

Internal Audit Progress Report Audit Committee (March 2026)

North Wales Fire and Rescue Service

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Global Internal Audit Standards (UK public sector)

Our work was completed in accordance with Global Internal Audit Standards (UK public sector).

Executive Summary

This report provides an update to the Audit Committee in respect of the progress made against the Internal Audit Plan for 2025/26 and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Global Internal Audit Standards (UK public sector).

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are included within the Audit Committee papers. In addition, a consolidated follow up position is reported on a periodic basis to the Audit Committee.

This progress report covers the period 1st December 2025 to 28th February 2026.

3 Executive Summary

2025/26 Audit Reviews

The following reviews have been finalised:

- Key Financial Controls (Substantial Assurance)

The main areas of good practice related to the General Ledger, Accounts Receivable and Budgetary Control systems. Testing of invoices paid found appropriate authorisation within TechOne and invoices raised without a purchase order (PO) related to utility, maintenance, facilities/ fleet or payroll expenses. Two medium recommendations have been raised in relation to new supplier and supplier amendment procedures. A further two low risk recommendations have been made to strengthen the existing debt recovery efforts and capture the current financial reporting arrangements.

- Attendance at Budget Scrutiny meetings (N/a Assurance)

Refer to Appendix C for details of Key Areas and Actions to be Delivered

The following reviews are in progress:

- Risk Management Core Controls (Fieldwork)

Follow Up

Our follow up work is in progress and a report will be provided at the Audit Committee meeting in June 2026.

Audit Plan Changes

Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process. There are no current proposals to amend the approved audit plan.

Added Value

Briefings

Our latest briefings/blogs/podcasts are:

- [Jane Pine Blog: Taking Time to Reflect: Why looking back helps us move forward](#)
- [Simple AI Booklet Series: Helping the NHS Understand Artificial Intelligence](#)

Events

- [Leading the public sector workforce towards AI readiness \(11th February 2026\)](#): This interactive masterclass explores how public sector organisations in the North West can embrace artificial intelligence (AI) in a way that is ethical, impactful, and sustainable. Designed for leaders and practitioners navigating digital transformation, the session demystifies AI, outlines governance and risk considerations, and showcases real-world use cases from health and local government.
- [Unlocking Sustainable Productivity \(19th March 2026\)](#): This masterclass will help health and social care leaders reframe productivity as a driver of sustainable improvements in care quality, not just a mechanism for meeting financial targets. Building on the NHS Productivity Commission's call for a new narrative, the session will explore how productivity gains can enhance patient outcomes, staff experience, and system resilience

Appendix A: Contract Performance

The Global Internal Audit Standards (UK public sector) state that 'In the UK public sector, a chief audit executive must prepare such an overall conclusion at least annually in support of wider governance reporting, mindful of any specific sector obligations or processes. This overall conclusion must encompass governance, risk management and control.' The table summarises the delivery of your Head of Internal Audit Opinion for 2025/26:

| HOIA Opinion Area | TOR Agreed | Status | Assurance Level | Audit Committee Reporting |
|----------------------------------------|-----------------------------------------------------------------------------------|-------------|-----------------|---------------------------|
| Risk Management – Core Controls |  | Fieldwork | | June 2026 |
| National Fraud Initiative | N/A | Completed | Not applicable | December 2025 |
| Key Financial Controls |  | Completed | Substantial | March 2026 |
| Business Planning |  | Completed | Substantial | December 2025 |
| Equipment Asset Management |  | Completed | Limited | September 2025 |
| Attendance at Budget Scrutiny meetings | N/A | As required | Not applicable | Not applicable |
| Follow Up | | | | |
| Q1 | N/A | Completed | N/A | June 2025 |
| Q2 | N/A | Completed | N/A | September 2025 |
| Q4 | N/A | In progress | | June 2026 |

Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

| Element | Reporting Regularity | Status | Summary |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Delivery of the Head of Internal Audit Opinion (Progress against Plan) | Each Audit Committee | Green | No issues to report |
| Issue a Client Satisfaction Questionnaire following completion of every audit. | Every Final report includes a questionnaire for client feedback | Green | |
| Percentage of recommendations raised which are agreed | Each Audit Committee | Green | |
| Percentage of recommendations which are implemented | Follow Up will be reported twice per year | Green | |
| Qualified Staff | Annual | Green | MIAA have a highly qualified and diverse workforce which includes 65% qualified staff. The Senior Team delivering the Internal Audit Service to NWFRS are CCAB/IIA qualified. |
| Quality | Annual | Green | MIAA operate systems to ISO Quality Standards. MIAA conforms with the Global Internal Audit Standards (UK public sector). |

