

Directorate for Internal Audit

“Providing professional, independent, objective assurance and consulting services.”

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Paper no: C/ARAC/02-16

Meeting date: 15 March 2016

Agenda item: 6b

Purpose: For comment and approval.

Title: SCOTTISH FIRE AND RESCUE SERVICE: INTERNAL AUDIT PROPOSED PLAN 2016/17

Key Issues:

- Planned Internal Audit programme for 2016/17 comprises along with Advisory, 7 assignments and follow-up reviews covering 13/14, 14/15 and 15/16.

Action Required:

- The Committee is invited to approve the proposed Internal Audit Plan and offer any comments on the paper.

Scottish Fire and Rescue Service Audit Risk and Assurance Committee

Internal Audit Planning Proposals 2016/17

1. This paper provides members with an update on early progress towards the development of the 2016/17 Internal Audit Plan and invites comments on the emerging proposals.
2. Internal Audit plans are developed from a range of sources which helps ensure that we continue to provide an effective and efficient audit service by concentrating our resources on key activities which link to the business's purpose, objectives and risk.



- 3 We have conducted our initial assessment and the level of coverage provided in the proposed Plan is shown in the attached annexes and is designed to be sufficient to enable us to provide a balanced, evidence based assurance, and will incorporate a contingency element to allow us to handle requests for advisory work on developing/changing systems. We will also be conducting a full programme of follow up to reviews that were on the 15/16 plan to assess the implementation of agreed recommendations. In developing our proposals we met with SFRS management and consulted with the Audit, Risk and Assurance Committee (ARAC) Chair (who agreed to circulate the emerging audit programme to Committee colleagues). To facilitate Members' consideration of the extent to which our work focuses on SFRS key risks, we indicated how the proposed auditable areas are linked to, where possible, SFRS' Corporate Risk Register.

4. The resulting plan for SFRS comprises 7 main assignments and these and estimates of resource requirements are set out in **Annex 1**. Follow up audits will be completed on the main assignments completed in the 2015/16 along with outstanding recommendations from reviews undertaken in 13/14 and 14/15. We have also set aside an element of contingency which will allow us to cater for unexpected activity, undertake ad hoc or special reviews as required.
5. As in previous year's the Internal Audit service will be delivered through a joint delivery model with 2 members of SFRS internal audit staff. In order to supplement this resource, provide professional expertise, management oversight, and to ensure independence SFRS staff report to Scottish Government's Internal Audit Directorate (SGIAD) on individual audit assignments. We have reduced our estimate of the overall resource days required to complete the programme as organisational experience has increased and more unified corporate systems become bedded-in. Additionally, the change in audit year from June - May to April - March resulting in a 10 month audit year for 16/17 will be recognised in the cost. **Annex 2** sets out other auditable areas identified through our planning work which are likely to appear in future audit plans. This list will be revisited and discussed with SFRS management and Committee members.
5. Once the Plan has been approved by the Committee, appropriate managers will be consulted about the broad timetable for the reviews in their areas of responsibility and, before the start of each audit, a full remit will be agreed following preliminary visits to business areas to discuss the risks and controls present in more detail.

Conclusion

6. Members are invited to offer any comments on the paper and approve the proposed Plan.

INTERNAL AUDIT PROPOSED PLAN: 2016/17

1. Seven Main Assignments: Estimated Resource days: 230

Proposed Review	Broad Coverage	Related Risk Register Entry
Transformation Project (Command and Control)	Project Management review with particular focus on areas of risk requiring assurance.	CR12: There is a risk to SFRS where the transformation Programme fails to achieve its stated objectives.
Governance and Culture	1. Review of the Assurance Map, assessing changes, any potential gaps and assurance evidence is fit for purpose 2. Advisory Role on the Code of Corporate Governance	CR13: There is a risk to SFRS where it fails to adopt effective governance arrangements
Performance Management	Phase 2 Assess the arrangements in place for ensuring effective targets are established and information to support these is accurate, timely and used effectively to monitor performance.	CR 6: There is a risk to SFRS where it fails to meet performance targets within the Strategic Plan and the Annual Operating Plan
Operational Intelligence	1. Review operational intelligence information to ensure it is readily accessible, relevant, accurate, timely and fit for purpose. 2. Additionally assess the contract and management process for procuring a system to meet the needs of future operational intelligence.	CR 1: There is a risk to SFRS where it fails to maintain and improve the safety of communities and staff

