

report

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY	
	FINANCE AND RESOURCES COMMITTEE	
date	13 April 2007	agenda item number

REPORT OF THE TREASURER

CARDIFF CHECKS

1 PURPOSE OF REPORT

To inform Members of the findings of Internal Audit regarding four paid invoices, selected by Members on 13 October 2006.

2 BACKGROUND

- 2.1 Members will recall that, at the meeting on 4 September 1998, approval was given to the introduction of a system of 'Cardiff Checks', involving the selection of a number of paid creditor invoices for detailed investigation by the Authority's Internal Auditors.
- 2.2 Internal Audit has prepared separate reports for the four accounts, and the comments of the Chief Fire Officer have been appended to each. These are attached to this report as appendices.

3. REPORT

- 3.1 The invoices selected for review covered a range of services including; telecommunications, protective clothing purchase/repair, fuel costs for an individual fire station and the provision of catering services.
- 3.2 The more significant issues arising from the reviews relate to:
- 1) Contract management arrangements – which would benefit from an overall review, including consideration of the need for centralised control and monitoring, and/or the issue of good practice guidelines to managers with devolved responsibilities for contract management.
 - 2) Stores stocks of uniform – these should be reviewed to ensure that all items are included in stock at an appropriate value and that the variations identified in this report are properly investigated, explained and accounted for. Also, the strategy for physical stock checks should relate the frequency of checking to relevant risks, e.g. loss of desirable and/or valuable stocks.

4. FINANCIAL IMPLICATIONS

There are no significant financial implications arising from the issues identified and the associated recommendations.

5. PERSONNEL IMPLICATIONS

There are no personnel implications arising from this report.

6. EQUALITY IMPACT ASSESSMENT

An initial assessment has revealed there are no equalities issues arising from this report.

7. RISK MANAGEMENT IMPLICATIONS

There are no significant risk management implications arising from this report.

8. RECOMMENDATIONS

That the recommendations set out in the individual Cardiff Checks, annexed hereto, be implemented without delay.

9. BACKGROUND PAPERS FOR INSPECTION

- Copies of the invoices selected by CFA Members for Cardiff Check review.

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TREASURER TO THE FIRE & RESCUE AUTHORITY

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FIRE & RESCUE SERVICE - CARDIFF CHECKS 2006/07

Invoice 1)

Supplier	Ntl		
Type of Supply	Leased line rental (Bestwood Lodge)		
Invoice Date	5 th June 2005	Value	£422.83 (Ex VAT of £74.00)
Order No.	Not stated	Invoice Ref.	16221788601-014-1
Account Code	N-0008-4871-0	System ref No	28643
Order Authorised	Non order invoice	Payment Approved	KS 10/06/05

1. Invoice Information

- 1.1 The invoice relates to a line rental charge for the circuit between Bestwood Lodge and the Worksop site (reference C – 01796), and is for the month from 2 June 2005 to 1 July 2005. The monthly rental of £422.83 equates to an annual cost of £5,074.
- 1.2 Formal documentation in respect of the service to which the invoice relates is generally not available or cannot be located. A copy of the (annual) line rental agreement with ntl, signed by the Communications Manager on 11 March 2003, was seen. However, the date of termination of this service, and documentation in support of the annual renewal and/or the cancellation cannot be located. Information has been received by the Communications Manager from ntl to confirm that the service was terminated on 13 September 2005, from which it could be concluded that cancellation was made in June in order to satisfy the three month notice period. However, this cannot be verified by reference to documents held by the fire service. Details of the new contract arrangements with BT have been provided to the auditor but the section for authorised signatories and the contract implementation date was not included in the documentation provided.
- 1.3 It is understood that the move to BT was due to their ability to provide a wide area network (WAN).
- 1.4 As the charge relates to a line rental agreement no official order number has been raised on an annual basis. In these circumstances it is normally expected that the officer responsible for the service area concerned will sign across the face of the invoice to confirm that the goods or services have been received and that it is in order to pay the invoice. However, it is understood that invoices of this type are treated as utility invoices and the officer responsible for the service has not been providing this assurance.
- 1.5 As a consequence, termination of the contract was not identified by finance staff and an overpayment was made to ntl which finance staff have pursued, and against which ntl have issued credit notes. However, as the date of termination of the service was not communicated to finance section, the value of the overpayment /recovery required is not known. Also, as the authority has no significant contracts with ntl at the present time it has not been possible to offset the credits received against payments due.
- 1.6 The invoice was entered on the Kypera financial system on 8 June 2005 by a member of the finance team, approved for payment on 10 June 2005 by a finance officer, and was paid on 6 July 2005.

