



Liverpool
City Council

Internal Audit Service

Merseyside Fire & Rescue Service -
Internal Audit Progress Report 2023/24
January 2024



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The matters raised in this report are the ones that came to our attention during our internal audit work. While every care has been taken to make sure the information is as accurate as possible, internal audit has only been able to base these findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be needed. This report was produced solely for the use and benefit of Merseyside Fire and Rescue. The council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

1. Introduction

- 1.1 The Accounts and Audit Regulations require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards (PSIAS).
- 1.2 This progress report forms part of the framework of assurances that is received by the Audit Committee and is used to help inform Internal Audit's Annual Opinion, the Annual Governance Statement and to assist the Audit Committee in discharging its remit to consider reports on Internal Audit's performance during the year.
- 1.3 Internal audit's professional responsibilities as internal auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board.

2. Audit Work Completed up to January 2024

- 2.1 The table below summarises the work completed during the financial year up to January 2024. This includes previous year's work that was yet to be finalised at the time of the annual opinion in August 2023. The majority of the fundamental systems work is scheduled to take place between now and the end of April. Ordinarily, this work is performed in the final quarter to provide assurance on the control environment across the full financial year.
- 2.2 The audit opinion formed in respect of individual audits is separated between the control environment (the controls in place) and compliance (whether or not the controls have been adhered to). The corporate impact opinion is a measure of the significance of the findings to the organisation as a whole. An explanation of the level of assurance and corporate impact ratings are detailed below at section 6. None of these audits has resulted in a limited or no assurance opinion.

Table 1: Audits completed up to January 2024

Audit Title	Control Environment	Compliance	Corporate Impact
Asset Registers – review documentation/ processes in individual fire stations, prevention and protection directorates including the stock management processes (old year)	Acceptable	Acceptable	Minor
Walk-through current data flow for POD / Payroll / Finance (old year)	Advisory		

- 2.3 **Asset Registers** - The aim of the review was to provide assurance on the adequacy and effectiveness of risks associated with the management of assets by the Operational Equipment Team. This included a visit to the Operational Equipment Stores and a sample of fire stations. There is a generally sound system of control, however procedures need to be formally documented to ensure continuity of service provision if there were any change in staff resource. We also noted that new additions to the asset register could be more timely following delivery.
- 2.4 **Walk-through current data flow for POD/Payroll/Finance** - This was a review of the data flow for POD/Payroll/Finance to consider potential improvements, improve integration and the automation of information. To reduce double entry and utilise workflows to improve efficiency and effectiveness. Whilst this was an advisory piece, a number of recommendations were made to improve efficiency and actions agreed.

3. Audits in Progress up to January 2024

- 3.1 The core financial systems reviews are commencing now and are on target for completion for the financial year end. The audit review of processes to prevent / respond to bullying, harassment, discrimination is also in progress.
- 3.2 The following audits are scheduled to be performed in February - March:

Table 2: Remaining audits in 2023-2024 audit plan

Audit Title
FDs Provided Vehicles – review of log books and confirmation of controls in place to ensure vehicles are only used for business activity.
MFRS Vehicles – Fuel Cards - review controls in place and monitoring arrangements
Enforcement Powers – ensuring policies are followed.
Foreign, Commonwealth & Development Office Grant Funding – Assurance that FCDO funds have been used for the intended purposes.

4 Follow up of recommendations

- 4.1 Where applicable, Internal Audit reports will include action plans detailing recommendations for improvement supported by agreed management actions. An officer is nominated with responsibility for each recommendation and an implementation date agreed.
- 4.2 Internal audit follow up actions arising from both planned and unplanned audit work to ensure that where recommendations have been made, they have been implemented.

- 4.3 Audit recommendations are graded as medium, high or essential/strategic with the latter being the most critical and indicating, for example, an absence or failure of a fundamental control where there is no compensating control. Internal Audit aims to follow up all essential / strategic recommendations within a month of their target implementation date, and all high and medium recommendations within three months.
- 4.4 Internal Audit have introduced a 'self-serve' functionality to enable recommendation owners to update their progress in implementing the agreed actions directly into the audit system. New users (recommendation owners) have been set up with appropriate access and guidance provided. This new streamlined approach will ensure the process is efficient, as well as robust.
- 4.5 Recommendations made will be verified for implementation as and when they fall due. A full position statement on outstanding recommendations will be reported as part of the annual audit opinion in June.

5 Internal Audit Performance

Compliance with professional standards

Internal Audit employ a risk-based approach in planning and conducting audit assignments. Work is performed in accordance with PSIAS

Conflicts of Interest

There have been no instances during the period which have impacted on Internal Audit's independence

Internal Audit Quality Assurance

To ensure the quality of the work performed, Internal Audit have a programme of quality measures which includes:

- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular networking with professional / technical bodies and peers

6. Guidance on assurance levels

Control Environment Assurance – Opinion on the design and suitability of the current internal controls.	
Level	Definition
Substantial	There are minimal control weaknesses that present very low risk to the control environment
Good	There are minor control weaknesses that present low risk to the control environment
Acceptable	There are some control weaknesses that present a medium risk to the control environment
Limited	There are significant control weaknesses that present a high risk to the control environment
None	There are fundamental control weaknesses that present unacceptable level of risk to the control environment

Compliance Assurance – Opinion on the level of compliance with current internal controls.	
Level	Definition
Substantial	The control environment has substantially operated as intended.
Good	The control environment has largely operated as intended although some minor errors have been detected
Acceptable	The control environment has mainly operated as intended although errors have been detected
Limited	The control environment has not operated as intended. Significant errors have been detected
None	The control environment has fundamentally broken down and is open to significant error or abuse

Organisational impact – The potential impact on the organisation if the recommendations are not implemented.	
Level	Definition
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to moderate risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left the Council open to a low level of risk. If the risk materialises it would have a minor impact on the organisation as a whole.