SHROPSHIRE FIRE AND RESCUE AUTHORITY
INTERNAL AUDIT ANNUAL REPORT 2017/18

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1. Summary

This annual report provides members with details of the work undertaken by Internal Audit for the year ended 31 March 2018. It reports on progress against the annual audit plan. It also provides the Head of Audit's opinion on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes taking into account the Public Sector Internal Audit Standards or Guidance, as required by the Accounts and Audit Regulations 2015.

Final performance has been good with 100% of the revised plan being delivered.

Eleven audit reports were issued during the year resulting in five good, two reasonable and four limited assurances being made. A limited assurance opinion was given in respect of the following audits, General IT Controls; Recommendation Follow Up; Partnerships and Fraud and Corruption – Myview Travel Expenses Follow up. Specific details of the concerns raised in each of these audits are detailed in **Appendix A** and paragraphs 5.11 – 5.14.

These assurances are provided on the basis that management carry out the actions they have agreed in respect of the recommendations made to address any weakness identified and improvements suggested. The Committee should ensure that they are receiving appropriate assurance from managers that action plans are being implemented.

A total of 59 recommendations have been made in the 11 audit reports issued in the year. No fundamental recommendations have been made during 2017/18. None of the limited assurance audits issued above were considered to impact upon the end of year opinion.

Based on the work undertaken and management responses received; the Authority's governance, risk management and internal control processes are sound and working effectively and the Head of Audit can deliver a positive year end opinion on the Authority's internal control environment for 2017/18.

2. Recommendations

The Committee are asked to consider and endorse, with appropriate comment;

a) Performance against the Audit Plan for the year ended 31 March 2018.

b) That the system of governance, risk management and internal control is operating effectively and can be relied upon when considering the Annual Governance Statement for 2017/18.

c) The Head of Audit's positive year end opinion on the Authority's internal control environment for 2017/18 based on the work undertaken and management responses received.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1   The delivery of a risk based Internal Audit Plan is an essential part of ensuring probity and soundness of the Authority's financial, governance and risk management systems and procedures and is closely aligned to the Authority's risk register. The Plan is delivered in an effective manner; where Internal Audit independently and objectively examines, evaluates and reports on the adequacy of its customers control environments as a contribution to the proper, economic, efficient and effective use of resources. It provides assurances on the governance, risk management and internal control systems, by identifying areas for improvement or potential weaknesses and engaging with management to address these in respect of current systems and during system design. Failure to maintain robust internal controls create an environment where poor performance, fraud, irregularity and inefficiency can go undetected leading to financial loss and reputational damage.

3.2   The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015.

3.3   There are no direct environmental, equalities or climate change consequences of this proposal.

3.4   Internal Audit customers are consulted on the service that they receive, feedback from which is included in this report and continues to be positive.

4. Financial Implications

4.1   The Internal Audit plan is delivered within approved budgets; the work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the Authority.

5. Background

5.1   This report is the culmination of the work of the Internal Audit team during 2017/18 and seeks to:

> ➢ Provide an opinion on the adequacy of the risk management, control and governance arrangements;

- ➢ Inform the annual review of the effectiveness of its system of internal control that informs the Annual Governance Statement by commenting on the nature and extent of significant risks; and

- ➢ Inform the review of an effective Internal Audit by providing performance data against the plan.

- ➢ Confirm to the Audit and Performance Management Committee that the Audit service has been delivered free from interference throughout the year.

5.2   The requirement for Internal Audit derives from local government legislation, including section 151 of the Local Government Act 1972 which requires the Authority to make arrangements for the proper administration of its financial affairs. Proper administration includes Internal Audit. More specific requirements are detailed in the Accounts and Audit Regulations 2015, in that "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

5.3   The Public Sector Internal Audit Standards (PSIAS) define the scope of the annual report on internal audit activity. The annual report must incorporate an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This annual report provides information to support that assessment and that an effective Internal Audit is established at Shropshire Fire and Rescue Service, in accordance with the requirements of the 2015 Accounts and Audit Regulations. The Internal Audit Service is provided by Shropshire Council. In June 2018, a paper will be presented to Shropshire Council's Audit Committee which provides assurance on the effectiveness of the Internal Audit service, against the PSIAS. Shropshire Fire and Rescue Service can take assurance from this report.

