



AGENDA ITEM: 12

NORTH WALES FIRE AND RESCUE AUTHORITY AUDIT COMMITTEE

6 June 2016

SUMMARY OF INTERNAL AUDIT ACTIVITY 2015/16 AND NEEDS ASSESSMENT AND DRAFT AUDIT PLAN FOR 2016/17

Report by Mike Halstead, Head of Audit and Procurement Services

Purpose of Report

- 1 To receive a summary of Internal Audit work for 2015/16.
- 2 To approve the Internal Audit Needs Assessment and Draft Internal Audit Plan for 2016/17.

Information

- 3 Under the terms of The Accounts and Audit (Wales) Regulations 2005, Fire Authorities have a statutory responsibility to maintain "an adequate and effective system of internal audit."
- 4 The Internal Audit function is carried out on behalf of the Fire Authority by Conwy County Borough Council and is an independent appraisal function for the review of the activities of the Fire and Rescue Authority as a service to all levels of management.
- 5 The North Wales Fire and Rescue Authority (NWFRA) Financial Regulations state that a report shall be submitted under the auspices of the NWFRA as regards the audit plan for the coming financial year and a report of performance against the original plan for the previous financial year.

- 6 Responsibility for determining the content of the audit plan lies with the Chief Fire Officer and the internal audit providers. The plan should be prepared in consultation with the External Auditor.
- 7 The Wales Audit Office is currently the Fire and Rescue Authority's external auditor.
- 8 Internal audit work can be broadly divided into four categories:
 - (a) **Regularity Audits**, which are designed to ensure that:-
 - All income due to the NWFRA is properly collected, receipted, safeguarded, banked and recorded.
 - All payments made are correctly authorised, within budget and in accordance with NWFRA Standing Orders and Financial Regulations.
 - All staff have been properly appointed and are paid in accordance with the terms and conditions of their appointment.
 - Value for money is obtained for goods and services purchased.
 - Property and other assets are properly recorded and safeguarded.
 - (b) **Systems Audits** are designed to ensure that all systems and procedures in operation include adequate controls within them to prevent fraud or other irregularities, e.g. at least two people should be involved in all transactions.
 - (c) **Information and Communications Technology Audit.** This is used to test the integrity of computerised systems in operation and also, by the interrogation of computer systems to help detect fraud and irregularities.
 - (d) **Contract Audit** which includes the financial appraisal of prospective contractors, an examination of controls in operation to ensure compliance with Contract Standing Orders and an examination of a sample of current and completed contracts including verification of final accounts.

- 9 A report is prepared following each internal audit and will:-
- state the purpose, scope, findings and conclusions of the audit
 - make recommendations to address any weaknesses identified
 - include an action plan to monitor and assist in the implementation of the recommendations
 - provide for a follow up to be carried out within a reasonable period of issuing the final report.

REVIEW OF 2015/16 ACTIVITY

- 10 During 2015/16, 50 audit days were provided as indicated in the strategic audit plan. All work planned for 2015/16 was undertaken, with the exception of the Sickness Absence audit. This audit was replaced by an audit of *Facilities Management – Planned Maintenance and Minor Works*, which was undertaken as a result of National Fraud Initiative (NFI) work identifying a significant number of payments being made to a single supplier for minor building works. The audit focused on the arrangements the Authority has in place for procuring this type of work.
- 11 Four reports were prepared during the year covering :-
- **Payroll (Amendments to Pay)** – A review of the procedures operating to control Payroll Amendments to Pay.
 - **Facilities Management – Planned Maintenance and Minor Works**– A review was undertaken as a result of National Fraud Initiative (NFI) work identifying a significant number of payments being made to a single supplier for minor building works. The audit focused on the arrangements the Authority has in place for procuring this type of work.
 - **Pensions (Data Quality)** - A review was undertaken upon the accuracy and completeness of Firefighter pension data.
 - **National Fraud Initiative (NFI)** – NFI is a comprehensive and thorough 'data matching' exercise organised by the Audit Commission in partnership with the Wales Audit Office (WAO).

