

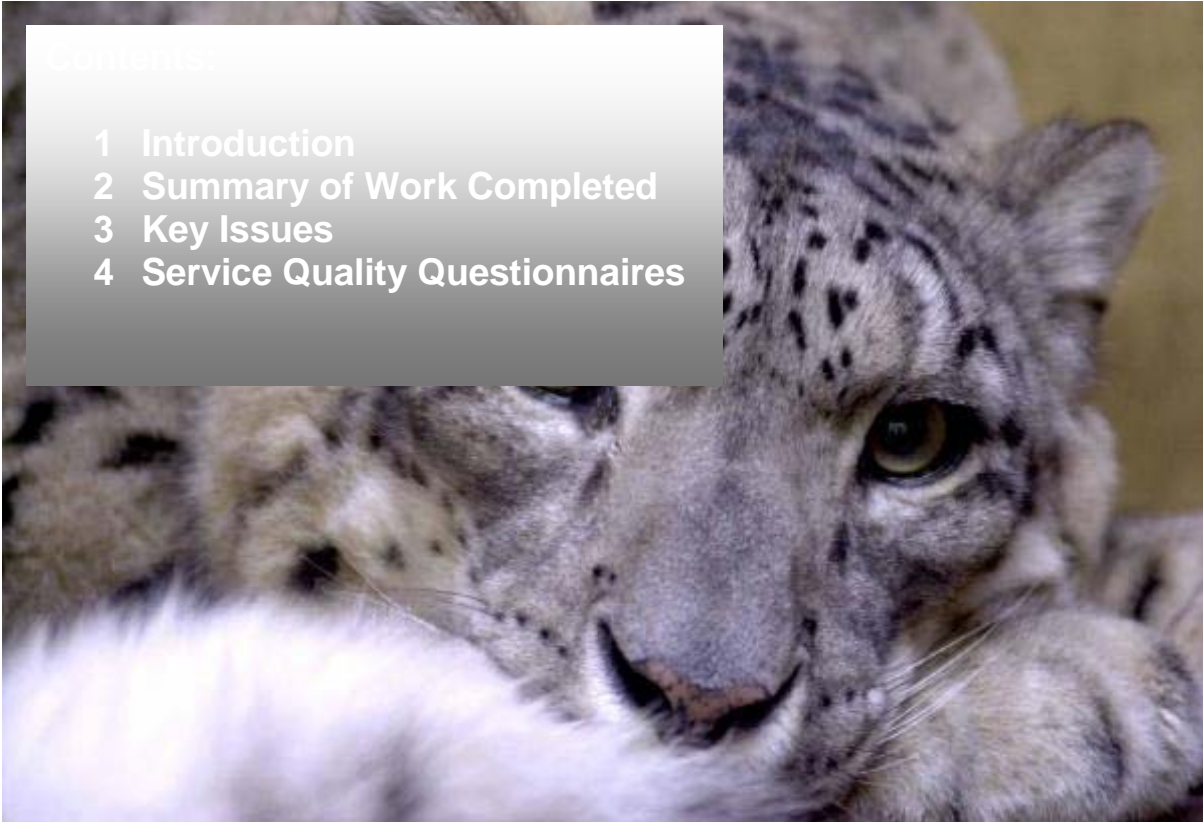
Internal Audit Progress Report to November 2012

Audit Committee – 7 January 2013

WEST MIDLANDS FIRE SERVICE

Contents:

- 1 Introduction
- 2 Summary of Work Completed
- 3 Key Issues
- 4 Service Quality Questionnaires



Sandwell Audit Services are pleased to be making a positive contribution to saving our rare and endangered species from extinction by sponsoring Nanga the Snow Leopard who is based at Dudley Zoo as part of the European Species Survival Programme. Snow leopards are found in the high mountains of Central Asia, specifically the Himalayas. They are powerful, agile animals, unfortunately they are also an endangered species as they live in a harsh and dangerous environment and are illegally hunted. The total population of the snow leopard is now in hundreds rather than thousands.

