

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	AUDIT COMMITTEE		
DATE:	26 SEPTEMBER 2023	REPORT NO:	CFO/42/32
PRESENTING OFFICER	DIRECTOR OF FINANCE AND PROCUREMENT, MIKE REA		
RESPONSIBLE OFFICER:	DIRECTOR OF FINANCE AND PROCUREMENT, MIKE REA	REPORT AUTHOR:	DIRECTOR OF FINANCE AND PROCUREMENT, MIKE REA
OFFICERS CONSULTED:	STRATEGIC LEADERSHIP TEAM		
TITLE OF REPORT:	2022/23 ANNUAL YEAR-END INTERNAL AUDIT REPORT		

APPENDICES:	APPENDIX A:	2022/23 ANNUAL INTERNAL AUDIT REPORT
	APPENDIX B:	INTERNAL AUDIT SERVICE CHARTER

Purpose of Report

1. To present to Members the Annual Year End Internal Audit report for 2022/23, and a proposed Internal Audit Service Charter that outlines the expected working arrangements and standards Internal Audit will adhere to when undertaking their audit work.

Recommendation

2. It is recommended that Members;
 - a) note the contents of the report; and
 - b) approve the proposed Internal Audit Service Charter, (attached as Appendix B), as the foundation of the working arrangements and expected standards Internal Audit must adhere to when undertaking their work.

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 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 Procurement, and other key officers. This plan is set based upon an assessment of risks, previous findings and the relationship with External Audit work. The 2022/23 plan was considered by the Audit Committee on 7 June, 2022 (CFO/020/22).
6. Attached as Appendix B to this report, is the "Internal Audit Service Charter" that defines the working arrangement and the standards of consultation that Liverpool City Council's Internal Audit Service will operate. The Charter ensures that the Authority will receive an internal audit function in accordance with the mandatory requirements of the Public Service Internal Audit Standards (PSIAS) 2017. Members are asked to approve the Charter.
7. The Internal Audit outturn report for 2022/23 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 MFRS 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..... we are not aware of any significant control weaknesses, which impact on the Annual Governance Statement

8. During the year Internal Audit have completed eleven audits, although one is in the review stage, and a further two advisory audits. 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 ICT devices audit (client review) found that some leaver devices were being held by managers for new starters rather than going to Telent to be scrubbed. The Service has accepted the audit recommendation to ensure all devices are sent to Telent. Appendix A provides more details on the audit reviews, and over the next few months all of the audit recommendations will be completed. The table below summaries the audit review and findings:

Audit Title	Control Environment	Compliance	Corporate Impact
General Ledger	Substantial	Substantial	Minor
Medium Term Financial Plan			
Debtors			
Treasury management			
Budgetary Control			
Payroll			
Creditors	Substantial	Good	Minor
Review asset management of ICT devices and phones (old year)	Good	Acceptable	Minor

Audit Title	Control Environment	Compliance	Corporate Impact
Governance of Contracts managed by a 3 rd Party	Good	Good	Minor
Ethics – compliance review of processes (declarations of interests & gifts & hospitality)	Acceptable	Good	Minor
Asset Registers – review documentation/ processes in individual fire stations, prevention and protection directorates including the stock management processes	In review	In review	In review
Walk-through current data flow for POD/Payroll/Finance	Advisory		
Counter Fraud Policies	Advisory		

9. 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

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

Staff Implications

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

Legal Implications

12. 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

13. The cost of the Internal Audit Service from Liverpool City Council in 2022/23 was £35,500. The Authority had made adequate budget provision in 2022/23 to pay for these audit services.

Risk Management, Health & Safety, and Environmental Implications

14. 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.*

15. 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/020/22 Annual Internal Audit Plan 2022/23” Audit Committee 7 June 2022.

Account & Audit Regulations 2015

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

GLOSSARY OF TERMS

None