

| <b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b> |   |   |                    |
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| <b>MEETING OF THE:</b>                      | <b>AUDIT COMMITTEE</b>                                  |   |                    |
| <b>DATE:</b>                                | <b>24 MAY 2023</b>                                      | <b>REPORT NO:</b>   | <b>CFO/018/23</b>  |
| <b>PRESENTING OFFICER</b>                   | <b>IAN CUMMINS, DIRECTOR OF FINANCE AND PROCUREMENT</b> |   |                    |
| <b>RESPONSIBLE OFFICER:</b>                 | <b>IAN CUMMINS</b>                                      | <b>REPORT AUTHOR:</b>                                       | <b>IAN CUMMINS</b> |
| <b>OFFICERS CONSULTED:</b>                  | <b>STRATEGIC LEADERSHIP TEAM</b>                        |   |                    |
| <b>TITLE OF REPORT:</b>                     | <b>THE ANNUAL GOVERNANCE STATEMENT 2022/2023</b>        |   |                    |
| <b>APPENDICES:</b>                          | <b>APPENDIX A:</b>                                      | <b>2022/2023 ANNUAL GOVERNANCE STATEMENT</b>                |                    |
|   | <b>APPENDIX B:</b>                                      | <b>INFORMING THE AUDIT RISK ASSESSMENT FOR MFRA 2022/23</b> |                    |

### **Purpose of Report**

1. The purpose of this report is to present to Members the Authority's Annual Governance Statement. This statement fulfils the Authority's statutory requirement to prepare a statement of internal control in accordance with proper practices, and to present an annual review of the effectiveness of the current system.

### **Recommendation**

2. It is recommended that Members;
  - a) approve the 2022/2023 Annual Governance Statement; and
  - b) subject to any amendments proposed by Members, approve the completed Grant Thornton questionnaire 'Informing the Audit Risk Assessment for MFRA 2022/23'.

### **Introduction and Background**

3. The Annual Governance Statement (AGS) is the formal statement that recognises, records and publishes a Council or Authority's governance arrangements. Attached as Appendix A to this report is the 2022/2023 AGS for Merseyside Fire and Rescue Authority, which explains the processes and procedures in place to enable the Authority to carry out its functions effectively. The AGS also links into the Annual Statement of Assurance by providing assurance about the Authority's governance framework.

4. The CIPFA/SOLACE – Delivering Good Governance in Local Government Framework, is deemed to represent best practice in relation to governance and the internal control systems and processes. The CIPFA/SOLACE framework recommends that a review of the effectiveness of the system of internal control should be reported as part of the AGS. A review of the effectiveness of the Authority’s 2022/2023 internal control system has been undertaken and, in accordance with the CIPFA guidance, incorporated in the attached AGS. The AGS identifies the ways in which the Authority has ensured that its control mechanisms are adequate during the year, including the work undertaken by internal and external audit. The overall conclusion of the AGS is that the system of internal control is adequate (any control system can provide only reasonable assurance and not absolute assurance).
5. Members are asked to approve the 2022/2023 AGS attached as Appendix A to this report.
6. Under International Standards on Auditing (UK and Ireland) (ISA (UK&I)) auditors have specific responsibilities to communicate with the Senior Leadership Team (SLT) and the Audit Committee. As part of their risk assessment procedures the Authority’s external Auditor (Grant Thornton) have sought an understanding of the management processes, internal control mechanisms, and the Audit Committee’s oversight of the following areas:
  - General Enquiries of Management
  - Fraud
  - Laws and Regulations
  - Related Parties
  - Going Concern and
  - Accounting Estimates.
7. Grant Thornton have asked the Authority’s management team (SLT) and the Chair of the Audit Committee to complete a questionnaire in relation to the management of the above risks and any related events that took place in 2022/2023. As the internal controls that operated in 2022/2023, outlined in the AGS, manage the risks identified by the Auditors, this report includes the completed Audit questionnaire, attached as Appendix B. Subject to any Member amendments, Members are asked to approve the completed Audit questionnaire.

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### **Equality and Diversity Implications**

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8. Good governance and sound internal control includes having effective practices to manage equality and diversity issues.

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### **Staff Implications**

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9. There are no staff implications arising from this report.

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## **Legal Implications**

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10. Regulation 6(1) of the Accounts and Audit (England) Regulations 2015 requires that the relevant body must conduct a review at least once a year of the effectiveness of its system of internal control and to prepare a statement on internal control in accordance with proper practices. Regulation 6(2) require that the findings of a review of an organisation's system of internal control is to be considered by a Committee of the relevant body, or by members of the body meeting as a whole, once a year. The AGS fulfils that obligation.

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## **Financial Implications & Value for Money**

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11. A sound system of internal control is essential for the overall control of the Authority's finances. There are, however, no direct financial implications arising from the Statement.

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## **Risk Management, Health & Safety, and Environmental Implications**

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12. Good governance and sound internal control arrangements will ensure the Authority's policies, procedures and objectives are being fulfilled.

**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.*

13. Good governance and sound internal control arrangements will ensure the Authority's vision is known by all and drives and directs Merseyside Fire and Rescue Services outcomes.
14. The Authority has effective leadership and makes decisions that deliver strong financial management and efficient and effective service delivery. Robust and comprehensive governance arrangements are integral to this performance

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## **BACKGROUND PAPERS**

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**CFO/020/17** Code of Corporate Governance, Policy and Resources Committee 23rd March, 2017.

Delivering Good Governance in Local Government – Guidance Notes for English Authorities, C.I.P.F.A. (2016)

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Delivering Good Governance in Local Government – Framework,  
CIPFA/SOLACE (2016)

Account and Audit (England) Regulations 2015

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## **GLOSSARY OF TERMS**

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**SOLACE** Society of Local Authority Chief Executives and Senior Managers

**CIPFA** Chartered Institute of Public Finance and Accountancy

**AGS** Annual Governance Statement