



## **AGENDA ITEM: 13**

### **NORTH WALES FIRE AND RESCUE AUTHORITY AUDIT COMMITTEE**

**24<sup>th</sup> September 2012**

#### **SUMMARY OF INTERNAL AUDIT ACTIVITY 2011/12 AND NEEDS ASSESSMENT AND DRAFT AUDIT PLAN FOR 2012/13**

**Report by Mike Halstead, Head of Audit and Procurement Services**

#### **Purpose of Report**

- 1 To receive a summary of Internal Audit work for 2011/12.
- 2 To approve the Internal Audit Needs Assessment and Draft Internal Audit Plan for 2012/13.

#### **Information**

- 3 Under the terms of The Accounts and Audit (Wales) Regulations 2005, made under the Local Government Act 2000 and the Public Audit (Wales) Act 2004, Fire Authorities have a statutory responsibility to maintain "an adequate and effective system of internal audit."
- 4 The Internal Audit function is carried out on behalf of the Fire and Rescue Authority by Conwy County Borough Council and is an independent appraisal function for the review of the activities of the Fire and Rescue Authority as a service to all levels of management.
- 5 The North Wales Fire and Rescue Authority (NWFRA) Financial Regulations state that a report shall be submitted under the auspices of the NWFRA as regards the audit plan for the coming financial year and a report of performance against the original plan for the previous financial year.

- 6 Responsibility for determining the content of the audit plan lies with the Chief Fire Officer and the internal audit providers. The plan should be prepared in consultation with the External Auditor.
- 7 KPMG is currently the Fire and Rescue Authority's external auditor.
- 8 Internal audit work can be broadly divided into four categories:
  - (a) **Regularity Audits**, which are designed to ensure that:-
    - All income due to the NWFRA is properly collected, receipted, safeguarded, banked and recorded.
    - All payments made are correctly authorised, within budget and in accordance with NWFRA Standing Orders and Financial Regulations.
    - All staff have been properly appointed and are paid in accordance with the terms and conditions of their appointment.
    - Value for money is obtained for goods and services purchased.
    - Property and other assets are properly recorded and safeguarded.
  - (b) **Systems Audits** are designed to ensure that all systems and procedures in operation include adequate controls within them to prevent fraud or other irregularities, e.g. at least two people should be involved in all transactions.
  - (c) **Information and Communications Technology Audit**. This is used to test the integrity of computerised systems in operation and also, by the interrogation of computer systems to help detect fraud and irregularities.
  - (d) **Contract Audit** which includes the financial appraisal of prospective contractors, an examination of controls in operation to ensure compliance with Contract Standing Orders and an examination of a sample of current and completed contracts including verification of final accounts.

- 9 A report is prepared following each internal audit and will:-
- State the purpose, scope, findings and conclusions of the audit.
  - Make recommendations to address any weaknesses identified.
  - Include an action plan to monitor and assist in the implementation of the recommendations.
  - Provide for a follow up to be carried out within a reasonable period of issuing the final report.

## **REVIEW OF 2011/12 ACTIVITY**

- 10 During 2011/12, 58 audit days were provided as indicated in the strategic audit plan. It is evident that two additional unplanned items of work were undertaken at the request of NWFRA management. A Final Account Audit was performed on the Rhyl Community Fire Station Contract to assess for contractor irregularities and a Special Investigation was undertaken at management's request about time off in lieu (toil) and other HR issues. These audit reviews replaced the planned work upon Stores and Canteen Operations.
- 11 Four reports were prepared during the year covering :-
- **Retained Stations (Ynys Mon & North Gwynedd)** – A review of payments to retained firefighters (Electronic FIN 8's), the maintenance of station & appliance inventories and the completion of vehicle fuel, maintenance & usage log books.
  - **Fleet Management** – A review of the fleet management procedures in respect of insurance, licensing, inventories, stock of spares, purchases, security, maintenance, MOT, disposals, job sheets & technicians.
  - **Final Account – Rhyl Community Fire Station** – Due to Conwy Internal Audit Services identifying irregularities carried out by a particular contractor on the Authority's construction contracts, Conwy's Head of Audit and Procurement Services contacted North Wales Fire and Rescue Authority to enquire whether similar work was being undertaken at the Fire Service for

any contracts undertaken by this contractor. The Head of Facilities & Logistics Management Department for North Wales Police Authority proposed that the Final Account at Rhyl Community Fire Station be assessed for any contractor irregularities.

