

MERSEYSIDE FIRE AND RESCUE AUTHORITY

MEETING OF THE:	AUDIT COMMITTEE		
DATE:	7 TH JUNE 2022	REPORT NO:	CFO/018/22
PRESENTING OFFICER	IAN CUMMINS, DIRECTOR OF FINANCE AND PROCUREMENT		
RESPONSIBLE OFFICER:	IAN CUMMINS	REPORT AUTHOR:	IAN CUMMINS
OFFICERS CONSULTED:	STRATEGIC LEADERSHIP TEAM		
TITLE OF REPORT:	2021/22 ANNUAL YEAR-END INTERNAL AUDIT PLAN		

APPENDICES:	APPENDIX A:	2021/22 ANNUAL INTERNAL AUDIT REPORT
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Purpose of Report

1. To present to Members the Annual Year End Internal Audit report for 2021/22.

Recommendation

2. It is recommended 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 2021/22 plan was considered by the Audit Committee on 3 June, 2021 (CFO/026/21).
4. The Internal Audit outturn report for 2021/22 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. This opinion is based on the individual assurance levels we have provided for each of the audit reviews undertaken during the year and includes consideration of the wider sources of assurance provided to the Authority”.....” Based on the audit work carried out in 2021/22 we are not aware of any significant control weaknesses, which impact on the Annual Governance Statement.”.....” No significant issues were identified in the course of the fundamental systems audits. The audit coverage during the year has provided sufficient evidence that controls in place to govern the core financial systems are sound and that they are substantially adhered to.”

5. During the year Internal Audit have completed eight audits, although one is in the review stage, and a further three are at the review stage. All of the completed fundamental systems audit reviews found a substantial level of assurance in the current system of control and governance and that any potential corporate risk to the Authority was negligible. The stores audit (client review) found a limited control environment that had a potential moderate impact and officers have accepted the audit review recommendations and agreed to act on the recommendations to document procedural notes and improve security of stock. The table below summaries the audit review and findings:

Audit Title	Control Environment	Compliance	Corporate Impact
General Ledger	Substantial	Substantial	Minor
Creditors			
Debtors			
Medium Term Financial Plan			
Budgetary Control			
Payroll			
Treasury management	WIP	WIP	WIP
Stores – review of stock management processes	Limited	Acceptable	Moderate
Review asset management of ICT devices and phones	In review	In review	In review
Walk-through current data flow for POD/Payroll/Finance	WIP	WIP	WIP
Counter Fraud Policies	WIP	WIP	WIP

Appendix A provides more details on these audit recommendations, and over the next few months all of the audit recommendations will be completed.

- Copies of any specific 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 s.5(1)).

Financial Implications & Value for Money

- The cost of the Internal Audit Service from Liverpool City Council in 2021/22 was £35,500. The Authority had made adequate budget provision in 2021/22 to pay for these audit services.

Risk Management, Health & Safety, and Environmental Implications

- None contained within this report.

Contribution to Our Vision: *To be the best Fire & Rescue Service in the UK.*

Our Purpose: *Here to serve, Here to protect, Here to keep you safe.*

- 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/026/21 Annual Internal Audit Plan 2019/20” Audit Committee 3 June 2021.

Account & Audit Regulations 2015

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

GLOSSARY OF TERMS

NONE