5.4   Internal Audit operates a strategic risk based plan. The plan is reviewed each year to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk, this results in a comprehensive range of audits undertaken in the year, to support the overall opinion on the control environment. The plan contains a small contingency provision of two days which was used to provide additional days for the General IT Controls Audit.

Annual Internal Audit Opinion from Internal Audit Work undertaken during 2017/18

5.5   It is the responsibility of Shropshire and Wrekin Fire and Rescue Authority to develop and maintain the internal control framework. In undertaking its work, Internal Audit has a responsibility under the Public Sector Internal Audit Standards to deliver an annual internal audit opinion and report. The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the authority's framework of governance, risk management and internal control. This opinion plays a key part in informing the Authority's Annual Governance Statement and enabling the Audit and Performance Management Committee to deliver their annual assurance statement to the Fire and Rescue Authority (FRA).

5.6   The results of individual audits, when combined, form the basis for the overall opinion on the adequacy of the Authority's internal control systems.
No system of internal control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that absolute assurance. The work of Internal Audit is intended only to provide reasonable assurance on controls based on the work undertaken. In assessing the level of assurance to be given, I have considered:

> ➢ The work undertaken on the fundamental financial systems: Whilst revealing a small number of areas of weakness and identifying areas for improvement there are no significant material weaknesses that could result in a material misstatement in the Authority's accounts and reliance can be placed upon them. Plans have been adopted to manage outstanding concerns.

> ➢ From other audit work undertaken during the year, there have been no major financial weaknesses. Where issues have been identified due to system changes these are not considered to have a material impact upon the overall control environment. The Authority's financial systems, internal control environment and risk management procedures are sound and working effectively.

5.7   These assurances are provided on the basis that management carry out the actions they have agreed in respect of the recommendations made to address any weakness identified and improvements suggested.

5.8   ***Based on the work undertaken and management responses received; the Authority's governance, risk management and internal control processes are sound and working effectively and the Head of Audit can deliver a positive year end opinion on the Authority's internal control environment for 2017/18.***

Key Assurances provided during 2017/18

5.9   Audit assurance opinions are awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows:

Good	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is a sound system of control in place which is designed to address relevant risks, with controls being consistently applied.
Reasonable	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is generally a sound system of control but there is evidence of non-compliance with some of the controls.
Limited	Evaluation and testing of the controls that are in place performed in the areas examined identified that, whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key control.
Unsatisfactory	Evaluation and testing of the controls that are in place identified that the system of control is weak and there is evidence of non-

	compliance with the controls that do exist. This exposes the Authority to high risks that should have been managed.			

Audit assurance opinions delivered in 2017/18

Audit	Good	Reasonable	Limited	Direction of Travel
Payroll System	✓			Improved[1]
Budget Strategy	✓			No Change[2]
General IT Controls			✓	No Change
Banking Arrangements	✓			Improved[3]
Partnerships			✓	New Area
Risk Management	✓			No Change
Corporate Governance	✓			No Change
Fraud and Corruption – Myview Travel and Subsistence			✓	Weakened[4]
General Recommendation Follow up			✓	Weakened[5]
Debtors		✓		No Change
Creditors and Procurement Cards Follow up		✓		No Change
Total for year ➤ **numbers**	**5**	**2**	**4**	
➤ **percentage**	**46%**	**18%**	**36%**	

5.10 Five good, two reasonable and four limited assurances were issued during the financial year. There have been no unsatisfactory assurances issued in the financial year. A summary of these reports is included in **Appendix A**. In each case positive responses have been received by management and will be followed up next year to determine whether satisfactory improvements have been made.

