

**LEICESTER, LEICESTERSHIRE AND RUTLAND**

**COMBINED FIRE AUTHORITY**

**POLICY COMMITTEE**

**REPORT OF THE TREASURER**

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<b>Meeting:</b>	<b>5<sup>th</sup> July 2006</b>	<b>Agenda Item: 10</b>
<b>Subject:</b>	<b>Annual Internal Audit Report 2005/06</b>	
<b>Report by:</b>	<b>Trevor Peel, Treasurer to the CFA (0116 2292033)</b> <b>Stephen Hill, Head of Internal Audit, Leicestershire</b> <b>County Council (0116 2657618)</b>	
<b>Purpose</b>	<b>Information</b>	

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**1. Introduction**

- 1.1 Under the Combined Fire Authority's (CFA's) Financial Regulations the Treasurer is responsible for arranging a continuous internal audit of the CFA's accounts. The audit is designed to cover financial and related systems and the use of assets.

**2. Background**

- 2.1 Leicestershire County Council's auditors carry out the internal audit of the CFA. They work closely with the external auditor so as to minimise duplication. The primary objective of the internal audit is to provide managers, including the Treasurer, with assurance that the internal control systems of the Authority are operating properly
- 2.2 It should be stressed that responsibility for the development and correct operation of internal controls rests with service managers. The internal auditor's task is to carry out an independent review, highlight weaknesses and make recommendations to improve controls where appropriate. The CFA Treasurer reports on Internal Audit work and proposed actions to the Policy Committee on completion of the final audit report.

**3. Strategic Priorities**

- 3.1 The provision of internal audit assists both effective and efficient management and good corporate governance. It helps ensure that there is clarity both within the Service and externally.

#### **4. Corporate Risk Assessment**

- 4.1 Internal Audit provides reassurance that effective internal control procedures are in place. Internal Audit reports are used to inform the Treasurer and the Chief Fire and Rescue Officer of the detailed findings of the audit and highlight actions that are required to safeguard the CFA's interests.

#### **5. Proposal**

- 5.1 The CFA has been charged for 60 audit days in 2005/06. A detailed description of the work undertaken during the year is attached as Appendix A. The major issue raised by Internal and External Audit is the lack of a formal response to draft Internal Audit reports. The reason for the lack of response has been down to lack of capacity within the Finance Section. Members will be aware that this has been addressed in the medium term by the appointment of a new Head of Finance but they will not commence their new duties until October at the earliest.

- 5.2 In the interim the draft internal audit reports will continue to be reviewed by the Treasurer. These will be reviewed as a matter of priority and it is planned to present all of the final reports to Policy Committee on the 5<sup>th</sup> September. At present there are no clear issues with any of the recommendations but some need to be examined in more depth to understand their practical implications.

#### **6. Staffing Implications**

- 6.1 None

#### **7. Equal Opportunities / Race Relation Implications**

- 7.1 None.

#### **8. Legal Implications**

- 8.1 None.

#### **9. Financial Implications**

- 9.1 An annual audit plan for 2006/7 has been agreed with Internal Audit. The total cost of £11,500 will be met from the 2006/07 budget for Treasurer's costs. The total number of days to be spent in 2006/07 is 50, which are the regular planned days plus additional internal audit work on behalf of external audit.

#### **10. Environmental Considerations**

- 10.1 None.

**11. Recommendations**

11.1 Policy Committee is asked to note the annual audit report.

**11. Background Papers/Meetings**

11.1 Annual Internal Audit Report 2004/05 (Paper 11 Policy Committee 25<sup>th</sup> July 2005)