

Internal Audit Progress Report

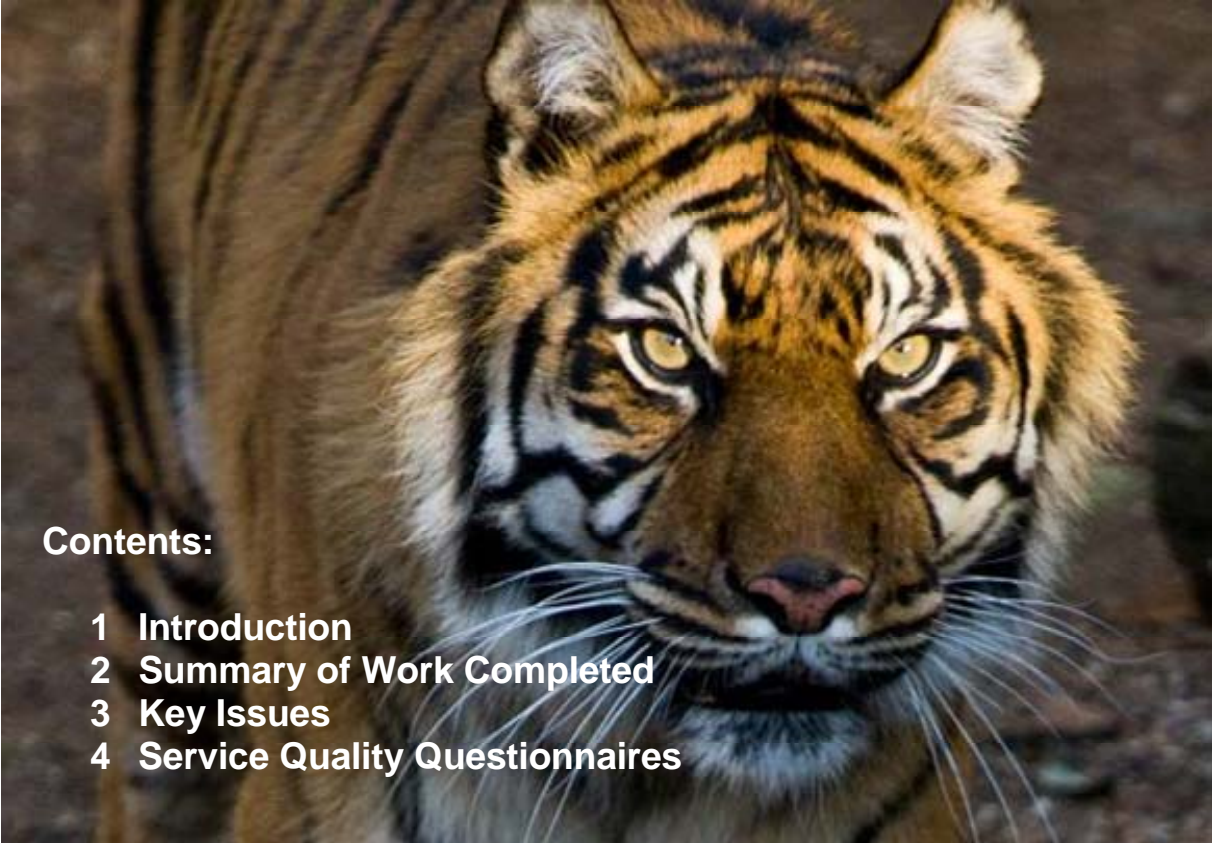
To August 2010

Audit and Performance Management Committee - 11 October 2010

WEST MIDLANDS FIRE SERVICE

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Sandwell Audit Services are pleased to be making a contribution to saving our rare and endangered species from extinction by sponsoring Sarah the Sumatran Tiger (pictured above) who is based at Dudley Zoo. As a result of habitat destruction and hunting, Sumatran Tigers are the third most endangered tiger in the world, with fewer than 500 Sumatrans in the wild. However, due to conservation breeding programmes the Sumatran Tigers future is considered secure.

1 Introduction

The purpose of this report is to bring the Audit and Performance Management Committee up to date with the progress made against the delivery of the 2010/11 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:

	Level	System Adequacy	Control Application
(positive opinions)	Substantial Assurance	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
	Satisfactory Assurance	Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger.	Controls are applied but with some lapses.
(negative opinion)	Limited Assurance	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

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

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 advised to enhance control or improve operational efficiency.

2 Summary of Work Completed as at August 2010

Key:	KFS	Key Financial System

Auditable Area	ANA Rating	Recommendations					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Completed:							
2009/10							
Governance	High	-	-	2	2	2	Substantial
2010/11							
Goods Receipting System	High	-	7	8	15	15	Satisfactory
Underway:							
• General & Pensions Payroll	KFS						
• Accounts Receivable	KFS						
• Treasury Management	KFS						
• Sickness/Absence Management	Medium						
• Partnerships	Medium						
• Fire Stations – Management of Cash	Medium						
• Follow up	Medium						

3 Key Issues Arising for the Period

3.1 Governance (2009/10)

A review was completed of governance arrangements. Two recommendations were made and agreed with management, relating to arrangements for standards of conduct:

- Inclusion of a review of Employees' Register of Interests (deferred from a previous meeting); and
- Forms to be sent out to members annually to ensure that declarations of interest are up-to-date, with reminders being sent for those not returned.

3.2 Goods Receipting System

A review was carried out on the procedures followed for the receipting of ordered goods, prior to the payment of invoices. Weaknesses were identified in the goods receiving process and the Authority agreed to take action. Internal Audit examined the proposed solution, and a report was prepared with recommendations to assist in the development of the new system. Recommendations included:

- Maintenance of a suitable audit trail and reporting facilities;
- Restriction of future date entries;
- Filing and retention of Delivery Notes;
- Implementation of an approved procedure for payment of outstanding invoices where it has not been possible to obtain satisfactory confirmation of delivery within a reasonable timescale;
- Provision within the system for applying corrections to data entered incorrectly; and
- Endeavouring to make sure that suppliers clearly print order numbers on delivery notes.

All recommendations were accepted by management.

3.3 Whistle-blowing

We have been involved in investigating two complaints received under the Authority's whistle-blowing policy.

3.4 Grant Declaration

We provided certification of a claim for Capital Grant Funding of £1.086m. Work was carried out to ensure that funding conditions had been complied with.

4 Service Quality Questionnaires (SQQ's)

The table below shows SQQ's received so far in 2010/11, and SQQ's for reports issued in the fourth quarter of 2009/10.

Audit	Average Score
Governance (09/10)	4.0
Fixed Asset Accounting (09/10)	4.0
Goods Receipting System	4.2
Overall Satisfaction with Audit Services	4.1

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