5.11 The General IT Controls audit raised concerns over the patching and updating of servers, the Back-up Recovery process, access to the Server room and the need for a structural review of the skills required by the Authority. Positive action plans have been received from managers confirming that some issues have been addressed immediately and that plans are in place to address the remainder of the weaknesses identified.

5.12 The Recommendation Follow up Audit followed up the previous 2016/17 lease cars audit and found little progress in respect of the recommendations raised in 2016/17. Management have confirmed that the position in respect of lease cars has been fully reviewed and that the Authority has decided to move away from lease vehicles and

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[1] The 2016/17 payroll report provided reasonable assurance.
[2] The 2016/17 audit covered budget preparation and control.
[3] The previous report in 2014/15 provided reasonable assurance.
[4] The opinion has declined from 2016/17 reflecting the failure to address the issues raised in the 2016/17 audit.
[5] The opinion has declined from 2016/17 reflecting the failure to address the issues raised in the 2016/17 Lease Cars audit.

therefore the recommendations will be reviewed when considering the appropriate controls for the administration of purchased vehicles proposed to replace the existing lease arrangements.

5.13   The Partnerships audit raised concerns over the assessment and approval process and the requirement to have signed agreements recognising the responsibility of each party. Managers have confirmed that processes are being reviewed and that the Brigade Orders will be updated to reflect the Authorities approach to collaborative working.

5.14   The Fraud and Corruption Audit reviewed progress on the weakness identified in the 2016/17 review of the Travel and Subsistence system. The audit raised significant concerns over the level of detail included on claims and a failure to consistently ensure private mileage was deducted from claims. Management have provided positive responses to review the guidance and remind all staff of the correct processes and to undertake periodic reviews of claims to ensure correct completion.

5.15   The Internal Audit team has achieved 100% of the revised plan being delivered.

5.16   Audit recommendations are also an indicator of the effectiveness of the Authority's internal control environment and are rated according to their priority:

Best Practice (BP)	Proposed improvement, rather than addressing a risk.
Requires Attention (RA)	Addressing a minor control weakness or housekeeping issue.
Significant (S)	Addressing a significant control weakness where the system may be working but errors may go undetected.
Fundamental (F)	Immediate action required to address major control weakness that, if not addressed, could lead to material loss.

5.17   Recommendations are rated in relation to the audit area rather than the Authority's control environment, for example, a control weakness deemed serious in one area which results in a significant or fundamental recommendation may not affect the Authority's overall control environment. Similarly, several significant recommendations in a small number of areas would not result in a limited opinion if the majority of areas examined were sound, consequently, the number of significant recommendations in the table below will not necessarily correlate directly with the number of limited assurance opinions issued. Any fundamental recommendations resulting from a control weakness in the Authority's control environment would be reported in detail to the Audit and Performance Management Committee.

5.18   A total of 59 recommendations have been made in the 11 audit reports issued in the year; these are broken down by audit area in the table below.

Audit opinion and recommendations made on 2017/18 audits

System	Level of Assurance Given	Number of Recommendations made				
		BP	RA	S	F	Total
Payroll System	**Good**	0	1	0	0	1
Budget Strategy	**Good**	1	1	0	0	2
General IT Controls	**Limited**	0	8	5	0	13
Banking Arrangements	**Good**	1	3	0	0	4
Partnerships	**Limited**	0	1	3	0	4
Risk Management	**Good**	0	0	0	0	0
Corporate Governance	**Good**	0	2	0	0	2
Fraud and Corruption – Myview Travel and Subsistence Follow up	**Limited**	0	7	2	0	9
General Recommendation Follow up	**Limited**	0	7	4	0	11
Debtors	**Reasonable**	0	4	1	0	5
Creditors and Procurement Cards Follow up	**Reasonable**	0	8	0	0	8
Totals		**2**	**42**	**15**	**0**	**59**
Percentage		**3%**	**71%**	**26%**	**0%**	**100%**

5.19   It is management's responsibility to ensure that accepted audit recommendations are implemented within an agreed timescale. Except for annual audits where recommendations are revisited as a matter of course; remaining recommendations are followed up annually by obtaining an update from management on progress made and performing sample testing.