2. Summary of Findings

- 2.1 There appears to be no formal documented decision making process to underpin the strategy for providing ICT links to stations, and the selection of supplier.
- 2.2 Documentation in support of the contractual arrangements with ntl has not been located, and the BT contract documents presented to the auditor were incomplete, suggesting that the contract details may not have been formally signed and dated at the time the agreement was entered into.
- 2.3 Normal invoice certification procedures have not been followed for invoices in respect of this service (and possibly other similar services). Payments have been processed by finance staff on the understanding that the service is in the nature of a utility and will continue until such time as notice to the contrary is received.
- 2.4 The failure to notify finance staff of the date that the contract with ntl was terminated resulted in an overpayment, against which credit notes have been received. However, the absence of verifiable information on the situation means that internal audit cannot establish the precise financial position.
- 2.5 The credit notes received from ntl in recognition of the overpayment cannot be utilised as no significant payments are currently made to ntl.

3 Recommendations

- 3.1 All contractual arrangements should be formally documented so that a permanent record is available to both the parties to the contract, and to others with a legitimate interest. Such documents should, amongst other things, identify the goods and/or services, the period of the contract, renewal, cancellation and pricing arrangements.
- 3.2 Ideally, strategic and planning decisions which impact on the effective running of the service should be subject to a formal appraisal of available options, considering benefits, disbenefits and costs. This is necessary to demonstrate that the decisions made represent best value to the authority. Documentation underpinning the process also represents a valuable resource when future reviews are undertaken.
- 3.3 Contracts should be actively managed by a named, responsible officer. Consideration should be given to providing such officers with written guidance on the requirements and responsibilities of this role.
- 3.4 Invoices which are not subject to formal procurement control processes should be subject to certification by the responsible / budget officer (across the face of the invoice) to confirm that the charges are valid and relate to a current contract.
- 3.5 Further efforts should be made to establish the value of the overpayment to ntl, and confirm that the credit given is correct. Ntl should then be asked to provide a 'cash' refund for the agreed value.

Response of the Chief Fire Officer

- 3.1 Referring to the point made with regard to Fuel (Invoice No 3) it is important that a full review is carried out of contract management arrangements as this criticism could equally apply to the catering contract. This review will be carried out over the next few months.
 - 3.2 Whilst the recommendation with regard to strategic planning decisions is accepted in full I think the issue in this case relates more to documentation than to outcome. The issue of extending IT infrastructure to Stations was discussed at great length by the Management Team in response to a government requirement that data from FDR1 forms was collected electronically. The provision of infrastructure was therefore not optional and discussions centred on the provision of email facilities etc. I am aware that discussions then took place between the Service and BT and NTL to establish the most cost effective way of this being delivered (other companies such as COLT were also involved in this process). The final decision was made by the then Head of IT. Notwithstanding these comments it is true to say that such documentary evidence which may have been available at the time could not be located.
 - 3.3 Relates to contract management which will be dealt with by the review of contract management procedures.
 - 3.4 Is correct. A process of such authorisations will be implemented forthwith for contracts of this nature. Where a bill is for a simple utility however such as gas, electricity, water, or general rates the existing procedures will be continued. Contracts such as this however where issues such as negotiated prices and terms are important will be appropriately authorised.
 - 3.5 This is ongoing and processes have already begun.
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Invoice 2)

Supplier	Bristol Uniforms Limited		
Type of Supply	Uniform clothing		
Invoice Date	April 2005 (5 invoices)	Value	£1,145.55 (Ex VAT of £200.48)
Order No.	Not stated	Invoice Ref.	1009096 £295.30 1008860 £134.95 1008202 £224.35 1009013 £ 52.95 1009014 £438.00
Account code	N-0000-4332-9	Sys ref No	28734
Order Authorised	No official order	Payment Approved	KS 14/06/2005

