

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	AUDIT SUB-COMMITTEE		
DATE:	9 JUNE 2016	REPORT NO:	CFO/036/16
PRESENTING OFFICER	IAN CUMMINS, TREASURER		
RESPONSIBLE OFFICER:	IAN CUMMINS	REPORT AUTHOR:	IAN CUMMINS
OFFICERS CONSULTED:	SMG		
TITLE OF REPORT:	2015/16 ANNUAL YEAR-END INTERNAL AUDIT REPORT		

APPENDICES:	APPENDIX A: 2015/16 ANNUAL INTERNAL AUDIT REPORT
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Purpose of Report

1. To present to Members the Annual Year End Internal Audit report for 2015/16.

Recommendation

2. That Members note the contents of the report.

Introduction and Background

3. Internal Audit is an independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources (Source: Code of Practice for Internal Audit in Local Government).
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).
5. In order to fulfil these functions the Authority has carried out a competitive tendering exercise in 2004, 2008 and 2011 in which each of the five Merseyside District Councils and others, were invited to bid to provide Internal Audit services for the Authority. The contract was awarded to Liverpool City Council's Internal Audit Service on all occasions. Although the contract expired on 31st March 2015, the Authority has agreed to continue to buy-in Internal Audit service's from Liverpool City Council for a further three years from April 2015.

6. Each year Internal Audit submit a plan for their work following consultation with the Treasurer and other key officers. This plan is set based upon an assessment of risks, previous findings and the relationship with External Audit work. The 2015/16 plan was considered by the Audit Sub Committee on 26th May, 2015 (CFO/039/15).
7. The Internal Audit outturn report for 2015/16 is attached as Appendix A. On the basis of the reviews undertaken Internal Audit have concluded that ***“it is our opinion that we can provide Substantial Assurance that the system of internal control in place at Merseyside Fire & Rescue Service for the year ended 31st March 2016 accords with proper practice. The 2015/16 fundamental systems audits have shown a substantial level of compliance and none of the audits have identified weaknesses that have required a corporate impact assessment of Major or Moderate. Based on the audit work carried out in 2015/16 we are not aware of any significant control weaknesses within the Service which impact on the Annual Governance Statement”***
8. Appendix A provides a brief overview of the key findings of each audit carried out in 2015/16. During 2015/16 Internal Audit have completed nine reviews of major systems with a further four audits at the review or planning stage. All of the completed audit reviews found a high level of assurance in the current system of control and governance and that any potential corporate risk to the Authority was negligible. Two audits have been deferred to 2016/17 and as a consequence the actual number of audit days used, 99, means 13 days will be carried forward into 2016/17 to cover the deferred audit work. The table below summaries the audit review and findings:

Audit Title	Control Environment	Compliance	Corporate Impact
Completed Audit Reviews:			
Payroll	Substantial	Substantial	Minor
Budgetary Control	Substantial	Substantial	Minor
General Ledger	Substantial	Substantial	Minor
Treasury Management	Substantial	Substantial	Minor
Medium Term Financial Plan	Substantial	Substantial	Minor
Creditors	Substantial	Substantial	Minor
Debt Management	Substantial	Substantial	Minor
Consultation / Equalities	Substantial	Substantial	Minor
Facilities Management Contract Management & Performance monitoring process	Good	Good	Minor
Audits At the Review Stage			
Ethical Governance*	<i>Review stage</i>	<i>Review stage</i>	<i>Review stage</i>
Property & ICT Asset Management	<i>Review stage</i>	<i>Review stage</i>	<i>Review stage</i>
Ancillary Fleet & Vehicle Asset Management Plan	<i>Review stage</i>	<i>Review stage</i>	<i>Review stage</i>
Audits At the Planning Stage			
Procurement	<i>Planning stage</i>	<i>Planning stage</i>	<i>Planning stage</i>
Deferred Audits			
IT applications	<i>Deferred</i>	<i>Deferred</i>	<i>Deferred</i>

Joint Working / Devolution Agenda	<i>Deferred</i>	<i>Deferred</i>	<i>Deferred</i>
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**Report issued in draft*

- Copies of any audit report can be made available to any member of the committee should they wish to review the contents and recommendations in greater detail.

Equality and Diversity Implications

- There are no Equality or Diversity Implications contained within this report.

Staff Implications

- There are no staff implications contained within this report.

Legal Implications

- 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

- The cost of the Internal Audit Service from Liverpool City Council in 2015/16 was £35,500. The Authority had made adequate budget provision in 2015/16 to pay for these audit services.

Risk Management, Health & Safety, and Environmental Implications

- None contained within this report.

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

- The Authority is committed to ensuring strong internal control processes are in place to ensure all information and services delivered are transparent and fair and all audit requirements are adhered to. The Authority continues to strive to maintain the highest level of standards and commitment to the community it serves.

BACKGROUND PAPERS

CFO/039/15 Annual Internal Audit Plan 2015/16” Audit Sub-Committee 26/05/15

Account & Audit Regulations 2015

Code of Practice for Internal Audit in Local Government, CIPFA 2003
 If this report follows on from another, list the previous report(s)

GLOSSARY OF TERMS

