



MINUTES OF THE MEETING OF THE AUDIT COMMITTEE held on Wednesday, 19 April 2023 at Lecture Theatre - Training Centre, Sadler Road, Winsford, Cheshire CW7 2FQ at 10.00 am

PRESENT:

Members:

Councillor Nick Mannion (Chair)
Councillor Rachel Bailey
Councillor Brian Gallagher
Councillor James Nicholas
Suzanne Horrill, Independent Audit Committee Member

Auditors:

Charles Black, Merseyside Internal Audit Agency
Anne-Marie Harrop, Merseyside Internal Audit Agency
Liz Luddington, Grant Thornton
Chelsey Taylor, Grant Thornton

Officers:

Andrew Leadbetter, Director of Governance
Paul Vaughan, Treasurer
Chris Astall, Planning, Performance and Risk Officer
Emilie Salkeld, Governance Officer

1 PROCEDURAL MATTERS

2 RECORDING OF MEETING

Members were reminded that the meeting would be audio recorded.

3 APOLOGIES FOR ABSENCE

No apologies for absence were received.

4 DECLARATIONS OF MEMBERS' INTERESTS

There were no declarations of Members' interests.

5 MINUTES OF THE AUDIT COMMITTEE

RESOLVED:

That the minutes of the Audit Committee held on Wednesday 25th January 2023 be confirmed as a correct record.

6 ACTION TRACKER OF THE AUDIT COMMITTEE

The Director of Governance provided an update against each action within the tracker. The updates were to be included in the tracker for the next Audit Committee meeting, unless the actions have been closed.

It was noted that the following actions could be closed:

16th November 2022:

Item 2 – Purpose of Committee (both actions)

25th January 2023:

Item 2 – Internal Audit progress Report Quarter 3 2022-23 (second action)

7 RESPONSIBILITIES OF AUDIT COMMITTEE (AND ANCILLARY MATTERS)

The Director of Governance introduced the report which allowed Members to consider broader responsibilities for the Audit Committee and make recommendations to the Governance and Constitution Committee. The report also covered the impact on Fire Authority and its committees. A discussion was held and the following points were determined:

Role of Audit Committee

Members were satisfied with the role of the Audit Committee as stated within the report and noted the proposed approach to the handling of audit-related reports (with the majority only intended to be considered by Audit Committee in future. The Treasurer advised the Performance and Overview Committee and the Fire Authority would continue to be appraised of financial information, with reports presented at least quarterly.

Responsibilities of Audit Committee and Ancillary Matters

Purpose

Members were satisfied with description of the purpose of the Audit Committee contained in the report.

Responsibilities

Members were satisfied with the core functions/responsibilities of the Audit Committee contained within the report.

Membership

Members were satisfied that the Independent Audit Committee Member should become a co-opted member with voting rights. Members noted that she would also be counted when considering the quorum (which would remain as three members of the Committee). Members were also comfortable with there being no facility for

substitutes to attend the Audit Committee, due to the requirement for training and continuity in order for members to be effective in role.

Attendance

Members were satisfied with the attendance list. However, the Independent Audit Committee Member advised that an officer that acted in the capacity of a Chief Executive would normally only attend a meeting concerned with the final accounts. The Director of Governance suggested that the word 'normally' be added to the introductory sentence and Members were happy that this provided the flexibility that was needed.

Training

Members were satisfied with the wording about training; appreciating its importance.

Meeting Frequency and Outputs

Members were satisfied with the description, but commented that it may be necessary to hold ad hoc meetings. Members were also comfortable with the requirement to prepare some form of annual report. It was noted that the CIPFA guidance did mention an annual assessment of the effectiveness of an audit committee. This assessment could well form part of any annual reporting arrangement.

The Director of Governance advised that changes to the constitution were required to bring into effect the proposed new arrangements and referred Members to the suggested alterations, which would need to be approved by the Fire Authority.