- 12 A schedule giving an audit opinion of the adequacy and effectiveness of internal control processes and a summary of the key messages in respect of all the audit assignments undertaken during 2015/16 is attached at Appendix A. The outcome of each audit and the evaluation of the adequacy of the internal control environment is based on the number of recommendations and their risk rating. It is evident that generally the audits were assessed as providing positive levels of assurance that internal controls are operating effectively and risks are appropriately managed.
- 13 To address the weaknesses identified during the audit reviews 17 recommendations have been made.
- 14 Action plans setting out the agreed response to the audit recommendations were issued with the audit reports and these have been returned from Fire and Rescue Authority management, completed with the action to be taken to ensure implementation of the recommendations. Management have agreed to implement all the audit recommendations.
- 15 To comply with CIPFA's Public Sector Internal Audit Standards 2013 a formal follow up process is in operation within the Section to confirm that the recommendations made in Internal Audit reports have been implemented by management within agreed timescales. A follow up audit will normally take place six months after the issue of the final report. A schedule of the follow up audits conducted during the period 1 April 2015 to 31 March 2016 is attached at Appendix B. It demonstrates the number of recommendations accepted and subsequently implemented by management in each area and reveals changes that impact on the original audit opinion. Further follow up work will be performed in those areas where a significant number of recommendations remain outstanding.
- 16 A summary of audit activity is attached at Appendix C and shows the planned allocation of audit resources in terms of man days over departments and services and compares actual work done for 2015/16 with the plan. It is evident that all work planned for 2015/16 was undertaken, with the exception of the Sickness Absence audit, which was replaced by an audit of *Facilities Management – Planned Maintenance and Minor Works*.

AUDIT OPINION

- 17 Based upon the work undertaken during 2015/16, the Internal Audit opinion of the systems of internal control established by management to effectively manage identified risks is satisfactory.

NEEDS ASSESSMENT AND DRAFT AUDIT PLAN FOR 2016/17

- 18 The Draft Annual Plan for 2016/17 is attached at Appendix D. The purpose of the annual audit plan is to:-
- establish audit priorities in conjunction with Fire and Rescue Authority Management based upon a risk based approach of determining the audit needs of the Authority at the start of each year
 - determine the resources needed to carry out the required audit duties
 - formalise audit tasks
 - review the audit work of the previous year
- 19 The audit plan is designed to act as a guide only. Changes in circumstances or other unforeseen events may result in deviations from the plan. The plan for 2016/17 has been prepared following consultation with Fire and Rescue Authority Management. The plan also includes time to follow up recommendations from previous audits.
- 20 The Internal Audit Needs Assessment is attached at Appendix E. The Assessment, which incorporates a risk analysis, is designed to cover all auditable aspects of NWFRA activity and will be utilised, in consultation with management, to facilitate the risk-based approach to determining the audit needs of the Authority at the start of each year.

Recommendation

- 21 That the Summary of Internal Audit activity 2015/16 is considered and the Needs Assessment and Draft Internal Audit Plan for 2016/17 be approved.

NORTH WALES FIRE AND RESCUE AUTHORITY

APPENDIX A

Internal Audit Section – 2015/16 Annual Summary of Recommendations and Audit Opinions

	Auditable Area	Audit Findings & Key Messages	Critical	Major	Moderate	Minor	Total	Agreed by Mgmt	Audit Opinion
1	<p>Payroll – Amendments to Pay</p>	<p>It was confirmed that payments to employees and members is covered by the Authority’s Financial Regulations and detailed guidance regarding firefighter’s entitlements and allowances is covered in the Fire Brigades’ Union – NJC Pay and Conditions Grey Book 2004 (updated 2009). Additional guidance is provided to officers in the SAPPO <i>Wholetime Pay and Allowances</i>, however, the Orders have not been reviewed and updated since 1998. It was identified that the Payroll Authorised Signatories List was compiled in 2009 and although some amendments and additions have been made by the Payroll Officer to the list in the meantime, it is in need of review and updating, particularly as a result of the recent operational manager restructure.</p> <p>It was confirmed that all the permanent amendments to wholetime pay were made in accordance with the NJC’s Scheme of Conditions (Grey Book); they were correctly calculated and made to officers eligible to the payment. The payments were based upon properly authorised written instructions and the documentation was signed and dated by the payroll officers responsible for the checking and inputting of the payroll data. A level of assurance may be provided that permanent amendments to wholetime pay are well controlled.</p> <p>It was confirmed that all payments for overtime, incident fees and temporary promotions are supported by properly authorised claim forms; the payments were accurate and the transfer of the data onto the payroll feeder system well controlled. However, in relation to Temporary Promotions it was identified that although a <i>calculation sheet</i> is completed by the Payroll Officer, the sheet is not signed and dated and the accuracy of the calculation is not checked by a second officer, which is considered a weakness in internal control.</p>	0	0	1	2	3	3	<p>Satisfactory</p>

