


## Draft Internal Audit Progress Report to February 2012

Audit and Performance Management Committee – 26 March 2012

**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 and Performance Management Committee up to date with the progress made against the delivery of the 2011/12 Internal Audit Plan and the completion of work from 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:

<b>Fundamental</b>	Action is imperative to ensure that the objectives for the area under review are met.
<b>Significant</b>	Requires action to avoid exposure to significant risks in achieving the objectives for the area under review.
<b>Merits attention</b>	Action advised to enhance control or improve operational efficiency.

## 2 Summary of Work Completed as at February 2012

Auditable Area	ANA Rating	Recommendations					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
<b>Completed:</b>							
Fixed Assets Accounting 2010/11	KFS	-	-	1	1	1	Substantial
Capital Grant Declaration 2010/11	-	-	-	-	-	N/A	N/A
Environment Audit	Medium	-	3	10	13	13	Satisfactory
Bank Account Reconciliations	Medium	-	-	1	1	1	Substantial
Accounts Payable	KFS	-	1	1	2	2	Substantial
Accounts Receivable	KFS	-	-	-	-	N/A	Substantial
Risk Management	High	-	3	4	7	AR	Satisfactory
Fire Stations – Management of Fuel	Medium	1	2	1	4	AR	Limited
Home Safety Visits	Medium	-	-	-	-	N/A	Substantial
Governance	High	0	2	3	5	AR	Satisfactory
<b>Underway:</b>							
• IT	High						

Auditable Area	ANA Rating	Recommendations					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
• Asset Register/Inventory System	Medium						
• Budgetary Control	KFS						
• Payroll/Pensions	KFS						

<b>Key:</b>	KFS	Key Financial System
	AR	Awaiting Response

### **3 Key Issues Arising for the Period**

#### **Risk Management**

In our previous risk management reviews, we considered the development and embedment of the corporate risk register of the Authority. The audit for 2011/12 was extended to include a review of the risk management framework and how risk management is embedded within the Authority and its operations. Three significant issues were identified where improvements could be made to the framework, as follows:

- Consideration of the implementation of an enterprise wide risk management framework, with risk registers being developed below corporate level.
- Inclusion of target dates within risk registers and action plans.
- Adopting a systematic and consistent approach to project and partnership risk management.

#### **Fire Stations - Management of Fuel**

A programme of site visits was undertaken at five stations (Aldridge, Bickenhill, Handsworth, Hay Mills and West Bromwich). We found that operationally, there was a lack of compliance with the requirements of certain standing orders, in particular:

- Only one of the five locations was recording that water tests were being undertaken each time a dip measure was taken in accordance with Standing Order 2.6.
- Canned fuel stock checks were not being recorded in the T4 fuel tally book at the change of each watch as required by Standing Order 2.13.2.
- There were mixed practices across all of the stations visited with regard to recording end of month calculations in both the T4 fuel tally book and the T2 vehicle journey log as necessitated by Standing Order 2.13.1.
- At each of the five stations visited, end of month calculations were being recorded in the T4 fuel tally book but the calculations were not being closed off as required by Standing Order 2.13.6
- There were instances where the same officer was signing both the T4 fuel tally book and T2 vehicle journey log records when fuel was issued. This reduced the division of duties required by Standing Order 2.7.2.
- There were instances where fuel quantities entered in both records did not match, i.e. the fuel issued and recorded in the T4 fuel tally book was different to the record made in the T2 vehicle journey log contrary to Standing Order 2.7.2

- The roll numbers recorded in both books were often illegible so it could not be determined who had issued and received the fuel. Some entries contained no signature and where an entry contained a signature it was difficult to identify the individual concerned as required by Standing Order 2.7.2.
- Generally fuel orders were not being recorded in the Station continuity books in accordance with Standing Order 2.3.2.
- Delivery Notes were not retained at all the Stations but were sent to Fire Service Headquarters by the Station Admin Officer contrary to Standing Order 9/01- 2.5.2.
- The frequency of fuel dips varied at the five stations visited but most were undertaking dips before and after a fuel delivery. However, at one station a delivery was made without any fire service personnel being present (Standing Order 2.5.1).
- Discrepancies exceeding +/- 150 litres was noted at two Stations. There was no record in the fuel tally book confirming that a report had been made to the Station Commander as required by Standing Order 2.13.5.
- There were no records maintained in the fuel tally books confirming that monthly fuels checks were taken and signed by the Watch Commander as mandated by Standing Orders 2.13.4 and 2.13.8.

In addition self-assessment questions, undertaken as part of the Station Self-Assessment Workbook regime, which require a commentary on completion of T2 and T4 log books in accordance with standing order 9/01 were not giving an accurate reflection of the level of internal control being exercised in this area.

### **Governance**

Our review focused on strategies to promote engagement with local communities/stakeholders and member development opportunities. We noted that a project to prepare a draft constitution had yet to be completed, a regular programme of Corporate Communications reviews needed to be installed and a low take-up of the Fire Service's Member Development Framework.

### **Audit and Performance Committee Skills Audit**

We facilitated the Audit and Performance Management Committee's annual skills audit, the results of which are to be presented at the March 2012 Committee meeting.

## **Audit and Performance Management Committee Self-Assessment**

We facilitated the Audit and Performance Management Committee's annual self assessment exercise. The workshop, attended by members of the Committee, included a brief training session and the completion of a self assessment checklist based on the CIPFA model.

### **4 Service Quality Questionnaires (SQQ's)**

The table below shows the results from the SQQ's received so far in the current year.

<b>Audit</b>	<b>Average Score</b>
Budgetary Control (2010.11)	4.1
Fixed Assets Accounting	4
Bank Account Reconciliations	4.1
Accounts Payable	4.1
Accounts Receivable	4.1
<b>Overall Satisfaction with Audit Services</b>	<b>4.1</b>

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