

## **Report of the Internal Auditor**

### **10. Internal Audit Draft Audit Plan 2014/15**

#### **Purpose of report**

1. To provide the Committee with the Draft Audit Plan for 2014/15.
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#### **Recommendation**

**The Treasurer recommends that the 2014/15 draft Internal Audit Plan is 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 2011. 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 has worked with external audit to avoid duplication of effort, provide adequate coverage for the 2014/15 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 2014/15 an audit operational programme to be delivered by WIASS was discussed and agreed with the Treasurer as well as 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.
7. The Internal Audit Plan for 2014/15, 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 2014/15 has been agreed with the Fire and Rescue Service Section 151 Officer and Treasurer and Chief Accountant.
8. Appendix 1 provides the Committee with a breakdown of draft 2014/15 internal audit plan. For information Appendix 2 shows the audit coverage and assurances from the previous 2 years' Audit Plan.

### **Conclusion/Summary**

9. Operational progress against the Internal Audit Plan for 2014/15 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 the 'high' priority recommendations.

## Corporate Considerations

<b>Resource Implications</b> (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.
<b>Strategic Policy Links</b> (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.
<b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores).	Yes, whole report.
<b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)	N/A – no policy change is recommended
<b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

## Supporting Information

Appendix 1 – 2014/15 Draft Internal Audit Plan

Appendix 2 – Audit coverage and assurances from the previous 2 years' Audit Plan

## Contact Officer

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## Appendix 1

### FIRE & RESCUE SERVICE Draft Internal Audit Plan for 2014/15

Service Area	System	Anticipated Days	Preferred Timing
<b>Main Systems</b>			
Accountancy and Finance Systems	Payroll & Pensions incl. GARTAN system	13	Q3/4
	Creditors	8	Q3/4
	Debtors	5	Q3/4
	Main Ledger & Budgetary Control (and Training Budget)	8	Q3/4
Corporate Governance	IT Audit	10	Q4
	Risk Management (Health Check)	5	Q2
	Corporate Governance (Document Retention Services)	8	Q2
System/ Management Arrangements	Transformational Planning	10	Q1
	Building Maintenance	7	Q3/4
	Communications and Media	9	Q1
	Equality and Diversity	9	Q2
General	Follow Ups	7	2014/15
	Advice & Guidance	1	2014/15
	Audit Committee & Management Reporting	11	2014/15
<b>Total Contracted Days</b>		<b>111</b>	

Note:

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

## Appendix 2

	2012/13	2013/14	2014/15
<b>Accountancy &amp; Finance Systems</b>			
Payroll & Pensions	15 Moderate	13 Moderate	13
Creditors	10 Significant	8 Significant	8
Debtors/Income System	6 Significant	5 Significant	5
Main Ledger & Budgetary Control	8 Significant	8 Significant	8
GAD Data	4 n/a		
Members Allowances	4 Full		
Petty Cash	1		
Computer Audit (Stock Control)	8 Moderate		
Asset Management	8		
Capital Programme		9 Moderate	
<b>Corporate Governance</b>			
IT Audit		10 Moderate	10
Risk Management Arrangements	8 Significant		
Risk Management (Health Check)		3 Significant	5
Business Continuity	8 Significant		
Corporate Governance	8 Significant	8 n/a	8
<b>System/Management Arrangements</b>			
Procurement/Contracts	8 Moderate		
Community Safety		8 Significant	
Urban Search and Rescue		8 Significant	
Operational Logistics		12 Moderate	
Building Maintenance			7
Communications & Media			9
Equality & Diversity			9
Transformational Planning			10
<b>General</b>			
Follow ups	3	7	7
Advice & Guidance	1	1	1
Audit Committee & Management Reporting	11	11	11
	<b>111</b>	<b>111</b>	<b>111</b>