

SUBJECT: MFRS Treasury Management  
AUDIT MANAGER: David Tomlinson, Melanie Dexter  
AUDITOR: Sam Challinor, Berni Molyneux  
DATE: 8<sup>th</sup> June 2011  
DISTRIBUTION: Ian Cummins, Simon Purcell and Geoff Ruddock

The objectives of this audit were to review the key controls in place within the Treasury Management system to form an opinion on whether they are operating effectively to ensure that associated risks are adequately mitigated. The main areas reviewed were:

- Treasury Management policy.
- Investment and loan decision making (including cash flow arrangements).
- Institutions selected for investments and loans.
- Authorisation of loans / investments.
- Recording and accounting of loans / investments.
- Dependencies on key staff.

The audit work comprised of detailed testing on samples of documentation and transactions. We examined investments made throughout the year along with short term loans. Given the treasury management function is outsourced to Liverpool City Council (LCC), we also made reference to the audit work undertaken of the LCC Treasury Management system.

Based upon the audit testing we can provide **substantial assurance** that sound controls are in place and that the key risks are being effectively managed by the Fire Service. Where treasury management activities are managed by LCC, on behalf of the Fire Service, we have concluded that these key risks are adequately managed.

There are no recommendations arising from this audit review.