation Plan           | Substantial       | -                      | -    | 4      | -   | 4     |
| 3 | Key Financial Transactional Processing Controls | Substantial       | -                      | -    | 3      | 3   | 6     |
| 4 | Procurement                                     | Substantial       | -                      | -    | 2      | 1   | 3     |
| 5 | Budget Scrutiny meetings                        | N/A               | N/A                    | N/A  | N/A    | N/A | N/A   |
|   | TOTAL   |                   | -                      | 4    | 9      | 5   | 18    |

There are no critical or high-risk recommendations overdue at the time of reporting. We will continue to follow up progress against all recommendations as part of the 2025/26 Internal Audit Plan.

**ADVISORY SUPPORT AND GUIDANCE:** Areas where MIAA have supported the organisation in strengthening arrangements in respect of governance, risk management and internal control.

Preparation for the National Fraud Initiative (NFI) work and support provided in relation to the privacy notices.

Engagement and support provided from MIAA Solutions in relation to the Training Centre.

**CONTRIBUTION TO GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL ENHANCEMENTS:** *Additional areas where MIAA have provided added value contributions.*

Detailed insight into the overall Governance and Assurance processes gained from liaison throughout the year with the Assistant Chief Fire Officer/ Treasurer, Senior Management Team and Officers.

Involvement and relationship with the organisation (e.g. attendance at Budget Scrutiny meetings).

Effective utilisation of internal audit including in year communication, and changes to the audit plan in respect of the Training Strategy Implementation Plan instead of the Whole Time Rostering/Duty System review.

## 5 Areas for Consideration – your AGS

The Head of Internal Audit Opinion is one source of assurance that the organisation has in providing its AGS other third party assurances should also be considered. In addition the organisation should take account of other independent assurances that are considered relevant.

We have identified a number of other strategic challenges that should be considered by the Accountable Officer on behalf of the Fire Authority when drafting the AGS. Whilst the scope of the Internal Audit Plan would have considered elements of these, it is important that the Fire Authority reflects more widely on how these should be factored into the AGS. Areas for consideration include:

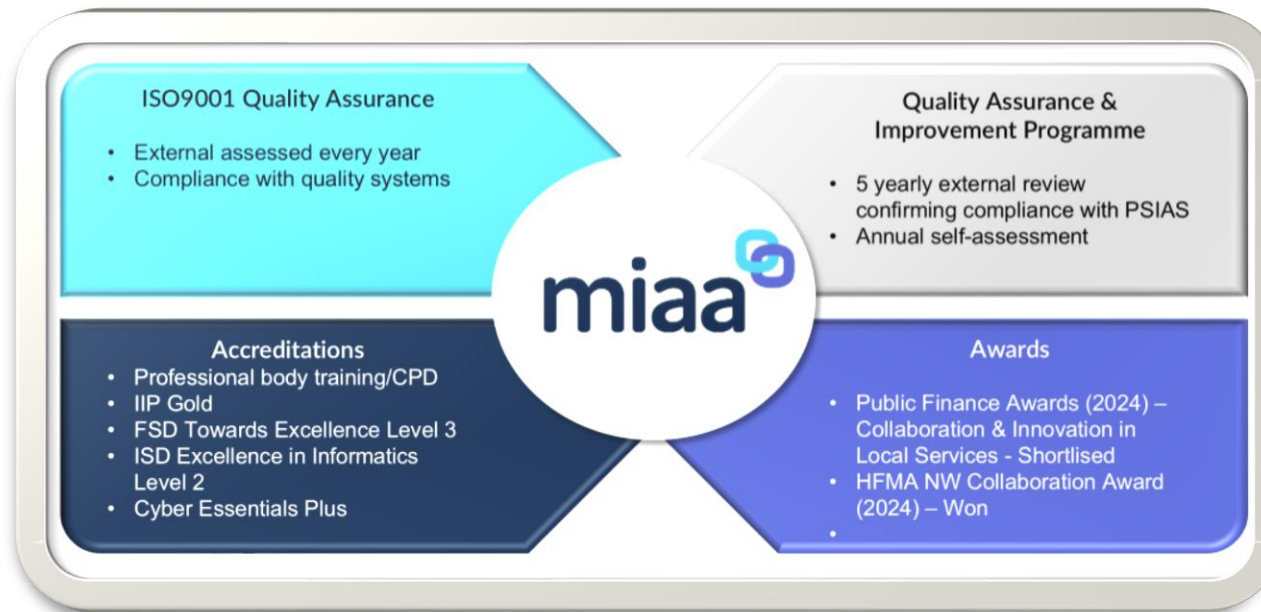
- Wider partnership/ collaborative working and engagement across the North Wales Footprint.
- Changes to governance, risk management and internal control arrangements (including the impact on decision making processes).
- Service leadership, including any significant changes to the Senior Management Team
- Workforce capacity, engagement, wellbeing and development.
- Ensuring there is a fit for purpose infrastructure.
- Cyber security, information governance risks and any associated reportable incidents to the Information Commissioner.
- Relationship and management of 3rd party providers upon which the organisation places reliance, and the provision of assurances from these.
- Compliance with all relevant laws, standards, regulations and Fire and Rescue National Framework for Wales 2016.
- Inspections and feedback during 2024/25 including any actions taken to address any areas of development (including the Independent Culture review).
- Organisation performance, including challenges in achieving financial duties, delivery of Priority Based Budgets and service pressures managed in year.
- Wider partnership working risks and challenges.

