

| MERSEYSIDE FIRE AND RESCUE AUTHORITY | | | |
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| MEETING OF THE: | AUDIT SUB-COMMITTEE | | |
| DATE: | 28 JANUARY 2016 | REPORT NO: | CFO/010/16 |
| PRESENTING OFFICER | IAN CUMMINS | | |
| RESPONSIBLE OFFICER: | IAN CUMMINS | REPORT AUTHOR: | IAN CUMMINS |
| OFFICERS CONSULTED: | STRATEGIC MANAGEMENT GROUP | | |
| TITLE OF REPORT: | INTERNAL AUDIT PROGRESS REPORT – APRIL TO NOVEMBER | | |

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| APPENDICES: | APPENDIX A: INTERNAL AUDIT PROGRESS REPORT – APRIL TO NOVEMBER |
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Purpose of Report

1. To inform Members of the work of Internal Audit for the period April to November 2015.

Recommendation

2. That Members note the contents of this report.

Introduction and Background

3. Internal Audit – Definition;

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

(Source: Public Sector Internal Audit Standards).

4. The Authority has a statutory duty to ensure that it maintains an adequate and effective system of Internal Audit of its accounting records and control systems. (Accounts and Audit Regulations 2015). In order to fulfil these functions the Authority has contracted with Liverpool City Council’s Internal Audit Service.
5. The Authority has utilised the services of the City Council’s Internal Audit Service since 1986 and agreed to continue with them for at least the next three years (report CFO/114/14 16th December 2014, Authority meeting).

6. Each year Internal Audit submit a plan for their work following consultation with the Treasurer, Strategic Management Group (SMG) and other key officers. This plan is set based upon an assessment of risks, previous findings and the relationship with External Audit work. Members of the Audit Sub-Committee approved the 2015/16 plan at their meeting on 26th May 2015, CFO/039/15.
7. The audit plan is flexible and will be regularly reviewed to ensure it can respond to emerging risks. The original allocation of audit resources is summarised as follows:

| Proposed work | 2015-16 Audit days |
|--|-------------------------------|
| Fundamental systems | 40 |
| Strategic Reviews / Client directed / Ad hoc reviews | 55 |
| Contingency | 4 |
| Follow up reviews | 5 |
| Audit management | 8 |
| Total audit days | 112 |

8. In September SMG reassessed the planned strategic review audits and amended the schemes to reflect updated service priorities. The table below outlines the changes:

| Proposed work | Original 2015-16 Audit days | Revised 2015-16 Audit days |
|--|--|---|
| Ancillary Fleet & Vehicle Asset Management Plan | 15 | 10 |
| FM Contract Mgt & Performance monitoring process | 10 | 10 |
| New FPS Pension Administration Arrangements | 10 | 0 |
| Strategic Mgt Review / Future workforce planning | 10 | 0 |
| Financial Management System Phase 2 | 10 | 0 |
| Property & ICT Asset Management | | 10 |
| Joint working / Devolution Agenda | | 5 |
| Consultation / Equalities | | 5 |
| IT applications | | 15 |
| Total audit days | 55 | 55 |

9. Arrangements have been set in place for monitoring progress against the plan on an ongoing basis and for closely managing any ad hoc work requirements during the year.

10. This progress report covers the period from April to November 2015. The Internal Audit Progress report is attached to this report as Appendix A. In summary most of the planned audit work has yet to be undertaken. Work on the fundamental systems is carried out at the end of the financial year to fit in with the reliance external audit can place on the key financial systems. The timing of the strategic reviews reflects the point in the year when these initiatives will have progressed sufficiently to allow audit to examine what has been achieved to date.
11. Two audits commenced over the period October – December which were the Ethical Governance (fundamental systems) and the Facilities Management Contract Management and Performance Monitoring Process (strategic projects). The main aim of the ethical governance review is to provide the Authority with assurance that there is an appropriate controls framework in place. The Facilities Management review is focussing on the controls in place to ensure that the service provided by the contractor is as specified in the contract and that it is being effectively monitored at the level and standard expected. The fieldwork is in progress and both audits should be completed by the end of January.
12. Members of the Audit Sub-Committee will receive a report after the year-end on actual performance against the audit plan.

Equality and Diversity Implications

13. None contained within this report.

Staff Implications

14. None contained within this report.

Legal Implications

15. The Authority has a statutory duty to ensure that it maintains an adequate and effective system of Internal Audit of its accounting records and control systems. (Accounts and Audit Regulations 2015).

Financial Implications & Value for Money

16. The annual cost of the audit is £35,500 and can be contained within the approved budget for audit services.

Risk Management, Health & Safety, and Environmental Implications

17. None contained within this report.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

18. Internal Audit assists in the evaluation and enhancement of sound internal control arrangements that contribute towards ensuring the Authority's mission

and approved policies and plans continue to drive decision making within the service.

BACKGROUND PAPERS

CFO/039/15 “2015/16 Internal Audit Plan” Audit Sub-Committee 26th May 2015

GLOSSARY OF TERMS
