

AUDIT AND CONSULTANCY SERVICES

SHROPSHIRE & WREKIN FIRE AUTHORITY 2007/08 SUMMARY AUDIT REPORT

1. EXECUTIVE SUMMARY

Overview

Shropshire Fire & Rescue Service became a Combined Fire Authority in April 1998 following Local Government Reorganisation in Shropshire and as such was required to establish an internal audit function under Section 151 of the Local Government Act 1972.

Overall Audit Opinion

On the basis of the responses and assurances given by Shropshire Fire & Rescue Service's management to last year's audit recommendations and the audit findings and initial management responses to the current year's audit work, full assurance can be given that the overall control arrangements of Shropshire & Wrekin Fire Authority are considered satisfactory in the areas examined.

2. INTRODUCTION

Background

This audit is the final year of a four year strategic audit plan determined using a risk based audit needs assessment model and agreed by the Head of Audit & Consultancy Services and the Authority's Treasurer in consultation with the Audit Commission. The audit coverage over the four year strategic plan provides assurance to the Authority's management regarding the overall control environment.

Scope

The 2007/08 audit included the specific follow up of recommendations made as a result of the 2006/07 audits in areas which were not covered separately during 2007/08. These follow ups were achieved through discussions with the relevant staff and some limited testing. The recommendations followed up related to the following areas:

- 2006/07 Recommendation Follow Up (Including Banking Arrangements, Creditors, Debtors, Fraud & Corruption, Personnel and Stores),
- FSS and Statistics,
- Miscellaneous,
- Procurement, and
- Vehicle Fleet.

The results of these follow ups are summarised in **Section 3**.

A review of controls in place in the following main areas, as shown in the 2004/05 to 2007/08 strategic audit plan, has also been carried out:

- Banking Arrangements
- Creditors
- Use of Mobile Phones
- Income
- Partnership Working
- Payroll
- Risk Management; and
- Corporate Governance.

The findings from the 2007/08 audit areas are also summarised in **Section 3**.

3. DETAILED FINDINGS AND RECOMMENDATIONS

Follow Up of Previous Recommendations

Banking Arrangements

Both recommendations made as a result of the 2005/06 system review, had been satisfactorily implemented.

Creditors

One recommendation was made as a result of the 2005/06 system review. This has been superseded by a recommendation made in the 2007/08 audit.

Debtors

The single recommendation made as a result of the 2005/06 system review remains to be addressed.

Fraud & Corruption

The recommendation made as a result of the 2005/06 system review has been implemented.

Personnel

Of the five recommendations made as a result of the 2005/06 system review, all remain to be fully implemented. Two of the recommendations have been expanded to provide more detail which should facilitate their satisfactory implementation.

Stores

Of the two recommendations made as a result of the 2005/06 system review both have not been implemented and are therefore repeated.

FSS and Statistics

The recommendation made as a result of the 2006/07 system review has been partially implemented, and superseded by a new recommendation in the 2007/08 review.

Miscellaneous

Of the fifteen recommendations made as a result of the 2006/07 system review nine have been implemented, one is superseded, one was partially implemented, and the remaining four are reiterated for implementation.

Procurement

Of the six recommendations made as a result of the 2006/07 system review three have been implemented. Two recommendations have been superseded by recommendations made in the 2007/08 creditors audit, and one is reiterated for implementation.

Vehicle Fleet

Of the nine recommendations made as a result of the 2006/07 system review six are implemented and one is superseded. The remaining two recommendations are reiterated and require attention.

2007/08 Audit Findings

Banking Arrangements

Satisfactory controls exist over the banking arrangements in place at Shropshire Fire & Rescue Service and in general, they are operating well. However, some recommendations have been made in order to improve the controls identified. These include the need to perform reconciliations on a more regular basis, and to strengthen controls on the issue of credit cards.

Creditors

Satisfactory controls exist over the creditors system and in general, they are operating well. Recommendations have been made to improve the compliance with ordering procedures; purchase authorisation limits should be observed more closely and to ensure that all contracts are entered in the contracts register. Additional testing performed at the year end in accordance with Audit Commission requirements confirmed that key controls were operating satisfactorily.

Use of Mobile Phones

This review was performed upon request by the Treasurer as part of anti-fraud and corruption work. The Auditor was satisfied that there were no instances of mis-use of mobile phones. The absence of a written policy and defined practices in respect of the provision of mobile phones for work presents potential significant risk to the authority. As a result, officers who are provided with these phones are placed in a vulnerable position should there be an incidence or dispute in relation to the use of the phone. It is clear that the diligence and responsible attitude of officers has not caused any problems to date. However, to protect both the authority and employees in the future, this report contained a number of recommendations that will serve to mitigate unwelcome risk.

Income

Satisfactory controls exist over the income system and in general, they are operating well. There are some concerns over the segregation of duties which need to be addressed. Three recommendations have been made in relation to this, in addition to a further three recommendations relating to the need to compile detailed procedure notes and to change the combination of the safe on a regular basis.

Partnership Working

This review has identified that the arrangements for Partnership working are satisfactory and that the authority is demonstrating and operating a wide range of best practices. A comprehensive partnership register is held which is populated with relevant information. Individual officers have specific responsibilities for partnerships and agreements are in place for all examined. The review has made a small number of recommendations for consideration which would serve to enhance current practices. No material weaknesses have been identified during this review.

Payroll

Satisfactory controls exist over the payroll procedures in place and in general, they are operating well. Many of the recommendations made are in response to exceptions identified in testing where claim forms for travel and additional hours had not always been appropriately completed or checked, prior to payment. Additional testing performed at the year end in accordance with Audit Commission requirements confirmed that key controls were operating satisfactorily.

Risk Management

This review has identified that the Risk Management processes are becoming well embedded into the authority. A comprehensive risk management strategy is in place, roles and responsibilities have been determined and a system for recording risks and their control measures is in place. Whilst there appears to be a good level of risk awareness at the higher levels within the Authority, work has still to be carried out to increase awareness of both corporate and operational risks amongst the wider staff group. Further areas to enhance current procedures are suggested within this report, and a system to deal with Intellectual Property Rights should be considered to protect the in-house developed Risk Register.

Corporate Governance

From the audit work undertaken and the explanations provided, it is the auditor's opinion that Shropshire Fire and Rescue Service has full compliance with their Code of Corporate Governance. No recommendations have been made as a result of this review.

The auditors would like to take this opportunity to thank those staff at Shropshire Fire & Rescue Service for their cooperation and assistance during the course of the audits.

G R TART
Head of Audit & Consultancy Services
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