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Proposed Review	Broad Coverage	Related Risk Register Entry
Fuel Management	Ensure there are appropriate and effective financial management arrangements in place.	Identified from a previous audit review.
Training and Development	Focus on support staff development and training to ensure service and staff needs are met through equipping staff with the appropriate skills and management to undertake their role.	CR 8 / CR3 : There is a risk to SFRS where it fails to attract and retain staff with the appropriate skills. There is a risk to SFRS where succession planning arrangements are not fully developed.
Payroll Updates/ Amendments (Part of an extended follow – up)	Ensure that there are effective authorisation controls in place for updates and amendments prior to input to itrent.	Identified from a previous audit review.

2. Governance, Risk and Advisory: Estimated Resource Days: 95

Area
Governance, Advisory Work, ad hoc exercises and indirect audit activity by SFRS team (for example NFI related work), Audit Committee planning and presentation, HIA oversight and contingency.

3. Follow Up Reviews: Estimated Resource Days: 25

Areas
3 reviews (13/14), 4 reviews 14/15, and 6 reviews from 15/16; Records Management, Income, Cash and Banking, iTrent Roll Out and Centralised Controls, Risk Management Business Continuity and Insurance Arrangements, Environmental Responsibilities and Workforce Planning & Succession Planning

4. Overall Estimated Resource Requirement: 350

Organisation	Resource Days
SFRS Internal Audit Team	250
SG Internal Audit	100
Total	350

Other Identified Auditable Areas not currently included in proposed plan for 16/17

Review	Assurance Level / Comment
2015/16	
Records Management	Reasonable
Banking, Income and Cash Management	Emerging Reasonable (Draft Report)
itrent roll out and Central Payroll Controls	Fieldwork On-going (Presentation at June Committee)
Risk Management, Business Contingency and Insurance Arrangements	Fieldwork On-going (June ARC)
Environmental responsibilities including Energy Management Carbon Footprint Compliance	Due to commence March (June ARC)
Performance Management Phase 1	Advisory role on the Working Group
Workforce Planning and Succession Planning, Recruitment and Interchange Procedures	Due April (June ARC)
Travel and Subsistence (Lease Car Arrangements)	Scope to be revisited to consider where Internal Audit can most effectively add value.
2014/15	
Service Transformation programme including Transitional Funding arrangements	Substantial
Procurement: Governance, Operations and Contract Management	Limited
Early Severance Arrangements	Substantial
Fleet Management arrangements	Reasonable

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Review	Assurance Level / Comment
Procurement Card Management and Monitoring Arrangements	Limited
Property Management	Reasonable
Stocktaking and Inventory control	Reasonable
Corporate Communications arrangements	Reasonable
2013/14	
Corporate Governance including Strategy and Business Planning	Reasonable
Finance System (Tech 1) Security and management arrangements	Reasonable
Budgeting and Associated Procedures including oversight, management and monitoring of capital investment	Substantial
Payment processing	Reasonable
Payroll processing	Reasonable
ICT Network Security and Management	Reasonable
Areas Which Have Not Been Subject To An Internal Audit Review	
Best Value	Audit Scotland have produced Best Value toolkits which have been made available to management
Management Assurance Arrangements	Will be covered as part of the Governance Review proposed for 16/17
Retained Firefighter time and payment recording arrangements	Discussed with Senior Management and will be considered as part of 17/18 Planning

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Review	Assurance Level / Comment
Fraud response arrangements	Policy currently being updated will be considered as part of 17/18 Planning
Accounts Preparation, Fixed Assets and Associated Procedures	Not yet Covered
Data Handling and Information Assurance	Some elements of this were covered in Records Management and Finance System Security. Will be considered as part of 17/18.
ICT: Infrastructure management, Development and Support Arrangements	Not yet covered.
Pension Administration arrangements	Not yet covered.
Corporate Responsibility arrangements (including H&S and Occupational Health)	Not yet covered.
Facilities management and contracting arrangements	Consider 17/18. SFRS are still completing the procurement process for a collaborative arrangement with Police Scotland
Security of Property and Staff	Not yet covered.