

# INTERNAL AUDIT PROGRESS REPORT

## REPORT OF THE CHIEF FIRE OFFICER



**For Information**

### 1. PURPOSE OF REPORT

- 1.1 To apprise Members of the progress of the approved Internal Audit Programmes.

### 2. RECOMMENDATIONS

- 2.1 That Members note the progress made against the 2023/24 and 2024/25 Internal Audit Plans.
- 2.2 That Members consider whether it is necessary to report to the Fire Authority on any concerns raised.

### 3. BACKGROUND

- 3.1 Under the Accounts and Audit Regulations (2015), the Fire Authority is responsible for ensuring an adequate and effective internal audit function is in place.
- 3.2 At the Audit and Governance meeting on 24<sup>th</sup> February 2023 and 23<sup>rd</sup> February 2024, Members adopted the Internal Audit Plans for 2023/24 and 2024/25, respectively. The audits are carried out by Hartlepool Borough Council as part of the Service Level Agreement with regular reports provided to Members throughout the year.

### 4. 2023/24 AUDIT SUMMARY

- 4.1 Members have previously received details of the outcome of all reports within the 2023/24 programme. Within the reports, 4 improvement actions were carried forward for implementation during 2024/25. Two of the improvement actions have now been completed and the two remaining actions are in progress.

## 5. 2024/25 AUDIT PROGRESS SUMMARY

5.1 Progress against the identified internal audit inspections to date is detailed in the following sections.

- Sixteen Audits identified within the approved Audit Programme for 2024/25.
- From the approved programme 9 Audits have been completed. Of these 8 have been assessed as Satisfactory Assurance with 4 improvement actions which remain to be completed.
- One Audit for Stores has been assessed as Limited Assurance and has 9 actions.
- Two of the Audits are not part of agreed programme but are required to be completed to support the year-end financial audit work.
- No Audit categorised as inadequate.

5.2 The following table provides a summary of progress and outcomes against each of the audits in the 2024/25 programme:

Audit	Status	Outcome	Improvement Actions
24/25 01: CFA Budgetary Control	Complete	Satisfactory Assurance	
24/25 02: Creditors	Complete	Satisfactory Assurance	1 Action now complete
24/25 03: CFA Loans and Investments	Complete	Satisfactory Assurance	
24/25 04: CFA Main Accounting	Complete	Satisfactory Assurance	
24/25 05: CFA Retained Firefighters	Complete	Satisfactory Assurance	
24/25 06: CFA Health & Safety	Complete	Satisfactory Assurance	4 Actions
24/25 07: CFA Insurances			
24/25 08: CFA Stores	Complete	Limited Assurance	9 Actions
24/25 09: CFA Cash Bank Recs			
24/25 10: CFA Debtors			
24/25 11: CFA Officers Expenses	Complete	Satisfactory Assurance	
24/25 12: CFA Payroll	Complete	Satisfactory Assurance	
24/25 13: CFA Fleet Management			
24/25 14: CFA NFI			
24/25 15: CFA Pensions			
24/25 16: CFA VAT			

5.3 The following section provides a summary of the key findings from the audits and progress against the identified improvement actions.

