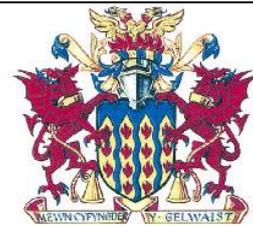


Report to	<b>Audit Committee</b>
Date	<b>19 June 2023</b>
Lead Officer	<b>Helen MacArthur, Assistant Chief Fire Officer (Finance and Resources)</b>
Contact Officer	<b>Helen MacArthur</b>
Subject	<b>Internal Audit Arrangements from April 2023</b>



## PURPOSE OF REPORT

- 1 The purpose of this report is to outline to Members the outcome of the procurement process for the provision of internal audit services from 1 April 2023. The report also seeks approval to appoint Mersey Internal Audit Agency as North Wales Fire and Rescue Authority's (the Authority) internal auditor for the period 1 April 2023 – 31 March 2026.

## EXECUTIVE SUMMARY

- 2 The Accounts and Audit (Wales) Regulations 2014 (the Regulations) require North Wales Fire and Rescue Authority (the Authority) to make proper and effective arrangements for systems of internal control. This includes the arrangements for the management of risk and adequate and effective financial management.
- 3 The Regulations also require an adequate and effective internal audit of the systems of internal control, the findings of which must be reported to Members of the Authority. The Authority is required to approve the Statement of Internal Control annually.
- 4 The current internal audit arrangements with Conwy Borough Council concluded at the end of 2022/23. Conwy Borough Council no longer have the capacity to provide internal audit services to North Wales Fire and Rescue Service (the Service). Following approval from the Audit Committee at its meeting of the 20 March 2023, a procurement exercise has been undertaken to identify a preferred supplier.
- 5 The process was overseen by a member led panel comprising of the Chair and Deputy Chair of the Audit Committee and the Authority's Treasurer. The panel convened on the 1 June 2023 and unanimously recommended the appointment of Mersey Internal Audit agency.

## **RECOMMENDATIONS**

- 6 It is recommended that Members:
  - i. endorse the recommendation of the panel and approve the appointment of Mersey Internal Audit Agency as the Authority's internal audit providers for the financial period 1 April 2023- 31 March 2026.

## **BACKGROUND**

- 7 The Accounts and Audit (Wales) Regulations 2014 (the Regulations) require the Authority to make proper and effective arrangements for systems of internal control. This includes the arrangements for the management of risk and adequate and effective financial management.
- 8 The Regulations also require an adequate and effective internal audit of the systems of internal control, the findings of which must be reported to Members of the Authority. The Authority is required to approve the Statement of Internal Control annually.
- 9 The current arrangement concluded on 31 March 2023 and it is necessary to make proper provision for period 1 April 2023 – March 2026.

## **INFORMATION**

- 10 Following approval from the Audit Committee on 20 March 2023, a procurement exercise commenced for services to cover the period 1 April 2023 – March 2026 using the public sector Crown Commercial Services Framework for Audit and Assurance Services.
- 11 Suppliers on this framework not only have the requisite skills and expertise but have also demonstrated the appropriate standards in wider areas such as modern slavery and social value.
- 12 The exercise involved the development of a comprehensive service specification and financial assessment to ensure that the Authority achieves value for money.
- 13 The member panel comprising of the Chair and Deputy Chair of the Audit Committee and the Authority's Treasurer has unanimously recommended the appointment of Mersey Internal Audit Agency (MIAA). This recommendation is supported by officers following an assessment of the information provided by MIAA within the tender submission.

- 14 Mersey Internal Audit Agency was formed in 1990 as part of the NHS shared service to provide internal audit services across NHS bodies. The scope of the work has now grown to include a broad range of services from internal audit to governance and risk management to a diverse range of public sector bodies including local authorities, Fire and Rescue Services and Police Forces.
- 15 The MIAA team is well placed to deliver the services required. The MIAA submission demonstrated a commitment to its staff through the Investor in People accreditation. The bilingual engagement will provide day to day support for the contract.
- 16 The panel received a presentation on the proposed audit strategy and noted the risk-based approach adopted by MIAA, whilst also recognising the need for flexibility to adapt to evolving risks over the period of the plan.
- 17 The panel was satisfied that MIAA had the capacity and expertise to deliver their planned work within the budget allocated.

## IMPLICATIONS

Wellbeing Objectives	This report links to the Authority's long-term well-being objective which is "To facilitate high quality, responsive and better integrated fire and rescue services so that prevention activity and emergency response can continue to be available when and where required, affordably, equitably and on the basis of risk."
Budget	Provision has been made for internal audit services within the budget setting arrangements
Legal	An effective internal audit arrangement is a requirement of the Accounts and Audit (Wales) 2014 Regulations
Staffing	N/A
Equalities/ Human Rights/ Welsh Language	N/A
Risks	<p>The Statement of Assurance is submitted in compliance with the Accounts &amp; Audit Regulations and the Public Sector Internal Audit Standards. Without such assurance from the Members would be unaware of the adequacy &amp; effectiveness of the corporate governance, risk management &amp; internal control arrangements and its associated ability to achieve its objectives.</p> <p>Any significant issues or weaknesses identified by Internal Audit would not be considered in the preparation of the Annual Governance Statement.</p>