Shropshire and Wrekin Fire and Rescue Authority

Audit and Performance Management Committee

29 January 2015

**Internal Audit Plan 2015/16**

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 reviews the programme of audit work for the period 2015/16 and recommends that the Fire Authority approve changes to the programme, as set out in the report.

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|  | Recommendations  The Committee is asked to recommend that the Fire Authority approve the programme of audits for 2015/16, as set out in the report. |

1. 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 four-year period, the last of which began in April 2012.

1. Approach to the Audit Programme

Prior to the start of the four-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 audit programme was brought to the Committee in March 2012, and, rather than approving the four years contained within the programme, the planned audits for 2012/13 were approved, and provisional plans put in place for the following three years.

A review was then scheduled for the consideration of the following years’ audits, prior to the start of each year. This was put in place to ensure that the audits are still timely and appropriate, and add value to the service area concerned.

1. Audit Plan for 2015/16

The proposed audits for 2015/16 have been reviewed by officers and are shown in the appendix to the report. The current audit plan concludes in 2015/16, and provision for the internal audit plan beyond the coming year will be reviewed by officers, with recommendations presented to the Committee in due course.

1. Financial Implications

There are no direct financial implications arising from this report.

1. Legal Comment

Under the Accounts and Audit Regulations 2011, 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.

1. Initial Impact Assessment

An Initial Impact Assessment form has been completed.

1. Appendices

Strategic Audit Plan for Shropshire Fire and Rescue Service

2012/13 to 2015/16

1. Background Papers

There are no background papers associated with this report.

**Shropshire Council Audit Services**

**Strategic Audit Plan for Shropshire Fire and Rescue Service 2012/13 to 2015/16**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **PROVISIONAL** | | | |  | |
| **Audit Area** | **Days** | **Risk Score** | **Audit Priority** | **Audit Frequency** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **Totals** | |
| General Ledger Maintenance and Accounts |  | DA |  | AC | DA | DA | DA | DA |  | |
| Payroll system - to include enhanced coverage for personnel in one year | 6 | 82 | Medium Low | Annual | 6 | 6 | 8 | 6 | 26 | |
| Budget Preparation and Control | 2 | 77 | Medium Low | Judgmental | 0 | 2 | 0 | 2 | 4 | |
| Capital Budgeting and Accounting | 4 | 76 | Medium Low | 1/3 | 1 | 1 | **2 ~~5~~** | 1 | 8 | |
| Computer Services | 10 | 74 |  |  | 15 | 5 | **8 ~~5~~** | 5 | 30 | |
| Income Collection and Sundry Debtors | 4 | 74 | Medium Low | 1/3 | 4 | 0 | 0 | 4 | 8 | |
| Purchasing Cards | 2 | 71 | Medium Low | 1/3 | 2 | 0 | 0 | 0 | 2 | |
| Purchasing / Procurement | 2 | 71 | Medium Low | 1/3 | 0 | 2 | 2 | 2 | 6 | |
| Creditors System | 5 | 69 | Low | 1/3 | 0 | 5 | 0 | 0 | 5 | |
| Banking Arrangements | 3 | 69 | Low | AC/Annual | AC | AC | **3 ~~4~~** | AC | 4 | |
| Partnerships | 4 | 56 | De Minimis | 1/3 | 0 | 4 | 0 | 0 | 4 | |
| Technical Services - Assets | 7 | 68 | Low | Agreed | 0 | 2 | 2 | 3 | 7 | |
| Members’ Allowances | 1 | 52 | De Minimis | 0 | 0 | 0 | **0 ~~1~~** | 0 | 1 | |
| Information Transparency (Data Protection / Freedom of Information) | 3 | 49 | De Minimis |  | 3 | 0 | 0 | 0 | 3 | |
| Data Quality | 5 | 45 | De Minimis | One off | 0 | 0 | 0 | 0 | 0 | |
| Health and Safety | 5 | 42 | De Minimis | 1/3 | 0 | 0 | 0 | 0 | 0 | |
| Miscellaneous - travel and subsistence |  |  |  |  |  |  |  |  |  | |
| (to include in payroll audit) | 1 | 38 | De Minimis | 1/4 | 0 | 0 | 1 | 0 | 1 | |
| Insurance | 1 | 36 | De Minimis | 1/3 | 0 | 0 | 1 | 0 | 1 | |
| Miscellaneous – firefighters’ pension account | 3 | 33 | De Minimis | One off | 0 | 0 | 0 | 0 | 0 | |
| Firefighters’ Pensions |  |  |  |  |  |  | **2 ~~0~~** |  |  | |
| Fire Funding and Statistics | 2 | 30 | De Minimis | 0 |  |  |  |  | 0 | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **PROVISIONAL** | | |  |
| **Audit Area** | **Days** | **Risk Score** | **Audit Priority** | **Audit Frequency** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **Totals** |
| National Fraud Initiative | 1 |  |  | Annual | 1 | 1 | 1 | 1 | 4 |
| Risk Management and  Business Continuity Arrangements | 2 |  | High |  | 2 | 2 | 2 | 6 | 12 |
| Corporate Governance  (to inform Annual Governance Statement) | 2 |  | High |  | 2 | 2 | 2 | 2 | 8 |
| Review of Annual Governance Statement | 1 |  | High |  | 1 | 1 | 1 | 1 | 4 |
| Fraud and Corruption | 2 |  | High |  | 2 | 2 | 2 | 2 | 8 |
| Reporting and liaising with client | 2 |  |  |  | 2 | 2 | 2 | 2 | 8 |
| Audit Planning and Needs Assessment | 2 |  |  |  | 2 | 2 | 2 | 2 | 8 |
| Audit Committee | 6 |  |  |  | 6 | 6 | 6 | 6 | 24 |
| Recommendation follow up | 2 |  |  |  | 2 | 2 | **4 ~~2~~** | 2 | 8 |
| Top-up testing for Audit Commission | 2 |  | High |  | 2 | 2 | **0 ~~2~~** | 2 | 8 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **53** | **49** | **51** | **49** | **202** |

Amended days in 2014/15 represent changes approved by the Fire Authority

**Key**

DA and AC – District Audit and Audit Commission

These were areas, which were traditionally audited by External Audit