<b>24/25 1: Budgetary Controls</b>	
<b>Audit Status: Completed</b> <b>Satisfactory Assurance</b>	<b>No Action Plan</b>
<p><b>Opinion</b> The overall opinion is that the risks identified are well controlled.</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities are formally defined in the Authority’s Constitution. Effectiveness of these controls were tested during fieldwork.</li> <li>• Roles and responsibilities of key officers and budget holders are clearly defined.</li> <li>• The Constitution requires that each year the Authority sets an annual budget which is considered as part of a wider Medium Term Financial Strategy and Corporate Plans / IRMP. Formal arrangements are in place for setting and monitoring budgets at an operational level. All budget areas are assigned a budget holder who are aware of their responsibilities.</li> <li>• Financial planning arrangements in place ensure that that the annual budget and statutory calculations are developed and approved within prescribed timescales. Effectiveness of these controls were tested during fieldwork.</li> <li>• The Executive was presented with a MTFS at its meeting dated 22/9/2023 which includes a proposed timetable for approving the annual budget and council tax level.</li> <li>• At a Service Level, a budget setting timetable is issued by the Head of Finance and Procurement along with an excel template for completion, detailing areas of requested growth and potential savings. Submissions are summarised and presented to ELT for consideration and approval.</li> <li>• Audit review confirmed that deadlines set for the 2024/25 budget were adhered to with final approval of the budget by Authority undertaken at its meeting dated 9/2/2024.</li> <li>• CFA has established an Efficiency and Productivity Plan 2024/25 which commits to achieving 2% efficiencies and 3% increase in productivity.</li> <li>• Delivery of targets is achieved through delivery of the CRMP, which is monitored on a regular basis by the Executive Committee and through budgetary control arrangements.</li> <li>• The Efficiency and Productivity Plan 2024/25 details the Authority’s 7 efficiency themes and is reflected in the Authority’s MTFS 2024/5 – 2026/7 and Resource Plan 2022-26.</li> <li>• Efficiency targets identified in the Efficiency and Productivity Plan are reflected in the summary 24/25 Budget approved by ELT and are monitored by the Executive on a quarterly basis.</li> <li>• At an operational level, efficiencies are included in budget setting working papers, where identified efficiency savings are included in a column on the budget working papers. This is monitored via Corporate budget monitoring arrangements.</li> <li>• Reported efficiencies for 2024/25 total £249k.</li> <li>• The approved annual budget (Revenue and Capital) is uploaded accurately onto Integra in time for the new financial year.</li> <li>• Financial procedures define arrangements for administering transfers between budgets including authorisation limits. There have been no budget transfers in the current financial year to date.</li> <li>• Monthly budget monitoring reports are automated from Integra and emailed directly to budget holders on the 1st of each month. The budget holder is required to insert a forecast outturn for reporting purposes. Completed documents are returned to the Head of Finance and Procurement.</li> </ul>	

- Progress Against Revenue and Capital Budgets and forecast outturn reports are presented to ELT monthly and to the Audit and Governance Committee on a quarterly basis.
- Audit review of the Q2 budget monitoring report to ELT confirmed that budget progress (Revenue and Capital) is accurately reported.
- Section 10 of the MTFS includes the Reserves Strategy and planned use up to 2028/29, which was approved by Members in February 2024. The value of reserves held is accurately reported.

**Action Plan - None**

**24/25 02: Creditors**

**Audit Status: Completed**  
**Satisfactory Assurance**

**1 x Action Identified of which;**  
**1 x Complete**

**Opinion**

The overall opinion is that the risks identified are well controlled.

- **Financial procedures define expected arrangements for ordering and paying for goods and services and establish roles and responsibilities. Control Assessment.**
- **Effective arrangements are in place to ensure that employees are aware of and comply with the requirements** of CFA Financial Procedures in ordering and paying for goods and services.
- Controls are in place to verify new and amended supplier details are valid and correct. Effectiveness of these controls was tested during fieldwork.
- Checks are made to ensure new supplier details are valid and correct, however, testing of a sample of 5 new suppliers created in found that:  
Mandatory documents were not provided on 2 occasions, i.e. letter on company letter headed paper signed by a company director or company email and that there is no evidence of completion of a credit check for 1 supplier.
- Checks are undertaken to ensure that duplicate active accounts are not already in place and removed if found. Supporting documentation verified that the sample of supplier amendments was valid and correct.
- Planning confirmed that procedures are in place to ensure that Integra orders are raised except in limited circumstances and are promptly authorised. Effectiveness of these controls was tested at fieldwork.
- Official purchase orders are raised for all goods and services except for limited valid exceptions and appropriately authorised. Monthly reviews of outstanding orders are undertaken periodically to determine whether budgetary commitments should remain in place.
- Planning confirmed that procedures in place ensure that invoices are not paid until goods are received and that appropriate controls are in place to identify delays in paying invoices due to failure to enter goods received are promptly identified and acted upon. The effectiveness of these controls was reviewed during the fieldwork.
- Payment of invoices received are only processed when confirmation is obtained that goods and services have been fully received.

