

Internal Audit Progress Report to August 2011

Audit and Performance Management Committee - 10 October 2011

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 2011/12 Internal Audit Plan 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:

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 2011

Key: KFS Key Financial System

Auditable Area	ANA Rating	Recommendations					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Completed:							
Fixed Assets Accounting 2010/11	KFS			2	2	2	Substantial
Capital Grant Declaration 2010/11	-	-	-	-	-	-	NA
Underway:							
• Environment Audit	Medium						
• Bank Account Reconciliations	Medium						
• Home Fire Safety Visits	Medium						
• Fire Stations – Management of Fuel	Medium						

3 Key Issues Arising for the Period

Fixed Assets Accounting

We performed a review of the accounting systems for Fixed Assets in accordance with the Key Financial Systems programme as agreed with the External Auditors. We noted a delay in the finalisation of the Vehicle Replacement due to an on-going review of vehicle requirements. Overall substantial assurance was given.

Capital Grant Declaration 2010/11

We provided certification of a claim for Capital Grant Funding of £1,599m. Work was carried out to ensure that funding conditions had been complied with.

Special Investigation: Use of Purchase Cards

Following the receipt of a whistleblowing allegation, the Monitoring Officer asked us to review the policy and processes for the use of purchase cards at the Authority, and give a view as to whether they are robust. Also, to include a review of a sample of payments in order to establish if the policy was being complied with.

The Fire Authority has 12 purchasing cards. These are held by a mixture of officers ranging from Personal Assistants to the Chief Finance Officer. Credit limits vary between £1,000 up to £7,500 and guidance on their use was issued to all card holders at the time of their introduction. The primary use of the cards is to provide an alternative method of paying relatively low value and infrequently supplied goods.

We found no evidence that purchasing cards had been used in a fraudulent manner. However, we did find that there was significant use made of the cards, which we believed went beyond their initial intended purpose, and that many of the purchases could have gone through the standard purchasing route in order to strengthen the control framework and ensure that value for money was more clearly identified as being obtained.

We made four recommendations which were all accepted, and the Authority was to review the use of the purchase cards as part of a wider procurement activity review.

4 Service Quality Questionnaires (SQQ's)

The table below shows SQQ's received so far in 2011/12.

	Average Score
Fixed Assets Accounting	4
Overall Satisfaction with Audit Services	4

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