

Internal Audit Plan 2021/22

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 2021/22, as set out in the appendix.

2 Recommendations

The Committee is asked to note the one year extension to the audit plan for 2021/22 and approve the programme of audits for 2021/22 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 in 2019/20 and 2020/21. This report looks at the Authority's internal audit arrangements for 2021/22.

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 of 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 2021, following a three-year contract from 2016/17 to 2018/19, and further one-year extensions for 2019/20 and 2020/21.

Members of the Committee were advised at the December 2020 meeting that the contract with Shropshire Council had been extended to enable officers to explore changing internal audit providers. This process had been delayed due to the pandemic outbreak, and the requirement to change working practices at short notice.

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 2021/22 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 2021/22

10 Background Papers

There are no background papers associated with this report.

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Audit Area	Link to Financial Regulations	Audit Priority based on Risk	2021/22 Original	Comments
General Ledger Maintenance and Accounts	Yes		EXT	
Payroll system	Yes	High	12	Compliance testing/ data analytics
IT Application / Infrastructure Review	Yes	High	10	Follow up of IT recs New helpdesk software application – implemented at some point in 2021 – links with H&W processes –BH and Sally have a discussion on potential scope FSR functioning of the system is important – control issues –scope and risks pre brief meeting to be informed from Fire – similar approach to travel and subsistence previously to be followed – may be a mix of IT and finance auditor. Increase two days from governance to do this 8+2
Financial Systems Review	Yes	High	12	System compliance testing/ data analytics Grant compliance; Capital programme –Telford procurement/build
Recommendation follow up			3	Follow up of significant; management review of requires attention and best practice
Sub total			37	Days

Audit Area	Link to Financial Regs	Audit Priority based on Risk	2020/21 Original	Comments
Risk Management	Yes	High	2	
Corporate Governance	Yes	High	1	Reduced from 3 to 1 day Assurance on working from home adjustments (health and safety) etc. provided to Fire from the recent HMI Covid audit inspection. High-level look at procurement of Telford capital project – aspects may be picked up in the financial audit if delivery is underway. Removed from Governance. Content of the AGS should pick this up given the relevance of the project.
Review of Annual Governance Statement	Yes	High	1	Required for 20/21 Accounts – see note above
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	
Sub Total			16	Days
Total			53	Days