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 2012/13 Internal Audit Plan and the final completion of work from the previous 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:

Limited	<ul style="list-style-type: none"> a risk of objectives not being achieved due to the absence of key internal controls and a significant breakdown in the application of controls
Satisfactory	<ul style="list-style-type: none"> a sufficient framework of key controls for objectives to be achieved but the control framework could be stronger and controls are applied but with some lapses
Substantial	<ul style="list-style-type: none"> a robust framework of controls ensures objectives are likely to be achieved and controls are applied continuously or with only minor lapses

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 as at November 2012

Key:	KFS	Key Financial System
	*	Awaiting response

Auditable Area	ANA Rating	Recommendations					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Completed:							
• Follow-up 2011/12	-	-	1	-	1	2	NA
• Fixed Asset Accounting 2011/12	KFS	-	1	1	2	2	Substantial
• Capital Grant Declaration 2011/12	-	-	-	-	-	-	-
• IT Audit 2011/12	High	-	4	6	10	10	Satisfactory
• Asset Register/Inventory System	Medium	-	3	4	7	7	Satisfactory
• Performance Management	Medium	-	1	1	2	2	Substantial
• Workforce Planning	Medium	-	-	1	1	1	Substantial
• Business Continuity Plan	Medium	-	3	3	6	*	Satisfactory
• Fixed Asset Accounting 2012/13	KFS	-	-	2	2	*	Substantial
Underway:							
• Risk Management	High	-	-	-	-	-	-
• Asset Planning	Medium	-	-	-	-	-	-
• Payroll/Pensions	KFS	-	-	-	-	-	-
• Accounts Receivable	KFS	-	-	-	-	-	-
• Accounts Payable	KFS	-	-	-	-	-	-

3 Key issues arising for the latest period

IT Audit

We performed a review of business continuity provision within the IT function. We noted issues relating to the need to incorporate Maintenance of data security BCP (Data Management) methodology, the need for a review of whether it is necessary to negotiate an advance contract or seek an exemption from Standing Orders in the event of a major incident and the need to test the wider operation of the Business Continuity Plan.

Asset Register/Inventory System

We undertook a review of asset recording systems. Issues were raised in respect of inventory checks and an anomaly between Standing Order 08/08 – 2.3 Furniture and non-operational equipment inventories which states: “Inventory items for the purpose of this order consist of any office equipment with an estimated replacement cost of £500 per item or over.” and Financial Regulation 3.85 which states: “Non-operational equipment above £100 in value should be recorded. Items of a lesser value may also be included if they are considered particularly attractive or desirable”.

Performance Management

A review was undertaken of Corporate Performance Indicators, which are tied into the plan and the strategic objectives that are agreed at the target setting meeting each January. Performance against the targets set is monitored throughout the year and is reported on a quarterly basis. We noted issues with data quality in incident work books and lack of corporate indicators for Value for Money. Recommendations have been agreed to address these issues.

Workforce Planning

Workforce planning within West Midlands Fire Service is a key aspect of people management and development. It seeks to define workforce requirements now and in the future and is about trying to predict the future demand for different types of staff and seeking to match this with supply. Since 2010 the Authority has undertaken a programme of comparison between the present workforce and the desired future workforce to highlight shortages, surpluses and competency gaps, whether due to external pressure or internal factors.

These gaps have become the focus of workforce planning via the “Building Upon Success” programme which sought to identify and implement strategies that will ensure the availability of relevant skills and capacity needed to meet organisational goals, whilst ensuring maximum efficiency in resource utilisation. Our review raised one issue in respect of the need for the formulation of a policy on Stress in the Workforce.

Business Continuity

Business Continuity Management (BCM) is a statutory requirement for all Category 1 responders to undertake, under the Civil Contingencies Act 2004. WMFS is a category 1 responder. It is the strategy of the Fire Service to have Business Continuity Plans (BCPs) in place to deal with any eventuality of service interruption that would hinder its discharge of duty. Standing Order 01/31 details this strategy. The Industrial Action BCP was selected for testing as it was activated during 2011 and the risk of industrial disputes has recently increased. Issues were raised in respect of ensuring compliance with Standing Order 1/31 relating to ISO22301, review intervals for Business Continuity Plans and the lack of formal post testing review records of plans.

National Fraud Initiative (NFI)

We have collected and transmitted the NFI data on behalf of the Fire Service in-line with the requirements of the Audit Commission.

4 Service Quality Questionnaires (SQQ's)

The table below shows SQQ's received so far in 2012/13.

	Average Score
Fixed Assets Accounting	4.1
Work Force Planning	4.4
Asset Register/ Inventory System	4
Overall Satisfaction with Audit Services	4.2

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