



MINUTES OF THE MEETING OF THE AUDIT COMMITTEE held on Wednesday, 12 July 2023 at Lecture Theatre - Training Centre, Sadler Road, Winsford, Cheshire CW7 2FQ at 1.00 pm

PRESENT:

Members:

Councillor Peter Wheeler (Chair)
Councillor Rachel Bailey
Suzanne Horrill, Independent Audit Committee Member

Auditors:

Charles Black, Merseyside Internal Audit Agency
Anne-Marie Harrop, Merseyside Internal Audit Agency

Officers:

Lee Shears, Deputy Chief Fire Officer
Andrew Leadbetter, Director of Governance
Paul Vaughan, Treasurer
Chris Astall, Project and Risk Officer
Emilie Salkeld, Governance Officer

1 RECORDING OF MEETING

Members were reminded that the meeting would be audio-recorded.

2 CONFIRMATION OF CHAIR AND DEPUTY CHAIR OF THE AUDIT COMMITTEE FOR 2022-23

Members confirmed that the Chair of the Audit Committee was Councillor Peter Wheeler and the Deputy Chair was Councillor Brian Gallagher.

3 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Sherin Akhtar and Brian Gallagher.

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 19th April 2023 be confirmed as a correct record.

6 ACTION TRACKER OF THE AUDIT COMMITTEE

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

It was noted that the following actions could be closed:

16th November 2022:

Item 2 – Purpose of Committee

Item 5 – Future Work programme of the Committee

25th January 2023:

Item 2 – Internal Audit – Progress Report Quarter 3 2022-23

19th April 2023:

Item 7 – Responsibilities of Audit Committee (and Ancillary Matters)

7 DRAFT STATEMENT OF ACCOUNTS 2022-23

The Treasurer introduced the draft Statement of Accounts for Members consideration in advance of the auditors commencing their work. He explained that usually the unaudited annual accounts would need to be approved by the end of May. However, for the past few years, the statutory deadlines had been extended.

A Member raised concerns about the impact of firefighter pension on the balance sheet contained in the document. The Treasurer advised that the cost of pension is a national issue within the sector and the Government have provided adequate funding to meet pension costs. However, the Service recognises the present risks associated with firefighter pensions and there is an entry on the strategic risk register.

RESOLVED: That

[1] the draft Statement of Accounts 2022-23 be noted and the audited Statement of Accounts be submitted to the next meeting of the Audit Committee on 26th September 2023 for final consideration.

8 DRAFT ANNUAL GOVERNANCE STATEMENT 2022-23

The Director of Governance introduced the Annual Governance Statement (AGS) 2022-23, required to accompany the draft Statement of Accounts. The production of the AGS was a requirement under the Accounts and Audit Regulations (England) 2015 and helped to ensure that a reliable system of internal controls could be demonstrated.

He advised that the document complied with the Chartered Institute for Public Finance and Accounting's best practice guidance on Delivering Good Governance. An update was given on each of the recommendations contained within Section 12 Review of Effectiveness.

A Member requested that a more recent quote from His Majesty's Inspectorate for Constabularies and Fire & Rescue Services be included within Section 3.5 of the document.

RESOLVED: That

[1] the draft Annual Governance Statement 2022-23 be noted and be submitted to the next Audit Committee meeting on 26th September 2023 for final consideration.

9 STATION MANAGEMENT FRAMEWORK REVIEW

Charles Black, a representative from Merseyside Internal Audit Agency (MIAA), was in attendance to present the Station Management Framework Review. He explained that the review sought to check that fire stations complied with the Station Management Framework and referred to the findings on page 136 of the report. The review confirmed that there was substantial assurance.

It was noted that the sampled stations complied with the Framework. However, the report included a recommendation to ensure that all stations were using the same template and was consistently signed off.

Members noted that the report was positive and that the internal audit follow up report would monitor progress with the recommendations.

RESOLVED: That

[1] the Station Management Framework Review be noted.

10 MICROSOFT 365 (M365) PROJECT ROLLOUT REVIEW

Charles Black, a representative from Merseyside Internal Audit Agency (MIAA), was in attendance to present the Microsoft 365 (M365) Project Rollout Review. He explained the review's objective was to provide an assessment of the effectiveness of the control framework being exercised by management over M365 implementation, systems, data flows and associated external processes. The review determined that there was limited assurance.