Internal Audit Section – 2015/16 Annual Summary of Recommendations and Audit Opinions

2	<p>NFI – Facilities Management (Planned Maintenance & Minor Works)</p>	<p>The review raised serious concerns that NWFRS is not obtaining value for money in respect of its facilities management service. In particular the selection of contractors for minor building and alteration works is not carried out on a competitive basis, there appears to be instances of officers circumventing Contract Standing Orders by breaking down works to avoid going out to market when procuring works and repeatedly using the services of a single contractor to undertake works.</p> <p>In addition, it is considered that the replacement door programme does not represent value for money and the use of a contractor to manage the works on a station by station basis has considerably increased the cost of the works, when it would have been more appropriate and prudent to tender the work as a complete package.</p> <p>Officers also appear to have failed to provide the facilities management service as detailed in the SLA in regard to the following:</p> <ul style="list-style-type: none"> ➤ Specifications / estimates etc have not been produced for the alteration works carried out at the Rhyl Training Centre, Llangollen Fire Station and Aberdyfi Fire Station. ➤ Quotations and / or tenders have not been obtained when procuring works to demonstrate best value in the procurement process. ➤ Works are not appropriately managed or supervised resulting in invoices being paid prior to completion of works or prior to works being undertaken. 	0	4	1	0	5	5	<p>Limited</p>
---	---	--	---	---	---	---	---	---	-----------------------

NORTH WALES FIRE AND RESCUE AUTHORITY

APPENDIX A

Internal Audit Section – 2015/16 Annual Summary of Recommendations and Audit Opinions

3	National Fraud Initiative (NFI)	<p>NFI is a comprehensive and thorough 'data matching' exercise organised by the Audit Commission in partnership with the Wales Audit Office (WAO). There were no issues arising from the investigations, which provides a level of assurance that the systems of internal control are working well and that frauds and irregularities are being minimized. The exercise also assists to strengthen anti-fraud & corruption arrangements & instill an anti-fraud culture.</p>	0	0	0	0	0	0	High
4	Pensions (Data Quality)	<p>Although the audit has provided a Satisfactory level of assurance upon the quality of firefighter pension data, it is considered that Conwy payroll officers would benefit from some training upon each of the three pension schemes; FPS 1992, NFPS 2007 and the FPS 2015. The Head of Finance has delivered a training presentation to the Members of the Local Pension Board and has offered to provide the training to the payroll officers, which would provide a level of assurance that the schemes are being managed in accordance with legislation.</p> <p>It was confirmed that new starters are provided with guidance upon the benefits of FPS 2015 and in accordance with legislation they are auto-enrolled into the Scheme with the option for them to 'Opt Out' by informing Dyfed Pensions in writing. However, it was identified that 7 Retained Firefighters that commenced duties in April 2015 were not auto-enrolled into FPS 2015. In accordance with legislation these firefighters must be enrolled to enable them to decide whether to remain in or 'opt-out' of the Scheme. It is acknowledged that information is available on the Dyfed Pensions' website upon transfers of previous pension rights into the Scheme and the payment of death grants. However, it is considered that HR should provide new starters with a pensions information pack, which not only provides information upon the option to 'opt out', but also information on the transfer of previous pension benefits (<i>Declaration of Previous Benefits Form</i>) and the nomination forms; <i>Death Grant Expression of Wish</i> and the <i>Dependent Partner for Survivor's Pension</i>.</p> <p>It was confirmed that generally the record keeping is of a good standard. However, some variances were identified between</p>	0	0	4	5	9	9	Satisfactory

Internal Audit Section – 2015/16 Annual Summary of Recommendations and Audit Opinions

