MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	**AUDIT AND SCRUTINY SUB-COMMITTEE**		
DATE:	**07 JUNE 2018**	**REPORT NO:**	**CFO/036/18**
PRESENTING OFFICER	**IAN CUMMINS, TREASURER**		
RESPONSIBLE OFFICER:	**IAN CUMMINS**	**REPORT AUTHOR:**	**IAN CUMMINS**
OFFICERS CONSULTED:			
TITLE OF REPORT:	**2017/18 ANNUAL YEAR-END INTERNAL AUDIT REPORT**		

APPENDICES:	**APPENDIX A:**	**MFRS - ANNUAL INTERNAL AUDIT REPORT AND OPINION**

Purpose of Report

1. To present to Members the Annual Year End Internal Audit report for 2017/18.

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 Treasurer and other key officers. This plan is set based upon an assessment of risks, previous findings and the relationship with External Audit work. The 201718 plan was considered by the Audit Sub Committee on 21st September, 2017 (CFO/057/17).

4. The Internal Audit outturn report for 2017/18 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 2017/18 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 2017/18 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 2017/18. During 2017/18 Internal Audit have completed eleven audits of major systems with a further two at the planning stage. One audit, the firefighters pensions payroll/administration, will now be carried out in 2018/19. 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
Payroll	Substantial	Substantial	Minor
General Ledger	Substantial	Substantial	Minor
Treasury Management	Substantial	Substantial	Minor
Creditors	Substantial	Substantial	Minor
Debt Management	Substantial	Substantial	Minor
Procurement (2016/17 cfwd)	Good	Good	Moderate
Compliance with Protective Security Strategy	Advisory memo	Advisory memo	Advisory memo
Medium Term Financial Plan	*In Review*	*In Review*	*In Review*
Budgetary Control	*In Review*	*In Review*	*In Review*
Avon Review (Governance)	*In Review*	*In Review*	*In Review*
Management of Ancillary Fleet	*In Review*	*In Review*	*In Review*
Procurement (2017/18)	*Planning Stage*	*Planning Stage*	*Planning Stage*
Counter Fraud Policies	*Planning*	*Planning*	*Planning*
Firefighters Pensioners Payroll	*Deferred*	*Deferred*	*Deferred*

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 2017/18 was £35,500. The Authority had made adequate budget provision in 2017/18 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/057/17 Annual Internal Audit Plan 2017/18" Audit Sub-Committee 21/09/17

Account & Audit Regulations 2015

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

GLOSSARY OF TERMS