

INTERNAL AUDIT PLAN 2023/2024**REPORT OF THE TREASURER****For Approval****1. PURPOSE OF REPORT**

- 1.1 To inform members of the direction of internal audit activity and seek approval of the annual operational Internal Audit Plan for 2023/24.

2. RECOMMENDATION

- 2.1 Members are recommended to adopt the 2023/24 Internal Audit Plan.

3. BACKGROUND

- 3.1 Under the Accounts and Audit Regulations (2015), the Fire Authority is responsible for ensuring an adequate and effective internal audit. I, as Treasurer to the Fire Authority, am charged with ensuring this responsibility is discharged.
- 3.2 To accord with Public Sector Internal Audit Standards (PSIAS) and ensure that the annual opinion on the Fire Authority's internal control environment is delivered in line with the requirements of the Accounts and Audit Regulations (2015), audit coverage has been prepared using a risk model based on that accredited by CIPFA incorporating a number of factors:
- System Factors
 - Managerial and Control environment
 - Value of transactions
 - Volume of transactions
 - Opinion critical
 - May incur legal penalties
- 3.3 In recognition that all of the Brigade's systems, arrangements and establishments could not be audited in one year, the Strategic Audit Plan is produced in a way that ensures all relevant risk areas are covered for opinion purposes. This allows the most relevant and comprehensive annual opinion on the Fire Authority's control environment to be given to the Audit and Governance Committee. Additionally the Strategic Audit Plan has been tailored to add value to the activities of the Fire Authority and reflects our knowledge gained about the Authority and the Brigade. I will ensure that the annual audit programs are adequate to test the key controls in the core systems.

4. INTEGRATION

- 4.1 Internal Audit coverage of the Fire Authority in respect of its financial systems is integrated with audit work carried out at Hartlepool Borough Council. This arrangement maximises the audit coverage for the Fire Authority from Internal Audit inputs.
- 4.2 Although Internal Audit and the Fire Authority's External Auditor, Mazars, carry out their work with different objectives some of the processes are similar and it is good professional practice that both parties should work closely together. Mazars have actively promoted effective co-operation and closer working with Hartlepool Borough Council Internal Audit Section.
- 4.3 The arrangements for ensuring effective joint working include close discussion between Internal / External Audit during the audit planning process, regular joint meetings and the exchange of information and reports.

5. INTERNAL AUDIT PLAN 2023/2024

- 5.1 In order that a comprehensive opinion on the Fire Authority's control environment can be given, the proposed coverage for 2023/2024 is detailed below.

Audit	Objective	Audit Days
Advice and Support:	General ad-hoc guidance and support provided over the course of the year, also to be used as contingency.	5
Budgetary Control:	The authority remains within the limits of its statutory powers, key roles, responsibilities and processes are documented and defined, the budget is managed in a way that ensures a co-ordinated approach to policy implementation, the authorised budget is controlled effectively so that significant over and under spending is avoided.	10
Cash/Bank Reconciliations:	Secure arrangements exist for the collection & recording of income, all direct bank credits are promptly, completely & accurately brought to account, all collections are promptly & accurately posted to debtors' or income accounts, a management trail exists.	5
Creditors:	Written procedures for the processing of creditor payments exist, adequate procedures are in place for raising and authorising requisitions/ demand notes, the system in place for raising and approving orders is satisfactory, the delivery of goods/ services is recorded and verified, adequate procedures are in place for processing invoices/ payment documents, ensuring that arrangements are in place to minimise	10

