

Internal Audit Plan 2020/21

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 informs the Fire Authority of a one-year extension to the Internal Audit programme of audit work for 2020/21, as set out in the appendix, to reflect the continuing work on system changes and new ways of working.

2 Recommendations

The Committee is asked to note the one-year extension to the audit plan for 2020/21 and approve the programme of audits for 2020/21 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, and was extended for an additional year in 2019/20. This report looks at the Authority's internal audit arrangements for 2020/21.

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.’ Due to the continuing development of system changes and new ways of working, officers have approached Shropshire Council to request that the current audit programme is extended for another financial year.

4 Approach to the Audit Programme

Internal audit provision with Shropshire Council came to an end on 31 March 2020, following a three-year contract from 2016/17 to 2018/19, and a further one-year extension for 2019/20.

Given the current position with the audits recently completed and taking into account the current circumstances around the pandemic outbreak, Shropshire Council were approached to extend the current contract to 31 March 2021. This will enable officers to embed the changes that are still ongoing and ensure that direction of travel is positive, and to retrospectively review working practices during the Coronavirus pandemic.

The audit plan has been reviewed and refreshed with Internal Audit and a risk-based programme compiled to identify the areas to be audited and the scope and required outcome of the individual audits. It is hoped that by working closely with Shropshire Council over the next twelve months, while also looking at alternative providers, the Authority will be in a strong position to award an internal audit contract for the Service going forward.

The revised programme of audits for 2020/21 is 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 2020/21

10 Background Papers

There are no background papers associated with this report.

Internal Audit Plan 2020/21

Audit Area	Link to Financial Regulations	Audit Priority based on Risk	2020/21 Original	Comments
General Ledger Maintenance and Accounts	Yes		EXT	
Payroll system	Yes	High	12	Payroll systems review and follow up recs 16 recs
IT Application Review – Payroll System Follow Up	Yes	High	3	Follow on full application review of new system
IT Application Review – Finance System Follow Up	Yes	High	3	Follow up on full application review of new system
IT General Follow Up	Yes	High	2	General IT follow up from Project Reports issued in 2018/19
Financial Systems Review	Yes	High	8	This will be a key control audit in all main areas of the finance system and follow up of 25 recommendations from 2019/20
Investigation Recommendation Follow Up		High	4	Follow up the 18 recommendations in respect of this piece of work
Recommendation follow up			3	Follow up 2019/20 Follow up audit 5 recs and Follow up Contract Management Audit 19/20 6 Recs
Sub total			35	Days

Audit Area	Link to Financial Regs	Audit Priority based on Risk	2020/21 Original	Comments
NFI	Yes		1	New NFI Exercise in 2020/21
Risk Management	Yes	High	2	
Corporate Governance	Yes	High	2	
Review of Annual Governance Statement	Yes	High	1	Required for 2019/20 Accounts
Fraud and Corruption		High	0	To be incorporated into the control testing for payroll, finance systems.
Reporting and liaising with client			2	
Audit Planning and Needs Assessment			2	
Audit Committee			6	
Contingency			2	Possible advice re use of online purchasing accounts
Sub Total			18	Days
Total			53	Days