		<p>firefighter pension data held on Workforce and the data held on iTrent. The variances between the Workforce & iTrent firefighter records (addresses, date of births & NI number) have been provided to HR and Conwy Payroll and enquiries should be made and the Systems amended with the up to date and accurate data. Conwy payroll must ensure that Dyfed Pensions are subsequently informed of the accurate data records.</p> <p>Contributions are deducted from firefighters' pay correctly, using the correct contribution rate to deduct from pensionable earnings; firefighters are enrolled in the correct scheme, with the exception of a Retained Watch Manager, currently enrolled in FPS 2007, who is unprotected and should have been transferred into FPS 2015. It was confirmed that those firefighters whose tapered protection ended in 2015/16 have correctly transferred into FPS 2015. However, it is considered that to improve the system, the transitional protection, <u>tapered end dates</u>, should be input into iTrent (Consolidated Pension Details) to ensure all transfers to FPS 2015 are made on a timely basis.</p> <p>It was identified that the year-end pension reports issued by Conwy Payroll to Dyfed Pensions in April 2015 were incomplete and omitted 102 wholetime and 47 retained firefighters. Dyfed Pensions' validation checks identified the error and amended reports were submitted by Conwy at the end of May. It is important that robust data validation checks are performed by Conwy Payroll upon the year end reports, prior to the data being submitted to Dyfed Pensions, to ensure that they are complete and accurate. The year-end pension reports submitted to Dyfed Pensions should be transmitted using an encrypted channel ie. Egress Secure Email Software.</p> <p>It was confirmed that Dyfed Pensions perform robust validation checks upon the year end pension reports to ensure they are complete and accurate; and the management of the fund is periodically audited by Carmarthenshire Internal Audit Services.</p>								
									High	1
									Satisfactory	2
									Limited	1
									No Assurance	0

APPENDIX B

**NORTH WALES FIRE AND RESCUE AUTHORITY
Schedule of Follow up Audits 2015/16**

	Description	Auditor	Audit Date	Follow up Due Date	Follow up Date	No. Recs	Recs Outstanding	Revised Audit Opinion
1	Payroll - Starters & Leavers	KVW	Jul-14	Apr-15	Jul-15	7	0	HIGH
2	Corporate Governance	KVW	May-14	Apr-15	Oct-15	11	1	HIGH
3	Fleet Management	KVW	Nov-14	May-15	Oct-15	7	5	SATISFACTORY
4	Home Fire Safety Checks	KVW	Jan-15	Jul-15	Nov-15	10	1	HIGH
5	Rhyl Community Fire Station	KVW	Mar-15	Sep-15	Nov-15	11	1	HIGH

North Wales Fire and Rescue Authority
CONWY COUNTY BOROUGH COUNCIL
Summary of Internal Audit Activity 2015/16

	Department / Service	Planned Days 2015/16	Actual Days 2015/16
1	Payroll (Amendments to Pay)	10	8
2	Facilities Management – Planned Maintenance & Minor Works	0	10
3	Sickness Absence	10	0
4	Pensions – Data Quality	8	8 (WIP)
5	National Fraud Initiative (NFI)	5	4
6	Audit Follow ups: Corporate Governance Payroll – Starters & Leavers Fleet Management Home Fire Safety Checks Rhyl Community Fire Station	10	15
7	NWFRA Planning & Reporting (Including Annual Statement of Assurance & Needs Assessment)	5	5
8	Contingency Reserve	2	0
	TOTAL DAYS	50	50
	Days Allocated 2015/16		50
	Actual Days 2015/16		50
	Total Days C/F to 2016/17		0

North Wales Fire and Rescue Authority APPENDIX D
Draft Internal Audit Annual Plan 2016/17

Needs Ass't Ref	Audit Review	Comments	Days	Planned Timing
Risk Area – People Management				
12	Sickness Absence	To review the policy & procedures for dealing with sickness absence, including compliance with the policy, reporting and recording absence and performance information.	11	Sept 16
Risk Area – Financial and Fraud Risks				
19	Pensions – Retained Modified Scheme	To review the implementation of the Retained Firefighters Pension Scheme – Modified pension arrangements and terms of payment for eligible individuals.	10	Jan 17
19	Pensions – Data Quality c/f 2015/16	Completion of the Pensions – Data Quality audit commenced in 2015/16 to ensure that the Service has in place policies and processes to ensure that data is monitored on an ongoing basis to ensure its accuracy and completeness.	6	April 16
Risk Area – Information Management & Technology				
32	Cybercrime Prevention & Detection	The objective of the review is to provide management with an independent assessment relating to the effectiveness of cybercrime prevention, detection and incident management processes, policies, procedures and governance activities.	11	Aug 16
Other Audit Work				
-	Audit Planning, Annual Report and Management	Provision for time required for management element of contract.	5	Ongoing
-	Follow up of Previous Recommendations	Following up recommendations made in 2015/16 – Payroll (Amendments to Pay) Facilities Management (Planned Maintenance & Minor Works) Pensions – Data Quality	5	Ongoing
-	Contingency Reserve	For unplanned work identified during the year and liaison/advice as required.	2	
Total Days Required for Audit Work			50	
Total Days Allocated 2016/17			50	
Totals Days b/f from 2015/16			0	
Total Days Available 2016/17			50	

