

Internal Audit Progress Report as at 31 December 2014

Audit Committee – 19 January 2015

WEST MIDLANDS FIRE SERVICE



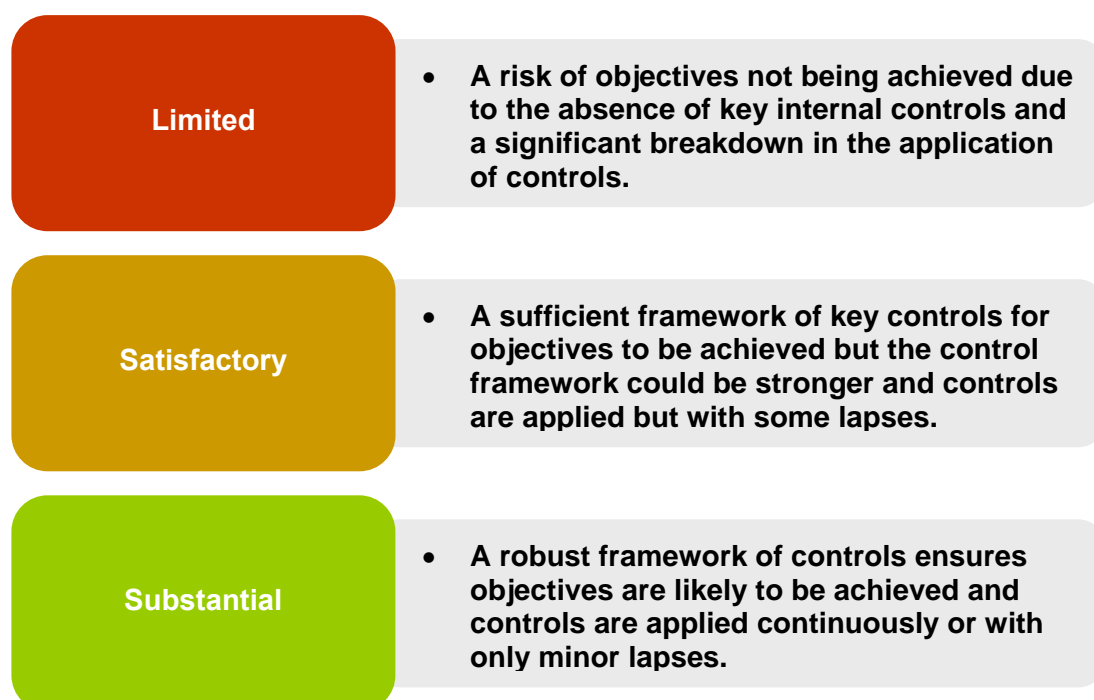
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1 Introduction

The purpose of this report is to bring the Audit Committee up to date with the progress made against the delivery of the 2014/15 Internal Audit Plan.

The information included in this progress report will feed into, and inform our overall opinion in our Internal Audit Annual Report issued at the year end.

Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:



This is based upon the number and type of recommendations we make in each report. Each recommendation is categorised in line with the following:

| Priority rating for issues identified | | |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Fundamental action is imperative to ensure that the objectives for the area under review are met. | Significant requires action to avoid exposure to significant risks in achieving the objectives for the area under review. | Merits attention action is advised to enhance risk mitigation, or control and operational efficiency. |

2 Summary of work completed and in progress as at 31 December 2014

| Auditable Area | ANA Rating | Suggested/Agreed Actions | | | | | Level of Assurance |
|---------------------------------------|------------|--------------------------|-------------|------------------|-------|-----------------|--------------------|
| | | Fundamental | Significant | Merits attention | Total | Number accepted | |
| Completed: | | | | | | | |
| Pension Certification* | - | - | - | - | - | - | Substantial |
| Fire Stations - Management of Fuel* | Medium | - | 6 | 1 | 7 | draft | Satisfactory |
| Budgetary Control | KFS | - | - | - | - | - | Substantial |
| Accounts Receivable | KFS | - | - | - | - | - | Substantial |
| Accounts Payable | KFS | - | - | 1 | 1 | 1 | Substantial |
| Payroll/Pensions | KFS | - | - | 2 | 2 | draft | Substantial |
| Fixed Asset Accounting/Asset Planning | KFS | - | - | 2 | 2 | draft | Substantial |
| | | | | | | | |
| In progress: | | | | | | | |
| Environmental Protection Targets | Medium | | | | | | |
| | | | | | | | |

| | | |
|-------------|-------|--------------------------------------------|
| Key: | * | Reported upon in previous progress report. |
| | KFS | Key financial system. |
| | Draft | Awaiting response to draft report. |

3 Key issues arising for the period 1 September to 31 December 2014

We are pleased to report that no issues of significance have been identified in the following reviews:

Budgetary Control

A review of the budgetary control system was undertaken to ensure the Fire Service had established its budget and was managing it appropriately. Our review covered controls over monitoring, reporting, changes to budgets and the process to link budgets to medium and long term plans.

Accounts Receivable

A review of the accounts receivable system was undertaken to ensure that an effective system was in place for raising invoices and managing debtors. This included the integrity and reliability of charging information recorded in the accounts, the collection of payments and the process to monitor and report the debtor position.

Accounts Payable

A review of the accounts payable system was undertaken to ensure that adequate key controls were in place. Our review focused on the controls designed to prevent, overpayments, fraud and incorrect accounting.

Payroll/Pensions

A review of the payroll/pensions system was undertaken to provide assurance over the production of the monthly payroll with regard to data security and quality and compliance with relevant policies and procedures. Whilst some minor administrative issues were raised, no issues of significance were identified.

Fixed Asset Accounting/Asset Planning

An audit of Fixed Asset Accounting was undertaken in respect of planned capital expenditure. For 2013/14 and 2014/15 the capital expenditure approved by the Fire Authority was £6.25m and £4.18m respectively. The review was undertaken to provide assurance that an appropriate process was in place to maintain details of fixed assets and to record them correctly in the accounts.

Audit Committee – Knowledge and Skills Framework

To date we have received three completed knowledge and skills framework self-assessment returns from Members of the Audit Committee. Once the remaining forms have been received, the results will be collated and reported back to the Committee, and the last stage of the three stage self-assessment process (evaluating the effectiveness of the Audit Committee) will be undertaken.

The Three Lines of Defence Model

Guidance has been provided on the three lines of defence assurance model, for consideration in the progress reports on organisational assurance.

National Fraud Initiative (NFI)

We have began collecting data as part of the latest Audit Commission's National Fraud Initiative – data matching exercise. Once the data has been submitted, matched (where appropriate) and returned, we will investigate any potential cases using a risk based approach.

4 Service Quality Questionnaire Feedback

The evaluation of Audit Services, based on feedback received so far is:

| Overall Satisfaction with Audit Services | Average Score |
|-------------------------------------------------|----------------------|
| | 4.4 |

Scores range between 1 = Poor and 5 = very good. We have a target of achieving on average a score of **4 = good**.