	duplicate payments, the procedures in place for raising and payment of cheque requisitions are satisfactory.	
Debtors:	Debtor accounts are promptly and correctly raised in respect of all miscellaneous and service charges due to the authority, amounts due are credited to the correct income accounts, administrative procedures ensure that debtor accounts are dispatched promptly and are followed up when no payment has been received, all write-offs of amounts due from debtors are properly authorised, debtors payments received are processed promptly and are correctly posted to the debtor accounts, the debtors system is operated with due regard to economy and effectiveness.	10
Insurances:	Ensure the scope / level of insurance cover sufficiently transfers the financial risks associated with all Authority's activities, effective arrangements are in place for processing claims to ensure that all necessary evidence required to defend against fraudulent / malicious claims is obtained and ensure that legitimate claims are settled in the most economic, efficient and effective manner, effective monitoring of claims ensures that appropriate action is taken to reduce associated risks and similar future potential claims.	10
National Fraud Initiative:	Ensure national data matching exercise is undertaken in line with Cabinet Office guidelines and all relevant matches are followed up, investigated and recorded in line with statutory requirements.	5
Officers Expenses:	Documented procedures are in place which define arrangements for the processing and approval of officer expense claims, claims are paid in line with CFA policies and procedures and only where there is entitlement, claims submitted are paid correctly and promptly and the financial management system (FMS) is correctly updated, access to system parameters is secure and available only to those staff who are required to amend standing data and there is adequate separation of duties between officers inputting data and those authorising claims, data is held in accordance with corporate policies and the assessment of data risks and the implementation of appropriate controls is in	5

	accordance with those policies and procedures which are fully compliant with current data protection and GDPR guidance requirements.	
Payroll:	Ensure starters were correctly added to payroll records and leavers deleted, changes to standing payroll data were properly authorised, payments were made in accordance with terms of contract and correct salary scales, time sheets and claim driven payments were properly authorised and paid, deductions from salaries are supported by appropriately authorised documentation.	10
Pensions:	Evaluate the integrity of payments made for voluntary, compulsory or ill health retirements to ensure that retirement calculations are accurate and in accordance with relevant legislation and new pensioner lump sum and pension payments are valid.	10
Procurement:	A strategic framework is in place to ensure that procurement arrangements comply with legislation, provide value for money and are consistent with organisational objectives, employees are aware of their responsibilities and are adequately trained to perform their duties and effective arrangements are in place for improving the performance of the procurement function.	10
Retained Firefighter Claims:	Formal policy and procedures are in place relating to the payment of Retained Firefighter claims to ensure consistency in processing, accuracy of payments and compliance with employment legislation, correct payments are calculated, made to the Retained Firefighters in a timely manner and are appropriately authorised.	5
Value Added Tax:	Effective procedures are in place which ensure that relevant staff are aware of their responsibilities, there is compliance with VAT legislation and that efficient and effective operations maximise cash flow for the organisation and ensure that VAT attributable to exempt activities do not exceed defined limits, processes in place ensure that all VAT is correctly categorised and conditions required to reclaim VAT are met, all relevant records required to submit complete and accurate returns are retained in a secure manner for the required length of time, effective arrangements are in place to ensure that monthly VAT returns are	5

	completed fully, accurately and in a timely manner and that reclaimed VAT is received promptly, recommendations from HMR&C inspections are implemented fully.	
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- 5.2 100 audit days coverage is required to give a meaningful opinion in accordance with statutory requirements and the audits listed above will be managed in line with this budget. Internal Audit coverage of the Fire Authority in respect of its financial systems is integrated with audit work carried out at Hartlepool Borough Council. This arrangement maximises the audit coverage for the Fire Authority from Internal Audit inputs. Additionally the Strategic Audit Plan is tailored to add value to the activities of the Fire Authority and reflects Internal Audit knowledge gained about the Authority and the Brigade. Following discussions with HBC, the overall fee for delivering the audit plan at 100 days for 2023/24 is £31,012.

6. DELIVERING THE AUDIT

- 6.1 Regular liaison is an essential feature of effective audit. In this context, Internal Audit will:
- Have frequent meetings with Brigade officers to discuss the short-term audit program and to provide the opportunity to raise any concerns,
 - Provide feedback to the Treasurer on progress on the Audit Plan and the outcomes of audit work,
 - Following audit reviews, agree action plans scheduling recommendations, identifying responsibilities and timescales,
 - Discuss and focus audit recommendations on improving controls and delivering benefits to the Brigade and the Fire Authority.

**CHRIS LITTLE
TREASURER**