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment		2016/17 Days	Comments
	Main System and Subsystem	Potential Areas for Audit	Risk Assessment		2016/17 Days	Comments
Risk Area – Strategic Management and Governance						
1	Corporate Governance	Legal Compliance Arrangements; Policy and Decision Making; Scheme of Delegation; Codes of Conduct - Officers; Codes of Conduct - Members; Training and Awareness; Chief Officers Pay; Standing Orders and Financial Regulations; Anti-fraud and Whistle-blowing; Environmental Policy.	A			<p>The Authority has established a Local Code of Governance, which is used as the standard to measure the Authority's performance against in a self-assessment carried out at the end of each year to form the Annual Governance Statement (AGS). KPMG confirmed that the Authority was up to date with new legislation and appropriate processes and procedures in place.</p> <p>Corporate Governance Audit 2013/14 – High Assurance</p> <p>Corporate Governance Follow up – November 2015 – Of the 11 recommendations made in the audit report issued in May 2014; 4 recommendations were fully implemented, 5 considered to be work in progress, 1 partially implemented and the recommendation regarding the establishment of a Sustainability & Environmental Strategy is currently outstanding.</p>

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2016/17 Days	Comments
2	Service Planning	Corporate Planning; IRMP; BVPP; Service Unit Plans; CPA Improvement Plan; Modernisation; Consultation; Risk Assessment; Resourcing and Financial Approval; Improvement Co-ordinating Unit	B		WAO Annual Improvement Report 2014/15.
3	Performance Management	Roles and Responsibilities; Target Setting; Data Collection; Data Quality Control; Reporting; Use of Management Information to support Service Improvement.	A		WAO Annual Improvement Report 2014/15. Reliability and use of performance information – <i>‘Well-embedded systems produce accurate Management information, albeit with gaps in relation to equality, that the Authority uses to support improvement.’</i>

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2016/17 Days	Comments
4	Risk Management, Emergency Planning and Business Continuity	Policy and Framework; Roles and Responsibilities; Training; Corporate Risk Register; Integration with Management Processes ; Monitoring and Assurance Mechanisms; Reporting; Emergency Planning; Risk Assessment; Business Continuity; Urban Search and Rescue; Compliance with CCA 2004; Working with Partner Agencies and Local Businesses; Resilience Forums; Mobile Conference Facilities;	A		<p>WAO Annual Improvement Report 2014/15. Use of Resources – <i>‘The Authority has Managed the delivery of efficiencies whilst sustaining safe levels of Service but the reduction in Corporate capacity is likely to slow the pace of future change.’</i></p> <p>Corporate Governance Audit performed in 2013/14 included an assessment & recommendations with regard to risk management & Corporate Risk Register – High Assurance.</p>
5	Equalities and Diversity	Compliance with Legislation; Policy, Practice and Procedure; Responsibilities; Awareness and Training; Performance Management.	C		<p>WAO Annual Improvement Report 2014/15. Welsh Language Commissioner – Review of Welsh Language Scheme – <i>‘The Authority is working positively on its Welsh Language Scheme to improve its Welsh Language Service.’</i></p>
Risk Area – Operational Service Delivery					
6	Control Room Operations Incident Response and management	Compliance with Key Risk Mitigation; Mobilisation Procedures; Incident Response Prioritisation; Monitoring and Measuring Performance; Staffing and Resources; Training; Incident Command System.	C		