- An exercise is carried out on a regular basis to identify unprocessed invoices to ensure that evidence of goods received is not outstanding resulting in delays in payment.
- Payment run controls were confirmed to be in place during planning. The procedures in place ensure that expected output agrees with payment and appropriate checks are undertaken to ensure only valid due payments are made and submissions are appropriately authorised.
- Payment run procedures ensure that expected output agrees with payment and appropriate checks are undertaken to ensure only valid due payments are made and submissions are appropriately authorised.
- Planning work confirmed that controls are in place for paying invoices received to ensure that appropriate checks are made to ensure that payments are valid and appropriately authorised.
- Arrangements for paying invoices received ensure that appropriate checks are made to ensure that payments are valid and appropriately authorised. Registered invoices are assigned a due date which promotes payment within terms.
- Planning work confirmed that Performance management controls are in place ensure that delays to payments are identified promptly so that corrective action can be taken. The effectiveness of the controls was reviewed at fieldwork.
- Monthly invoice statistics are produced from Integra detailing the number and percentage of valid invoices paid within terms.
- Invoice statistic reports are presented to Members on a quarterly basis. Review of the Invoice Statistics report verified that financial performance is accurately reported.
- CFA publishes performance on its website, in line with Regulation 113(7) of the Public Contracts Regulations Act 2015.
- The Authority publishes details of expenditure in accordance with Local Government Association Guidance.
- Controls in place ensure that the assessment of data risks and implementation of appropriate controls is in accordance with CFA policies and procedures that are fully compliant with current Data Protection and GDPR guidance. The effectiveness of these controls was tested at fieldwork

**Action Plan**

Issue	Due Date	Status	Progress
Testing of a sample of 5 new suppliers found that on 2 occasions mandatory documents were not provided and there is no evidence of a credit check completion for 1 supplier.	August 2024	Complete	Area of further guidance has been incorporated to support staff

**24/25 3: Loans and Investments**

**Audit Status: Completed**  
**Satisfactory Assurance**

**No Action Plan**

**Opinion**

The overall opinion is that the risks identified are well controlled.

- Effective arrangements are in place to keep up to date with legislative / regulatory requirements.
- Treasury Management activities are undertaken in line with CIPFA's Prudential Code and Treasury Management Code of Practice.
- Treasury Management risks are effectively managed in line with suggested schedules within the CIPFA Treasury Management Code of Practice.
- Performance monitoring reports are presented to Members in accordance with the CIPFA Treasury Management Code of Practice.
- Full records of the Authorities Treasury Management decisions, and of the processes and practices applied in reaching those decisions are maintained to ensure accountability and demonstrate that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.
- The Authority undertakes only those Treasury Management activities detailed on the CIPFA guidance and within approved limits and parameters approved by Members.
- Treasury Management activities are structured and managed in a fully integrated manner, with clearly defined responsibilities in place for developing and approving strategy and for processing transactions.
- Testing is undertaken as part of Performance Measurement.
- The Authority effectively accounts for its Treasury Management activities and clearly defines accounting practices and standards in the annual statement of accounts.
- Testing undertaken as part of the Transaction Testing.
- A Money Laundering Policy is in place and is available to relevant staff.
- All staff involved in the Treasury Management function are fully equipped to undertake the duties and responsibilities allocated to them.
- HBC uses Link Group – Treasury Solutions as its external Treasury Management adviser. The contract is due for renewal and will be followed up through the HBC Loans and Investments audit.
- Treasury Management activities are undertaken with openness, transparency, honesty, integrity and accountability and in a manner that is consistent with the Authority's overall objectives.
- Formal documented arrangements are in place to ensure that all Treasury Management transactions are properly authorised, controlled and recorded.
- Testing of a sample of deals found processes are operating as intended.
- There have been no loans entered into during the period under review.
- Appropriate Fidelity Insurance is in place and the Authorities transactions are within the insured value limits.
- Access to data is secured appropriately.

**Action Plan - None**

**24/25 4: Main Accounting Systems**

**Audit Status: Completed**  
**Satisfactory Assurance**

**No Action Plan**

**Opinion**

The overall opinion is that the risks identified are well controlled.