5.20   No recommendations have been rejected by management during 2017/18.

Audit Performance

5.21   Audit Performance is demonstrated by measuring achievement against the plan, ensuring compliance against the Public Sector Internal Audit Standards (PSIAS), and evaluating improvements made over the last twelve months. A public report of effectiveness against the PSIAS is made annually to the Shropshire Council, June Audit Committee. Shropshire Council Audit Service are also externally reviewed every five years for compliance with the PSIAS and passed the review undertaken by CIPFA in November 2016. The effectiveness of Internal Audit is further reviewed through the Finance Audit and Risk Committee's delivery of its responsibilities and direct from customers as they provided responses to surveys sent out after each audit.

Reporting

5.22   All Internal Audit work is reviewed by a senior auditor to ensure it complies with Internal Audit's standards and that the recommendations made are supported by the

work undertaken before any audit reports are issued. This is a fundamental part of ensuring audit quality and that clients receive reports which are both informative, useful and add value to their work processes and procedures.

5.23   All audit assignments are subject to formal feedback to management. Draft reports are issued to the managers responsible for the area under review for agreement to the factual accuracy of findings and recommendations. After agreement, a formal implementation plan containing management's agreed actions and comments is issued to relevant officers. Follow up reviews capture evidence of implementation of recommendations.

Quality Assurance/Customer Feedback Survey

5.24   A customer feedback survey form is sent out with the all audits completed. These provide key feedback on the quality of audit service in relation to several areas, including:
  ➢ Pre-auditing arrangements;
  ➢ Post audit briefing;
  ➢ Audit coverage/scope of the audit;
  ➢ Timeliness of production of the report;
  ➢ Accuracy and clarity of report;
  ➢ Practicality of recommendations;
  ➢ Professionalism of approach;
  ➢ Communication skills and
  ➢ Timeliness of report to your business.

5.25   The surveys are a key part of ensuring the work meets our client expectations and that the quality of audit work is maintained. The results have been analysed over the last year and the percentage of responses are identified in the table below:

Customer Feedback Survey Forms - percentage of excellent and good responses

Item Being Scored	2017/18
Pre-audit arrangements	100%
Post-audit briefing	100%
Audit coverage/scope of the audit	100%
Timeliness of production of report	100%
Accuracy and clarity of report	100%
Practicality of recommendations	100%
Professionalism of approach	100%
Communication skills	100%
Timeliness of report to your business	100%
Number of forms returned	3

5.26   Overall the results are pleasing, showing services delivered consistently at a high level. There continues to be open communication between officers of the Fire Service

and Internal Audit to ensure that both the audit plan and delivery remain up to date and valid to the service. The information from the surveys is used both to improve techniques overall within the team and at annual performance appraisals to identify future development focus relating to individual skills or competences.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

- Proposed 2017/18 Internal Audit Programme - Audit and Performance Management Committee on 8 December 16
- Public Sector Internal Audit Standards
- Accounts and Audit Regulations 2015.

Appendices

Appendix A - Summary of Findings from Fire Authority Audit Reports 2017/18

APPENDIX A

Summary of Findings from Fire Authority Audit Reports 2017/18

1   **Payroll System** - This area is reviewed on an annual basis. The audit concentrated on key controls in the following areas:
   - Previous recommendations have been implemented.
   - There are procedures and policies available to relevant officers which are in compliance with Brigade Orders and National Joint Council guidance.
   - Payments made from timesheets submitted by officers are checked, authorised and are accurately processed.
   - Starters and leavers are actioned accurately and in a timely manner.
   - Permanent and temporary variations to officer's contracts are valid, authorised, and processed accurately.
   - Management Information is produced in an accurate and timely manner and is subject to review.
   - Officers paid on the payroll exist and are employed by the Authority.
   - Workforce requirements and costs are appropriate to the tasks undertaken and policies of the Authority.
   - Payroll payments are independently processed and are reconciled.