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2016/17 Days	Comments
7	Hoax Call Procedures	Policy and Procedure; Recording and Monitoring; Education; Communication.	C		
8	Community Fire Safety and Arson Task Force	Communication; Education; Resourcing Risk Profiling; Working with Business, LEAs, CYPT, YOT, other FRSs Sprinklers project; Smoke Alarms; Home Fire Safety Checks; Community Safety Events; Vehicle Recovery.	C		<p>A review of Community Fire Safety's partnership working was undertaken during 2010/11. The Audit opinion was Adequate. Follow up audit performed July 2012 – revised audit opinion - Satisfactory.</p> <p>HFSC audit performed in 2014/15 – Audit Opinion - Satisfactory</p> <p>HFSC Follow up (November 15) - 10 recommendations were made in the audit report issued in January 2015; 5 recommendations have been fully implemented, 4 are partially implemented and the recommendation regarding the submission of the Annual Report to the Executive Group for scrutiny and approval is currently outstanding.</p> <p>Rhyl Community Fire Station 2014/15 – Audit Opinion – Satisfactory</p> <p>RCFS Follow up (November 15) Of the 11 recommendations made in the audit report issued in March 2015; 8 recommendations have been fully implemented, 1 is considered to be work in progress, 1 is partially implemented and the recommendation regarding the production of an Annual Report is currently outstanding.</p>

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2016/17 Days	Comments
9	Inspection & Investigations	Compliance with Policy; Inspections Programme; Online assessments; Compliance with building control; Issue of licences/certificates; Income from inspections and Licences.	C		Income from inspections & licences covered as part of Income audit preformed in 2013/14.
10	Partnership Working	Partnership Governance; Risk Assessment; Crime and Disorder Reduction; Local Strategic Partnership; Local Area Agreements; LEAs and others.	B		<p>A review was undertaken during 2010/11 of the Authority's (CFS) partnership working evaluating the governance arrangements and the adequacy of the internal controls incorporated within each system, identifying any control weaknesses and areas of potential risk. The Audit opinion was Adequate.</p> <p>Follow up audit performed July 2012 – revised audit opinion - Satisfactory.</p> <p>HFSC audit performed in 2014/15 – Audit Opinion - Satisfactory</p>
Risk Area – People Management					
11	Health and Safety	Compliance with Legislation; Policy, Practice, Procedure; Responsibilities Awareness and Training Performance Management Incident Monitoring and Reporting; Insurance (Public and Employers liability)	B		

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment		2016/17 Days	Comments
12	Managing Attendance (uniformed and non uniformed)	Compliance with Policy; Sickness Absence Reporting and recording absence; Performance Information.	C		11	Special Investigation undertaken during 2011/12 of Time off in Lieu & other HR issues.
13	Staff Training and Development (uniformed and non uniformed)	Implementation of IPDS; Skills Assessment; Development Portfolios; Personal Development Reviews; Performance Appraisal; Training Facilities; Joint Training Schemes; Succession Planning; Leadership Development (Service Improvement); Value Centred Training.	C			WAO performance work performed 2011/12 – Themed Study – HR and workforce planning.
14	Recruitment and Selection	Compliance with Recruitment Policies and Procedures; Equalities and inclusion; Pre-employment checks; Performance Management.	C			Pre-employment checks eg. references, CTB checks covered as part of Starters and Leavers audit 2014/15 – Audit Opinion - Satisfactory.
Risk Area – Project Management						
15	Project Management	Special Projects Unit; Roles and Responsibilities; Project Prioritisation; Risk Assessment; Compliance with Prince 2; Training in Project Management; Monitoring and Delivery; Financing.	B			The Head of Facilities & Logistics Management Department for North Wales Police Authority proposed that the Final Account at Rhyl Community Fire Station be assessed for any irregularities. As part of the 2011/12 audit plan Conwy's Internal Audit Service performed a review of this contract. Audit Opinion – Satisfactory

