

## REPORT OF THE TREASURER

# INTERNAL AUDIT 2005/06 FOLLOW-UP ISSUES

### 1 Purpose of Report

This report sets out the actions taken by officers on the outstanding issues in the Internal Auditor's Summary Audit Report of their work last year.

### 2 Recommendations

The Committee is asked to note the actions taken to address the issues highlighted by Internal Audit, as set out in the appendix to this report.

### 3 Background

The Committee received a report on 15 June on the Summary Audit Report by the Internal Auditors of their work in 2005/06. Particular attention was paid to those recommendations, which were repeated from the earlier year's audit, i.e. there had not been clear action either to deal with the issues or explain why no action was necessary.

These repeated recommendations concerned Information Technology (IT), the Data Protection Act, Banking, the Creditors System and the Debtors System. This report deals specifically with the financial systems, i.e. Banking, Creditors and Debtors. The IT and Data Protection Act issues are picked up in the report, which follows this on the agenda.

### 4 Banking, Creditors and Debtors System

The repeated auditors' recommendations are set out in the appendix to this report. Officers are satisfied that these matters have now been completely dealt with and anticipate that this will be formally agreed by our auditors.

### 5 Financial Implications

There are no direct financial implications arising from this report.



## 6 Legal Comment

There are no legal implications arising directly from this report.

## 7 Appendix

Follow-up Position on Audit Recommendations reported during the 2005/06 Audit

## 8 Background Papers

**Shropshire and Wrekin Fire Authority Audit and Performance Management Committee 15 June 2006**

Report 9 – Internal Audit - 2005/06 Summary Audit Report  
Minutes

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balance Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Equality and Diversity		Retained	
Efficiency Savings		Risk and Insurance	
Environmental		Staff	
Financial		Strategic Planning	
Fire Control/Fire Link		West Midlands Regional Management Board	

For further information about this report please contact Keith Dixon, Treasurer, 01743 260202

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## Follow-up Position on Audit Recommendations Reported during the 2005/06 Audit

RECOMMENDATION	ACTION / RESPONSE
<b>BANKING</b>	
1. Care should be taken to ensure that the management review of the bank / ledger reconciliation is consistently evidenced by signing / initialling and dating the documents examined.	Accepted and evidence will be consistently provided. This issue arose because some records were being examined by external audit and not a failure to follow required procedures.
2. A regular management review of the use of company charge cards should be undertaken.	Accepted. Transactions will be regularly reviewed against our rules and these reviews clearly evidenced by signing and dating.
3. Credit card transactions should be scrutinised by the Finance Assistant prior to posting to the ledger.	Accepted. This is in fact done but no formal record of the scrutiny has been made. It will in future, and a formal procedure has been introduced.
4. Company charge cardholders should be reminded of the following:-  i A single transaction must not exceed £200; ii A credit limit of £1,000 should not normally be exceeded; iii All transactions must be authorised by the cardholder.	All company charge cardholders have been reminded in writing.
<b>CREDITORS</b>	
5. Staff should be reminded of the need to carefully consider whether tender procedures and, therefore, an entry in the Contracts Register are applicable each time they initiate a purchase.	Instructions are included in the acquisition books issued to staff. Instructions will also be included in the 2006/07 Budget Book issued to all budget holders and delegated officers.
6. Staff should be reminded of the circumstances under which formal waiver of tender procedures is required.	See above



RECOMMENDATION	ACTION / RESPONSE
<b>CREDITORS continued</b>	
7. The company charge card indemnity forms should always detail the credit limit and the single transaction limit to ensure that cardholders are fully aware of their authorisation limits.	The indemnity forms have now been updated.
<b>DEBTORS</b>	
8. The Principal Accountant should liaise with Shropshire County Council and determine whether the SAMIS Sales Ledger could be used to produce sales invoices.	It was originally thought that there were technical problems but this has now proved not to be the case. However at the low level of transactions (about 10 per month) it is not considered that non-cashable efficiencies could be obtained. The option will be kept under review, if charging becomes a more significant element of the service.

