

TAYSIDE FIRE AND RESCUE BOARD**Performance Monitoring Sub-Committee – 30 November 2009****INTERNAL AUDIT YEAR-END REPORT FOR 2008/09****Report by the Acting Chief Internal Auditor****ABSTRACT**

This report presents the Chief Internal Auditor's year-end report and audit opinion for 2008/09.

1. RECOMMENDATION(S)

- 1.1 It is recommended that the Performance Monitoring Sub-Committee notes the contents of this report.

2. BACKGROUND

- 2.1 Internal Audit is an independent assurance function. It contributes to the achievement of Tayside Fire and Rescue Board's objectives by appraising and reviewing:
- (i) The completeness, reliability and integrity of information, both financial and operational;
 - (ii) The compliance with relevant policies, plans, procedures, laws and regulations;
 - (iii) The safeguarding of assets of all types;
 - (iv) The economy, efficiency, effectiveness and equity with which resources are employed;
 - (v) The conduct of operations and the achievement of planned objectives;
 - (vi) The quality and reliability of the full range of internal controls, including risk management arrangements put in place by management in order to ensure the achievement of (i) to (v) above.
- 2.2 Tayside Fire and Rescue Board's internal controls include the full range of policies, procedures and practices intended to ensure the proper conduct of its operations. They include organisational structures, job descriptions, authorisation limits, management supervision, risk management processes, reports and decisions.
- 2.3 It is the responsibility of management to devise, implement and maintain appropriate controls over the activities for which they are responsible. The role of internal audit is to provide an opinion as to the effectiveness of the controls that have been put in place by management to ensure that the organisation achieves its objectives.

This report presents the Acting Chief Internal Auditor's opinion on Tayside Fire and Rescue Board's control environment in 2008/09 and summarises the internal audit work carried out in that year.

3. AUDIT OPINION

In the Chief Internal Auditor's opinion and on the basis of the audit work undertaken, reasonable reliance can be placed on the Board's system of internal control.

4. INTERNAL AUDIT'S WORK IN 2008/09

This section presents an overview of Internal Audit's work in 2008/09. Issued reports for 2008/09 contain a total of 32 points for action which are rated as follows:

Critical Risk	None	
High Risk		4 Action Points
Medium Risk	22 Action Points	
Low Risk		6 Action Points

This represents an increase in the number of actions arising from audits undertaken during the year from 15 in 2007/08.

Areas for significant improvements in internal control

Audit reports assign ratings to the 'control objectives' under review in each assignment; these give a summarised impression of the assessed strength of internal controls in the subject areas audited. These ratings were intended to provide a guide to management in setting priorities for action and to inform the Performance Monitoring Sub-Committee in their scrutiny role. In 2008/09, a total of 18 control objectives were reported on. Of these, 6 control objectives were reported as 'strong', 5 were reported as 'moderately strong' and 4 were reported as 'moderate'.

The following 3 areas received a rating of 'weak':

- (i) controls over ensuring that 'best value' has been obtained for the provision of insurance cover;
- (ii) the procedures in place for processing insurance claims; and
- (iii) controls over the addition, removal and verification of employees on the payroll system.

It is emphasised that the opinions expressed above reflect Internal Audit's opinions at the time of the audits and that each of these areas is the subject of an action plan agreed with management.

The Appendix summarises progress against the agreed three-year internal audit plan for 2007/08 to 2009/10.

5. FOLLOW-UP OF ACTION PLANS

The responsibility for considering (and accepting or rejecting) reported action points rests with management. Final audit reports record the agreed action plan, including the individuals responsible for the delivery of the plan and the

planned timescales for completion. The audit process is of value where effective action is taken to remedy deficiencies in internal control where these are identified. Hence, a significant part of Internal Audit's role is the following-up of progress with these action plans in line with the Service Level Agreement.

Follow-up reports are produced on an 'exception' basis, i.e. where agreed actions appear not to have been completed or where there is insufficient information on progress.

In the Acting Chief Internal Auditor's opinion, the procedures in place provide a sound basis for ensuring that progress against the agreed plans is exposed to the proper level of scrutiny.

6. ANTI-FRAUD ACTIVITY

The responsibility for preventing and detecting fraud and corruption rests with management; it is the responsibility of management to take into account the risks arising from fraud and corruption and to devise and maintain the appropriate internal controls to provide a reasonable level of assurance that the Board's resources are being protected from loss.

Internal Audit may carry out investigation or other anti-fraud work at the request of management. No such work has been undertaken during 2008/09.

7. CONSULTATION

There has been no consultation in the preparation of this report.

8. RESOURCE IMPLICATIONS

There are no resource implications arising from this report.

9. CONCLUSION

This report presents the Chief Internal Auditor's year-end report and audit opinion for 2008/09.

J CLARK
Acting Chief Internal Auditor

Note: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

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INTERNAL AUDIT PLAN, 2007/08 TO 2009/10

Subject	Risk	Year			Comments
		2007/08	2008/09	2009/10	
Implementation of Communications Systems	Critical			√	
Payroll	High		√		Completed
Pensions	High		√		Completed
Creditors	High	√			Completed
Recruitment, Selection and Retention	High			√	
IST	Medium	√			Completed in 2008/09
Insurance	Medium		√		Completed
Health & Safety	Medium	√			Completed
Rank to Role	Medium		√		Cancelled
Capital Projects	Medium			√	
Regionalisation	Medium			√	
Procurement / Purchasing	Medium	√			Completed
General Ledger Control	Medium		√		Completed in 2007/08
Asset Register / Inventory	Medium		√		In progress
Training	Medium			√	
Financial Reserves	Medium			√	
Partnerships	Medium			√	
Income	Medium	√			Completed
Single Status	Low		√		Completed
Performance Indicators	Low	√			Completed