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2016/17 Days	Comments
Risk Area – Financial and Fraud Risks					
16	Financial Planning & Budgetary Control	Funding Arrangements Resource Allocation Medium Term Financial Planning Budget setting and approval Financial delegations Budget Monitoring Financial Forecasting/Reporting	A		WAO Annual Improvement Report 2014/15. Audit of Accounts – <i>‘WAO issued an unqualified audit opinion on the accounting statements and the Pension Fund’s financial position and transactions on 29 September 2014. This means the Authority complied with its responsibilities relating to financial reporting and the use of resources and the accounts present a true and fair view of the Authority’s financial position.’</i>
17	Payroll	Starters, Leavers, Amendments; Payment Control; Certification; Accuracy; Monitoring; Reporting.	A		Payroll CAATS Audit 2008/09 - Audit Opinion was Good. Retained Pay - Review of new electronic FIN 8 procedures undertaken during 2011/12 – Audit Opinion - Satisfactory. Payroll Amendments to Pay audit 2015/16 - Audit Opinion was Satisfactory Payroll Starters & Leavers audit performed in 2014/15 – Audit Opinion - Satisfactory. Payroll Starters & Leavers Follow up – April 2015. Of the 7 recommendations made in the audit report issued in July 2014; all 7 recommendations have been implemented.
18	Employee & Members Allowances	Claims, authorisation and Travel and Subsistence; Long Service Awards; Residential Allowances;	D		Internal Audit Review of Members Allowances 2005/06. Audit Opinion was Good. Employee Allowances included in Payroll amendments to Pay audit 2008/09.

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2016/17 Days	Comments
19	Pensions	Notification to Administering Authority; Verification of Changes; Unfunded Charges. Data Quality Modified Scheme	C	10 6 (WIP 2015/16)	WAO Annual Improvement Report 2014/15. Internal Audit Review – Pensions (Data Quality) - May 2016 Satisfactory Assurance (9 Recommendations)
20	Procurement & Purchasing	Procurement Strategy; Efficiency and Value for Money; E Procurement; Compliance with Financial regulations and Contract Standing Orders; Purchasing and Payment Procedures; Credit Card Expenditure; Cash Expenditure.	B		WAO Annual Improvement Report 2014/15. Creditors audit performed 2012/13 – High Assurance. NWFRS NFI – Planned Maintenance & Minor Works – Audit Performed 2015/16 – Limited Assurance
21	Capital Strategy and Accounting	Strategy and Programme Setting/Approval; Monitoring; Capitalisation/ Authorisation of Expenditure ; Prudential Borrowing; Fixed Asset Management and Accounting; Fixed Asset Register; Asset Valuation/Depreciation; Insurance; PFI Schemes incl VAT.	A		WAO Annual Improvement Report 2014/15.

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2016/17 Days	Comments
22	Fleet Management and Fuel	Procurement/Leasing; Management and Strategic Alignment; Maintenance and Inspection; Fuel Issues and Usage; Disposal; Insurance.	C		Fuel Management audit performed 2014/15. Audit Opinion - Satisfactory Fuel Management Follow up – October 2015. Of the 7 recommendations made in the audit report issued in November 2014; 1 recommendation has been implemented, 1 is partially implemented and 5 are subject to ongoing work.
23	Income Collection & Banking	Receipt of Funds; Grant Income; Precept Income: Collection and Accounting Procedures; Miscellaneous Income; Compliance with Charging Policy; Inspection Certificate Income; Cash Security and Banking; Insurance.	C		Income audit performed 2013/14 – High Assurance.
24	Stores	Stock Control, Valuation and Recording; Purchasing and Receipt; Security of Stores; Security of IT System; Issue and Returns Procedures; Insurance.	D		Stores audit performed 2012/13 – High Assurance
25	Equipment Security and Inventory	Inventory Level; Recording and Reviewing; Marking of Equipment; Loan of Equipment; Physical Security of Location; Insurance.	C		Equipment Security & Inventory Audit Review 2007/08. Included in Retained Stations audits 2009/10 – 2013/14.

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2016/17 Days	Comments
26	Utility Costs and Service Contracts	Tendering and Value for Money; Monitoring Energy Costs; Compliance with Financial Regulations.	C		
27	National Fraud Initiative	Payroll Download; Creditors Download; Investigation of Output from National Matching Exercise.	B		NFI data matching of payroll and creditors data to be conducted every 2 years. NFI work undertaken during 2011/12. Audit Opinion - Good NFI work performed 2013/14 – High Assurance NFI work performed 2015/16 – High Assurance
28	Main Financial Systems <ul style="list-style-type: none"> • Payroll • Creditors • Debtors • Treasury Management • Accounting System • Anti Fraud 	Completeness, Accuracy and Validity of Transactions; Correct Accounting; Monitoring and Reporting; Efficiency; Value for Money; Documentation of Systems; Compliance with Financial Regulations and Procedures.	A		Covered by Audit of CCBC Systems on an annual basis. Review of NWF&RA Creditors System 2008/09. Audit Opinion was Adequate. Creditors audit performed 2012/13 – High Assurance
Risk Area – Reputation and Public Confidence					
29	Complaints Procedures	Policy, Procedure, Best Practice; Compliance; Monitoring and Reporting; Service Improvement; Compensation.	C		

