

**WEST MIDLANDS FIRE AND CIVIL DEFENCE AUTHORITY**

**26TH JULY 2004**

**1. INTERNAL AUDIT REPORT**

Report of the Treasurer.

**RECOMMENDED:**

THAT the contents of this report and the action taken be noted.

**2. PURPOSE OF REPORT**

To inform Members of the results of the audits carried out during 2003/2004.

**3. BACKGROUND**

- 3.1 Section 73 of the Local Government Act 1985 requires the Fire and Civil Defence Authority to make arrangements for the proper administration of its financial affairs and this is done through the Treasurer as responsible officer. The Treasurer also has to provide adequate and effective arrangements for the internal audit of the financial affairs of the Authority.
- 3.2 Internal Audit involves an independent and continuous appraisal of accounting, financial and other processes to ensure that systems of control are sound and adhered to. The assets and interests of the Authority are protected by a continuous examination of activities to detect fraud, irregular expenditure and losses due to waste and extravagance.
- 3.3 This report briefly summarises the areas covered by Internal Audit during 2003/2004 for which more detailed reports have been submitted to the Chief Fire Officer.

**4. DETAILS**

**4.1 Station Audits**

Ten Stations were selected in the sample and visited by Audit.

Generally the audits were satisfactory at all Stations and the queries raised were relatively minor. The three key areas where recommendations for improvements were made as a result of the audits were increased Petty Cash levels, improved inventory records and greater care and attention in the keeping of fuel records.

## 4.2 Fire Safety Centres

A Fire Safety Centre was selected for audit. It was recommended that prior to the withdrawal of any cash from the petty cash account, a mini statement of the Petty Cash balance should be taken from the bank dispensing machine, to ensure that the account is not overdrawn. Another recommendation was that the monthly income return should be produced and totalled independently of the banking.

## 4.3 Human Resources

### 4.3.1 Training and Development

An audit of the administrative procedures at the Brigade Training Centre has been completed during the year. Sixteen recommendations were raised covering inventories, petty cash, budgetary control, purchasing, safe procedures, income, fuel issues, and Fire Service College payments of which five recommendations were not acceptable to the Brigade.

A meeting between Audit and Officers of the Brigade was held as Audit felt it was important to establish the Brigades reasoning for non acceptance.

Following discussions, the issues were clarified and the recommendations agreed in principle. However, it was accepted that there were some practical difficulties in respect of their implementation.

Audit had some concerns about the records maintained and the methods used for the issuing of fuel, as a result of which Audit revisited the Brigade Training Centre and produced a separate report.

## 4.4 Technical Services

### 4.4.1 Fleet – Purchase and Disposal of Vehicles

A routine planned audit of the purchase and disposal of vehicles was near completion at the year end. Audit were satisfied that the Brigade appear to be obtaining value for money by the use of the consortium for the purchase of appliances and the Police Information Technology Organisation arrangement for the purchase of light vehicles, etc.

Disposal arrangements also appeared to be satisfactory following the centralisation of control within the Engineering Section at Workshops. The report will be completed in the new year.

#### 4.4.2 Procurement – Stores Computer System

A routine audit of the Stores computer system was undertaken and an interim report was produced towards the end of the year highlighting some of the findings about which Audit were concerned. These interim matters concerning indents, system access/authorisation, division of duties/controls and IT controls are in the process of being addressed by the Brigade. It is Audit's intention to follow up these findings together with other matters outstanding and complete the audit during the first quarter of the 2004/2005 year.

#### 4.4.3 Information & Communications Technology – Communications

This audit which commenced in the previous year was finalised. The audit report made two recommendations, covering the keeping of spares stock records and stock control in general, which have been accepted and implemented by the Brigade.

#### 4.4.4 Estates - Telephones

This planned audit concentrated upon landline telephones only and was substantially completed last year. The recommendations made related to the need to regularly update the landline telephone list, liaison between Technical Services Management and the individual processing the invoices, and the comparative analysis of the landline telephone list with the bills presented by the Telephone Company to ensure the legitimacy of payment. The recommendations have been accepted and implemented by the Brigade.

#### 4.5 Administration

##### 4.5.1 Cleaning

This routine audit was in progress at the end of the financial year and will be completed in the new year.

##### 4.5.2 Best Value Consultations

Audit have been consulted during the year by the Brigade's Best Value Team regarding the review of Principal Management and also Financial Services within the Brigade.

Audit advice mainly concerned the control issues arising from the reviews.

As a result of the Financial Services review, Audit have agreed, in conjunction with Officers of the Brigade, a method of selecting a sample of audit recommendations which should have been implemented. Audit will follow up a number of the significant instances to confirm that the action taken complies with the recommendation.

#### 4.5.3 Creative Services

This routine audit was also in progress at the end of the financial year and will be completed in the new year. To date there are no matters arising that are of concern to Audit.