## 6 Ensuring Quality

MIAA's strategy has quality at the heart of everything we do and our overall approach to quality assurance includes ISO9001:2015 accreditation, compliance with PSIAS, the quality of our people and how we supporting them, staffing levels, compliance and outcome measures.

### Professional Standards and Accreditations

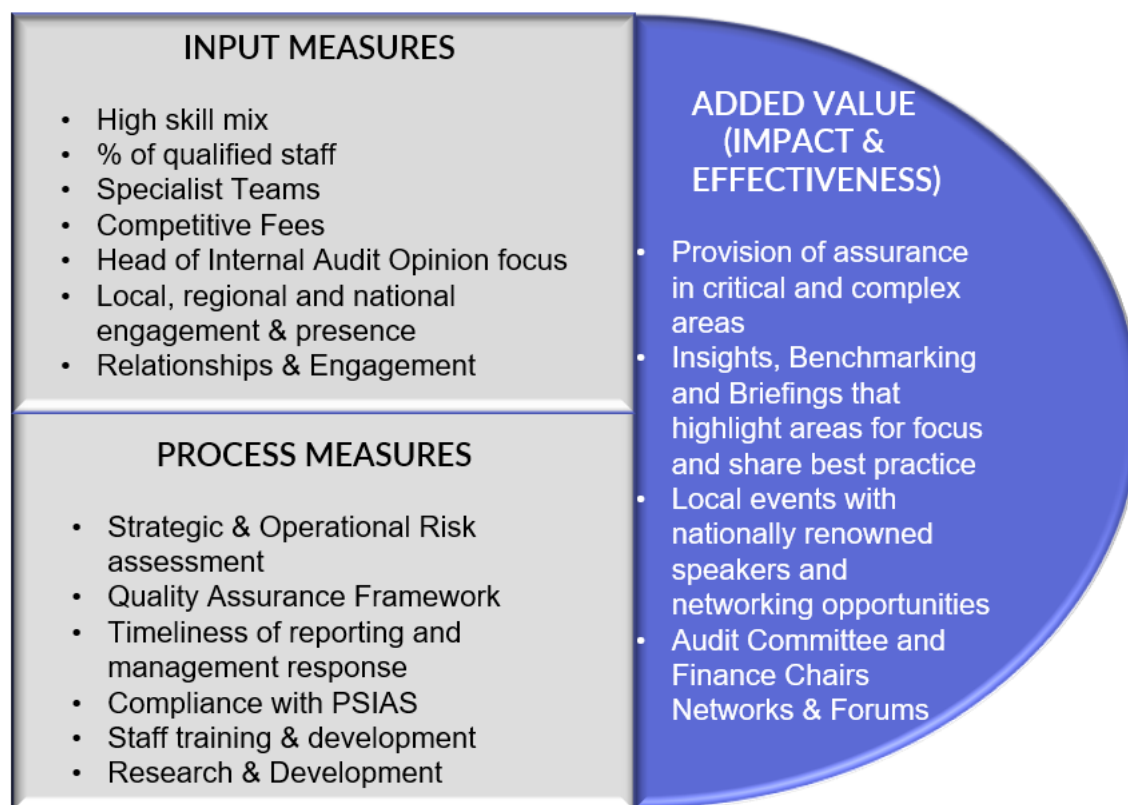
MIAA comply fully with professional best practice, internal audit standards and legal requirements.



## Service delivery and outcome measures

It is important that client organisations ensure an effective Internal Audit Service, and whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. The infographic on this page confirms the measures that we believe demonstrate an effective service to you.

MIAA regularly report on input and process KPIs as part of our Audit Committee Progress reports, and the impact and effectiveness measures can be assessed through the HOIA Opinion.



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