

## Internal Audit Programme 2012/13 to 2015/16

### Report of the Treasurer

For further information about this report please contact Rachel Musson, Treasurer, on 01743 252007 or Joanne Coadey, Head of Finance, on 01743 260215.

#### 1 Purpose of Report

This report sets out a four-year programme of audit work for the period 2012/13 to 2015/16 and recommends that the Fire Authority approve the programme of audits for 2012/13, as set out in the appendix to the report.

#### 2 Recommendations

The Committee is asked to recommend that the Fire Authority:

- a) Note the extension of the Internal Audit contract with Shropshire Council as the provider;
- b) Approve the programme of audits for 2012/13, as set out in the appendix to the report; and
- c) Note the proposed programme of audits for years 2013/14 to 2015/16.

#### 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 four-year period, which comes to an end in March 2012.

The contract with Shropshire Council is to be extended after consultation in February between the Chief Fire Officer, Treasurer, Monitoring Officer and the Chair of the Fire Authority. An exemption to Standing Orders relating to Contracts has been agreed on the basis that:

- All other financial services are purchased from the Council;
- The Council operates the same financial management systems as that of the Fire Authority, therefore internal audit will need to spend less time checking and testing these internal control systems;
- The provision meets the needs of the Fire Authority and is of a consistently high standard; and
- The contract provides a good level of support and the cost is considered to be value for money.

Audit priorities and known risks have been examined, and an audit plan has been produced for consideration by the Committee.

#### **4 Approach to the Audit Programme**

Each audit area has been reviewed, and risk has been assessed, by attaching factors and weightings to each area. Some areas are required by the Audit Commission to be audited every year, as they are fundamental to sound financial management; these include Payroll and Accounting.

The audit programme is shown at the appendix. It is proposed that, rather than approving the four years contained within the programme, the planned audits for 2012/13 are approved, provisional plans are in place for the following three years and a review is then carried out towards the end of the year, seeking the appropriate approvals in order to agree the next year's planned audits. This will ensure that the audits are timely, appropriate and add value to the service area concerned.

#### **5 Resources and Delivery**

The Fire Authority provides about £12,000 per year to deliver around 50 days of audit each year. The service is provided by Shropshire Council, because many of the financial systems used by both authorities are the same, and also because the service is cost effective.

#### **6 Financial Implications**

There are no direct financial implications arising from this report.

#### **7 Legal Comment**

Under the Accounts and Audit Regulations 2011, 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**

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 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 has not, therefore, been completed.

#### **9 Appendix**

Draft Strategic Audit Plan for  
Shropshire Fire and Rescue Service 2012/13 to 2015/16

#### **10 Background Papers**

There are no background papers associated with this report.

**Shropshire Council Audit Services  
Draft Strategic Audit Plan for Shropshire Fire and Rescue Service 2012/13 to 2015/16**

Audit Area	Days	Risk Score	Audit Priority	Audit Frequency	PROVISIONAL				Totals
					2012/13	2013/14	2014/15	2015/16	
General Ledger Maintenance and Accounts		DA		AC	DA	DA	DA	DA	
Payroll system - to include enhanced coverage for personnel in one year	6	82	Medium Low	Annual	6	6	8	6	26
Budget Preparation and Control	2	77	Medium Low	Judgemental	0	2	0	2	4
Capital Budgeting and Accounting	4	76	Medium Low	1/3	1	1	5	1	8
Computer Services	10	74			15	5	5	5	30
Income Collection and Sundry Debtors	4	74	Medium Low	1/3	4	0	0	4	8
Purchasing Cards	2	71	Medium Low	1/3	2	0	0	0	2
Purchasing / Procurement	2	71	Medium Low	1/3	0	2	2	2	6
Creditors System	5	69	Low	1/3	0	5	0	0	5
Banking Arrangements	3	69	Low	AC/Annual	AC	AC	4	AC	4
Partnerships	4	56	De Minimis	1/3	0	4	0	0	4
Technical Services - Assets	7	68	Low	Agreed	0	2	2	3	7
Members' Allowances	1	52	De Minimis	0	0	0	1	0	1
Information Transparency (DP/FOI)	3	49	De Minimis		3	0	0	0	3
Data Quality	5	45	De Minimis	One off	0	0	0	0	0
Health and Safety	5	42	De Minimis	1/3	0	0	0	0	0
Miscellaneous - travel and subsistence (to include in payroll audit)	1	38	De Minimis	1/4	0	0	1	0	1
Insurance	1	36	De Minimis	1/3	0	0	1	0	1
Miscellaneous – firefighters' pension account	3	33	De Minimis	One off	0	0	0	0	0
Fire Funding and Statistics	2	30	De Minimis	0					0
					<b>31</b>	<b>27</b>	<b>29</b>	<b>23</b>	<b>110</b>

Audit Area	Days	Risk Score	Audit Priority	Audit Frequency	PROVISIONAL				Totals
					2012/13	2013/14	2014/15	2015/16	
National Fraud Initiative	1			Annual	1	1	1	1	4
Risk Management and Business Continuity Arrangements	2		High		2	2	2	6	12
Corporate Governance (to inform Annual Governance Statement)	2		High		2	2	2	2	8
Review of Annual Governance Statement	1		High		1	1	1	1	4
Fraud and Corruption	2		High		2	2	2	2	8
Reporting and liaising with client	2				2	2	2	2	8
Audit Planning and Needs Assessment	2				2	2	2	2	8
Audit Committee	6				6	6	6	6	24
Recommendation follow up	2				2	2	2	2	8
Top up testing for Audit Commission	2		High		2	2	2	2	8
					<b>53</b>	<b>49</b>	<b>51</b>	<b>49</b>	<b>202</b>