1 Background

- 1.1 Historically, Bristol Uniform Ltd has supplied new tunics and trousers for the fire service over a number of years. There is no formal contract in place and the intention to tender for the supply of uniform four years ago was postponed until the Firebuy project on integrated clothing needs was completed. This project is now due to be completed in 2007/8. Therefore, no market testing for clothing providers has been carried out in recent years.
- 1.2 In addition to supplying new uniform, a significant part of their work is to assess the condition of used uniform items and repair / refurbish items where this is deemed to be an economic proposition. No charge is made by Bristol for the assessment of uniform repair. Items deemed to be beyond economic repair are scrapped by stores.
- 1.3 Items sent to Bristol may be categorised as uniform returned being no longer required (reserve stock); or uniform assigned to specific firefighters. Bristol assess the repair costs and email stores staff with details of the repair estimate. Stores review the costs against repair price lists (Trousers £60 and Tunics £90) and, if approved, confirm the order via email. No official orders were raised at the time of the transactions under consideration (although we were informed that, from August 2005, official orders have been raised for all uniform returns). Copies of the confirmatory emails were not retained and therefore it was not possible to review this process during the audit.
- 1.4 Reserve items of clothing (i.e. those not assigned) are taken into store on return from Bristol Uniform Ltd. These items are reissued to firefighters as a means of keeping the clothing costs down. However, no records are held within stores of the number of reserve items or the issue of those items.

2 Invoice Information

- 2.1 Five invoices were selected for review. These were attached to the statement (dated 3rd May 2005) submitted for payment. The statement was processed as an invoice, with the invoices attached as supporting documentation.
- 2.2 The invoices showed that verbal orders had been raised by telephone, the reference given being the name of the person in the stores placing the order.

- 2.3 All the invoice payments relate to clothing for firefighters, sent away to Bristol Uniforms to be assessed prior to repair. No documentation had been retained in the stores to show what had been sent, and no stock record of repaired items was maintained.
- 2.4 While each item of clothing has a unique number it can be identified by, the invoice received from Bristol does not identify the types of clothing repaired by narrative description. In the absence of supporting records of uniform sent for repair, each item must be matched in order to identify the clothing type and verify the repair cost.
- 2.5 As no official orders were raised for the repair work being invoiced, there is no confirmation of goods received / work completed on the Kypera system. The invoices have no narrative certification by stores staff to confirm that the invoiced charges have been agreed and approved for payment, so it must be assumed that some other form of communication was used to inform finance staff that the invoices had been checked and approved for payment.
- 2.6 The statement value (£1,145.55) was entered on the financial system on 13 June 2005, approved for payment on 14 June 2005, and paid on 20 June 2005.

3 Stores stock

- 3.1 As mentioned earlier in this report, repaired items were not put into stock but were held in reserve (at the time of audit this amounted to 48 coats and 21 trousers – to a total value (based on new stock values) of £9,570. Uniform beyond economic repair were scrapped without a record being maintained.
- 3.2 The stores stock of unissued Bristol fire coats and fire trousers (12 stock items in various sizes) as at 14 Nov 2006 was valued at £63,400, based on current prices.
- 3.3 A physical stock checks of coats and trousers identified a large number of small discrepancies, and two large (possibly partly compensating) variances i.e. 3 of the 8 coat stock items checked were correct, 4 showed a deficiency and 1 a surplus (the net position being a deficit of 15 coats at an average value of £160 = £2,400).
The 4 stock items of fire trousers were all incorrect (the net effect was a deficiency of 3 pairs at an average cost of £90 = £270).
- 3.4 The programme of continuous stock checks in the stores was discontinued for a period and was re-introduced on 7 July 2006, although clothing stocks have not yet been reviewed in this programme. The stock variances identified in 3.3 had therefore not been identified or investigated.
- 3.5 Control over clothing issues is potentially weakened by the 'honesty' book system, which allows uniformed employees to serve themselves and record issues in a book when stores staff are not available / on duty.
- 3.6 Carriage charges (4%) are accepted and have not been negotiated / waived for orders over a certain value.
- 3.7 Review of the stock adjustment code identified a credit balance of approx £1,000 which related to correction of an error at the 2005/6 year-end stock take (stock written off then later found).

- 3.8 The 2006/7 uniform budget amounts to £53,335, with actual spend to November totalling £28,826, while the protective clothing budget of £71,665 has been exceeded by actual expenditure of £74,690 (£65,789 on issues to new recruits).

4 Issues of Stock

- 4.1 Newly appointed firefighters are issued with an initial uniform check list showing all of the items to be issued. The firefighter signs off this form when all items have been received. This is retained by stores staff and used to adjust stores stock records.
- 4.2 Each fire fighter has a log book which includes their clothing issues. Tunics and coats are uniquely bar coded and allocated to specific firefighters. There is no set frequency for the replacement of uniform and it is the responsibility of the individual firefighter to monitor the condition of their uniform. If the uniform requires repair it is sent to stores together with a note signed by the station manager. No new issues are made without the old uniform being returned.
- 4.3 In an effort to streamline the process and reduce uniform stocks, a link with personnel has recently been developed to provide a sizing strategy on the appointment of new firefighters.