- **Special Investigation** - In December 2011, NWFRS requested an independent appraisal of time off in lieu (toil), the results of which form part of an Internal Disciplinary Investigation.
- **National Fraud Initiative** – NFI is a comprehensive and thorough 'data matching' exercise organised by the Audit Commission in partnership with the Wales Audit Office (WAO).

- 12 A schedule giving an audit opinion of the adequacy and effectiveness of internal control processes in respect of all the audit assignments undertaken during 2011/12 is attached at Appendix A. The outcome of each audit and the evaluation of the adequacy of the internal control environment is based on the number of recommendations and their risk rating. It is evident that generally the audits were assessed as providing positive levels of assurance that internal controls are operating effectively and risks are appropriately managed.
- 13 To address the weaknesses identified during the audit reviews 18 recommendations have been made.
- 14 Action plans setting out the agreed response to the audit recommendations were issued with the audit reports and these have been returned from Fire and Rescue Authority management, completed with the action to be taken to ensure implementation of the recommendations. Management have agreed to implement all the audit recommendations.
- 15 CIPFA's Code of Practice for Internal Audit in Local Government states "Management has responsibility for ensuring that agreed actions are implemented. Internal Audit should obtain assurances that actions have been implemented". A formal follow up process is in operation within the Section to confirm that the recommendations made in Internal Audit reports have been implemented by

management within agreed timescales. A follow up audit will normally take place six months after the issue of the final report. A schedule of the follow up audits conducted during the period 1 April 2011 to 31 March 2012 is attached at Appendix B. It demonstrates the number of recommendations accepted and subsequently implemented by management in each area and reveals changes that impact on the original audit opinion. Further follow up work will be performed in those areas where a significant number of recommendations remain outstanding.

- 16 A summary of audit activity is attached at Appendix C and shows the planned allocation of audit resources in terms of man days over departments and services and compares actual work done for 2011/12 with the plan. It is evident that the Rhyl Community Fire Station Final Account work and the special investigation replaced the planned work upon Stores and Canteen Operations.

## **AUDIT OPINION**

- 17 Based upon the work undertaken during 2011/12, the Internal Audit opinion of the systems of internal control established by management to effectively manage identified risks is satisfactory.

## **NEEDS ASSESSMENT AND DRAFT AUDIT PLAN FOR 2012/13**

- 18 The Draft Annual Plan for 2012/13 is attached at Appendix D. The purpose of the annual audit plan is to:-
- establish audit priorities in conjunction with Fire and Rescue Authority Management based upon a risk based approach of determining the audit needs of the Authority at the start of each year
  - determine the resources needed to carry out the required audit duties
  - formalise audit tasks
  - review the audit work of the previous year
- 19 The audit plan is designed to act as a guide only. Changes in circumstances or other unforeseen events may result in deviations from the plan. The plan for 2012/13 has been prepared following

consultation with Fire and Rescue Authority Management. The plan also includes time to follow up recommendations from previous audits.

- 20 The Internal Audit Needs Assessment is attached at Appendix E. The Assessment, which incorporates a risk analysis, is designed to cover all auditable aspects of NWFRA activity and will be utilised, in consultation with management, to facilitate the risk-based approach to determining the audit needs of the Authority at the start of each year.

### **Recommendations**

- 21 That the Summary of Internal Audit activity 2011/12 be noted and the Needs Assessment and Draft Internal Audit Plan for 2012/13 be approved.

