

Report of the Internal Auditor

6. Internal Audit Draft Audit Plan 2016/17

Purpose of report

1. To provide the Committee with the Draft Audit Plan for 2016/17.
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Recommendation

The Treasurer recommends that the 2016/17 Draft Internal Audit Plan be approved.

Introduction and Background

2. The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority under the Accounts and Audit (England) Regulations 2015. This includes considering, where appropriate, the need for controls to prevent and detect fraudulent activity. These should also be reviewed to ensure that they are effective. This duty has been delegated to the Treasurer, and, Internal Audit is provided by Worcestershire Internal Audit Shared Service (WIASS). Management is responsible for the system of internal control and should set in place policies and procedures to ensure that the system is functioning correctly.

Objectives of Internal Audit

3. The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom defines internal audit as: “an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness to achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resource”. WIASS is committed to satisfying/achieving the requirement of the CIPFA Code of Practice for Internal Audit and conforms to the Public Sector Internal Audit Standards.

Aims of Internal Audit

4. The objectives of WIASS are to:
 - Examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Fire Service and recommend arrangements to address weaknesses as appropriate;
 - Examine, evaluate and report on arrangements to ensure compliance with legislation and the Fire Service’s objectives, policies and procedures;

- Examine, evaluate and report on procedures that the Fire Service's assets and interests are adequately protected and effectively managed;
 - Undertake independent investigations into allegations of fraud and irregularity in accordance with Fire Service's policies and procedures and relevant legislation; and,
 - Advise upon the control and risk implications of new systems or other organisational changes.
5. Internal audit will work with external audit to avoid duplication of effort, provide adequate coverage for the 2016/17 financial year so that an internal audit opinion can be reached, and, support External Audit by carrying out reviews in support of the accounts opinion work.

Audit Planning

6. To provide audit coverage for 2016/17 an audit operational programme to be delivered by WIASS was discussed and agreed with the Treasurer and the Senior Management Board and will be provided to External Audit. The audit programme provides a total audit provision of 111 audit days; 95 operational and 16 management days. As the audits and follow up reviews are completed summary update reports will be brought before Committee along with an extract of the 'high' priority recommendations. Full reports will be provided to the Chairperson of the Committee for perusal on request.
7. The Internal Audit Plan for 2016/17, which is included at Appendix 1, is a risk based plan which takes into account the adequacy of the Authority's risk management, performance management and other assurance processes. It has been based upon the risk priorities per the corporate risk register as well as upon an independent risk assessment of the audit universe by Internal Audit. The Internal Audit Plan for 2016/17 has been agreed with the Fire and Rescue Service Section 151 Officer and Treasurer and placed before Senior Management Board for discussion.
8. Appendix 1 provides the Committee with a breakdown of the draft 2016/17 internal audit plan.
9. Appendix 2 provides the Committee with an over view and comparison of the audits delivered over the past 3 ½ years.

Conclusion/Summary

10. Operational progress against the Internal Audit Plan for 2016/17 will be closely monitored by the Service Manager of the Worcestershire Internal Audit Shared Service and will be reported to the Audit Committee on a quarterly basis and, for information, also included will be any 'high' priority recommendations.

Corporate Considerations:

Resource Implications (identify any financial, legal, property or human resources issues)	There are financial issues that require consideration as the Authority has joined the Shared Service as a partner from 1 st April 2016 but these are not fully detailed in this report.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None There are legal issues e.g. Collaborative Agreement that require consideration but are not fully detailed in this report as they are contained within the Agreement.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Yes, whole report.
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A – no policy change is recommended
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 - 2016/17 Draft Internal Audit Plan

Appendix 2 - Summary of audit coverage

Contact Officer

Contact Officer

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APPENDIX 1

FIRE & RESCUE SERVICE Draft Audit Plan for 2016/17 WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE INTERNAL AUDIT PLAN FOR THE FIRE & RESCUE SERVICE 2016/17

Audit Area	Source (max risk score 45)	Planned days 2016/17	Preferred Audit Quarter
Accountancy & Finance Systems			
Main Ledger (incl. Budgetary Control & Bank Rec)	Risk Score 28	8	Q3
Creditors	Risk Score 28	8	Q3
Debtors	Risk Score 25	5	Q3
Payroll & Pensions (incl. GARTAN)	Risk Score 35	13	Q3
VAT	Risk Score 27	3	Q4
SUB TOTAL		37	
Corporate Governance (incl Health & Safety arrangements)			
Corporate Governance (AGS)	Risk Score 25	10	Q2
ICT Audit	Risk Score 36	10	Q4
System / Management Arrangements			
Safeguarding	Risk Score 30	8	Q2
Training Centre	Risk Score 33	8	Q4
Property & Asset Mngt (Client Side)	Risk Score 31	9	Q2
Fees and Charges (Value for Money)	Risk Score 25	5	Q4
Technical Fire Safety (Commercial)	Risk Score 24	8	Q4
SUB TOTAL		58	
General			
Follow up 2014/15 & 2015/16 Reviews	Routine & s151	5	Q1 to Q4 inclusive
Advice, Guidance, Consultation, Investigations	n/a	2	Q1 to Q4 inclusive
Audit Cttee Support	n/a	5	Q1 to Q4 inclusive
Reports & Meetings	n/a	4	Q1 to Q4 inclusive
SUB TOTAL		16	
TOTAL CHARGEABLE		111	

Note: GAD has been not included ~ conformity to be provided by Worcestershire County Council.

Note: In addition to the plan above there will be an additional review in regard to the Pensions to ensure the CARE system is operating satisfactorily.

Appendix 2

Summary of audits delivered since WIASS became responsible for the internal audit delivery:

Audit Review	Year Undertaken					
	Handover year from County	Contractual delivery to H&WFRS by WIASS				Proposed 2016/17 Or 2017/18
Payroll & Pensions	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Debtors	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Creditors	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Petty Cash Imprest/Floats		2012/13			2015/16	
Main Ledger incl. Budgets & Budgetary Control	2011/12 (Not Main Ledger)	2012/13	2013/14	2014/15	2015/16	2016/17
Property & Asset Management		2012/13				2016/17 (Client Side)
Capital Programme			2013/14			
Follow up	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Risk Management Arrangements		2012/13	2013/14	2014/15	2015/16	
Business Continuity		2012/13				2017/18
Corporate Governance / Management (different areas each year)		2012/13	2013/14	2014/15	2015/16	2016/17
Procurement / Contracts		2012/13				2017/18
Members Allowances		2012/13				
Computer Audit		2012/13	2013/14	2014/15	2015/16	2016/17
Community Safety			2013/14			2016/17?
Urban Search and Rescue			2013/14			2016/17?
Operational Logistics incl. Fleet			2013/14			2017/18
Stores					2015/16	
Transformational Planning (20/20 Plan)				2014/15		2017/18
Building Maintenance				2014/15		
Equality and Diversity				2014/15		
Operations				2014/15		
Human Resources					2015/16	
Training Centre (Droitwich)						2016/17
Technical Fire Safety						2016/17
Fees and Charges						2016/17
VAT						2016/17
Safeguarding						2016/17
Partnership Working						2017/18