5 Summary of Findings

- 5.1 No market testing has been carried out in recent years for the supply of uniforms. Development of the Integrated Clothing Project has been cited as one of the reasons for this, and it is understood that an evaluation of several suppliers will result in a contract being awarded early in 2007 for a period of 3 to 4 years under a framework agreement.
- 5.2 At the date of the invoices subject to review, no records were maintained of the uniform items sent to Bristol for repair. In the absence of official orders or details of repair costs (ex Bristol) the invoiced costs could not be verified. However, stores staff have stated that, since August 2005, official orders have been raised for all items sent for repair.
- 5.3 Reserve stocks of uniform are not booked in as stock items and therefore no value is attributed to them and there is no formal control over their issue, even though their value, at several thousands of pounds, is material.
- 5.4 Physical stock checks on items of uniform in the stores identified a high number of stock variances (9 out of 12 items), amounting to a net deficiency of £2,670. The (recently re-introduced) rotational stock checking procedures had not covered these items and so the differences had not been discovered, investigated or corrected.
- 5.5 The value of uniform stock appears high (£63,400) in relation to turnover and lead times. The proposed initiative with personnel, to provide information on the number and sizes of uniform for new recruits, should help stores staff to anticipate demand and reduce the need for stock levels.

6 Recommendations

- 6.1 The terms of reference / project initiation document for the Integrated Clothing Project should refer to the need to demonstrate best value and to test the market at regular intervals, in addition to other contractual issues.

- 6.2 Repaired / reserve stocks of uniform should be accounted for as stores stock and valued at an appropriate valuation (probably average cost of repairs).
- 6.3 Explanations should be sought for the variations between physical and book stock records and adjustments should be made to stock records and the financial accounts in respect of any necessary (and duly authorised) amendments.
- 6.4 Stock checking procedures should be reviewed to ensure that high value and 'desirable' stock items are checked more regularly than other stocks in the cyclical rotation.
- 6.5 The proposal to identify the needs of new recruits at an early stage in order to anticipate the demand for specific sizes of uniform, and thereby reduce the stock levels, is a worthwhile initiative and should be successful if supply chain arrangements can meet the required timescale.

Response of the Chief Fire Officer

- 6.1 We can have no influence at all over the PID for the ICP. This is a national project.
 - 6.2 Consideration will be given to an appropriate value of repaired clothing held in stock.
 - 6.3 Explanations for stock variances are always sought when revealed as part of a rotational stock check. These are often found to be due to "bad stocks" where sizes often compensate for each other. Adjustments are always made to stock and financial records and are always authorised by the Head of Finance and Resources. A comprehensive stock check of these particular items will be instigated forthwith.
 - 6.4 Stock checking procedures will be reviewed to see if it is possible to produce lists which more closely match the pareto curve of the stockholding.
 - 6.5 The issue of identifying new recruits is not a new one. This has been tried on a number of occasions but because of the extensive testing process for selection of recruits is not usually possible to identify those who will be joining the Service until almost the last moment. A request has been made that recruits are measured for uniform when they attend for a medical which should alleviate some of this problem. There is little point in making radical changes to the process as when the ICP project comes on stream arrangements will need to be reviewed.
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Invoice 3)

Supplier	Texaco		
Type of Supply	Ultra low sulphur diesel		
Invoice Date	25 th August 2005	Value	£783.60 (Ex VAT of £137.13)
Order No.	NFRS 008572	Invoice Ref.	921529604
Order Authorised	TB 11 August 2005	Payment Approved	SF 16 Sept 2005

