

Report to	Audit Committee
Date	20 March 2023
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer (Finance and Resources)
Contact Officer	Helen MacArthur
Subject	Internal Audit Arrangements from April 2023



PURPOSE OF REPORT

- 1 The purpose of this report is to outline to Members the requirement for a sound and effective internal audit function. The report also seeks endorsement for the proposal to enter into a procurement process for the internal audit contract from 01 April 2023.

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 work of internal audit should be professional, independent and objective to support Members of the Authority discharge these governance responsibilities.
- 5 The current internal audit arrangements will conclude on the 31 March 2023, and this paper sets out proposals to enter into a procurement exercise for the contract for the period April 2023 – March 2026.

RECOMMENDATIONS

- 6 It is recommended that Members:
- i. note the requirement to maintain adequate systems of internal control and the role of internal audit in supporting the annual statement;
 - ii. endorse the approach set out in the paper for the procurement of internal audit services utilising the Crown Commercial Services Framework for Audit and Assurance; and
 - iii. delegate the appointment of the successful supplier to a panel comprising of the Chair and Deputy Chair of the Audit Committee and the Authority's Treasurer.

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 concludes on 31 March 2023 and it is necessary to make proper provision for period 01 April 2023 – March 2027.
- 10 The role of Internal Audit Services is to provide management with an objective assessment of whether systems of internal control are present and working properly.
- 11 The internal control system comprises the whole network of systems and controls established to manage the Authority and ensure that its objectives are met.
- 12 In accordance with the Public Sector Internal Audit Standards the Head of Audit is required to deliver an annual internal audit opinion and report that can be used by the Authority to inform its governance statement.
- 13 The current arrangement concludes on 31 March 2023 and it is necessary to make proper provision for period 01 April 2023 – March 2027.

INFORMATION

- 14 There is no prescribed model for the provision of internal audit services but those delivering internal audit service to the public sector must demonstrate suitability through compliance with the UK Public Sector Internal Audit Standards 2017. This ensures a professional, independent and objective approach to support Members in their responsibilities.
- 15 Due to the conclusion of the current arrangement it is proposed that a procurement exercise should commence for services to cover the period 01 April 2023 – March 2027 using the public sector Crown Commercial Services Framework for Audit and Assurance Services.
- 16 The use of this framework ensures that suppliers not only have the requisite skills and expertise but have also demonstrated the appropriate standards in wider areas such as modern slavery.
- 17 The exercise will involve the development of a service specification and financial assessment to ensure that the Authority achieves value for money. The final appointment of the successful supplier to be delegated to a member panel comprising of the Chair and Deputy Chair of the Audit Committee and the Authority's Treasurer.

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 & Audit Regulations and the Public Sector Internal Audit Standards. Without such assurance from the Members would be unaware of the adequacy & effectiveness of the corporate governance, risk management & 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>