**NORTH WALES FIRE AND RESCUE AUTHORITY**

**APPENDIX A**

**Internal Audit Section – 2011/12 Annual Summary of Recommendations and Audit Opinions**

	<b>Auditable Area</b>	<b>Audit Coverage</b>	<b>Critical</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>	<b>Total</b>	<b>Agreed by Mgmt</b>	<b>Audit Opinion</b>
1	<b>Retained Stations (Ynys Mon &amp; Gwynedd)</b>	<p>A review of payments to retained firefighters (Electronic FIN8's), the maintenance of station &amp; appliance inventories (as part of follow up of Station Inventories audit undertaken in 2007/08) and the completion of vehicle fuel, maintenance &amp; usage log books.</p> <p><b>The key messages of the audit were to establish procedural guidance for the completion &amp; submission of FIN8s, the submitted FIN8 should be printed and displayed on the walls of Stations, Response Managers must consistently undertake the 6 monthly Appliance Inventory verification checks and all retained stations must ensure the welfare fund accounts are audited annually.</b></p>	0	0	4	4	8	8	<b>Satisfactory</b>
2	<b>Fleet Management</b>	<p>A review of fleet management procedures in respect of insurance, licensing, inventories, stock of spares, purchases, security, maintenance, MOT, disposals, job sheets &amp; technicians. <b>The Fleet Department operates appropriate systems of internal control with the key weaknesses in respect of driving license checks &amp; the requirement for the Occupational Road Risk Management to be approved by the Executive Group.</b></p>	0	0	4	2	6	6	<b>Good</b>
3	<b>Final Account – Rhyl Community Fire Station</b>	<p>Due to Conwy Internal Audit Services identifying irregularities carried out by a particular contractor on the Authority's construction contracts, Conwy's Head of Audit &amp; Procurement Services contacted North Wales Fire &amp; Rescue Authority to enquire whether similar work was being undertaken at the Fire Service for any contracts undertaken by this contractor. The Head of Facilities &amp; Logistics Management Department for North Wales Police Authority proposed that the Final Account at Rhyl Community Fire Station be assessed for any contractor irregularities.</p> <p><b>The audit did not identify any contractor irregularities. However a number of weaknesses</b></p>	0	0	4	0	4	4	<b>Satisfactory</b>

		<p>were identified:</p> <ul style="list-style-type: none"> <li>➤ Extension time certificate not issued until 3 mths after practical completion;</li> <li>➤ A no. of Architect's Instructions were issued after practical completion on 27/8/08;</li> <li>➤ Architect's instructions not always costed before additional work took place;</li> <li>➤ Proposed variations to the original contract were not always submitted to the client for approval before any additional work took place.</li> </ul>								
4	<b>Special Investigation – HR Issues</b>	<p>In December 2011, NWFRS requested an independent appraisal of time off in lieu (toil) and other HR issues.</p> <p><b>The audit investigation has generated an internal disciplinary investigation.</b></p>	N/A	N/A	N/A	N/A	N/A	N/A	*N/A	
5	<b>National Fraud Initiative</b>	<p>NFI is a comprehensive and thorough 'data matching' exercise organised by the Audit Commission in partnership with the Wales Audit Office (WAO).</p> <p><b>There were no issues arising from the investigations, which provides a level of assurance that the systems of internal control are working well and that frauds and irregularities are being minimized. The exercise also assists to strengthen anti-fraud &amp; corruption arrangements &amp; instill an anti-fraud culture.</b></p>	0	0	0	0	0	0	Good	
		<b>Totals</b>	0	0	12	6	18	18		
									<b>Good</b>	<b>2</b>
									<b>Satisfactory</b>	<b>2</b>
									<b>Adequate</b>	<b>0</b>
									<b>Unsatisfactory</b>	<b>0</b>

\* Not appropriate to provide an Audit Opinion upon the special investigation undertaken.