1 Invoice Information

- 1.1 The invoice relates to the purchase and delivery of 1,000 litres of ultra low sulphur diesel to Blidworth retained fire station. This station has only one pumping appliance (N634XTO).
- 1.2 At the date of the transaction under review, manual requisitions for fuel were passed from the stations to the stores. The following processes would then have been followed: Stores staff raise an official order; phone details through to the supplier and arrange a delivery date and send the order to the supplier and a copy to the station. On receipt of delivery, a station officer checks and signs the delivery note (which contains meter readings from the delivery lorry), signs the copy order and sends the signed copy and delivery note to the stores (or to transport section), where the electronic system would be updated for goods received, allowing finance staff to process the supplier invoice relating to the delivery.
- 1.3 While the paper requisition for the delivery relating to the invoice under review was found, the official order and delivery note could not be located. However, as there is an official order and confirmation of delivery on the financial system, the assumption has been made that these documents were processed and have subsequently been mislaid.
- 1.4 The requisition was dated 11 August 2005, requesting a delivery on 22 August. An official order was raised in the stores on 11 August 2005 and approved by the supplies manager on the same day. Delivery was made on 23 August 2005 and the goods received note processed into Kypera on 9 September 2005. The invoice was entered on the system on 30 August, approved on 16 September 2005 and payment was made on 21 September 2005.
- 1.5 In addition to the fuel delivery being recorded on Kypera, verification of delivery details was obtained by reference to the Fuel Issues and Deliveries return from Blidworth for the month of August 2005. At the date of delivery, 231 litres of fuel were recorded as being in stock.
- 1.6 Since August 2006, electronic requisitions have replaced paper requisitions. In other respects the system processes remain unchanged.

2 Fuel supplies generally

- 2.1 Generally retained fire stations do not have fuel tanks and vehicles are refuelled at a commercial petrol station using an 'Arval' fuel card. Previous arrangements, when accounts were arranged with individual petrol stations, were terminated in February 2006.
- 2.2 At the time this purchase of fuel was made the fire service was operating on an informal contract with Texaco. In October 2005, the fire service joined in the fuel contract managed

by Nottinghamshire County Council. This contract is used by Nottinghamshire and Derbyshire County Councils and other public bodies. It runs from November 2004 to 2008, with an annual renewal.

- 2.3 The contract allows for price fluctuations, and the volatility of the market has meant that prices were changing on a monthly basis at the time of the purchase, and every two weeks at the time of audit.
- 2.4 The fuel supplier provides a print out each month, recording the daily price of fuel delivered to each fire station. Transport staff apply this information to manual records of fuel usage, received from stations, to calculate fuel costs.
- 2.5 A small load surcharge is made by the supplier for deliveries less than 23,000 litres, the rate being on a sliding scale from 1.6 to .07 pence per litre. Where the delivery is between 1,000 and 2,300 litres, as in this case, the premium is 1.1 pence per litre.
- 2.6 It is the responsibility of each fire station to monitor fuel levels and re-order via the stores when stocks reach the 200 litre level. The supplier will deliver within three days of the order being placed. The following table identifies stations with fuel storage capability, and gives the tank capacity in litres:

Station	Wholetime/ Retained	Tank Capacity (litres)
Mansfield	W & R	4500
Blidworth	R	1300
Ashfield	W & R	2700
Worksop	W & R	2200
Misterton	R	1500
Retford	W & R	2250
Tuxford	R	1680
Newark	W & R	2250
Central	W	4500
West Bridgford	W	2250
Dunkirk	W	2250
Beeston	W & R	2750
Carlton	W & R	2750

- 2.7 Agenda item 10 of the CFA meeting in February 2006 identified the need for replacement (and possibly a rationalisation) of underground fuel tanks due to their deteriorating condition and the risk of environmental pollution. The capital budget for 2006/7 included a provision of £168,000 for this purpose.
- 2.8 Transport staff have estimated that the cost effect on the service of obtaining all fuel needs through the fuel card arrangement, and not carrying fuel stocks at all, would be £60,000 per annum. This indicates that there is a significant cost advantage in carrying fuel stocks, in addition to the strategic advantage should there be fuel shortages or supply difficulties in future.
- 2.9 In the financial year 2005/6, five deliveries (of 1,000 litres) of fuel were received at Blidworth retained station. The average monthly consumption of fuel was approximately 400 litres.

- 2.10 Each month, stations with storage facilities complete a 'Fuel Issues and Deliveries' form which reconciles the fuel tank readings with the recorded usage. This is returned to transport section. There has been no independent verification of the fuel stocks at stations in recent years. Where a difference is identified in the monthly reconciliation process, this is checked, written off and reported to the transport manager.
- 2.11 Transport section records show that the total volume of bunkered fuel purchases in 2005/6 was 256,871 litres. The fuel budget for 2005/6 was £238,832.