A Member queried the timeframes for complying with the recommendations noting that they were some distance in the future and whether the work would be done in house. The Internal Auditor confirmed that the key issues were addressed immediately, and it was important to ensure that timescales were realistic. The Director of Governance echoed this and explained that due to the complexity of the project some external consultants were brought in to help with technical elements of the project.

Members noted the risks and recommendations raised within the report and requested an update on the follow up of actions be submitted to the Audit

Committee.

RESOLVED: That

- [1] the Microsoft 365 (M365) Project Rollout Review be noted; and**
- [2] an update on the recommendations included in the report be submitted to the Audit Committee.**

11 INTERNAL AUDIT ANNUAL REPORT AND HEAD OF INTERNAL AUDIT OPINION 2022-23

Anne-Marie Harrop, a representative from Merseyside Internal Audit Agency (MIAA), was in attendance to present the Internal Audit Annual Report and Head of Internal Audit Opinion 2022-23.

Members were advised that the overall opinion for the period 1st April 2022 to 31st March 2023 has “substantial assurance”. This meant that there was a good system of internal control designed to meet the system objectives and that controls were generally being applied consistently throughout the organisation, and that controls were generally applied consistently.

RESOLVED: That

- [1] the Internal Audit Annual Report and Head of Internal Audit Opinion 2022-23 be noted.**

12 INTERNAL AUDIT PROGRESS REPORT

Anne-Marie Harrop, from Merseyside Internal Audit Agency (MIAA), was in attendance to present the Internal Audit progress Report.

She drew Members’ Attention to the key messages:-

- The Internal Audit Plan for 2022-23 had concluded following the reviews of the Microsoft 365 Project Rollout and the Station Management Framework.
- A Follow Up report on auditor recommendations will be submitted to the next meeting of the Audit Committee.
- Members of the Audit Committee were invited to attend webinars hosted by MIAA

She advised that the plan was on track and no concerns were brought to the attention of the Committee.

RESOLVED: That

**13 [1] the Internal Audit Progress Report be noted.
ANNUAL RISK MANAGEMENT REPORT 2022 - 2023**

The Project and Risk Officer introduced the report which provided Members with an

update about risk management throughout 2022-23.

Scrutiny of risk was initially undertaken by the Risk Management Board. However, since the Audit Committee had expended its responsibilities to include risk, internal risk management arrangements had been revised and the Risk Management Board was removed. Further discussion on the new risk management arrangement was discussed during Item 9 of the agenda pack.

RESOLVED: That

[1] the Annual Risk Management Report 2022-23 be noted.

14 NEW RISK MANAGEMENT ARRANGEMENTS

The Director of Governance introduced the report which informed Members about the risk management arrangements. He explained how the work of the Risk Management Board, which included two elected Members, was now split between the Audit Committee and the recently established Risk Management Group (RMG). RMG was made up of senior officers which met quarterly, and its Terms of Reference were attached as Appendix 1 to the report.

Members were asked whether they would be content with sight of the minutes of the RMG. The Committee agreed that the minutes of RMG should provide adequate assurance about the arrangements for considering corporate risks.

RESOLVED: That

[1] the New Risk Management Arrangements report be noted; and

[2] the minutes of the Risk Management Group be submitted to Audit Committee meetings as a standing item.

15 REVIEW OF THE STRATEGIC RISK REGISTER

The Project and Risk Officer introduced the document which summarised the Service's Strategic Risk Register. She provided an updated of each risk included within the table which had previously been reported to the Risk Management Group for evaluation. She also explained the risks that were below the threshold that were not considered strategic risks.

Members discussed the Fire in Iconic Heritage Building risk and noted the importance of protecting heritage buildings across Cheshire. The Deputy Chief Fire Officer advised that the Heritage Officer had worked with partners to provide effective mitigation which reduced the score of the risk.

The Committee discussed how they would like the report to be presented going forward. It was suggested that the strategic objectives be incorporated into the strategic risk register to align risks with the organisational objectives they could affect. It also agreed that the minutes from the Risk Management Group be submitted to the Audit Committee for assurance.

RESOLVED: That

- [1] the Summary of Cheshire Fire and Rescue Service's Strategic Risk Register and Risks below the threshold table be noted; and**
- [2] the Summary of Cheshire Fire and Rescue Service's Strategic Risk Register be revised to include organisational objectives and submitted as a standing item for Audit Committee meetings.**