- Arrangements are in place to ensure officers are aware of legislation, regulations, guidance and standards which are reflected in the Authority's Statement of Accounts.
- The external audit service provides assurance on compliance on an annual basis.
- A closure memo is issued by HBC detailing deadlines for the provision of relevant information which is used by the Authority to identify key tasks and deadlines to be met to enable the completion of the annual accounts.
- At the time of the 2024/25 audit, external audit had provided an unqualified audit opinion in relation to the 2022/23 financial statements. However as in previous years, a delay in the issue of their 22/23 audit certificate was anticipated whilst they await clearance instructions from NAO.
- The 2023/24 financial statement are awaiting audit and at the time of the audit had been published in draft format on the Authority's website.
- Main data sources feeding into the Financial Management System (FMS) are reviewed annually via separate audits.
- At the time of the audit, the reviews for 24/25 had not taken place. However, audit reviews for 2023/24 did not identify any major issues.
- Balances on accounts are reviewed by the External Auditor and as noted previously the review for the 2023/24 financial year has not as yet been completed.
- Feeder systems are also reviewed annually via separate audits.
- Year End figures are also reviewed by External Audit when signing off the final accounts.
- Processes are in place to ensure new and amended codes are accurate.
- A report of all new and code amendments was produced from the system and a sample of both selected for testing:
  - New cost centres - a sample of 5 selected for testing. Documentation was provided to support all new cost centre requests. All details had been input correctly and where applicable the relevant Accountancy checks had been completed.
  - Amended cost centres - a sample of 5 selected for testing. Documentation was provided to support all amendment requests. All details had been input correctly.
- A sample of JV01 & JV03 journal transaction types selected for testing as these are the two journal types with transactions processed by CFA Finance staff. For 2/6 of the test sample, the auditor was advised that as these were petty cash transactions, these are processed once receipts from the relevant department/station has been received. No request is received as this is an internal process of changing the coding from petty cash to the actual expenditure codes. Checks completed indicate that these transactions were correctly coded.
- For the remainder of the test sample, in all instances journal requests contained all details required including codes to be debited/credited; amount; reason for transfer, all had a unique number, year of account and accounting period and included the name of the initiator/originator. No issues identified that required further investigation.
- For journals over £100k, a test month was selected and evidence provided to confirm journals over £100k had been appropriately authorised.
- As reported in previous assessment steps, the 2023/24 Statement of Accounts has not as yet been fully signed off and is currently published in draft format.
- A sample of holding codes were selected for testing. Of those monitored by the Authority, monitoring arrangements appear adequate.

As previous audit programmes noted that External Auditors had not reviewed the WGA as they were noted as below the threshold and assessed as low risk no testing has been undertaken as part of the 24/25 audit programme.

**Action Plan - None**

**24/25 5: Retained Firefighter Claims**

**Audit Status: Completed**  
**Satisfactory Assurance**

**No Action Plan**

**Opinion**

The overall opinion is that the risks identified are well controlled.

- Effective arrangements are in place to ensure payment of retained fees are as set by the National Joint Council.
- Effective arrangements are in place to ensure that payments for retained duty work are appropriately checked for accuracy and authorised appropriately.

**Action Plan - None**

**24/25 6: Health & Safety**

**Audit Status: Completed**  
**Satisfactory Assurance**

**4 x Actions**

**Opinion**

The overall opinion is that the risks identified are well controlled.

- Effective arrangements are in place for identifying and maintaining up to date procedures with changes in legislation and best practice.
- CFA has an up-to-date Policy which sets out the approach to managing Health and Safety.
- The Health and Safety Policy includes a statement of intent to demonstrate commitment to managing Health and Safety.
- Roles and responsibilities for Health and Safety are clearly defined.
- The Health and Safety Policy is approved by Members.
- The Health and Safety Policy is aligned to the Strategic aims of the Authority.
- Health and Safety Strategic Outcomes are effectively monitored and managed to deliver corporate aims.
- Formal documented procedures are in place which detail the practical arrangements in place for delivering the Authority's Health and Safety aims.
- Employees have received appropriate training / guidance to enable them to carry out their duties safely.
- Health and Safety responsibilities for those employees with specific duties are clearly defined and communicated e.g. Policy, job descriptions.
- Health and Safety Risk Assessments are undertaken for all areas / activities of the Authority.