**APPENDIX B**

**NORTH WALES FIRE AND RESCUE AUTHORITY  
Schedule of Follow up Audits 2011/12**

	Description	File Ref.	Auditor	Audit Date	Follow up Due Date	Follow up Date	No. Recs	Recs Outstanding	Revised Audit Opinion
<b>1</b>	Retained Stations – FIN 8s & Inventories	VF0 171	KVW	Sep-10	Dec-11	Dec-11	8	<b>2</b>	<b>Satisfactory</b>
<b>2</b>	Freedom of Information	VF0 196	KVW	Jan-11	Jun-11	Sep-11	4	<b>0</b>	<b>Good</b>
<b>3</b>	IT Security	VF0 266	CM	May-11	Nov-11	Feb-12	7	<b>1</b>	<b>Good</b>
<b>4</b>	*Community Safety Partnership Working	VF0 197	KVW	May-11	<b>Jun-12</b>		20		

\*Community Safety Partnership Working Follow up is scheduled to be undertaken in June 2012

# North Wales Fire and Rescue Authority

## CONWY COUNTY BOROUGH COUNCIL

### Summary of Internal Audit Activity 2011/12

	Department / Service	Planned Days 2011/12	Actual Days 2011/12
1	Retained Fire Stations – Ynys Mon & Gwynedd	9	11
2	Fleet Management	10	12
3	National Fraud Initiative (includes public sector queries)	3	6
4	Final Account Contract – Rhyl Community Fire Station	0	8
5	Special Investigation – Time off in lieu & HR issues	0	9
6	Stores	8	0
7	Canteen Operations	8	0
8	Creditors & Payroll Consultancy – Transfer to Conwy's AS400 System & Electronic FIN 8's	5	2
9	Audit Follow ups – Retained Stations Freedom of Information IT Security	6	4
10	NWFRA Planning & Reporting (Including Annual Statement of Assurance & Needs Assessment)	6	6
11	Contingency Reserve	3	0
<b>TOTAL DAYS</b>		<b>58</b>	<b>58</b>
Days Allocated 2011/12			58
Actual Days 2011/12			58
Total Days C/F to 2012/13			0

**North Wales Fire and Rescue Authority  
Draft Internal Audit Annual Plan 2012/13**

**APPENDIX D**

<b>Needs Ass't Ref</b>	<b>Audit Review</b>	<b>Comments</b>	<b>Days</b>	<b>Planned Timing</b>
<b>Risk Area – Financial and Fraud Risks</b>				
<b>17 &amp; 25</b>	Retained Fire Stations (Wrexham & Flintshire)	A review of payments to retained firefighters ( <b>Electronic FIN8's</b> ), the maintenance of station & appliance inventories (as part of follow up of Station Inventories audit undertaken in 2007/08) and the completion of vehicle fuel, maintenance & usage log books.	<b>10</b>	<b>July 2012</b>
<b>17</b>	Payroll – Starters & Leavers	To review the internal controls operating over payroll starters and leavers.	<b>6</b>	<b>Sept 2012</b>
<b>24</b>	Stores	A review of the Central Stores procedures in respect of purchasing, receipts, issues, stocks, adjustments & security.	<b>8</b>	<b>Feb 2013</b>
<b>28</b>	Main Financial Systems - <b>Creditors</b>	Creditor ordering and payment function based within NWF&RA. A transfer was managed during 2011/12 from the Authority's commitment A/C System to Conwy's Accounts Payable and General Ledger Systems.	<b>12</b>	<b>Dec 2013</b>
<b>Other Audit Work</b>				
-	Audit Planning, Annual Report and Management	Provision for time required for management element of contract.	<b>6</b>	<b>Ongoing</b>
-	Follow up of Previous Recommendations	Following up recommendations made in 2011/12 which are not covered in the above programme: Fleet Management Community Safety Partnership Working	<b>6</b>	<b>Ongoing</b>
-	Contingency Reserve	For unplanned work identified during the year and liaison/advice as required.	<b>2</b>	
<b>Total Days Required for Audit Work</b>			<b>50</b>	
<b>Total Days Allocated 2012/13</b>			<b>50</b>	
<b>Totals Days b/f from 2011/12</b>			<b>0</b>	
<b>Total Days Available 2012/13</b>			<b>50</b>	

