

Internal Audit Provision from 2022/23

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 Executive Summary

This report informs the Committee of a change in provider for Internal Audit Services from 2022/23.

2 Recommendations

The Committee is asked to note 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.

Provision of an 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 Provision of Internal Audit Services

Internal audit services have been provided by Shropshire Council since the Fire Authority was established.

A number of options have been considered to enable a move to a new partner to bring about a fundamental culture change, driving improvement in partnership rather than ensuring compliance. This new approach will complement the requirement to gain overall assurance on controls and management of risk.

Following this review, Worcestershire Internal Audit Shared Services (WIASS) have been selected to provide internal audit services from 1 April 2022.

WIASS were created from five internal audit services:

Worcester City Council
Wychavon District Council
Malvern Hills District Council
Redditch Borough Council and
Bromsgrove District Council.

Hereford and Worcester Fire and Rescue Service joined the shared service as a Partner in 2017, having received four and half years of contracted internal audit provision from WIASS previously.

WIASS has been operating since June 2010 on a non-profit making basis and the governance is by means of a joint management board of the Partner s151 Officers. The Board sit on a quarterly basis in Worcester and each Partner has equal control.

WIASS undertook two critical friend reviews for the Service, one on online marketplace accounts and ordering, and the other on credit cards administration. Managers and staff were encouraged by the approach taken by WIASS, who assessed risk of failure and then measured the cost of compliance alongside mitigating that risk. The auditors specifically recorded areas of good practice and recognised where different areas required different practices.

The contract with WIASS will run for an initial twelve-month period. During this time, the provider will get to know the Service, with an audit plan built around corporate and departmental risk registers, community risk planning and objectives. After this period, the Authority may be able to enter the Shared Services arrangement as a partner and work collaboratively and efficiently with others in the region, including our Alliance partners, Hereford & Worcester Fire and Rescue Service.

Officers also considered Telford & Wrekin as a possible provider for internal audit services, however given that both the Finance and HR & Payroll Systems are contracted through T&W, it is advisable to leave some independence between the services.

5 Conclusions

Officers are currently working with WIASS on an initial audit plan, and this will be brought to the Committee for approval.

Officers would like to place on record their thanks to Ceri Pilawski and the internal audit team at Shropshire Council, for their assistance, guidance and cooperation over the last 20 years.

6 Financial Implications

Costs for the internal audit provision are already included within the revenue budget.

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 Equality Impact Assessment

There are no equality or diversity implications arising from this report. An e-EQIA is not, therefore, required.

9 Appendices

There are no appendices attached to this report.

10 Background Papers

There are no background papers associated with this report.