Appendix C: Key Areas from our Work and Actions to be Delivered

| | | | | |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------|---------|
| Report Title | Key Financial Controls | | | |
| Executive Sponsor | Assistant Chief Fire Officer | | | |
| Assurance Level | Substantial Assurance - There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently. | | | |
| Objective | To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice. | | | |
| Recommendations | 0 x Critical | 0 x High | 2 x Medium | 2 x Low |
| Summary | <p><u>General Ledger</u></p> <ul style="list-style-type: none"> • Audit review of bank account reconciliation reports for September, October and November 2025 confirmed that they had been completed on the last working day of each month. These reconciled to the ledger account balance in the TechOne system against the Barclays bank statement closing balance. • The revenue budget agreed for the 2025/26 financial year was found to be consistent with the Fire Authority's 2025/26 Budget Review report to the Fire and Rescue Authority meeting in October 2025. • Testing of a sample of 20 journals entries confirmed that adequate segregation of duties had been maintained, within the TechOne system, between the preparer and approver. | | | |

Accounts Payable

- The Financial Regulations were presented and approved at the October 2025 Fire and Rescue Authority meeting. The Scheme of Financial Delegation (SoFD) has been updated and was presented to the Senior Leadership Team (SLT) in November 2025.
- Audit testing of a sample of 20 delegated limits set up within TechOne confirmed they had been set up correctly in line with the SoFD and authorisation levels.
- MIAA review of 10 invoices paid with a Purchase Order found appropriate segregation of duties in place between the requestor and approver, with the approvals being in accordance with the SoFD and authorisation levels.
- Further testing of 20 invoices paid without a Purchase Order found segregation of duties in place between the user who processed and approved, with the approvals being in accordance with the SoFD and authorisation levels.
- Audit review of payment listings processed in October 2025 confirmed they had been independently approved.
- Supplier verifications and amendments are processed by one officer. Testing undertaken on a sample of 10 new suppliers identified forms and Endole, value added tax (VAT) and companies house checks had been completed (Refer to Recommendations 1 and 2).
- Review of the credit accounts listed within TechOne, on 09/12/2025, confirmed that there were no creditors with a total debit balance for account.

Accounts Receivable

- Audit review of 10 sales invoices found appropriate supporting documentation and authorisation in place and invoice amounts reconciled to the TechOne system.
- Audit review of 7 credit notes raised identified valid reasoning had been provided to confirm cancellation of the debts. Segregation of duties was enforced between preparer and approval of the credit notes sampled.

- Review of the debtor accounts listed within TechOne, on 09/12/2025, confirmed there were no debtors with a total credit balance for account.
- A live position of debtor accounts was provided on TechOne for review, no long outstanding or high value debts were recorded without a payment plan. Short term and long-term debtors were reported in the balance sheet to the Fire and Rescue Authority meetings in July and October 2025.
- No bad debts had been written off in year to date. The Fire & Rescue Authorities Financial Regulations confirmed write offs can be deemed uncollectable by the Assistant Chief Officer or approved by the Authority.

Budgetary Control

- The Financial Regulations outline budget holder responsibilities for controlling income and expenditure within budget and accurate information reporting.
- The 2025/26 Budget was approved in the January 2025 Fire and Rescue Authority meeting, before the commencement of the financial year. Updates on the budget position and revenue forecasting were provided in the 2025/26 Budget Review report to the Fire and Rescue Authority meeting in October 2025.
- A budget setting timeline was reported as part of the draft budget proposal for 2025/26 and 2026/27 to the Budget Scrutiny Working Group, which confirmed the external dates up to final settlement with the Welsh Government. The Budget Scrutiny Working Group meet monthly to discuss financial planning and budget risks.
- Budget reports were presented at the July and October 2025 Finance and Performance Committee meetings. The reports show run rate analysis and the actual, budget, variance to budget and commitments for each department. Finance engage with budget holders prior to Finance and Performance Committee meetings. Best practice has been recognised in these reports to identify the budget holders top 3 escalations for the period.

Key Areas Agreed for Action

- Accounts Payable - The supplier guidance notes were found to be in draft with tracked changes. In addition, the guidance did not include a sufficient reference to bank mandate fraud and fraud risk. Furthermore, the new supplier form in place did not include an anti-fraud deceleration. (Medium Risk)
- Accounts Payable - Audit testing of 10 new supplier set ups recognised it was not consistent practice for bank details to be verified with a supplier representative over the telephone. Further audit testing of 10 supplier amendments confirmed that in one case had the name of the supplier representative been recorded in TechOne, following a telephone verification check. There was a lack of documented notes recorded in TechOne to confirm what details have been changed for one supplier. In addition, we found that new supplier set ups and supplier amendments were not subject to independent review. (Medium Risk)
- Accounts Receivable - We identified that system payment reminders/ debt recovery letters have not been sent when payments have not been received within the 30-day payment period. Audit testing of two debtors also found that one payment due 13/11/2025 had not been contacted and one payment was first chased on day 55. (Low Risk)
- General Ledger - The current arrangements in place in relation to financial reporting and reconciliations of accounts payable and accounts receivable ledges, and goods received not invoiced (GRNI) have not been reflected in a Standard Operating Procedure (SOP). (Low Risk)

Appendix D: Assurance Definitions and Risk Classifications

| Level of Assurance | Description |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| High | There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed. |
| Substantial | There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently. |
| Moderate | There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk. |
| Limited | There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk. |
| No | There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives. |

| Risk Rating | Assessment Rationale |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Critical | Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations. |
| High | Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives. |
| Medium | Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low. |
| Low | Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control. |

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

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