

Internal Audit Programmes

Report of the Treasurer

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1 Purpose of Report

This report updates Members on progress with the 2006/07 audit programme and outlines the 2007/08 programme.

2 Recommendations

The Committee is asked to note the progress of the current year's audit and endorse the programme for 2007/08.

3 Background

There is a four year programme of internal audit ending in 2007/08, agreed with our auditors based on a risk assessment. This report sets out progress to date and highlights the need for the Committee to agree later in the year, a new programme of work to start in 2008/09.

4 The 2006/07 Audit

Set out below is the agreed audit for 2006/07 with the current situation:

| Audit | Planned Days | Status |
|----------------------------------|--------------|--------------------------|
| Payroll | 6 | Complete |
| Fire Grant and other statistics | 2 | To be completed in March |
| Purchasing/Procurement | 4 | In progress |
| Vehicle Fleet | 6 | Complete |
| Miscellaneous/Estates Management | 7 | Complete |



| | | |
|------------------------------------|---|---|
| Computer Services | 5 | Follow up of outstanding recommendations to be covered in site visit in March. The auditors have already examined the draft IT and Communications Strategy. |
| Risk Management | 2 | Complete |
| Corporate Governance/Review of SIC | 3 | Scheduled for May to synchronise with year-end accounts |
| Support Work | 9 | Up to date. Review and follow up work to be completed |

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An audit of compliance with Freedom of Information and Environmental Information legislation has also been undertaken. There have been some delays in certain areas, but all audits are intended to be finished by mid April. This is when the Audit Commission complete their review of the work of our internal auditors as part of their checks that key systems are reliable.

It is intended to bring the internal auditors' summary report for the year and overall audit opinion to the June meeting of the Committee. Of the work completed so far, a number of recommendations have been made and officers are currently acting on these recommendations.

Recommendations are categorised as:

- i. **Fundamental**
Immediate action to address major control weaknesses that, if not addressed, could lead to material loss to the Fire Authority.
- ii. **Significant**
A recommendation to address a substantial control weakness where the system may be working but errors may go undetected.
- iii. **Requiring Attention**
A recommendation aimed at improving the existing control environment or improving efficiency.

So far, most recommendations are in the second and third categories. There are a number of "significant" recommendations, which are being currently pursued. Encouragingly, there are no fundamental issues. This should ensure that the internal auditor will report that the Fire Authority's control systems and procedures are sound in the areas that he has examined. The appendix summarises the number of recommendations made to date.



5 2007/08 Audit

The programme of work planned for 2007/08 completes the cover of the major risk areas identified in the four year plan starting in 2004/05. Work comprises:

| | 2007/08 Audit Days |
|---|-----------------------------------|
| Audit Commission - Fundamental Systems | |
| - Payroll | 6 |
| - Creditors | 6 |
| - Income Collection / Post Opening | 2 |
| Other Risk Areas | |
| - Fire Grant and other Statistics | 2 |
| - Banking Arrangements | 4 |
| - Personnel | 5 |
| - Fraud and Corruption | 2 |
| - Risk Management | 2 |
| - Corporate Governance | 2 |
| - Review of Statement of Internal Control | 1 |
| - Data Protection/Freedom of Information | 4 |
| - Audit Needs Assessment | 2 |
| - Planning, Reporting, Briefing | 5 |
| - Recommendations Follow-up | 1 |
| - National Fraud Initiative | 1 |
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It would be helpful to finish the full programme as set out for the four years and Members are asked to endorse this.

With reference to the two days set aside for audit needs assessment, it is suggested that a representative of the Audit Team, attends the next meeting to explain how they intend to approach the next planned programme. This will help the Committee decide on their plan when it is brought back for approval later in the year.

6 Financial Implications

There are no direct financial implications arising from this report.

7 Legal Comment

There are no legal implications arising from this report.



8 Equality Impact Assessment

This report is purely an update on the Audit Programme to date and so the recommendations within the report have no impact on people.

9 Appendices

There are no appendices attached to this report.

10 Background Papers

There are no background papers associated with this report.

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.

| | | | |
|--|---|---|---|
| Balanced Score Card | | Integrated Risk Management Planning | |
| Business Continuity Planning | | Legal | |
| Capacity | | Member Involvement | |
| Civil Contingencies Act | | National Framework | |
| Comprehensive Performance Assessment | | Operational Assurance | |
| Efficiency Savings | | Retained | |
| Environmental | | Risk and Insurance | * |
| Financial | * | Staff | |
| Fire Control/Fire Link | | Strategic Planning | |
| Information Communications and Technology | | West Midlands Regional Management Board | |
| Freedom of Information / Data Protection / Environmental Information | * | Equality Impact Assessment | * |



SUMMARY OF FIRE SERVICE AUDIT RECOMMENDATIONS

| AUDIT | FUNDEMENTAL RISK | SIGNIFICANT RISK | REQUIRES ATTENTION |
|--|-------------------------|-------------------------|---------------------------|
| Payroll | 0 | 8 | 8 |
| Fire Grant and Other Statistics | 0 | 0 | 0 |
| Purchasing/Procurement | 0 | 0 | 0 |
| Vehicle Fleet | 0 | 3 | 6 |
| Miscellaneous/Estates Management | 0 | 8 | 7 |
| Computer Services | 0 | 0 | 0 |
| Risk Management | 0 | 0 | 1 |
| Corporate | 0 | 0 | 0 |
| Governance/Review of SIC | 0 | 0 | 0 |
| Support Work | 0 | 0 | 0 |
| Freedom of Information/Environmental Information Legislation | 0 | 3 | 2 |
| TOTALS | 0 | 22 | 24 |

Note:

Management have responded to all the recommendations which have largely been agreed, although some have led to a review of current procedures.

Actions which have been taken are set out in the Management Responses to the Auditors.

It is anticipated that these actions will be acceptable but if this is not the case, then points of concern will be raised in the Auditor's Summary Report for the year.