- Risk assessments are completed by a competent person, with sufficient knowledge of the activity, process or material being assessed.
- Risk assessments are suitable and sufficient, recording all significant findings, preventive measures in place, and risk controls required to manage risk at an acceptable level.
- Ownership of risk controls is assigned to a relevant officer(s) along with a timescale for implementation.
- An annual inspection schedule of all premises is in place to ensure that safe working arrangements are in place.
- Inspections follow standard procedures including a walkthrough of premises to identify hazards and review of:
  - Quarterly inspection document (PNL70)
  - Risk Assessments
  - Checks / testing of relevant equipment / PPE
- Actions identified as a result of inspections are assigned to a responsible officer with a timescale for implementation.
- Follow up is undertaken to verify actions are implemented and hazards are managed at an acceptable level.
- Formal procedures are in place and followed for reporting all accidents, near misses and causes for concern.
- Accidents are investigated in a consistent and thorough manner to identify the causes and implement preventive measures to reduce the likelihood of similar incidents in the future.
- Remedial actions identified from investigations are communicated to relevant parties and acted upon without delay.
- Documentation relating to investigations and reports are retained in a secure manner ensuring availability in the event they are required for formal investigation or legal proceedings.
- Accident statistics are reported and monitored to identify themes and improvements to safe working practices as well as provide assurance to Senior Management / Members that the Authority is complying with Health and Safety requirements.
- Incidents and dangerous occurrences reportable to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 are submitted within defined timescales.
- Reporting procedures in place ensure that all incidents reportable under RIDDOR are identified.
- Injury reports and investigation documentation relating to RIDDOR incidents are retained in a secure manner ensuring availability in the event they are required for formal investigation or legal proceedings.
- Health and Safety Strategic Outcomes are effectively monitored and managed to deliver corporate aims.
- Key relevant Health and Safety Performance measures are established and reported to Senior Management / Members on a regular basis.

**Action Plan**

Issue	Due Date	Status	Progress
On a number of occasions, risk assessment does not appear to have been undertaken within the last 12 months and no review dates are recorded to provide assurance that there is ongoing review of risk.	December 2025		

<p>It was noted that a number of Risk Assessments include Control actions. There is no evidence available to verify that these controls have been implemented to reduce risks identified to a tolerable level.</p>	<p>December 2025</p>		
<p>Audit review of Inspection records for 2 stations found that there is no evidence that Health and Safety recommendations have been implemented within prescribed timescales.</p>	<p>June 2025</p>		
<p>Remedial actions identified from investigations are communicated to relevant parties in standard investigation reports, however, there is no evidence that such actions have been implemented and assurance provided to the Health and Safety Service.</p>	<p>June 2025</p>		

<p><b>24/25 8: Stores</b></p>	
<p><b>Audit Status: Completed</b> <b>Limited Assurance</b></p>	<p><b>9 x Actions</b> <b>3 x Complete</b> <b>6 x In Progress</b></p>
<ul style="list-style-type: none"> <li>Up to date procedures (including Integra Procedure Notes) are in place to provide guidance to staff to enable them to perform their duties.</li> <li><b>Control Weakness: Roles and responsibilities of staff are established, which promote segregation of duties in all areas of the Stores function, however, processes require review to further strengthen this control and ensure that discrepancies identified at each count are subject to appropriate investigation and authorisation. Staff should be provided with necessary training to fulfil any new roles and ensure that Integra procedures are complied with.</b></li> <li>Staff receive regular training relating to the handling of stock in areas such as manual handling and forklift training, COSHH etc.</li> <li><b>Control Weakness: Minimum and maximum re-order levels have been established and input onto Integra, however, formal review / approval of such levels has not been undertaken.</b></li> <li>Adequate separation of duties is in place between ordering, receiving and paying for goods.</li> <li>Evidence of requests for stock are retained to support orders / issues from stock.</li> </ul>	