No significant recommendations were raised because of the audit.

There is a sound system of control in place which is designed to address relevant risks, with controls being applied consistently.

Assurance Level: Good

2   **Budget Strategy** - This area is reviewed on an annual basis. The scope of the audits changes to ensure coverage of both operational and strategic matters. The 2017/18 audit concentrated on key controls in the following areas:
   - The strategy is drawn up in compliance with the Authority's Financial rules.
   - The Medium Term Financial Strategy should inform the direction of the organisation.
   - The plan includes a forecast of future resources and commitments.
   - The plan allows budgeting at the point of services delivery.
   - There should be performance reviews of the plan to highlight issues to be addressed in future plans and budgets.
   - The plan is accessible to Members, staff and members of the public.
   - There is regular reporting and monitoring of the plan to members.

No significant recommendations were raised because of the audit.

There is a sound system of control in place which is designed to address relevant risks, with controls being applied consistently.

Assurance Level: Good

3   **General IT Controls** – The IT environment is reviewed on an annual basis. The 2017/18 audit concentrated on following up outstanding recommendations from the 2016/17 audit and key controls in the following areas:

- To follow up the recommendations made in the 2016-17:
  - Follow up IT audit.
  - SharePoint audit.
- The organisation's use of IT is cost-beneficial, reflects the business plan, is delivered within a control-conscious structure and is responsive to change.
- There is reasonable segregation of duties for staff, both within the IT department and between the IT and user functions, to prevent and/or detect errors or irregularities.
- Unauthorised access cannot be gained to sensitive data or programs. The environment in which the systems are run protects their confidentiality, integrity and reliability.
- Systems are available when needed, function as required, are reliable, controllable and cost-effective, have strong data integrity controls and satisfy users' needs.
- The integrity of the operating system is maintained and that the system software is adequately secured.
- To minimise the likelihood of a major failure and ensure that the business will be able to resume effective operations (within a reasonable period) in the event that the existing processing facilities are no longer available.
- The risk of accidental or malicious damage to, or theft of, computer equipment or media is minimised.

Whilst there is basically a sound system of control in place, the system contains weaknesses which leave some risks unaddressed and there is evidence of non-compliance with some key controls.

The audit found that six of the 11 recommendations raised in 2016/17 remained outstanding of which one was considered significant. The audit acknowledged that some of the items were long term projects were progress had been made but the recommendation remained valid. The significant recommendations raised in the audit were:

1) As recommended in 2016-17, all SFRS servers should be security patched in a timely manner in line with Microsoft guidance.
2) The IT structure review should be completed as soon as possible, considering best practice in IT service management as defined by ITIL to help identify the most appropriate skills to run the service. Due consideration should also be given to ensuring an appropriate level of segregation within the team. Once complete, these roles should be recruited to as a matter of urgency.
3) A review of the administrative tasks over the IT infrastructure should be undertaken and this should be refined to ensure that upgrades/patches are applied in a scheduled and controlled manner. This should include appropriate scheduling of the retirement of old operating systems nearing the support cessation date.
4) Back-up and recovery processes should be tested as soon as possible. Lessons learned should be documented and any remedial action should be undertaken to address any identified risks.
5) The ownership of the 'CONTRACTOR 16' access card with access to the server room should be reviewed and assigned to a specific individual. In addition, the update for the lock should be applied as soon as possible.

Management have accepted all recommendations and have plans in place to address. These items will either be picked up as part of the IT Follow Up audit in 2018/19 or a full IT review.

Assurance Level: Limited

4 **Banking Arrangements** - This area was reviewed as part of a periodic plan based on risk. The audit concentrated on key controls in the following areas:
- Appropriate banking arrangements are in place which are covered by up to date mandates.
- Regular and timely reconciliations are performed between the bank accounts and the ledger.
- Treasury Management arrangements are in place to identify and maximise investment and lending opportunities.
- Petty Cash expenditure is appropriately managed and controlled.

