

Report of the Internal Auditor

10. Internal Audit Draft Audit Plan 2015/16

Purpose of report

1. To provide the Committee with the Draft Audit Plan for 2015/16.
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Recommendation

The Treasurer recommends that the 2015/16 draft Internal Audit Plan is approved.

Introduction and Background

1. 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

2. 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

3. 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.
4. Internal audit will work with external audit to avoid duplication of effort, provide adequate coverage for the 2015/16 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

5. To provide audit coverage for 2015/16 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; 99 operational and 12 management days. As the audits are completed 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.
6. The Internal Audit Plan for 2015/16, which is included at Appendix 1, is a risk based plan which takes into account the adequacy of the Council'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 2015/16 has been agreed with the Fire and Rescue Service Section 151 Officer and Treasurer and placed before Senior Management Board for discussion.
7. Appendix 1 provides the Committee with a breakdown of draft 2015/16 internal audit plan.
8. Appendix 2 provides the Committee with an over view and comparison of the audits delivered over the past 3 ½ years.

Conclusion/Summary

9. Operational progress against the Internal Audit Plan for 2015/16 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 there is a contract in place but 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. contractual and procurement that require consideration but are not fully detailed in this report as they are contained within the contract.
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 – 2015/16 Draft Internal Audit Plan

Contact Officer

Contact Officer

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APPENDIX 1

FIRE & RESCUE SERVICE Draft Audit Plan for 2015/16

WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE INTERNAL AUDIT PLAN FOR FIRE & RESCUE SERVICE 2015/16

Audit Area	Source	Planned days 2015/16	Preferred Audit Quarter
Accountancy & Finance Systems			
Main Ledger (inc Budgetary Control & Bank Rec)	Risk assessment score 28	8	Q3
Creditors	Risk assessment score 29	8	Q3
Debtors	Risk assessment score 24	5	Q3
Payroll & Pensions inc GARTAN	Risk assessment score 32	13	Q3
SUB TOTAL		34	
Corporate Governance (incl Health & Safety arrangements)			
Corporate Governance (Annual Statement)	Risk assessment score 28 & s151	16	Q2
Computer Audit	Risk assessment score 35	10	Q4
System / Management Arrangements			
Risk Management	Risk assessment 25 & SMB requirement	8	Q4
Stores/Operational Logistics	Risk assessment score 34	10	Q4
Human Resources	SMB requirement	9	TBC
Imprest accounts	Risk assessment score 21	5	Q3
SUB TOTAL		58	
General			
Follow up 2012/13, 2013/14 & 2014/15 Reports	Routine & s151	7	Q1 to Q4 inclusive
Advice & Guidance	n/a	1	Q1 to Q4 inclusive
Audit Cttee & Mngt Reporting	n/a	11	Q1 to Q4 inclusive
SUB TOTAL		19	
TOTAL CHARGEABLE		111	

Note:

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

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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
Payroll & Pensions (including GAD)	2011/12	2012/13	2013/14	2014/15	2015/16
Debtors	2011/12	2012/13	2013/14	2014/15	2015/16
Creditors	2011/12	2012/13	2013/14	2014/15	2015/16
Petty Cash Imprest		2012/13			2015/16
Main Ledger incl. Budgets & Budgetary Control	2011/12 (Not Main Ledger)	2012/13	2013/14	2014/15	2015/16
Asset Management		2012/13			
Capital Programme			2013/14		
Follow up	2011/12	2012/13	2013/14	2014/15	2015/16
Risk Management Arrangements		2012/13	2013/14	2014/15	2015/16
Business Continuity		2012/13			
Corporate Governance / Management (different areas each year)		2012/13	2013/14	2014/15	2015/16
Procurement / Contracts		2012/13			
Members Allowances		2012/13			
Computer Audit		2012/13	2013/14	2014/15	2015/16
Community Safety			2013/14		
Urban Search and Rescue			2013/14		
Operational Logistics/Stores			2013/14		2015/16
Transformational Planning				2014/15	
Building Maintenance				2014/15	
Equality and Diversity				2014/15	
Operations				2014/15	
Human Resources					2015/16