

## Internal Audit Plan from 2018/19

### Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 255011 or Joanne Coadey, Head of Finance on 01743 260215.

### 1 Purpose of Report

This report recommends that the Fire Authority approve the programme of audit work for the financial year 2018/19 as set out in the report.

### 2 Recommendations

The Committee is asked to recommend that the Fire Authority approve the audit plan for 2018/19, as set out in the report.

### 3 Background

The Treasurer is legally required to maintain sound and proper financial management on behalf of the Fire Authority. This includes a responsibility for maintaining internal audit. Internal audit, provided by Shropshire Council since the Fire Authority was established, is based on a programme of audits over a three-year period, which began on 1 April 2016. This report looks at the Authority's internal audit arrangements for 2018/19.

Provision of the Internal Audit Annual Plan satisfies both the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2015, part 2 which sets out the requirements on all relevant authorities in relation to internal control, including requirements in respect of accounting records, internal audit and review of the system of internal control.

Specifically:

‘A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

#### **4 Approach to the Audit Programme**

Prior to the start of the three-year period, each audit area was reviewed, and risk assessed, by attaching factors and weightings to each area. Some areas are required by external audit to be audited every year, as they are fundamental to sound financial management; these include Payroll and Accounting.

The original audit programme was brought to the Committee in April 2016, and, rather than approving the three years contained within the programme, the planned audits for 2016/17 and 2017/18 were approved prior to each financial year, and provisional plans put in place for the following years. This was done to ensure that the audits were still timely and appropriate, and that they added value to the service area concerned.

The proposed audits for 2018/19 have been reviewed by officers and audit staff and are shown in the appendix to the report.

#### **5 Future Arrangements**

Prior to this three year plan, audit programmes have been carried out over a four year cycle. The programme was reduced to three years to coincide with the implementation of the Service Transformation Programme, and it was felt that at this point the Authority would be in a position to look to the market for future internal audit services.

In addition, the Authority is now reviewing its provision of Finance, Payroll and Human Resources services, as Shropshire Council implements its Enterprise Resource System. This development will also impact on internal audit services, and will have to be considered as arrangements are put in place from 2019/20.

#### **6 Financial Implications**

There are no direct financial implications arising from this report.

#### **7 Legal Comment**

Under the Accounts and Audit Regulations 2015, there are legal obligations on the Treasurer to maintain sound and proper financial management on behalf of the Authority. This report provides compliance with that obligation by putting in place arrangements for an effective internal audit arrangement.

## **8 Initial Impact Assessment**

An Initial Impact Assessment form has been completed.

## **9 Appendix**

Strategic Audit Plan for Shropshire Fire and Rescue Service  
2016/17 to 2018/19

## **10 Background Papers**

There are no background papers associated with this report.

**Shropshire and Wrekin Fire and Rescue Authority – Indicative Internal Audit Plan 2016/17 to 2018/19**

Audit Area	Days	Link to Financial Regs	Audit Priority based on Risk	Audit Frequency	2016/17 Comple	2017/18 Revised	2018/19	Totals	Comments
General Ledger Maintenance and Accounts		Yes		EXT	EXT	EXT	EXT		
Payroll system - to include enhanced coverage for personnel in one year	8	Yes	High	Annual	8	8	8	24	
Budget Preparation & Control	2		Medium		2	0	2	4	
Budget Strategy – MTFS	2	Yes	Medium		0	2	0	2	
Capital Budgeting and Accounting (Includes annual grant certification)	4	Yes	Medium Low	1/3	1	1	5	7	Grant Certification Annual Capital in year three
Computer Services (Includes Rec Follow Up)	6		High		6	8	6	20	1 Day Rec Follow Up 5 Days based on program to be agreed
Income Collection and Sundry Debtors	4	Yes	Medium Low	1/3	0	4	0	4	
Purchasing Cards	2	Yes	Medium Low	1/3	2	0	0	2	
Purchasing / Procurement	3	Yes	Medium Low		3	0	3	6	Program to be agreed with AK
Assets	2/3	Yes	Low		2	0	3	5	
Creditors System	5	Yes	Low	1/3	5	0	0	5	

Audit Area	Days	Link to Financial Regs	Audit Priority based on Risk	Audit Frequency	2016/17 Complet	2017/18 Revised	2018/19	Totals	Comments
Banking Arrangements	4	Yes	Low	1/3	0	4	0	4	
Partnerships	2	Yes	De Minimis	1/3	0	2	0	2	
Members Allowances	1	Yes	De Minimis	0	1	0	0	1	
Information Transparency (DP/FOI)	3		De Minimis		0	3	0	3	
Data Quality	5		De Minimis	One off	0	0	0	0	
Health and Safety	5		De Minimis	One off	0	0	0	0	
Misc - travel and subsistence (to include in payroll audit)	1		De Minimis	1/3	1	0	0	1	
Insurance	2		De Minimis	1/3	0	0	2	2	
Misc - firefighters pension account	2		De Minimis	1/3	2	0	0	2	Consider Inclusion in payroll audit moving forward
					<b>33</b>	<b>32</b>	<b>29</b>	<b>94</b>	

<b>Audit Area</b>	<b>Days</b>	<b>Link to Financial Regs</b>	<b>Audit Priority based on Risk</b>	<b>Audit Frequency</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>Totals</b>	<b>Comments</b>
NFI	1			Annual	1	1	1	3	
Risk Management and Business Continuity Arrangements	2	Yes	High		2	2	4	8	
Corporate Governance (to inform AGS)	2	Yes	High		2	2	2	6	
Review of Annual Governance Statement	1	Yes	High		1	1	1	3	
Fraud and Corruption	2		High		2	2	2	6	
Reporting and liaising with client	2				2	2	2	6	
Audit Planning and Needs Assessment	2				2	2	2	6	
Audit Committee	6				6	6	6	18	
Recommendation follow up	2				2	2	2	6	
Contingency	2				2	0	2	4	
					<b>55</b>	<b>52</b>	<b>53</b>	<b>160</b>	