INTERNAL AUDIT PLAN 2020/2021

REPORT OF THE TREASURER

For Decision

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 2020/21.

2. RECOMMENDATION

2.1 Members are recommended to adopt the 2020/21 Internal Audit Plan. Members of the Audit and Governance Committee review the authorities Annual Governance Statement at its meeting on 26.06.20.

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 Authorities 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 Authorities 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 Authorities 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 2020/2021

5.1 In order that a comprehensive opinion on the Fire Authorities control environment can be given, the proposed coverage for 2020/2021 is detailed below.

Audit Area – 2020/21	**Days**
Advice & Support	5
Asset Management	5
Budgetary Control	5
Cash/Bank Reconciliations	5
Creditors	10
Debtors	5
Fraud Awareness	5
National Fraud Initiative	10
Officers Expenses	5
Payroll	10
Pensions	10
Performance Management Systems/PI's	5
Procurement	10
Retained Firefighter Claims	5
VAT	5
Total	**100**

5.2 The planned days for each audit are a guide to the estimated days required to complete individual pieces of work, and may vary dependent upon audit findings and the testing required to give a meaningful opinion. Following discussions with HBC, the overall fee for delivering the audit plan at 100 days for 2020/21 is £29,668.

5.3 As was mentioned in paragraph 3.3, it is not possible to cover all auditable areas at the CFA in any one year. The table below details those areas that will not be covered in 2020/21, but will form part of the audit risk assessment in future years.

Age Discrimination Act
Attendance Management
Bribery Act
Capital Grant
Communication - Land Lines
Communication - Mobile Phones
Complaints Procedure
Contract Audit
Corporate Manslaughter Act
Data Quality – DPA
Data Quality – FoI
Disclosure and Barring Scheme (Safer Recruitment)
Disabled Discrimination Act
Early Retirement/Voluntary Redundancy Procedures
Employees Registers of Interest/Gifts and Hospitalities
Energy Management
Ethics Review
Fleet Management
Full Time Fire Stations
Grant Administration
Health and Safety
HR/Payroll System
Income
Information/Data Management
Insurances
Inventories
IT Management
Part Time Fire Stations
Partnerships
Public Interest Disclosure Act
Proceeds of Crime Act
Recruitment, Selection and Retention
Risk Management
Scheme of Delegation
Stores
Sustainability
Training School

5.4 The Accounts and Audit Regulations (2015) require audited bodies to publish an Annual Governance Statement (AGS) each year with the authority's financial statements.

5.5 In order to ensure that 2019/20 AGS is subject to independent member review and fits in with the requirement to finalise the authorities accounts by the 30.05.20, it is proposed that members of the Audit and Governance Committee review the authorities AGS at its meeting of 26.06.20.

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 TO THE AUTHORITY