

AUDIT AND CONSULTANCY SERVICES**SHROPSHIRE & WREKIN FIRE AUTHORITY**
2006/07 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 third 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 2006/07 audit included the specific follow up of recommendations made as a result of the 2005/06 audit in areas which were not covered separately during 2006/07. These follow ups were achieved through discussions with the relevant staff and some limited testing. The recommendations followed up related to the following areas:

- Banking arrangements (from 2004/05);
- Data Protection Act (from 2004/05);
- Creditors;
- Debtors;
- Fraud & corruption;
- Personnel; and
- Stores.

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 been carried out:

- Payroll;
- Fire Formula Spending Share (FSS) and Statistics / Statutory Returns;
- Fraud and Corruption;
- Purchasing/Procurement;
- Computer Services;
- Vehicle Fleet;
- Miscellaneous;
- Estates Management;
- Risk Management; and
- Corporate Governance.

The findings from the 2006/07 audit areas are summarised in **Section 3**.

3. DETAILED FINDINGS AND RECOMMENDATIONS

2004/05 Recommendations Review

Banking Arrangements

Of the four recommendations made as a result of the 2004/05 system review, two have been fully implemented and two have required further recommendations to be made.

Data Protection Act 1998

Little progress has been made implementing the outstanding recommendations made in the Data Protection Act 1998 report. It is, however, anticipated that once the new Information Officer is in post these recommendations will be implemented.

2005/06 Recommendations Review

Creditors

Of the six recommendations made as a result of the 2005/06 system review, four had been fully implemented, one was reviewed as part of the Purchasing & Procurement audit and a subsequent recommendation made, and one recommendation has been repeated due to an exception noted during testing.

Debtors

Of the two recommendations made as a result of the 2005/06 system review, one recommendation has been implemented and one has been repeated where the recommendation has not been fully implemented.

Fraud & corruption

One recommendation was made in the 2005/06 system review and this is in the process of being implemented.

Personnel

Of the eleven recommendations made in the 2005/06 system review, five recommendations have been fully implemented and six recommendations have been repeated where work is still on-going and has yet to be completed.

Stores

Of the three recommendations made in the 2005/06 system, one is no longer relevant and the other two have been repeated as work has still to be completed.

2006/07 Audit Findings

Payroll system

Satisfactory controls exist over the payroll procedures in place and in general, they are operating well. Recommendations have been made in response to exceptions identified in testing where claim forms had not always been appropriately completed or authorised; and with regards to updating the Personnel records held.

Fire Formula Spending Share (FSS) and Statistics / Statutory Returns

The Fire Formula Spending Share arrangements, statistics and statutory returns procedures and self-precepting arrangements in place at Shropshire Fire & Rescue Service are operating well. However, it must be noted that no testing was performed on the PMRS database as SF&RS are awaiting details from the CLG as to what information is required to be reported for 2006/07.

Purchasing/Procurement and Fraud & Corruption

Satisfactory controls exist over the procurement and purchasing procedures in place at Shropshire Fire & Rescue Service and in general, they are operating well. Recommendations have been made in response to exceptions identified where contracts had not been fully entered in the contracts register and improving documentation associated with contracts.

Computer Services

Whilst good progress has been made on implementing the outstanding recommendations in the IT installation review, little progress has been on implementing the outstanding recommendations made in the Data Protection Act 1998 report. It is, however, anticipated that once the new Information Officer is in post these recommendations will be implemented. Review of the Brigade Order 16 found that good controls are in place with respect to IT strategy.

Vehicle Fleet

Based on the audit testing and explanations provided, it was found that the procedures and controls for the Fleet Management function were generally satisfactory. In particular, testing confirmed that the fleet management system, TRACE, is generally accurate, providing all relevant fleet management information and there are satisfactory arrangements in place to ensure that the fleet is adequately maintained to meet on-going service requirements.

Miscellaneous

This audit included a review of assets and inventories, insurance, imprest, gifts and hospitality, voluntary funds and publicity. Satisfactory controls exist over the miscellaneous procedures examined at Shropshire Fire & Rescue Service and in general, they are operating well. Recommendations have been made in response to exceptions identified in testing. The implementation of these recommendations will serve to enhance the procedures that are already in place.

Estates Management

Estates management is regulated by the SF&RS Asset Management Plan which manages assets to achieve the Service's overall goals and objectives by optimising the business impact of costs, performance and risk exposures associated with the physical assets and service provision. Estates management procedures were discussed with the Assistant Chief Officer. Although no detailed testing was undertaken, procedures appear to be sound and there is good awareness of the issues which need to be addressed.

Risk Management

From the discussions with the Head of Risk Management it was found that all recommendations made during the 2005/06 audit had been implemented or were currently in progress. Evidence was obtained, where appropriate, to confirm that the necessary action had been taken. It was therefore concluded that good progress continues to be made in the area of risk management. At the time of the audit, further work was planned over the following months to increase the awareness of risk management amongst the wider staff group and to provide the appropriate training where necessary.

Corporate Governance

From the audit work undertaken and the explanations provided, it is the auditor's opinion that Shropshire Fire & Rescue Service has full compliance with their Code of Corporate Governance. Plans are also in place to review and update the Code of Corporate Governance in accordance with the revised guidance from CIPFA/SOLACE. No recommendations have been made, however separate recommendations have been made as part of the Data Protection audit to complete the detailed procedure notes for processing requests submitted under the Freedom of Information Act and Data Protection Act.

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

G R TART
Head of Audit & Consultancy Services
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