No significant recommendations were raised because of the audit.

There is a sound system of control in place which is designed to address relevant risks, with controls being applied consistently.

Assurance Level: Good

5 **Partnerships** - This area is reviewed as part of a periodic plan based on risk. The audit concentrated on key controls in the following areas:
- There are written policies and procedures in place for Partnership Working.
- There are management arrangements in place for individual partnerships.

Whilst there is basically a sound system of control in place, the system contains weaknesses which leave some risks unaddressed and there is evidence of non-compliance with some key controls. The audit raised three significant recommendations:
1) Consideration should be given to the way in which new partnership agreements are approved to ensure that approval is obtained prior to entering into a partnership. This should be included in the guidance provided to officers.
2) Consideration should be given to the information required at the start of individual partnership arrangements and this should be included in the partnership register. If the Authority wants to take a different approach to collaborative working this should be formally documented and recorded separately for transparency.
3) Agreements should be held for all partnerships that the Authority has entered. These should be signed by all parties and should include the responsibilities of all partnership organisations.

Management have accepted all recommendations and have plans in place to address. These items will be picked up as part the General Recommendation Follow up audit in 2018/19.

Assurance Level: Limited

6 **Risk Management** - This area is reviewed on an annual basis. The audit concentrated on key controls in the following areas:
- The recommendations made in the previous Risk Management audit have been implemented.

- Risks arising from business strategies and activities are identified and prioritised and management and the board have determined the level of risk acceptable to the organisation.
- Risk mitigation activities are designed to reduce, or otherwise manage, risk at levels that were determined to be acceptable to management and the board.
- Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk.
- The board and management receive periodic reports of the results of the risk management process.

No significant recommendations were raised because of the audit.

There is a sound system of control in place which is designed to address relevant risks, with controls being applied consistently.

Assurance Level: Good

7 **Corporate Governance** - This area is reviewed on an annual basis. The audit concentrated on key controls in the following areas:

- To ensure recommendations raised in the 2016/17 Corporate Governance Report have been implemented as agreed.
- To review the evidence of compliance against the seven principles set out in the code.

No significant recommendations were raised because of the audit.

There is a sound system of control in place which is designed to address relevant risks, with controls being applied consistently.

Assurance Level: Good

8 **Fraud & Corruption – MyView Travel Claims Follow up –** Fraud and Corruption is included in all audit plans and topics are selected based on risk. The 2017/18 audit was undertaken to follow up the recommendations made in the previous fraud and corruption audit which reviewed the extent of compliance with policies on the claiming and authorisation of travel costs and personal expenses:

- The recommendations made in the 2016/17 Fraud and Corruption audit on Travel and Subsistence have been implemented.

Whilst there is basically a sound system of control in place, the system contains weaknesses which leave some risks unaddressed and there is evidence of non-compliance with some key controls.

The audit found that six of the nine recommendations raised in 2016/17 remained outstanding of which two were considered significant. The significant recommendations raised in the audit were:

1) All mileage claims should contain sufficient evidence of journeys undertaken to allow management authorisation and an independent verification as required.

    It should be ensured that the claims include clear details of the start location and all locations visited during the journey this should include the postcodes of home, work base and destination locations where applicable.

    It should be ensured that the claims are completed in sufficient detail to allow the authorising Officer to identify that the shortest route had been taken for the journey. Where this is not the case it should be ensured that details are recorded

on the claim to explain why the shortest route has not been taken (e.g. avoiding Town Centre during rush hour).

Consideration should be given to an appropriate periodic independent management review of all mileage claims made to ensure that the claims are being made in accordance with the policy.

2) All staff and authorising Officers should be reminded that private miles should be deducted in accordance with the Travel and Subsistence policy. In cases where travel is from/to a location other than a designated work base, the normal daily commute mileage should be deducted unless an appropriately approved local agreement is in place.