- Checks are made to ensure that goods ordered are appropriate and agree to the original order prior to payment of invoice.
- Stock records are promptly updated to record the value and amount of goods received.
- Requisitions for stock are fully completed and authorised by Watch manager or higher.
- All issues from stores are supported by a request detailing: the name, location and contact telephone number of the department/ individual raising the request; the quantity, description and item reference number of the goods; GL Line Details; an authorised signature and date
- All goods returned to Stores are promptly updated onto the Stores system detailing reasons for the return of goods, the date, and the returning location or officer.
- Monthly stock adjustment reports are produced detailing write backs, write offs and returns to stock and checked for reasonableness.
- Stock value was migrated accurately from the old Stores Database.
- Integra automatically generates stock value at Average Cost based on the cost of purchase input.
- Access to Stores is restricted to authorised officers.
- The layout of the store minimises the risk of loss of stock.
- COSHH / restricted assets are held in a safe and secure manner.
- Stock with a limited shelf life is rotated using the FIFO (First In First Out) method.
- The Stock Management System contains appropriate levels of detail for each asset and provides the total value of the stores at any given time.
- A Stock Management Report is available within Integra which shows the total value of the stores at any given time.
- Slow-moving stock is identified and stock levels altered in line with changes in demand.
- Stocktake checks are undertaken on all items at least annually either at the year-end or on a continuous basis with stocktake of high turnover and valuable / desirable items undertaken on a more frequent basis.
- Stock checks are undertaken by the Stores Officer using a 'blind' report. Results of stock checks are input onto Integra by the Equipment Officer.
- **Control weakness: Records of the blind stock checks are documented but are not signed by the person(s) undertaking the checks to verify segregation of duties in the stock check process.**
- **Control weakness: Tolerance levels have not been established to determine when discrepancies in stock levels identified at checks are required to be investigated.**
- Control weakness: Monthly reports on stock adjustments including cycle count automatic adjustments are sent from Integra directly to the Equipment Officer, Fleet & Equipment Manager and the Head of Finance & Procurement. However, this process has failed to identify the significant **number of write offs / write backs arising from discrepancies in stock checks undertaken.**
- The value of the stock recorded in the Authority's Statement of Accounts agrees with the Stock Take Certificate and supporting records.
- An authorised senior manager responsible for stores is required to supply a signed, year-end stock value certificate confirming that stock records are complete and accurate.
- A Scheme of Delegation is in place defining authority to sell or write off obsolete, redundant, worn out or surplus assets subject to compliance with approved disposal procedures.
- **Control Weakness: A monthly stock movement report shows assets written off, including auto write offs arising from discrepancies identified in stock checks. Such write offs are not subject to review and authorisation.**
- An electronic obsolescing report is produced by the Equipment Officer and adjusted on Integra. The report is passed to 3 staff members for review and challenge.
- Write offs are posted to relevant cost centres.
- **Control weakness: Certain stock items are held in locations away from the main Stores due to shortage of space. Whilst they are held in a secure manner, their**

**location is not made known to all relevant staff to ensure that all assets are accounted for at stock checks.**

- Stock records are secure from loss.
- Access to stores and assets is secure and restricted to authorised employees only.
- Stock held by suppliers on behalf of the Authority is accounted for in stock balances.
- Appropriate insurance arrangements are in place.

**Action Plan**

Issue	Due Date	Status	Progress
<p>There is segregation of duties in the Stores processes, however some of these duties overlap, and staff have the ability to perform multiple duties on Integra. Consideration should be given to assigning roles to strengthen the control environment by segregating responsibilities across all Stores processes, including access controls on Integra and physical access to stock items. Alternatively, methods for monitoring transactions to enforce segregation of duties through an Integra alert system could be considered.</p>	<p>November 2024</p>	<p><b>Complete</b></p>	<p>Alerting of Segregation Issues (HBC) Existing roles reviewed and alerting set up. New roles created for Fleet &amp; Equipment Manager and Senior Head of Assets</p> <p>Access Control &amp; CCTV (DR) Technical Hub Stores Access Control and CCTV installed and operational</p>
<p>Minimum and maximum re-order levels have been established and input onto Integra, however, formal review / approval of such levels has not been undertaken. Testing of a sample of 10 stock items found that based upon stock transactions, minimum / maximum levels assigned do not appear reasonable or provide a means of holding stock in an efficient manner</p>	<p>February 2025</p>	<p><b>In Progress</b></p>	<p>Clarification (HBC) Complete</p> <p>Guidance Document (HBC)</p> <p>Contracted Items (LY/KT)</p> <p>Procedure - Identify Prices (IP/TD) Complete</p> <p>Procedure - Correct Prices (IP/TD) Complete</p>
<p>Testing verified that stock items ordered are promptly updated onto the Stock Management module, however, it was noted that</p>	<p>February 2025</p>	<p><b>In Progress</b></p>	<p>Clarification (HBC) Complete</p> <p>Guidance Document (HBC)</p>

