

Updated Internal Audit Plan 2018/19

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 258915 or Joanne Coadey, Head of Finance, on 01743 260215.

1 Purpose of Report

The report recommends that the Fire Authority approve a revised programme of audit work for 2018/19 as set out in the report to reflect the major system changes being undertaken.

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

On 7 December 2017 the Audit Performance and Management Committee agreed an audit plan for 2018/19. Since this date there has been significant proposed change on the delivery of the Fire Authority's key financial systems.

A revised plan has been developed to address the priority risks to the Authority, whilst maintaining sufficient coverage to satisfy 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

The audit programme has been reviewed by officers and audit staff, to ensure that the revised version covers the key risks to the Authority in respect of the transfer of the main financial systems for payroll and accounting.

In order to prevent unnecessary resources on following up recommendations in respect of previous financial systems, it has been agreed that internal audit will only test implementation of 'significant' and 'fundamental' recommendations. In 2018/19, 'best practice' and 'requires attention' recommendations will be reviewed based on an updated management response to the recommendation raised. No actual testing will be undertaken in respect of the responses received.

The revised programme of audits for 2018/19 are shown in the appendix to the report.

5 Financial Implications

There are no direct financial implications arising from this report.

6 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.

7 Initial Impact Assessment

An Initial Impact Assessment form has been completed.

8 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Human Resources 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment is not, therefore, required.

9 Appendix

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

10 Background Papers

There are no background papers associated with this report.

Internal Audit Plan 2018/19

Audit Area	Link to Financial Regs	Audit Priority based on Risk	2018/19 Original	2018/19 Revised	Comments
General Ledger Maintenance and Accounts	Yes		EXT	EXT	
Payroll system	Yes	High	8	0	Days used for payroll systems review
Budget Preparation & Control		Medium	2	0	Days used for financial systems review
Capital Budgeting and Accounting (Includes annual grant certification)	Yes	Medium Low	5	1	1 Day Grant Certification Annual 4 Days used for financial systems review
Computer Services (Includes Rec Follow Up)		High	6	9	1 Day Rec Follow Up 4 Days pre system transfers 4 Days Post system transfers based on program to be agreed
Information Transparency	Yes	High	3	0	Moved from 2017/18 when Procurement Cards and Creditors B/F. Days to be used in support of IT Requirements in 2018/19
Assets	Yes	Low	3	3	Content of audit to be agreed with officers
Insurance		De Minimis	2	0	Days used for financial systems review
Payroll systems Review	Yes	High	0	10	4 Days pre system transfer 6 Days key control audit following transfer
Financial Systems Review	Yes	High	0	10	4 Days pre system transfer 6 Days key control audit following transfer
			29	33	

Audit Area	Link to Financial Regs	Audit Priority based on Risk	2018/19 Original	2018/19 Revised	Comments
NFI	Yes		1	0	Data Transfer to be undertaken by new service provider for payroll and creditors Shropshire Council will run Pensions data
Risk Management and Business Continuity	Yes	High	4	4	
Corporate Governance	Yes	High	2	2	
Review of Annual Governance Statement	Yes	High	1	1	Required for 2017/18 Accounts
Fraud and Corruption		High	2	0	
Reporting and liaising with client			2	2	
Audit Planning and Needs Assessment			2	2	
Audit Committee			6	6	
Recommendation follow up			2	3	Follow Up Significant recs only and review Management responses on Requires Attention/Best Practice recommendations
Contingency			2	0	2 Days used re payroll systems review
			53	53	

Note: Financial systems review will look at key systems controls in respect of payments, income and budget management (revenue and capital).