

Internal Audit Plan 2014/15

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 2014/15 and recommends that the Fire Authority approve changes to the programme, as set out in the report.

2 Recommendations

The Committee is asked to recommend that the Fire Authority approve the programme of audits for 2014/15, 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 four-year period, which began in April 2012.

4 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.

5 Audit Plan for 2014/15

The proposed audits for 2014/15 are shown in the table below. These have been reviewed by officers, and any changes proposed are also shown in the table.

Audit	Days	Proposed Days	Comments
Payroll system	8	8	
Capital budgeting and accounting	5	2	2 days will cover capital accounting and confirmation of grant expenditure for 2013/14.
Computer services	5	5	
Purchasing and procurement	2	2	
Banking arrangements	4	3	3 days will cover bank reconciliations and petty cash
Technical services – assets	2	2	
Travel and subsistence	1	1	To be completed alongside payroll
Insurance	1	1	
Payroll, pensions and computer services	0	6	Content of these additional audits to be confirmed
Members' Allowances	1	0	Completed 2013/14
Total days	29	30	
Top up testing	2	0	Top up testing no longer required
Recommendation follow up	2	3	Additional day requested for reviewing previous recommendations
Total days	33	33	

6 Audit Plan for 2015/16

Currently, the proposed plans for the final year of the programme are unchanged, and can be noted in the appendix to the report.

7 Financial Implications

There are no direct financial implications arising from this report.

8 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.

9 Initial Impact Assessment

An Initial Impact Assessment form has been completed.

10 Appendices

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

11 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

Audit Area	Days	Risk Score	Audit Priority	Audit Frequency	PROVISIONAL				Totals
					2012/13	2013/14	2014/15	2015/16	
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	Judgemental	0	2	0	2	4
Capital Budgeting and Accounting	4	76	Medium Low	1/3	1	1	5	1	8
Computer Services	10	74			15	5	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	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	1	0	1
Information Transparency (DP/FOI)	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
Fire Funding and Statistics	2	30	De Minimis	0					0
					31	27	29	23	110

Audit Area	Days	Risk Score	Audit Priority	Audit Frequency	PROVISIONAL				Totals
					2012/13	2013/14	2014/15	2015/16	
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	2	2	8
Top up testing for Audit Commission	2		High		2	2	2	2	8
					53	49	51	49	202