

Internal Audit Plan from 2017/18

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 recommends that the Fire Authority approve the programme of audit work for the financial year 2017/18 as set out in the report.

2 Recommendations

The Committee is asked to recommend that the Fire Authority approve the audit plan for 2017/18, 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. This report looks at the Authority's internal audit arrangements for 2017/18.

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.'

4 Approach to the Audit Programme

Prior to the start of the three-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 April 2016, and, rather than approving the three years contained within the programme, the planned audits for 2016/17 were approved, and provisional plans put in place for the following two 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.

The proposed audits for 2017/18 have been reviewed by officers and 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 Appendix

Strategic Audit Plan for Shropshire Fire and Rescue Service
2016/17 to 2018/19

9 Background Papers

There are no background papers associated with this report.

Shropshire and Wrekin Fire and Rescue Authority – Indicative Internal Audit Plan 2016/17 to 2018/19

PROVISIONAL

Audit Area	Days	Link to Financial Regs	Audit Priority based on Risk	Audit Frequency	2016/17	2017/18	2018/19	Totals	Comments
General Ledger Maintenance and Accounts		Yes		EXT	EXT	EXT	EXT		
Payroll system - to include enhanced coverage for personnel in one year	8	Yes	High	Annual	8	8	8	24	
Budget Preparation & Control	2		Medium		2	0	2	4	
Budget Strategy – MTFS	2	Yes	Medium		0	2	0	2	
Capital Budgeting and Accounting (Includes annual grant certification)	4	Yes	Medium Low	1/3	1	1	5	7	Grant Certification Annual Capital in year three
Computer Services (Includes Rec Follow Up)	6		High		6	6	6	18	1 Day Rec Follow Up 5 Days based on program to be agreed
Income Collection and Sundry Debtors	4	Yes	Medium Low	1/3	0	0	4	4	
Purchasing Cards	2	Yes	Medium Low	1/3	2	0	0	2	
Purchasing / Procurement	3	Yes	Medium Low		3	0	3	6	Alternate with Tech Services Program to be agreed with AK
Assets	2/3	Yes	Low		2	3	0	3	

Audit Area	Days	Link to Financial Regs	Audit Priority based on Risk	Audit Frequency	2016/17	2017/18	2018/19	Totals	Comments
Creditors System	5	Yes	Low	1/3	5	0	0	5	
Banking Arrangements	4	Yes	Low	1/3	0	4	0	4	
Partnerships	2	Yes	De Minimis	1/3	0	2	0	4	
Members Allowances	1	Yes	De Minimis	0	1	0	0	1	
Information Transparency (DP/FOI)	3		De Minimis		0	3	0	3	
Data Quality	5		De Minimis	One off	0	0	0	0	
Health and Safety	5		De Minimis	One off	0	0	0	0	
Misc - travel and subsistence (to include in payroll audit)	1		De Minimis	1/3	1	0	0	1	
Insurance	2		De Minimis	1/3	0	0	2	2	
Misc - firefighters pension account	2		De Minimis	1/3	2	0	0	2	Consider Inclusion in payroll audit moving forward
					33	29	30	92	

Audit Area	Days	Link to Financial Regs	Audit Priority based on Risk	Audit Frequency	2016/17	2017/18	2018/19	Totals	Comments
NFI	1			Annual	1	1	1	3	
Risk Management and Business Continuity Arrangements	2	Yes	High		2	2	4	8	
Corporate Governance (to inform AGS)	2	Yes	High		2	2	2	6	
Review of Annual Governance Statement	1	Yes	High		1	1	1	3	
Fraud and Corruption	2		High		2	2	2	6	
Reporting and liaising with client	2				2	2	2	6	
Audit Planning and Needs Assessment	2				2	2	2	6	
Audit Committee	6				6	6	6	18	
Recommendation follow up	2				2	2	2	6	
Contingency	2				2	2	2	6	
					55	51	54	160	