Consideration should be given to an appropriate periodic independent management review of all mileage claims made to ensure that the claims are being made in accordance with the policy.

Management have accepted all recommendations and have plans in place to address with both HR and Finance to address. These items will be picked up either as part the Fraud and Corruption Audit or the General Recommendation Follow up audit in 2018/19.

Assurance Level: Limited

9   **General Recommendation Follow Up** - This area is reviewed on an annual basis and picks up outstanding recommendations not covered in the current years plan. The audit concentrated on key controls in the following areas:
   •   The recommendations made in the 2016/17 Purchasing and Procurement audit on Lease Cars have been implemented.
   •   The recommendation made in the 2016/17 Recommendation Follow Up audit in relation to the 2015/16 Recommendation Follow Up on Insurance has been implemented.
   •   The recommendations made in the 2016/17 Recommendation Follow Up audit in relation to the 2015/16 Income Collection and Sundry Debtors audit have been implemented.
   •   The recommendation made in the 2016/17 Recommendation Follow Up audit in relation to Tech Services Assets has been implemented.
   •   The recommendations made in the 2016/17 Firefighters Pensions audit have been implemented.
Whilst there is basically a sound system of control in place, the system contains weaknesses which leave some risks unaddressed and there is evidence of non-compliance with some key controls.

The audit found that eight of the 19 recommendations raised in 2016/17 remained outstanding of which four from the Purchasing and Procurement audit on Lease Cars were considered significant. The significant recommendations raised in the audit were:
1) In accordance with the user agreement, action should be taken to recover the cost of additional payments from an officer when their employment ends prior to the end of the lease. Where it is decided that this will not be enforced, the reason for this should be clearly documented and appropriately authorised.

2) Signed user agreements should be completed for all officers that have been allocated an existing lease car from another Officer. These should be authorised by the Chief Fire Officer and stored securely. The agreements should be made available when requested for audit inspection.

3) The registration number for vehicle DN15 MZY should be corrected on the insurance policy. A review of all other vehicles on the policy should be performed, to ensure that all details are correctly recorded. Alternatively, confirmation should be obtained from the insurers and evidence retained to confirm that should there be an error in the vehicle details recorded on the policy then the vehicle will continue to be covered by the policy.

4) The schedule of lease cars should be reviewed and it should be ensured that it is completed correctly with all relevant details including the correct registration number of the vehicles.

Management have accepted all recommendations and advised that the lease car scheme is being phased out and that the recommendations will be considered as part of the controls for the administration of purchased vehicles. These items will be picked up as part the General Recommendation Follow up audit in 2018/19.

Assurance Level: Limited

10   **Debtors** - This area was brought forward into the plan in place of the Technical Services Audit at the request of management, with the Technical Services Audit postponed to 2018/19. The audit concentrated on key controls in the following areas:
*   Policies and Procedures are in place in relation to the collection of all income due.
*   All income due is invoiced promptly and in full.
*   All income due is recorded accurately and promptly and income is paid in promptly.
*   Write offs are kept to a minimum and are approved in accordance with procedures.
*   The Sales Ledger is reconciled to the General Ledger in a regular and timely manner.
*   Management information in respect of debtors is accurate, timely and adequate.

There is generally a sound system of control in place but there is evidence of non-compliance with some of the controls.
The audit raised five recommendations, one was considered significant:
1)   Invoices should be raised promptly as a charge becomes known.

Assurance Level: Reasonable

11   **Creditors and Procurement Card Follow Up** - This area was added into the plan due to the number of recommendations to be followed up in the financial year. The audit concentrated on key controls in the following areas:
*   The recommendations made in the 2016/17 Creditors audit have been implemented.
*   The recommendations made in the 2016/17 Procurement Card audit have been implemented.

There is generally a sound system of control in place but there is evidence of non-compliance with some of the controls.

The audit found that eight of the 23 recommendations raised in 2016/17 remained outstanding all of which were requires attention in nature. The audit identified no significant recommendations.

Assurance Level: Reasonable