**NORTH WALES FIRE AND RESCUE AUTHORITY**  
**Internal Audit Needs Assessment and Audit Plan for 2011/12**

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2012/13 Days	Comments
<b>Risk Area – Strategic Management and Governance</b>					
1	Corporate Governance	Legal Compliance Arrangements; Policy and Decision Making; Scheme of Delegation; Codes of Conduct - Officers; Codes of Conduct - Members; Training and Awareness; Chief Officers Pay; Standing Orders and Financial Regulations; Anti-fraud and Whistle-blowing; Environmental Policy.	A		The Fire and Rescue Authority has approved the 'Local Code of Governance' and the Annual Governance Statement 2009/10 was presented to Audit Committee in June 2011. <b>KPMG confirmed that the Authority was up to date with new legislation and appropriate processes and procedures in place.</b>
2	Service Planning	Corporate Planning; IRMP; BVPP; Service Unit Plans; CPA Improvement Plan; Modernisation; Consultation; Risk Assessment; Resourcing and Financial Approval; Improvement Co-ordinating Unit	B		WAO - Financial Audit Outline 2010 /11 – Proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Includes review of key corporate performance and financial management arrangements.
3	Performance Management	Roles and Responsibilities; Target Setting; Data Collection; Data Quality Control; Reporting; Use of Management Information to support Service Improvement.	A		WAO Regulatory Programme for Performance Audit April 2011 to March 2012 – to confirm whether Authority has in place robust and effective arrangements to prevent and detect fraud.  Audit of the Annual Action/Improvement Plan and performance indicators.

	<b>Main System and Subsystem</b>	<b>Potential Areas for Audit</b>	<b>Risk Assessment</b>		<b>2012/13 Days</b>	<b>Comments</b>
4	Risk Management, Emergency Planning and Business Continuity	Policy and Framework; Roles and Responsibilities; Training; Corporate Risk Register; Integration with Management Processes ; Monitoring and Assurance Mechanisms; Reporting; Emergency Planning; Risk Assessment; Business Continuity; Urban Search and Rescue; Compliance with CCA 2004; Working with Partner Agencies and Local Businesses; Resilience Forums; Mobile Conference Facilities;	A			WAO Regulatory Programme for Performance Audit April 2011 to March 2012 – to confirm whether Authority has in place robust and effective arrangements to prevent and detect fraud.  Audit of the Annual Action/Improvement Plan and performance indicators.
5	Equalities and Diversity	Compliance with Legislation; Policy, Practice and Procedure; Responsibilities; Awareness and Training; Performance Management.	C			
<b>Risk Area – Operational Service Delivery</b>						
6	Control Room Operations  Incident Response and management	Compliance with Key Risk Mitigation; Mobilisation Procedures; Incident Response Prioritisation; Monitoring and Measuring Performance; Staffing and Resources; Training; Incident Command System.	C			Making Connections Agenda

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment		2012/13 Days	Comments
7	Hoax Call Procedures	Policy and Procedure; Recording and Monitoring; Education; Communication.	C			
8	Community Fire Safety and Arson Task Force	Communication; Education; Resourcing Risk Profiling; Working with Business, LEAs, CYPT, YOT, other FRSS Sprinklers project; Smoke Alarms; Home Fire Safety Checks; Community Safety Events; Vehicle Recovery.	C			A review of Community Fire Safety's partnership working was undertaken during 2010/11. The Audit opinion was Adequate. Follow up audit scheduled for July 2012.
9	Inspection & Investigations	Compliance with Policy; Inspections Programme; Online assessments; Compliance with building control; Issue of licences/certificates; Income from inspections and licences.	C			
10	Partnership Working	Partnership Governance; Risk Assessment; Crime and Disorder Reduction; Local Strategic Partnership; Local Area Agreements; LEAs and others.	B			A review was undertaken during 2010/11 of the Authority's (CFS) partnership working evaluating the governance arrangements and the adequacy of the internal controls incorporated within each system, identifying any control weaknesses and areas of potential risk. <b>The Audit opinion was Adequate.</b> <b>Follow up audit scheduled for July 2012.</b>

