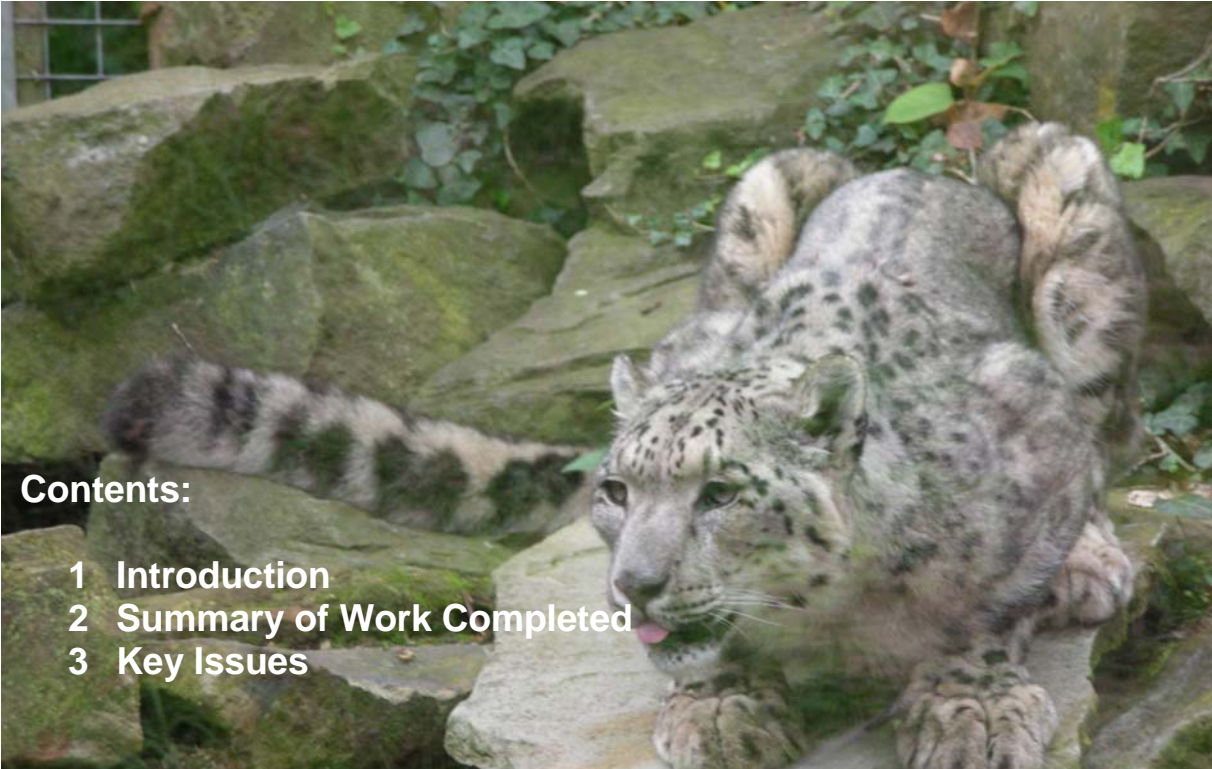


Internal Audit Progress Report

To September 2008 (2008/09)

Audit Committee - 13 October 2008

WEST MIDLANDS FIRE SERVICE



Contents:

- 1 Introduction
- 2 Summary of Work Completed
- 3 Key Issues

Sandwell Audit Services are pleased to be making a positive contribution to saving our rare and endangered species from extinction by sponsoring Tangra the Snow Leopard (pictured above) 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 2008/09 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 17th September 2008

Key:	KFS	Key Financial System

Auditable Area	ANA Rating	Recommendations					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
HQ Relocation Follow-up audit	High	-	-	-	-	N/A	Substantial
Management of Fuel at Fire Stations	Medium	-	3	1	4	4	Satisfactory
Bank Account Reconciliations	Medium	-	-	2	2	2	Substantial
Pension Payroll	KFS	-	2	1	3	3	Substantial
Underway:							
• Absence Management	High						
• Risk Management	High						
• Risk Assurance Framework	High						
• Procurement System	Medium						
• Home Fire Safety Checks	Low						
• Creditors	KFS						
• Counter-Fraud Audit	N/A						
• Follow-up Audit	N/A						
• National Fraud Initiative	N/A						

3 Key Issues Arising for the period

- 3.1 An annual audit was carried out on the Payroll system, focussing on payment of pensions. The key issues arising were:
- Pensions Payroll should follow-up with Human Resources to ensure that reassessments in respect of disability entitlements are carried out within an appropriate period of time, to ensure that no overpayments are made.
 - The Senior Pensions officer should sign the relevant documents to evidence that the figures reconcile and that a check has been carried out. The hard copy should be reviewed and signed by management to prove that it has been completed on a timely basis.
- 3.2 A cyclical review was carried out of management of fuel at a sample of West Midlands fire stations. Audit checks concentrated on diesel fuel (Derv) issues and record keeping. The main issue arising from the audit was that stations need to be reminded of the correct protocol to follow, as stated in Standing Order 9/1, particularly in respect of:
- Completion of the Journey Log book (T2) and the Fuel Tally book (T4).
 - Separation of duties when completing and signing the T2 and the T4. At four of the five locations checked there were instances where the same officer signed both of the records when a fuel issue was made.
 - Monthly checking of fuel stocks. In 60% of the sample checks there was no signature against the pre and post delivery checks recorded.
 - Re-ordering of fuel in accordance with the Standing Order Appendix.

Due to a significant discrepancy at one station regarding fuel delivery records and fuel checks conducted, an investigation was carried out. Staff had recorded a delivery as taking place, and had entered pre and post delivery fuel dip figures. However, audit checks revealed that the delivery had not taken place, and false entries had been made in the records. It was ascertained that a delivery of fuel had been attempted, but there were no appropriate officers on site to take delivery. It appears that staff wrongly assumed that the delivery had been made, however there was no evidence of a delivery docket.

It was recommended that:

- Staff should be reminded that under no circumstances should they make false entries in the records, and only staff present at the delivery should carry out the pre and post fuel dips and complete the necessary records. Senior staff should verify that the delivery has been made and evidence that they have made the check.
- All dockets received as part of fuel deliveries should be kept on file.

3.3 A follow-up review was carried out following issue of a report in June 2008 produced by consultants to evaluate the project plan for relocation to the new WMFS HQ.

The consultant's remit was to review the transparency of decision making/reporting and to review the project plan to ensure risks were being identified, recorded, assessed, responsibility assigned and monitored by the project board. The consultant concluded that the Authority has adopted appropriate procedures in relation to the development of the new HQ. It was found that there were no recommendations that required follow-up.

3.4 A cyclical audit was carried out on the reconciliation processes applied to the Authority's bank accounts. It was recommended that a review of the guidance provided to bank account users should be reviewed, so that it includes measures to be taken to prevent bank accounts from becoming overdrawn. It was also noted that both officers responsible for completing and reviewing the reconciliation should evidence their work, and timeliness of checking and review, by signing and dating the front sheet.