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment		2016/17 Days	Comments
30	Corporate Communications	Communications Strategy; Marketing and Media; Responsibilities; Incident monitoring.	C			
Risk Area – Information Management and Technology						
31	IT Strategy and Management	Strategy Development and Resourcing; Policies and Management Framework; Internet and Email Control; Responsibilities; ICT Procurement and Development; Insurance.	C			The audit assessed the degree of control over the key risks for accessing information on the organisation's IT systems and will specifically review the following areas for compliance with ISO 27000 information security standards. <ul style="list-style-type: none"> • User access control • Computer access control • Application access control • Monitoring system access and use • Access control over personal information
32	Network Management	Security and Control; Cybercrime Physical and Logical Security; Back Up and Disaster Recovery; Performance; Hardware, Media, Topolgy: Security and Control: Management Support: Communications Software; Wireless Connections.	C		11	Network Management audit undertaken 2008/09. Audit Opinion - Satisfactory. Audit of IT Security undertaken in 2010/11. Audit Opinion - Satisfactory.
33	Telecomms (non control room)	Security and Control; Physical and Logical Security; Back Up and Disaster Recovery.	C			

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2016/17 Days	Comments
34	E Government	Strategy; Resourcing; Initiatives; Performance.	C		<p>E Government Audit 2009/10 - The aim of the audit was to determine the degree of control over risks for the following: e-Government vision Collaborative working, e.g. between authorities Customer requirements Funding Technical solutions Capacity – people and skills Business processes Focus is on strategic controls over the key risks threatening the e-Government vision/programme.</p> <p>Audit Opinion – Good</p>
35	Control Room IT	Cell Phones; Radio System; Call Out System; Physical Security; Back Up and Disaster Recovery; Performance Monitoring.	C		
36	Data Protection / Freedom of Information	Compliance with Legislation; Staff Awareness; Information requests; Monitoring and Performance.	C		<p>Data Protection Audit 2009/10 - to determine whether activities involving the processing of personal data are carried out in accordance with the Authority's data protection policies and procedures, and whether this processing meets the requirements of the Data Protection Act 1998. Audit Opinion – Satisfactory.</p> <p>Freedom of Information audit 2010/11 - to ensure compliance with the statutory</p>

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Needs Assessment 2016/17

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment		2016/17 Days	Comments
						requirements of the Freedom of Information (FoI) Act 2000. Audit Opinion - Satisfactory
Risk Area – Other Systems						
37	Canteen Operation	Agreement and Monitoring; Food Hygiene and cleanliness; Staff Training; Income Collection and Banking; Ordering Procedures.	C			
38	Welfare Funds	Written procedures; Welfare Fund Records; Bank Reconciliations; Independent Audits.	C			Welfare Funds audit undertaken 2008/09. Audit Opinion was Unsatisfactory. Follow up undertaken 2009/10 – Audit Opinion – Adequate.
Risk Area – Other Audit Work						
	Audit Planning, Annual Report and Management				5	
	Follow up of Previous Recommendations				5	
	Contingency Reserve				2	
			Total 2016/17 Coverage		50	
<p>Risk Assessments – The Needs Assessment documents each project and allocates a risk rating in respect of each auditable area, based on the completion of a risk matrix held on the Internal Audit Section’s Apace Audit Planning and Control System. The risk assessment dictates the degree of risk and the subsequent frequency of each audit. Where an area has not been recently reviewed by either Internal Audit or WAO a ‘C’ risk rating is allocated until such time as an audit review is performed and an informed opinion can be made. The current risk ratings are as follows:</p> <ul style="list-style-type: none"> • Risk Rating A - High Risk Requiring an Annual Review • Risk Rating B - High Risk Requiring a review every 2 years • Risk Rating C - Medium Risk Requiring a review every 3 years • Risk Rating D - Low Risk Requiring a review every 4 years 						