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment		2012/13 Days	Comments
<b>Risk Area – People Management</b>						
11	Health and Safety	Compliance with Legislation; Policy, Practice, Procedure; Responsibilities Awareness and Training Performance Management Incident Monitoring and Reporting; Insurance (Public and Employers liability)	B			
12	Managing Attendance (uniformed and non uniformed)	Compliance with Policy; Reporting and recording absence; Performance Information.	C			WAO National Review of Sickness Absence 2006/07.  <b>Special Investigation undertaken during 2011/12 of Time off in Lieu &amp; other HR issues.</b>
13	Staff Training and Development (uniformed and non uniformed)	Implementation of IPDS; Skills Assessment; Development Portfolios; Personal Development Reviews; Performance Appraisal; Training Facilities; Joint Training Schemes; Succession Planning; Leadership Development (Service Improvement); Value Centred Training.	C			WAO performance work planned for 2011/12 – Themed Study – HR and workforce planning
14	Recruitment and Selection	Compliance with Recruitment Policies and Procedures; Equalities and inclusion; Pre-employment checks; Performance Management.	C			Pre-employment checks eg. references, CTB checks covered as part of starters and leavers audit 2007/08.  <b>Starters &amp; Leavers audit scheduled for 2012/13</b>

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment	2012/13 Days	Comments
<b>Risk Area – Project Management</b>					
15	Project Management	Special Projects Unit; Roles and Responsibilities; Project Prioritisation; Risk Assessment; Compliance with Prince 2; Training in Project Management; Monitoring and Delivery; Financing.	B		The Head of Facilities & Logistics Management Department for North Wales Police Authority proposed that the Final Account at Rhyl Community Fire Station be assessed for any irregularities. <b>As part of the 2011/12 audit plan Conwy's Internal Audit Service has recently undertaken a review of this contract. Audit Opinion - Satisfactory</b>
<b>Risk Area – Financial and Fraud Risks</b>					
16	Financial Planning & Budgetary Control	Funding Arrangements Resource Allocation Medium Term Financial Planning Budget setting and approval Financial delegations Budget Monitoring Financial Forecasting/Reporting	A		Financial Audit Outline 2010 /11. KPMG will confirm that the Authority's Financial Statements comply with the relevant statutory requirements. The Authority's arrangements for budget setting and monitoring financial performance will be reviewed.
17	Payroll	Starters, Leavers, Amendments; Payment Control; Certification; Accuracy; Monitoring; Reporting.	A	8 10	Payroll Amendments to Pay audit 2008/09. Audit Opinion was Satisfactory. Payroll CAATS Audit 2008/09. Audit Opinion was Good. Review of payment of retained firefighters (Denbighshire) 2010/11. Audit Opinion was adequate. Retained Pay - Review of new electronic FIN 8 procedures undertaken during 2011/12 – Audit Opinion - Satisfactory. <b>Payroll Starters &amp; Leavers Audit scheduled for 2012/13.</b> <b>Retained Pay – Wrexham scheduled for 2012/13.</b>
18	Employee & Members Allowances	Claims, authorisation and Processing in respect of: Travel and Subsistence; Long Service Awards; Residential Allowances;	D		Internal Audit Review of Members Allowances 2005/06. Audit Opinion was Good. Employee Allowances included in Payroll Amendments to Pay audit 2008/09.