variations in price paid for assets are not reflected in the value of items added to the Stock Management module on Integra.			Contracted Items (LY/KT)  Procedure - Identify Prices (IP/TD) Complete  Procedure - Correct Prices (IP/TD) Complete
Insufficient documentation is in place to provide assurance that all issues from stock are valid and Recorded. Requisitions are not in place for all issues and do not contain sufficient details to verify that stock issued has been authorised and received. Requisitions forms detailing return of goods were not able to be located by the auditor.	March 2025	<b>In Progress</b>	Digital Req Portal Development (NR) Portal developed, trials commence in Jan 2025.  Digital Req Portal Population (TD) Stock items photographs to be captured and uploaded Jan-Feb 2025.  Terminology (IP/TD).
The auditor selected a sample of 20 Assets. Using stock orders the average cost of assets was calculated and compared to system values. Testing found that for 3 stock items, the average cost appears to be incorrect based on purchase history.	February 2025	<b>In Progress</b>	Update Average Stock Prices (TD) Current prices obtained, now determining which prices are to be modified. LY/DR to look at variances and re-value stock if necessary.  Clarification (HBC/TD) Complete.  Quarterly Reports & Review (HBC/IP/TD) To be addressed following variance assessment.
A stock check on a random sample of 20 assets held found discrepancies with stock recorded on 4 occasions with a net value of -£943.07	March 2025	<b>In Progress</b>	Monthly Write Offs (IP/DR) Procedure in development.  Automated Cycle Counts (HBC) Testing in progress by HBC on new version of Integra.  Full Stock Check Year End (IP/TD). Scheduled for first week in March 2025.
Analysis of slow / none moving stock found a	October 2024	<b>Complete</b>	Review of slow moving stock (IP/TD) Complete.

<p>significant amount of stock held does not appear to be required. Given that some stock is being held outside of the main stores area, a review should be undertaken to determine if such assets are still required.</p>			<p>Removal of obsolete stock codes (IP/TD) 143 redundant stock lines closed down.</p>
<p>Tolerance levels have not been established to determine when discrepancies in stock levels identified at checks are required to be investigated. Discrepancies identified at the year end stock take amounted to a net write-off of stock of £48k. Evidence of checks on these discrepancies is not in place. The Service should ensure that in the event stock discrepancies above defined levels are identified in monthly reports, evidence of investigation and reasons for differences are reported to the Senior Head of Assets.</p>	<p>March 2025</p>	<p><b>In Progress</b></p>	<p>Establish variance reporting process (IP/TD) In progress.</p> <p>Monthly Discrepancy report (HBC) Automated monthly report set up and sent to Fleet &amp; Equipment Manager and Senior Head of Assets.</p> <p>Monthly Discrepancy investigation (DR).</p> <p>Monthly write off certificates (IP).</p>
<p>Arrangements for writing off stock assets require review to ensure that:</p> <ul style="list-style-type: none"> <li>• Values relate only to assets identified as obsolete or those unable to be accounted for at Stock Checks</li> <li>• Authorisation is obtained as defined in Financial Procedure Rules</li> <li>• Records detailing methods of disposal of assets and any proceeds as a result of disposal are maintained.</li> </ul>	<p>November 2024</p>	<p><b>Complete</b></p>	<p>Breakdown 23/24 discrepancies (IP/TD) Complete.</p> <p>Produce 23/24 write off certificate (DR/IP). Certificate sent to Head of Finance and Senior Head of Assets.</p>

<p><b>24/25 11: Officer Expenses</b></p>	
<p><b>Audit Status: Completed</b> <b>Satisfactory Assurance</b></p>	<p><b>No Action Plan</b></p>

**Opinion**

The overall opinion is that the risks identified are well controlled.

- Reimbursement amounts are set nationally and are advised to fire authorities via NJC circulars. Locally arranged rates are agreed by the Fire Authority. There have been no changes to rates since 2003.
- Guidance notes for processing officer expenses (entering expense claims and authorising expense claims) are held on the CFA's SharePoint - Finance and are available to all staff.
- Guidance manuals for both inputting and authorising employee expense claims are available to all staff via the Authority's SharePoint - Finance and system linked.
- Each employee has access to MyView. The Employee creates a new claim form in MyView and enters details of travel or expense. The employee is prompted to add a receipt when inputting the claim. Once the claim is input by the employee it is sent via the workflow to the employee manager. The Manager is sent the automatic email to request action for the claim. The manager should check the claim for accuracy and receipts then authorise the claim or reject it.
- The employee will receive an email whether the claim is authorised or rejected.
- All employees are expected to provide VAT receipts for all claims they submit.
- Monthly journals are created to ensure the correct coding and treatment of VAT where MyView tables are insufficient.
- There are specific procedures in place when a fire officer is temporarily promoted. These ensure the system authorisation remains with the substantive post holder who will request email approval from the officer temporarily promoted, who undertakes appropriate checks.
- There are two levels of authorisation required prior to payment. First is the line manager and second check is completed by Finance/payroll.
- A report is run before each pay run which shows all authorised claims. The Finance Officer reviews each claim to ensure all allowances are correct and receipts are attached. Payroll then either release the claim for payment or reject the claim. Employees of rejected claims get an automatic email (only automatic if rejected by line manager on MyView. If rejected by Finance then it is a manual email from the Finance Department).
- Where expenses paid to an individual who is not an employee –Independent Members CFA, Volunteers etc. are made via Integra Expenses module. All rates are pre-set in MyView. Also, the hierarchy for authorisation is also preset.

