

MERSEYSIDE FIRE AND RESCUE AUTHORITY

MEETING OF THE:	AUDIT COMMITTEE		
DATE:	06 JUNE 2019	REPORT NO:	CFO/020/19
PRESENTING OFFICER	IAN CUMMINS, DIRECTOR OF FINANCE		
RESPONSIBLE OFFICER:	IAN CUMMINS	REPORT AUTHOR:	IAN CUMMINS
OFFICERS CONSULTED:			
TITLE OF REPORT:	2018/19 ANNUAL YEAR-END INTERNAL AUDIT REPORT		

APPENDICES:	APPENDIX A: ANNUAL INTERNAL AUDIT REPORT AND OPINION
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Purpose of Report

1. To present to Members the Annual Year End Internal Audit report for 2018/19.

Recommendation

2. That Members note the contents of the report.

Introduction and Background

1. 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).
2. 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).
3. In order to fulfil these functions the Authority buy-in Internal Audit service's from Liverpool City Council. Each year Internal Audit submit a plan for their work following consultation with the Director of Finance and other key officers. This plan is set based upon an assessment of risks, previous findings and the relationship with External Audit work. The 2018/19 plan was considered by the Audit and Scrutiny Sub-Committee on 7th June, 2018 (CFO/026/18).
4. The Internal Audit outturn report for 2018/19 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 accords with proper practice....The 2018/19 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 2018/19 we are not aware of any significant control weaknesses within the Service which impact on the Annual Governance Statement”

5. Appendix A provides a brief overview of the key findings of each audit carried out in 2018/19. During 2018/19 Internal Audit have completed nine audits of major systems, an additional five are at the reporting stage, and with a further two are at the 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. The table below summaries the audit review and findings:

Audit Title	Control Environment	Compliance	Corporate Impact
General Ledger	Substantial	Substantial	Minor
Creditors	Substantial	Substantial	Minor
Debtors	Substantial	Substantial	Minor
Procurement (National Resilience)	Substantial	Substantial	Minor
Governance (Avon Review)	Substantial	Substantial	Minor
Payroll*	<i>Draft</i>	<i>Draft</i>	<i>Draft</i>
Medium Term Financial Plan	<i>In Review</i>	<i>In Review</i>	<i>In Review</i>
Budgetary Control	<i>In Review</i>	<i>In Review</i>	<i>In Review</i>
Treasury Management	<i>Fieldwork</i>	<i>Fieldwork</i>	<i>Fieldwork</i>
PFI – review of monthly payment and adjustment process between tripartite authorities.	<i>Substantial</i>	Substantial	<i>Minor</i>
Review workshop arrangements for procurement of small value items*	<i>Good</i>	Substantial	<i>Minor</i>
Management of ancillary fleet*	<i>Acceptable</i>	Acceptable	<i>Moderate</i>
Compliance with Protective Security Strategy	<i>Advisory memo</i>	<i>Advisory memo</i>	<i>Advisory memo</i>
Review of firefighters pensioners administration control	<i>In Review</i>	<i>In Review</i>	<i>In Review</i>
Review of data protection processes	<i>In Review</i>	<i>In Review</i>	<i>In Review</i>
Counter Fraud Policies	<i>Fieldwork</i>	<i>Fieldwork</i>	<i>Fieldwork</i>
Special Services charging process	<i>Deferred</i>	<i>Deferred</i>	<i>Deferred</i>
MFRS applications	<i>Deferred</i>	<i>Deferred</i>	<i>Deferred</i>

6. 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

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

Staff Implications

8. There are no staff implications contained within this report.

Legal Implications

9. 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 s.5(1)).

Financial Implications & Value for Money

10. The cost of the Internal Audit Service from Liverpool City Council in 2018/19 was £35,500. The Authority had made adequate budget provision in 2018/19 to pay for these audit services.

Risk Management, Health & Safety, and Environmental Implications

11. None contained within this report.

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

12. 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/026/18 Annual Internal Audit Plan 2018/19” Audit Sub-Committee 7th June 2018.

Account & Audit Regulations 2015

Code of Practice for Internal Audit in Local Government, CIPFA 2003

GLOSSARY OF TERMS