	Main System and Subsystem	Potential Areas for Audit	Risk Assessment		2012/13 Days	Comments
19	Pensions	Notification to Administering Authority; Verification of Changes; Unfunded Charges.	C			Regulatory Plan 2007/08 – KPMG confirmed that the Authority’s Financial Statements comply with new Fire Service Pension Accounts requirements.
20	Procurement & Purchasing	Procurement Strategy; Efficiency and Value for Money; E Procurement; Compliance with Financial regulations and Contract Standing Orders; Purchasing and Payment Procedures; Credit Card Expenditure; Cash Expenditure.	B			WAO Annual Opinion in respect of VFM.
21	Capital Strategy and Accounting	Strategy and Programme Setting/Approval; Monitoring; Capitalisation/ Authorisation of Expenditure ; Prudential Borrowing; Fixed Asset Management and Accounting; Fixed Asset Register; Asset Valuation/Depreciation; Insurance; PFI Schemes incl VAT.	A			WAO 2010/11 Coverage – Review of Final Accounts, Fixed Asset Register etc.  2008/09 – Review of Estate Management as part of Making the Connections.
22	Fleet Management and Fuel	Procurement/Leasing; Management and Strategic Alignment; Maintenance and Inspection; Fuel Issues and Usage; Disposal; Insurance.	C			Internal Audit review of Fuel 2007/08. Audit Opinion was Satisfactory. Regulatory Plan 2007/08 – KPMG review of Fleet and Vehicle Asset Management.  <b>Fleet Management audit review undertaken during 2011/12 – Audit Opinion - Good.</b>

	<b>Main System and Subsystem</b>	<b>Potential Areas for Audit</b>	<b>Risk Assessment</b>		<b>2012/13 Days</b>	<b>Comments</b>
23	Income Collection & Banking	Receipt of Funds; Grant Income; Precept Income: Collection and Accounting Procedures; Miscellaneous Income; Compliance with Charging Policy; Inspection Certificate Income; Cash Security and Banking; Insurance.	C			Internal Audit of the collection, receipt and banking procedures in respect of all income generated by NWF&RA was undertaken during 2009/10. <b>Audit Opinion - Satisfactory.</b>
24	Stores	Stock Control, Valuation and Recording; Purchasing and Receipt; Security of Stores; Security of IT System; Issue and Returns Procedures; Insurance.	D		8	Internal Audit Review 2003/04. <b>Audit Opinion - Good.</b>  <b>Stores audit scheduled for 2012/13</b>
25	Equipment Security and Inventory	Inventory Level; Recording and Reviewing; Marking of Equipment; Loan of Equipment; Physical Security of Location; Insurance.	C			Internal Audit Review 2007/08. Included in Retained Stations (Denbighshire) audit 2011/12. <b>Reviewed as part of Retained Stations (Ynys Mon &amp; North Gwynedd) audit undertaken during 2011/12. Audit Opinion Satisfactory.</b>
26	Utility Costs and Service Contracts	Tendering and Value for Money; Monitoring Energy Costs; Compliance with Financial Regulations.	C			
27	National Fraud Initiative	Payroll Download; Creditors Download; Investigation of Output from National Matching Exercise.	B			NFI data matching of payroll and creditors data to be conducted every 2 years. NFI audit 2009/10. Audit Opinion – Good.  <b>NFI work undertaken during 2011/12. Audit Opinion - Good</b>

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment		2012/13 Days	Comments
28	Main Financial Systems <ul style="list-style-type: none"> <li>• Payroll</li> <li>• Creditors</li> <li>• Debtors</li> <li>• Treasury Management</li> <li>• Accounting System</li> <li>• Anti Fraud</li> </ul>	Completeness, Accuracy and Validity of Transactions; Correct Accounting; Monitoring and Reporting; Efficiency; Value for Money; Documentation of Systems; Compliance with Financial Regulations and Procedures.	A		10	Covered by Audit of CCBC Systems on an annual basis. Review of NWF&RA Creditors System 2008/09. Audit Opinion was Adequate. 8 days allocated 11/12 on a consultancy basis to assist and advise upon the transfer from the Authority's Commitment A/C System to Conwy's Accounts Payable and General Ledger Systems. <b>Creditors audit scheduled for 2012/13 to confirm well controlled transfer to Conwy Accounts Payable &amp; Ledger.</b>
<b>Risk Area – Reputation and Public Confidence</b>						
29	Complaints Procedures	Policy, Procedure, Best Practice; Compliance; Monitoring and Reporting; Service Improvement; Compensation.	C			
30	Corporate Communications	Communications Strategy; Marketing and Media; Responsibilities; Incident monitoring.	C			
<b>Risk Area – Information Management and Technology</b>						
31	IT Strategy and Management	Strategy Development and Resourcing; Policies and Management Framework; Internet and Email Control; Responsibilities; ICT Procurement and Development; Insurance.	C			The audit assessed the degree of control over the key risks for accessing information on the organisation's IT systems and will specifically review the following areas for compliance with ISO 27000 information security standards. <ul style="list-style-type: none"> <li>• User access control</li> <li>• Computer access control</li> <li>• Application access control</li> <li>• Monitoring system access and use</li> </ul> Access control over personal information

