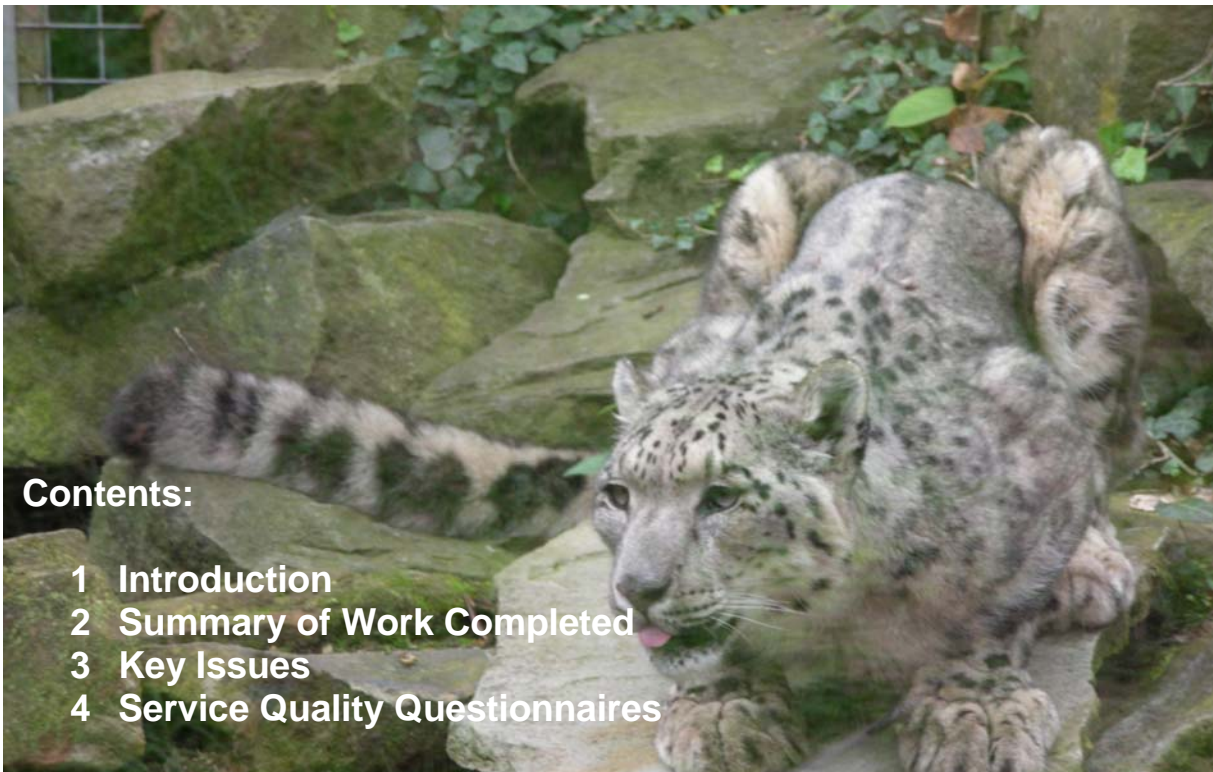


# Internal Audit Progress Report

To September 2009

Audit Committee - 12 October 2009

**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 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 2009/10 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 18<sup>th</sup> September 2009

<b>Key:</b>	KFS	Key Financial System

Auditable Area	ANA Rating	Recommendations					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
<b>Completed:</b>							
Environmental Audit	Medium	-	-	6	6	6	Satisfactory
Payroll	KFS	-	1	3	4	4	Substantial
<b>Underway:</b>							
• Fixed Assets	KFS						
• Accounts Payable	KFS						
• Asset Planning	Medium						
• Procurement	Medium						
• Workforce Planning	Medium						
• Follow-up of 2008/9 recommendations, including Management of Fuel, and Partnerships	N/A						
• National Fraud Initiative	N/A						

### 3 Key Issues Arising for the period

3.1 An Environmental audit was carried out. Environmental issues have recently come under the spotlight due to factors including climate change, the Carbon Reduction Commitment and Corporate Social Responsibility. It was evident that a lot of work has been done in this area, such as introducing environmental initiatives, including the Headquarters successfully achieving an 'Excellent' rating under the BREEAM (Building Research Established Environmental Assessment Method) assessment process, which looks at the environmental performance of a building, and the use of Targeted Response Vehicles. Also, various elements of an Environmental Management System (EMS) have been introduced, including:

- Environmental legislation affecting the Fire Service has been identified.
- Baseline carbon footprints have been calculated for the Fire Stations.
- The Corporate Board has set targets for commanders to improve on the carbon footprint figures.

The main issues arising from the audit work were:

- The legislation register should be personalised and then kept updated;
- Environmental actions should be prioritised and a timetable set;
- Plans should continue to be put into place to introduce monitoring against targets;
- Consideration should be given to how usage of unmetered water can be reduced, and how the reduction can be evidenced.

3.2 An audit of the payroll function was undertaken. Work carried out by other departments linked with payroll was also reviewed, e.g. finance, HR and the Sandwell Business System (SBS) based at Sandwell MBC. All payroll data is processed through SBS.

It was found that there were effective links with other departments involved in the payroll process, and there was good use of existing systems and achievement of deadlines. The main issues raised by the audit were:

- Revenue payment vouchers were not always being signed by the officer completing the form or authorised by the Pensions and Payroll Manager.
- Notification forms were not always signed by both a member of HR and manually by Payroll.

- As there have been changes to Payroll personnel due to retirements etc., including the Pensions and Payroll Manager, there should be a check of who has access to payroll data and at what level.
  - Checks should be carried out when material differences in BACS amounts occurs between months, to ensure that any differences are legitimate.
- 3.3 Audit Services provided their comments on a revised draft of the Procurement Standing Order, which were incorporated into the final draft.
- 3.4 CIPFA's Red Book 2 – managing the risk of fraud, is a comprehensive document listing actions that CIPFA's Better Governance Forum believe an organisation needs to have in place to effectively counter fraud and corruption. Work was carried out to benchmark the Authority against the required criteria, to assist the Audit Committee with adoption of the process.

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

The table below shows SQQ's received so far in 2009/10, and SQQ's for reports issued in the fourth quarter of 2008/9.

\* The payroll audit was issued to management at the date of this report.

<b>Audit</b>	<b>Average Score</b>
Partnerships (08/09)	4.1
Governance (08/09)	5.0
Environmental Audit (09/10)	4.6
Payroll Audit (09/10)	4.4
<b>Overall Satisfaction with Audit Services</b>	<b>4.5</b>

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