

**NORTH WALES FIRE AND RESCUE AUTHORITY**  
**Internal Audit Services – 2022/23 Annual Summary of Key Messages & Recommendations**

**APPENDIX A**

	Auditable Area	Key Messages & Recommendations for Improvement	Critical	Major	Moderate	Minor	Total	Audit Opinion
1	Payroll (Key Controls)	<p>A review of Payroll (Key Controls) was undertaken to provide a level of assurance to management that internal controls are operating effectively, potential risks well managed and corporate objectives are being achieved.</p> <p>The 8 recommendations made to improve the levels of internal control are as follows:</p> <ol style="list-style-type: none"> <li>1. An office procedures manual should be established to cover all the areas of the payroll function, providing guidance upon the expected internal control procedures.</li> <li>2. A payroll checklist should be used to properly record the checks and controls performed by payroll officers, prior to the payroll run. The checklist should be signed and dated to verify that all checks undertaken.</li> <li>3.               <ol style="list-style-type: none"> <li>a) Payroll officers must ensure that if errors are identified on the FIN8 forms, the form should be amended and properly certified.</li> <li>b) All the formula in the Retained Pay spreadsheet needs to be robustly checked to ensure that all the station totals are complete and accurate.</li> <li>c) Checks must be undertaken to ensure that the turnouts, attendances, and quarters recorded on the RP spreadsheet reconciles the payment data transferred to iTrent.</li> </ol> </li> <li>4.               <ol style="list-style-type: none"> <li>a) The payroll data held on the WT pay master file should be reviewed and all historical data removed.</li> <li>b) Payroll officers must ensure that if errors are identified on the FIN8 forms, the form should be amended and properly certified.</li> <li>c) The number of turnouts, attendance &amp; quarters at each WT Station should be totalled and checks undertaken to ensure that the totals reconcile with the number of turnouts, attendances &amp; quarters transferred to iTrent for payment.</li> </ol> </li> </ol>	0	0	6	2	8	Satisfactory

		<p>5. A written procedure should be established, stipulating that claims for overtime &amp; additional hours should only be processed by payroll, if certified by an officer at the level of watch manager or above. Checks must be undertaken to ensure that claims are properly certified by an authorised officer.</p> <p>6. An invalid code reject report should be produced by TechOne to ensure that a record is maintained of invalid codes and the amendments made.</p> <p>7. Independently of payroll, a monthly reconciliation should be undertaken of the gross pay control account and of payroll data to the general ledger. The reconciliation should be recorded and identify any variances.</p> <p>8. Holding codes must be checked on a monthly basis, to ensure that they are cleared to zero i.e. all deductions that are paid into a holding code are cleared when the payment is made to the 3<sup>rd</sup> party. Any variances need to be investigated to establish the reason, and the action taken recorded. It is considered that these reconciliations should to properly documented and certified.</p>						
2	<b>Creditors (Key Controls)</b>	<p>A review of Creditors (Key Controls) was undertaken to provide a level of assurance to management that internal controls are operating effectively, potential risks well managed and corporate objectives are being achieved.</p> <p>The 12 recommendations made to improve the levels of internal control are as follows:</p> <ol style="list-style-type: none"> <li>1. a) A procedures manual should be compiled to provide order requisitioners and approvers detailed guidance on the ordering of goods &amp; services and the expected internal controls. b) A procedures manual should be compiled for finance officers, responsible for the checking and processing of invoices for payment.</li> <li>2. a) Amendments to those officers authorised on TechOne to input &amp; authorise orders should only made upon written instruction from the budget holder. b) A reconciliation should be performed on a 6 monthly basis between the Service's independent signatory list and a TechOne report of authorised officers. c) In consultation with HR &amp; ICT, a process should be established whereby changes to the authorised signatories list is linked to the starters/leavers/contract changes process.</li> </ol>	0	0	7	5	12	<b>Satisfactory</b>

		<p>d) If officers are temporarily made an authorised signatory, then an end or review date must be provided to ensure that they do not continue to be approvers when their period of 'acting up' has finished.</p> <p>3. Arrangements should be made for all authorised signatories, who are engaged in contractual or purchasing decisions, to declare any links or personal interests that they may have with suppliers and/or contractors in accordance with Financial Regulations. Any officer declaring such an interest should not participate (or act so as to influence or appear to influence) any procurement decisions relating to the matter in which they have such an interest.</p> <p>4.</p> <p>a) A thorough 'housekeeping' exercise must be undertaken to review the high number of orders that have been 'in progress' for a protracted period. Users need to be worked with, to clear any orders, which are no longer required.</p> <p>b) A report should be run monthly showing orders raised, which have not been matched with the associated invoice; further enquiries may then be made to confirm whether the goods have been received or if the respective order requires cancellation.</p> <p>5.</p> <p>Budget holders and approvers require additional guidance on the procurement of works, goods and services to ensure compliance with CPRs. Guidance is required, particularly in the following areas:</p> <p>a) A minimum of 3 written Quotations must be sought from competitive sources.</p> <p>b) The quotes must be based on the same specification and evaluated on a like for like basis.</p> <p>c) A documented record of the quotes sought, the evaluation process and the decision to award must be recorded.</p> <p>d) Quotes &amp; Waiver Requests must be attached to the associated AP account.</p> <p>6.</p> <p>a) Users should be reminded of the importance of promptly completing the 'Goods Receipt' to enable the invoice to be paid.</p> <p>b) If Finance Officers complete the 'Goods Receipt', an email from the responsible officer must be retained on the AP account, verifying receipt of goods or services.</p>						
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- Management agreed to implement 18 of the audit recommendations.
- Two recommendations in the Creditors (Key Controls) audit (Recs 8 & 11) were categorised as *Minor*, and management consider that compensating controls are in place.

## APPENDIX B

## NORTH WALES FIRE AND RESCUE AUTHORITY

## Schedule of Follow up Audits 2022/23

	Description	Audit Date	Follow up Date	No. Recs	Implemented	WIP / Partially	Not Implemented	No Longer Applicable	Original Audit Opinion	Revised Audit Opinion
1	Emergency Fire Appliance Driving (EFAD)	April 2022	Jan 2023	8	4	3	0	1	SATISFACTORY	HIGH

**North Wales Fire and Rescue Authority  
Summary of Internal Audit Activity 2022/23**

	Department / Service	Planned Days 2022/23	Actual Days 2022/23
1	Payroll (Key Controls)	15	18.5
2	Creditors (Key Controls)	15	19.5
3	Stores	15	0
4	<b>Audit Follow up:</b> <ul style="list-style-type: none"> <li>• Emergency Fire Appliance Driving (EFAD)</li> </ul>	5	4
5	NWFRA Planning & Reporting (Including Annual Report & Admin)	6	6
6	Contingency Reserve	2	0
<b>TOTAL DAYS</b>		<b>58</b>	<b>48</b>
Days Allocated 2022/23			58
Actual Days 2022/23			48
Total Days C/F to 2022/24			10

10 Days c/f to 2023/24 to undertake follow ups of Payroll (Key Controls) & Creditors (Key Controls)