

# Internal Audit Progress Report as at 28 February 2015

Audit Committee – 23 March 2015

**WEST MIDLANDS FIRE SERVICE**



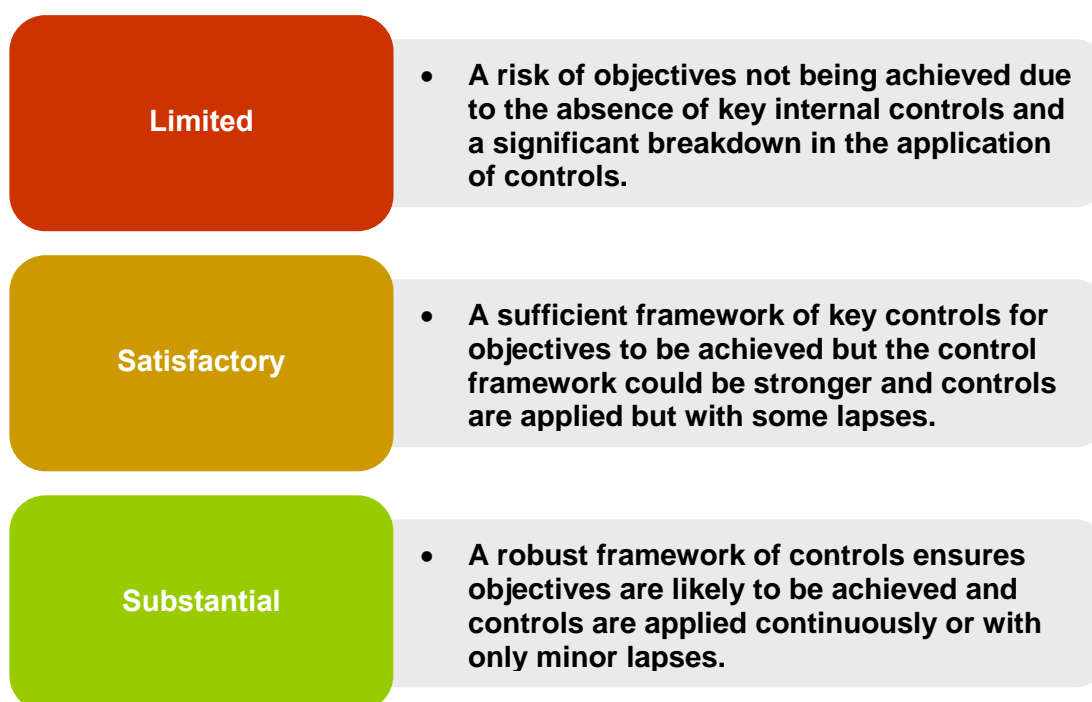
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# 1 Introduction

The purpose of this report is to bring the Audit Committee up to date with the progress made against the delivery of the 2014/15 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:



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		
<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 is advised to enhance risk mitigation, or control and operational efficiency.

## 2 Summary of work completed and in progress as at 28 February 2015

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
<b>Completed:</b>							
Pension Certification*	-	-	-	-	-	-	Substantial
Fire Stations - Management of Fuel*	Medium	-	6	1	7	7	Satisfactory
Budgetary Control*	KFS	-	-	-	-	-	Substantial
Accounts Receivable*	KFS	-	-	-	-	-	Substantial
Accounts Payable*	KFS	-	-	1	1	1	Substantial
Payroll/Pensions*	KFS	-	-	2	2	2	Substantial
Fixed Asset Accounting/Asset Planning*	KFS	-	-	2	2	2	Substantial
Environmental Protection Targets	Medium	-	2	3	5	Draft	Satisfactory
<b>In progress:</b>							
Governance	High						
Risk Management	High						

<b>Key:</b>	*	Reported upon in previous progress report.
	KFS	Key financial system.
	Draft	Awaiting response to draft report.

### **3 Key issues arising for the period 1 January to 28 February 2015**

#### **Environmental Protection Targets**

A review was undertaken of the progress made towards implementing an Environmental Management System and strategies put in place to further advance the Authority's environmental initiatives. The review identified the following issues of significance:

- There were inaccuracies in the methodology of reporting actual against target usage of gas and electricity. This was because the target usage had been calculated as an average for the year and had not been adjusted to take account of seasonal variations. As such, the usage figures reported for the first two quarters were significantly better than the target, giving a false assurance on performance. When adjustments were made to take account of seasonal variations, it was identified that some stations reported as having achieved target usage reductions, no longer did.
- Performance against targets was reported quarterly and was based on the cumulative usage. It was found that the spreadsheet used to calculate the usage figures contained errors. As such, the cumulative performance figures reported for quarters one and two, were in fact the figures for quarter two only. When the spreadsheet was adjusted to calculate the cumulative performance, it was found that they had been overstated in the report, again giving a false assurance on actual performance.

#### **Audit Committee – Knowledge and Skills Framework**

To date we have received three completed knowledge and skills framework self-assessment returns from Members of the Audit Committee. Once the remaining forms have been received, the results will be collated and reported back to the Committee, and the next stage entered into.

#### **National Fraud Initiative (NFI)**

We have began collecting data as part of the latest Audit Commission's National Fraud Initiative – data matching exercise. Once the data has been submitted, matched (where appropriate) and returned, we will investigate any potential cases using a risk based approach.

## 4 Service Quality Questionnaire Feedback

The evaluation of Audit Services, based on feedback received so far is:

Overall Satisfaction with Audit Services	Average Score
	4.5

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