

# 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 2021/22 Internal Audit Programme.

### 2. RECOMMENDATIONS

- 2.1 That Members note the completed final reports from 2020/21.
- 2.2 That Members note the progress made in the 2021/22 Internal Audit Plan.
- 2.3 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 (2006), the Fire Authority is responsible for ensuring an adequate and effective internal audit.
- 3.2 At the Audit and Governance meeting on 26 February 2021, Members adopted the Internal Audit Plan for 2021/22. The audits are carried out by Hartlepool Borough Council and cover over 100 days.

### 4. 2020/21

#### 4.1 AUDIT SUMMARY

2020/21 AUDITS	RESP OFFICER	AUDIT STATUS	ACTION	COMMENTS
Cash / Bank Reconciliation	L Younger	Satisfactory Assurance		Completed - Ongoing Being finalised
Fraud Awareness	L Younger	Satisfactory Assurance		Completed - Ongoing Being finalised
Procurement – Purchase Cards	L Younger	Satisfactory Assurance		Completed No Actions

PROCUREMENT - PURCHASE CARDS	
<b>Audit Status: Completed</b> <b>Satisfactory Assurance</b>	<b>No actions</b>
<p>The overall opinion is that <b>Satisfactory Assurance</b> can be provided that the risks identified are well controlled.</p> <p>An audit of the CFA Purchase Card process was undertaken as part of the Internal Audit Sections review of Procurement in accordance with the 2018/19 Internal Audit Plan. Purchase cards are only available to management staff and the procurement team. The key areas examined were;</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Policy and procedures</li> <li><input type="checkbox"/> Permitted usage</li> <li><input type="checkbox"/> Restrictions on types of purchases</li> <li><input type="checkbox"/> Application process</li> <li><input type="checkbox"/> Card distribution and safe custody of cards</li> <li><input type="checkbox"/> Transaction process</li> <li><input type="checkbox"/> Reconciliation of statements</li> <li><input type="checkbox"/> Authorisation controls.</li> <li><input type="checkbox"/> The auditor also reviewed the processes and procedures surrounding the fuel cards.</li> </ul> <p><b>Opinion</b> The overall opinion is that <b>Satisfactory Assurance</b> can be provided that the risks identified are well controlled. This opinion is based on the result of Work Done shown below.</p> <p><b>Policy &amp; Procedures</b> - The Brigade has procedures in place for the use and monitoring of purchase cards. The procedure notes are detailed and contain sufficient information to enable the user/approver to use and monitor the card and purchases. The procedures are available to staff on the Brigades 'FISH' online shared drive.</p> <p><b>Permitted Usage</b> - The policy/guidance does not refer to any permitted usage. However when the purchase card is requested and the application completed the Brigade select the categories that of which the officer can spend. Each card has both a card and individual transaction limit. Each Officer assigned a purchase card signs a credit card agreement which states 'Use of the card is restricted to Cleveland Fire Authority purchases only'. Each officer with a card has a signed agreement in place with the exception of one who had an email acceptance due to receiving their card during the COVID pandemic.</p> <p><b>Application Process</b> - There are currently three purchase cards in use at Cleveland Fire Authority, application forms are sent to RBS and copies have not been retained. Discussions indicated that all cards are kept secure. One active card had no spend against it for the past 12 months, this was discussed with Finance who confirmed the card is for emergency use and is still required.</p> <p><b>Transactions</b> - The auditor obtained a list of all purchase card transactions for 2020/21 (till Feb 21). A sample of 20 transactions was selected for testing, the following was found;</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> All goods &amp; Services had been received;</li> <li><input type="checkbox"/> VAT was correctly accounted for on the RBS system;</li> <li><input type="checkbox"/> All transactions were reviewed by the cardholder prior to authorisation;</li> <li><input type="checkbox"/> All receipts were scanned onto the FISH/RBS system.</li> <li><input type="checkbox"/> All purchases were in line with the purchase card procedures and had not breached corporate contracts / Contract Procedure Rules.</li> </ul> <p>Only five transactions of a high value (over £1k) were identified. The use of the purchase card in the five occasions was not used to avoid contract procedure rules.</p>	

**Reconciliations** - HBC Corporate Finance reconcile the total charge, detailed analysis and postings to accounts on a monthly on-going basis. The auditor obtained and re-performed the purchase card reconciliation as at 31/03/2021, no issues were found.

**Fuel Cards** - The Brigade have procedures in place for the use and monitoring of fuel cards. There are currently 19 fuel cards which are primarily used for retained fire stations. Within the 19 cards used there is one card allocated to the Chief Fire Officer and one spare card which can be signed out at Finance for use within the Brigade that is retained securely at HQ. In most circumstances cards are assigned to a vehicle or station. Each Station Manager is required to sign for the fuel card. When a card is used by a station officer, the fuel company take the vehicle registration and the portal is updated. When an invoice is received the Fleet Manager uses the portal to confirm all vehicle registrations and fuel taken belong to the Brigade prior to payment. Based on the controls above no additional testing is required.

**Action Plan – all objectives achieved**

#### CASH BANK RECONCILIATIONS

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

Ongoing – being finalised

The overall opinion is that **Satisfactory Assurance** can be provided that the risks identified are well controlled.

**AWAITING FINAL REPORT**

#### FRAUD AWARENESS

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

Ongoing – being finalised

The overall opinion is that **Satisfactory Assurance** can be provided that the risks identified are well controlled.

**AWAITING FINAL REPORT**

#### AUDIT STATUS

In progress

**Completed**

**Undertaken behind schedule**

**5. 2021/22****5.1 SUMMARY**

<b>2021/22 AUDITS</b>	<b>RESP OFFICER</b>	<b>AUDIT STATUS</b>	<b>ACTION</b>	<b>COMMENTS</b>
Creditors	L Younger			
Debtors	L Younger			
Insurances	L Younger	In Progress		
Officers Expenses	L Younger			
Payroll	L Younger			
Pensions	L Younger			
Procurement	L Younger			
Retained Firefighter Claims	L Younger			
Stores	D Richards			
VAT	L Younger			
National Fraud Initiative	L Younger			
Budgetary Control	L Younger			
Energy Management	D Richards			
Fraud Awareness	L Younger			
Information/Data Management - GDPR	D Richards			
Cash/Bank Recs	L Younger			

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