	Main System and Subsystem	Potential Areas for Audit	Risk Assessment		2012/13 Days	Comments
						WAO performance work planned for 2011/12 – Themed studies of Information Governance & ICT Technology
32	Network Management	Security and Control; Physical and Logical Security; Back Up and Disaster Recovery; Performance; Hardware, Media, Topology; Security and Control: Management Support: Communications Software; Wireless Connections.	C			Network Management audit undertaken 2008/09. <b>Audit Opinion - Satisfactory.</b>  Audit of IT Security undertaken during 2010/11. <b>Audit Opinion - Satisfactory.</b>
33	Telecomms (non control room)	Security and Control; Physical and Logical Security; Back Up and Disaster Recovery.	C			WAO Coverage 2006/007.
34	E Government	Strategy; Resourcing; Initiatives; Performance.	C			Internal Audit undertaken 2009/10 - the aim of the audit was to determine the degree of control over risks for the following: <ul style="list-style-type: none"> <li>• e-Government vision</li> <li>• Collaborative working, e.g. between authorities</li> <li>• Customer requirements</li> <li>• Funding</li> <li>• Technical solutions</li> <li>• Capacity – people and skills</li> <li>• Business processes</li> <li>• Focus is on strategic controls over the key risks threatening the e-Government vision/programme.</li> </ul> <b>Audit Opinion – Good</b>

35	Control Room IT	Cell Phones; Radio System; Call Out System; Physical Security; Back Up and Disaster Recovery; Performance Monitoring.	C		
36	Data Protection / Freedom of Information	Compliance with Legislation; Staff Awareness; Information requests; Monitoring and Performance.	C		Audit undertaken during 2009/10 to determine whether activities involving the processing of personal data are carried out in accordance with the Authority's data protection policies and procedures, and whether this processing meets the requirements of the Data Protection Act 1998. Audit Opinion – Satisfactory.  Freedom of Information audit undertaken during 2010/11 to ensure compliance with the statutory requirements of the Freedom of Information (Fol) Act 2000. <b>Audit Opinion - Satisfactory</b>
<b>Risk Area – Other Systems</b>					
37	Canteen Operation	Agreement and Monitoring; Food Hygiene and cleanliness; Staff Training; Income Collection and Banking; Ordering Procedures.	C		
38	Welfare Funds	Written procedures; Welfare Fund Records; Bank Reconciliations; Independent Audits.	C		Welfare Funds audit undertaken 2008/09. Audit Opinion was Unsatisfactory. Follow up undertaken 2009/10 – <b>Audit Opinion – Adequate.</b>
<b>Risk Area – Other Audit Work</b>					
	Audit Planning, Annual Report and Management			6	
	Follow up of Previous Recommendations			6	
	Contingency Reserve			2	
			<b>Total 2012/13 Coverage</b>	<b>50</b>	
<b>Risk Assessments – The Needs Assessment documents each project and allocates a risk rating in respect of each auditable area, based on the completion of a risk matrix held on the Internal Audit Section's Apace Audit Planning and Control System. The risk assessment dictates the degree of risk and the subsequent frequency of each audit. Where an area has not been recently reviewed by either Internal Audit or WAO a 'C' risk rating is allocated until such time as an audit review is performed and</b>					

an informed opinion can be made. The current risk ratings are as follows:

- Risk Rating A - High Risk Requiring an Annual Review
- Risk Rating B - High Risk Requiring a review every 2 years
- Risk Rating C - Medium Risk Requiring a review every 3 years

Risk Rating D - Low Risk Requiring a review every 4 years