RESOLVED: That

- [1] officers should convey the decisions made by the Committee to Governance and Constitution Committee to enable it to consider making recommendations to the Fire Authority about the matters covered in the report.**

ACTION TRACKER

The annual report be added to the Audit Committee's programme.

8 INTERNAL AUDIT - PROGRESS REPORT QUARTER 4 2022-23

The Internal Auditor introduced the report which provided an update on progress against the 2022-23 Internal Audit Plan for quarter 4. It was reported that the Station Management Framework and Microsoft 365 Project reviews were in draft and due to be finalised in the coming weeks.

Members were interested in the webinar events highlighted by the Internal Auditor and discussion was held to determine if the Committee's attendance at the events would be beneficial.

RESOLVED: That

[1] the Internal Audit – Progress Report Quarter 4 2022-23 be noted.

9 INTERNAL AUDIT FOLLOW UP SUMMARY REPORT

The Internal Auditor introduced the report which provided an update on the progress of previous internal audit recommendations. Members were asked to consider the report.

A Member queried where the Fatigue Management Policy that was referenced in the report, would be submitted for consideration. The Director of Governance advised that he would consider this and confirm the position.

The Independent Audit Committee Member raised concerns of the deferral of Blue Light Collaboration and that few of the recommendations were actioned. The Internal Auditor provided an update against each of the recommendations noted within the report and assured the Committee that internal audit had raised no concerns. The Director of Governance added that discussions between Cheshire Constabulary and the Service were taking place and a strategic direction had been established.

RESOLVED: That

[1] the Internal Audit Follow Up Summary Report be noted.

ACTION TRACKER

Officers to confirm the arrangements associated with the introduction of the Fatigue Management Policy.

10 DRAFT INTERNAL AUDIT ANNUAL PLAN 2023-24

The Internal Auditor introduced the report which asked Members to consider the draft Internal Audit Annual Plan 2023-24 (the Plan) with a view to recommending it to the Fire Authority for approval. The Plan was created in consultation with the Treasurer and linked to the Service's priorities and risks.

The Internal Auditor advised that a three year forward plan would usually be produced within the plan. However, only an annual plan was produced as internal audit services were due to be retendered shortly, with this the last year of the current contract.

RECOMMENDED: That

[1] the Internal Audit Annual Plan 2023-24 be approved by the Fire Authority.

11 INTERNAL AUDIT CHARTER

The Internal Auditor introduced the report which presented the Internal Audit Charter. The Committee were asked to note the Charter.

RESOLVED: That

[1] the Internal Audit Charter be noted.

12 EXTERNAL AUDIT PLAN 2022-23

The External Auditor introduced the report which enabled Members to consider the External Audit Plan with a view to recommending it to the Fire Authority for approval. The External Auditor summarised the report and provided an overview of the three significant risks which were the same as previous year.

Members queried why Blue Light Collaboration was not identified as a specific risk within the plan. The External Auditor explained that due to the timing and fact that there had been limited change during 2022-23, it was more of an issue for the new external auditor to pick up.

A Member raised concerns that pension liabilities were considered to be a significant risk despite the realities of how they were funded. The External Auditor advised that the risk was of an accounting nature and highlighted as a requirement of the existing auditing standards.

RECOMMENDED: That

[1] the External Audit Plan 2022-23 be approved by the Fire Authority.

13 INFORMING THE AUDIT RISK ASSESSMENT FOR CHESHIRE FIRE AUTHORITY 2022-23

The External Auditor introduced the report which enable Members to consider the Audit Risk Assessment prior to its submission to the Fire Authority with the External Audit Plan. The report was prepared in consultation with officers.

The Independent Audit Committee Member queried the reference to capital programme within the report and how it was reported within the Fire Authority. The Treasurer advised that progress against the revenue budget and capital programme was reported regularly at the Performance and Overview Committee each quarter.

RESOLVED: That

[1] the document be noted and provided to the Fire Authority so that it can be considered alongside the External Audit Plan 2022-23.