**Action Plan - none**

**24/25 12: Payroll**

**Audit Status: Completed**  
**Satisfactory Assurance**

**No Action Plan**

**Opinion**

The overall opinion is that the risks identified are well controlled.

- The payroll procedure manual is regularly updated and available to all relevant staff via the shared drive.
- Staff receive emails from the Payroll Officer of any updates to procedures and training is given when required.

- WMs are authorised signatories, checks are made by payroll staff that those authorising forms are in a WM role (substantive or temporary).
- Statutory changes from HMRC are updated by HBC (audited and reported in HBC Payroll audit). Changes to details such as bank accounts must be in writing from the employee or via the Authority's Personnel System Softworks. The system requires users to log in using their unique username and password.
- Employees only have access to view their own data.
- Once the employee has updated their personal data an email is automatically sent to Payroll. One person inputs the change and a second member of staff checks for accuracy.
- Payroll staff input the new starter information into Resourcelink which is checked and countersigned by a second staff member.
- Exception reports are produced by HBC payroll and sent to CFA for a visual check prior to payment.
- An employee gives notice in writing to HR who complete a leaver form (SW28) and issue to Payroll for processing.
- Payroll input the leaver details into ResourceLink which is checked and countersigned by a second staff member. The signed form is returned to HR to attach to the file.
- Station Officers: Overtime claim forms are signed by either a Watch or Crew Manager (only if acting up to WM via an SW36 Temporary Promotion). Claims come direct from the Station and contain all watch employees' fees; these are authorised by the manager (no employee signature).
- All hours worked over contract hours must be signed by a Station Manager.
- Office Staff: Timesheets are completed by employee and authorised by a manager on the authorised signatory list.
- Payroll use the authorised payment list to confirm payment prior to input. Claims passed for payments to the payroll team are input by one member and checked for accuracy by a second member of the team (initialled). All claim-based pay is checked by payroll to ensure it has not been paid previously before input.
- All paper copy timesheets are scanned and retained on Payrolls section of SharePoint - Payroll (password controlled).
- A variety of authorisation forms are used depending on the type of deduction being made and are filed within the CFA payroll section.
- Voluntary deductions are signed by the employee and are entered into the payroll system and verified by a second officer (initialled). Paperwork is scanned into SharePoint - Payroll.
- Statutory deductions are supported by HMRC paperwork.
- Deductions are added to the payroll system and verified by a second officer (initialled). Paperwork is scanned into SharePoint - Payroll.
- 3rd party payments are completed by HBC – audited and reported separately.
- HBC process BACS files on behalf of CFA, which is audited and reported as part of HBC Salaries and Wages audit.
- Control documents are marked to indicate that all exception reports are produced and sent to CFA payroll for review. Payroll
- initial exception reports when reviewed. If any errors are identified CFA contact HBC payroll.  
Once the payroll has been merged and paper copies of group analysis reports manually authorised by the Payroll Officer, HBC Payroll send the nominal information to HBC Finance to be uploaded into a journal template. Journals can only be uploaded once they reconcile.
- The access database automatically checks the control totals for each cost centre to ensure they balance. Payroll holding codes are reconciled monthly.
- Reconciliation documentation is stored on the HBC Accountancy shared drive with access restricted via the standard HBC restricted access process.

- Payroll information is provided to relevant managers as part of the budget management process via Integra (which is reviewed in a separate audit) Managers are able to access full details of the staff costed to their budget via the associated drill down facility
- All payroll documentation is maintained in a secure manner via Resourcelink, SharePoint - Payroll and the Brigade Shared Drive.
- All paper documents are kept securely in cabinets prior to scanning into SharePoint - Payroll. SharePoint - Payroll is part of the Brigade's Intranet which requires usernames and passwords
- Employees can only access documents saved in their area or where they have been given permissions.
- Financial documents are retained for seven years (plus current) Some records are kept for longer.
- All personal information is disposed of via the Brigades secure disposal contract.
- The sharing of 3rd party data is completed by HBC and audited separately.

**Action Plan - none**

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