3 Summary of findings

- 3.1 Fuel is currently purchased at competitive rates through the contract administered by Nottinghamshire County Council corporate procurement unit. At the time of this particular purchase, fuel was procured direct from Texaco by the fire service. The contract between Fire and Texaco may have lapsed at that point, although there is no reason to think that the unit price paid was not competitive.
- 3.2 The approved system appears to have been followed for the ordering, receipt and payment procedures, ensuring that an adequate level of internal check and control was achieved. The absence of the signed delivery note and copy order may be due to a lack of consistency when returning these from the station to Fire HQ (some are sent to transport section, some to stores). Confirmation of receipt of the delivery could however be obtained from the station's monthly fuel return.
- 3.3 Fuel storage facilities have been reviewed and a replacement programme is in progress.

4 Recommendations

- 4.1 Stations should be instructed to send all documents associated with fuel orders and receipts to HQ stores, not to transport section.
- 4.2 Contract management procedures should be reviewed to ensure that formal contractual arrangements are in place where appropriate, with effective monitoring and renewal in a time scale appropriate to the circumstances.

Response of the Chief Fire Officer

- 4.1 The procedures for contract management are to be reviewed both in light of this finding and the NTL invoice.
- 4.2 Instructions will be issued to stations this week.
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Invoice 4)

Supplier	Nottinghamshire County Council		
Type of Supply	Catering Services		
Invoice Date	6 th December 2005	Value	£5,101.67 (Ex VAT of £892.80)
Order No.	NFRS 008572	Invoice Ref.	ENH000284
Order Authorised	No official order	Payment Approved	TM 9/01/2006

1 Invoice Information

- 1.1 The invoice relates to a fork buffet (£84.60), provided on 6th October 2005 and the provision of contract catering services (£5,017.07) for the month of November 2005.
- 1.2 Catering services are provided to the Authority by Nottinghamshire County Council Catering Services, under the terms and conditions of a contract and service level agreement, negotiated with the Head of Resources and Finance. The annual cost of the contract in 2005/6 was £60,205, with sales income being offset against this cost, resulting in a net subsidy of approximately £28,000.
- 1.3 The contract is subject to an annual review. Costs are itemised, the main ingredients being; food supplied, staff costs, training and a management fee. This creates an annual charge which is invoiced on an averaged monthly basis. The last annual price review resulted in a cost increase of 2.5%.
- 1.4 The charge on the invoice selected for review is in accordance with the schedule of payments for 2005/6, attached to the service level agreement, and agreed with the Head of Resources and Finance.
- 1.5 Ad hoc catering requirements are ordered and paid for as an addition to the main contract, on the basis of food and labour costs only. In this instance, a buffet lunch for twelve people (on 6 October 2005) was ordered for the Chief Fire Officer.
- 1.6 The details of ad hoc catering are identified from the cooks order book by a finance assistant so that costs can be recharged from the catering contract code to the relevant department. However, at this stage the actual catering cost is not known and a standard cost is applied which, at least in this instance, is not accurate. As a consequence only £41.48 of the £84.60 charge was recharged, with the residual cost remaining on the catering contract code. As there is no reconciliation between the invoiced cost and the recharge, any anomalies are not identified.
- 1.7 There is no official order in respect of the annual contract, therefore this invoice, and all other monthly invoices, are processed by finance office staff, one of whom checked and entered the invoice (on 6th January 2006), with a second member approving the payment (on 9th January 2006).
- 1.8 There is no formal monitoring of the contract, although the nature of the service means that it is effectively monitored on a daily basis by quality conscious users. A customer satisfaction survey was conducted by NCC Catering Services during the 2006/7 financial

year, as a result of which a number of changes were made in response to the comments received.

2 Summary

- 2.1 The element of the invoiced charge in respect of the annual catering service for fire headquarters is consistent with the contact agreement with Nottinghamshire County Council Specialist Catering Services, and has been checked and approved for payment by finance office staff.
- 2.2 Additional catering requirements, in the form of a buffet lunch for the Chief Fire Officer, were ordered through the cook and recharged on the basis of food and labour costs. Only part of this cost was recharged to command suite hospitality, leaving the balance on the catering contract account.
- 2.3 The payments subject to review were soundly based and were subject to an acceptable level of internal check and control.

3 Recommendation

- 3.1 Hospitality and additional catering requirements should be recharged in full, based on current standard costs, or actual charges.

Response of the Chief Fire Officer

- 3.1 Whilst the process of making standard charges is supported, as it is better to be able to quote standard prices, it is clear from the findings of the audit that these need to be revised. This will be done for the start of the New Year i.e. April 2007
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