



INTERNAL AUDIT

MFRS - BUDGETARY CONTROL

FINAL REPORT

STATUS

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SUBJECT:	MFRS - Budgetary Control
AUDIT MANAGER:	Philip Wragg
AUDITOR:	Elisabeth Harris
DATE:	12 January 2010
DISTRIBUTION:	Ian Cummins, Mike Rea

AUDIT OPINION *

The overall opinion was :

Substantial

There is a sound system of control and governance in place to achieve the system objectives, controls are being consistently applied and the relevant risks to the service are well managed.

RECOMMENDATIONS SUMMARY

Priority	Category	Number in this report
★★★	Essential/Strategic	0
★★	High	0
★	Medium	1

For an explanation of audit opinion and recommendation grading please see the Appendix to this report. N.B. recommendations will be followed up.

EXECUTIVE SUMMARY

An audit of budgetary control has been completed as part of the agreed 2009/10 plan of audit work for Merseyside Fire and Rescue Service (MFR&S).

The main objective of the audit was to assess whether the procedures in place to effectively control revenue expenditure and commitments are working effectively to mitigate risks. We also considered the measures to ensure that budget monitoring reports are adequate and significant variances are promptly identified and monitored.

Overall Internal Audit can offer substantial assurance that there is a sound system of control in place to achieve the key objectives. Controls are being consistently applied and the relevant risks to the service are well managed.

From the sample of cost centres selected for review it was found that:

- cost centre managers are issued with monthly budget reports;
- training is offered to all cost centre managers and new updated guidance is issued annually;
- cost centre managers work closely with their designated finance support and attend regular budget meetings; and
- any significant variances are managed and resolved accordingly.

The only weakness uncovered as part of the testing was the need for all virement forms to be signed, dated and completed correctly by the relevant officers. However, compliance with the virement procedures has improved since the previous audit.

Our detailed findings and recommendations relating to the audit undertaken are shown in the table below.

Findings and Recommendations

No	Findings	Implications	Recommendation	Priority	Response & by Whom	Implementation Date
1	Virement forms are not always completed correctly, dates are often missing from when the virement has been actioned by Finance.	An appropriate audit trail may not be maintained.	All virement forms should be dated by the actioner and completed correctly by all relevant officers.	★	Finance staff will be reminded of the importance of ensuring virement forms are completed correctly before being actioned by Finance. Mike Rea	12/01/10

Priority ★★★ Essential/Strategic ★★ High ★ Medium

