



SCOTTISH
FIRE AND RESCUE SERVICE

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Report to:	SCOTTISH FIRE AND RESCUE SERVICE BOARD
Report No:	B/ARAC/4-14
Date:	26 JUNE 2014
Report By:	NEIL PIRIE, CHAIR OF THE SFRS AUDIT AND RISK ASSURANCE COMMITTEE

Subject:	INTERNAL AUDIT PLAN 2014/15
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1 PURPOSE

- 1.1 The purpose of this report is to advise the Board of the internal audit activity planned for 2014/15.

2 RECOMMENDATION

- 2.1 The Board is asked to approve the Internal Audit Plan 2014/15, attached at Appendix A.

3 BACKGROUND

- 3.1 Under the terms of the Scottish Government Shared Service arrangements, the Scottish Government Internal Audit Division (SGIAD) has agreed to provide an Internal Audit service for the new Scottish Fire and Rescue Service (SFRS) from April 2013 for a period of up to 2 years initially.

4 INTERNAL AUDIT PLAN 2014/15

- 4.1 The Internal Audit Plan 2014/15 has been developed in accordance with the SGIAD Charter and Strategy and takes into account a variety of sources, which helps ensure an effective and efficient audit service, by concentrating resources on key activities which link to the business's purpose, objectives and risk.

- 4.2 Internal Audit presented an updated draft Internal Audit Plan 2014/15, for the Audit and Risk Assurance Committee's consideration at its meeting of 10 June 2014. The

updated plan follows Members comments from the April Audit and Risk Assurance Committee workshop and includes reviews of the how the organisation is evidencing Benefits Realisation and the effectiveness of Corporate Communications. ICT will also be looked at as part of the review covering the Service Transformation Programme.

5 EMPLOYEE IMPLICATIONS

- 5.1 Two members of SFRS staff will work with SGIAD in delivering the internal audit plan under a co-sourcing arrangement.

6 FINANCIAL IMPLICATIONS

- 6.1 The estimated cost of Internal Audit's work during 2014/15 is £50,837 plus VAT.

7 LEGAL IMPLICATIONS

- 7.1 There are no legal implications associated with the report.

8 EQUALITY IMPLICATIONS

- 8.1 Not applicable.

NEIL PIRIE
CHAIR OF THE SFRS AUDIT AND RISK ASSURANCE COMMITTEE
26 June 2014

INTERNAL AUDIT PROPOSED PLAN: 2014/15

1. Proposed 2014/15 Coverage – Main Assignments

Proposed Review	Broad Coverage	Resource Days	Related Risk Register Entry
Service Transformation programme including Transitional Funding arrangements	<p>Review the overall governance arrangements in place to manage and direct the transformation programme.</p> <p>To include programme governance monitoring, reporting and communications benefit realisation arrangements and financial control.</p>	60	<p>P3 Failure to design and implement an effective SFRS structure within acceptable timescales</p> <p>RG28 Failure to bring about a single corporate culture</p> <p>O10 Failure to effectively standardise approaches and manage resources to meet the risk profile</p> <p>F13 Ineffective financial controls</p> <p>RG18 Non-compliance with financial and procurement regulations</p>
Procurement: Governance, Operations and Contract Management	<p>Review the overall governance arrangements in place to manage and direct SFRS procurement and contract management activity.</p> <p>To include development and dissemination of strategy and policy; training and guidance and capability development and compliance with best practice.</p>	50	<p>F13 Ineffective financial controls</p> <p>RG18 Non-compliance with Financial and procurement regulations</p> <p>RG 27 Inability to deliver best value and live within our financial envelope</p>

Proposed Review	Broad Coverage	Resource Days	Related Risk Register Entry
Early Severance Arrangements	<p>Review of the arrangements in place to manage early severance schemes.</p> <p>To include communicate, selection , authorisation procedures and financial controls.</p>	40	<p>F13 Ineffective financial controls</p> <p>RG18 Non-compliance with Financial and procurement regulations</p>
Fleet Management arrangements	<p>Review of the arrangements in place to manage the risks to effective fleet management.</p> <p>To include coherence of purchasing and replacement policy and practice, arrangements for fleet maintenance and ensuring legislative compliance.</p>	50	<p>F13 Ineffective financial controls</p> <p>RG18 Non-compliance with Financial and procurement regulation</p> <p>RG 23 Varying quality and failure of operational equipment</p>
Procurement Card Management and Monitoring Arrangements	<p>Review the controls in place to ensure the effective, efficient and appropriate use of procurement cards.</p>	40	<p>F13 Ineffective financial controls</p> <p>RG 27 Inability to deliver best value and live within our financial envelope</p>
Property Management	<p>Review of the arrangements for ensuring effective risk management and control over property.</p> <p>To include arrangements for implementing the findings from recent Strategic Property review, arrangements relating to rent, rates, leases and building maintenance etc.</p>	50	<p>F13 Ineffective financial controls</p> <p>F14 Failure to realise anticipated returns on disposal of assets</p> <p>RG 27 Inability to deliver best value and live within our financial envelope</p>

Proposed Review	Broad Coverage	Resource Days	Related Risk Register Entry
Stocktaking and Inventory control	Review of the arrangements in place to ensure effective management, physical security, and accounting for of stock.	50	<p>F13 Ineffective financial controls</p> <p>RG18 Non-compliance with Financial and procurement regulations</p> <p>RG 27 Inability to deliver best value and live within our financial envelope</p>
Travel and Subsistence	<p>Review the effectiveness and efficiency of arrangements for reimbursing staff's travel and related expenditure.</p> <p>This will include review of a sample of T&S transactions, to ensure compliance with approved local arrangements.</p>	45	<p>F13 Ineffective financial controls</p> <p>RG18 Non-compliance with Financial and procurement regulations</p>
Communications	Review of the arrangements in place to ensure effective internal and external corporate communications.	40	<p>RG20 The SFRS board and senior management fail to work effectively together</p> <p>RG21 Board failing to exercise effective governance</p> <p>RG26 Failures in stakeholder engagement at national and local political level</p> <p>RG28 Failure to bring about a single corporate culture</p>
Total		425	

2. Proposed 2014/15 coverage - Planned Follow Up Reviews

Review	Resource Days
Corporate Governance including Strategy and Business Planning	4
Finance System (Tech 1) Security and management arrangements	4
Budgeting and Associated Procedures	3
Payment processing	3
Payroll processing	3
ICT Network Security and Management	3
Total	20

3. Other Audit Activity

Area	Resource Days
Advisory Work, ad hoc reviews and contingency	45
Non audit activity by SFRS team (for example NFI)	20
Audit Committee and HIA oversight	15
Total	80

4. Resource Requirement/Deployment

Overall Resource Requirement 525

Organisation	Resource Days
SFRS Internal Audit Team	325
SG Internal Audit	200
Total	525