#### 4.6 Finance

##### 4.6.1 Payroll - Monthly Salaries

This routine planned audit was completed during the year and concluded that there were no matters to be brought to the attention of the Chief Fire Officer. A small number of minor issues were raised and satisfactorily addressed by the Paymaster Services Officer.

##### 4.6.2 Payroll - National Fraud Initiative

The Authority have participated in the National Fraud initiative for 2002. A sample of matches were examined for their authenticity and were found to be satisfactory. An audit report made two recommendations relating to amendments to Standing Order 2/25 - Secondary Employment Policy. The recommendation for the Order to include part time staff was accepted. The other recommendation regarding the requirement to notify the Personnel Department of secondary employment on a two yearly basis as opposed to an annual basis, which Audit felt was too onerous upon the staff, was not accepted. An alternative arrangement put forward by Fire Service Management, whereby staff are only required to reapply when their secondary employment changes or their post changes, has been accepted by Audit.

##### 4.6.3 Income - Income Controls

Various queries raised by Sandwell Council's Cashiers Control Section responsible for monitoring income/bankings have been investigated and resolved throughout the year.

##### 4.6.4 Income - Rent and Rates Income

A routine audit of the Property Terrier and the Rent and Water Rates Income has been finalised this year.

Recommendations were made regarding the setting of a fixed timetable for training on the property database, arranging for Sandwell MBC Estate Management to remove properties that are no longer Fire Service properties from the Terrier, and to collect arrears of rent from an ex-employee and ensure that his Standing Order is for the correct rental amount. The recommendation relating to the removal of properties from the Terrier was not accepted, Sandwell MBC Estates Management preferring to retain them on the Terrier and show them as "sold" in order to maintain an historical record.

#### 4.7 Other Work

##### 4.7.1 K.P.M.G.

Internal Audit have liaised with K.P.M.G. throughout the year.

##### 4.7.2 Fire Service Income - General Debtor Income

As a follow on from the Property Rent and Rates audit reported at 4.6.4 above, the only tenant that the Brigade have that pays by a Standing Order against a General Debtor Invoice was found to still be in arrears with his rent. This was due to the tenant not increasing the amount of his Standing Order since March 2001 despite requests from Secretariat to do so following notifications of annual rent increases. This matter has been successfully addressed by the Brigade, the tenant has settled the arrears and will pay the correct rental by Standing Order from April 2004.

##### 4.7.3 Brigade Training Centre – Fuel Dips

This audit arose as a result of the audit of the Brigade Training Centre Administration reported at 4.3.1 above. The recommendations made covered seven areas concerning the process for issuing fuel and the correct method of recording such issues as required by Brigade Standing Order 9/1, which were not being complied with. All the recommendations made have been accepted and implemented by the Brigade.

##### 4.7.4 Stand-By Payments

This audit was commenced at the request of Brigade Management. The query related to the payment of travelling expenses to car claimants where their kit had actually been transported to the Stand-By Station by Brigade internal transport.

The payments involved were considered to be relatively minor and it did not appear that claimants were contravening Standing Order 3/6.

##### 4.7.5 Brigade Standing Orders

Audit Services have continued to assist with revisions to Brigade Standing Orders as required throughout the year.

##### 4.7.6 General - Advice and Assistance

There have been a number of occasions on a variety of topics to which Audit have given advice and assistance or have attended meetings at the request of Fire Service Officers.

5. **CONCLUSION**

The above report summarises the main areas covered by Internal Audit in 2003/2004 and, where applicable, the action taken by the Chief Fire Officer.

My Internal Audit staff have worked closely with the staff of the Authority to improve efficiency, ensure proper financial control and aid Management in the discharge of its responsibilities.

6. **PLAN FOR THE CURRENT YEAR**

The Chief Fire Officer has been consulted regarding any specific areas which he wishes to be highlighted in the current year=s programme of audit work. All other audits will be undertaken in accordance with the long term strategic audit plan.

7. **EQUALITY AND DIVERSITY IMPLICATIONS**

There are no equality and diversity implications.

8. **CORPORATE AIMS SUPPORTED**

The principal corporate aim supported by the information in this report is :-  
No. 1.) To meet the Authority's statutory duties, standards and expectations.

9. **TRADE UNION CONSULTATION**

There are no direct Trade Union implications arising from this report.

10. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

11. **FINANCIAL IMPLICATIONS**

There are no financial implications other than those referred to elsewhere in this report.

**L. BATEMAN**  
**TREASURER**

**Background Papers/Source Documents**

Confidential Internal Audit Files (Exempt Information Paragraph 1 to 10 Part 1 of schedule 12A of the Local Government Act 1972).

**Contact Officer**

Mr. D.Cadman/Mr. B.Evans, Audit Section, Strategic Finance (0121-569-3762/3).

H:\OfficePro2000\Derek Cadman\ALCREP.2004.4.doc