



**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE held on Tuesday, 26 September 2023 at Lecture Theatre - Training Centre, Sadler Road, Winsford, Cheshire CW7 2FQ at 10.00 am**

**PRESENT:**

**Members:**

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

**Auditors:**

Charles Black, Merseyside Internal Audit Agency  
Anne-Marie Harrop, Merseyside Internal Audit Agency  
Michael Green, Grant Thornton  
Liz Luddington, Grant Thornton

**Officers:**

Lee Shears, Deputy Chief Fire Officer  
Andrew Leadbetter, Director of Governance  
Paul Vaughan, Treasurer  
Neil McElroy, T/Head of Performance and Improvement  
Tracy Radcliffe, Senior Executive Support Assistant

**1A RECORDING OF MEETING**

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

**1B APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Sherin Akhtar and Christine Astall.

**1C DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of Members' interests.

**1D MINUTES OF THE AUDIT COMMITTEE**

**RESOLVED:**

**That the minutes of the Audit Committee held on Wednesday 12<sup>th</sup> July 2023 be confirmed as a correct record.**

## **1E 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.

## **2 EXTERNAL AUDIT FINDINGS REPORT 2022-23**

Michael Green and Liz Luddington, from Grant Thornton (the External Auditor) introduced the report and provided an overview of its content and purpose. The report highlighted the key matters arising from the audit of the Authority's Statement of Accounts for the year ended 31<sup>st</sup> March 2023. The External Auditor was required to report the audit findings in accordance with the requirements of International Standards on Auditing (UK and Ireland).

The report summarised the changes that had been made to date to the draft Statement of Accounts.

The External Auditor advised that the work was substantially complete with a small number of outstanding queries to be resolved. Once these were resolved the External Auditor expected to issue an unqualified audit opinion.

The External Auditor had identified two significant issues for the Authority neither of which had been resolved by the date of the meeting. These were:-

- [1] Valuation of land and buildings. The audit testing identified that for one fire station the valuation did not include amounts for the hardstanding, fencing, drill tower etc and led to the asset being understated. In addition the valuer remeasured some of the buildings in the current year, but did not visit all land and buildings as scheduled.
- [2] Valuation of pension fund net liability. A technical matter relating to the way that the Authority discloses the value of its pension liability had been identified.

Both of these issues will result in changes to the draft accounts that were presented to the Committee in July. However, the changes are essentially of a technical nature and will not affect the position on the Authority's general fund. They will also not have any impact on the Annual Governance Statement 2022-23.

A Member sought assurance on the action taken regarding the valuation errors and if full instructions were given before work commenced. The Treasurer advised that clear instructions were given and discussions were taking place about the future procurement of the valuation service and lessons learned.

In addition, the Authority had not received necessary assurance from the external auditor of Cheshire Pension Fund, which was required before the audit opinion could be finalised.

**RESOLVED: That**

**[1] the content of the External Audit Findings Report 2022-23 be noted.**

**3 AUDITED STATEMENT OF ACCOUNTS 2022-23 WITH LETTER OF REPRESENTATION**

The Authority was required to approve its audited Statement of Accounts (the accounts) for publication on or before 30<sup>th</sup> September 2023.

The Treasurer confirmed that it would be necessary to adjust the accounts for the impact of the unresolved items which had been discussed under the previous agenda item. He explained that these would be technical in nature and would not affect the position on the Authority's General Fund. The Treasurer requested that the Committee delegate approval of the signing of the accounts to the Chair of the Committee and himself, subject to resolution of the outstanding issues, receipt of the assurance from the external auditor of the Cheshire Pension Fund and receipt of the audit opinion from the Authority's External Auditor. Whilst every effort would be made to ensure that this was completed by 30<sup>th</sup> September, it was considered unlikely that this would be the case. If this were not achieved, a public notice would be posted on the Authority's website explaining the position.

The Treasurer explained that delays in the completion of the accounts for public sector bodies, including Fire Authorities, was a national issue. The issues affecting the late completion of the Authority's accounts were largely beyond the Authority's or the External Auditor's control, and he thanked the External Auditors for their efforts in trying to resolve the issues speedily.

In response to a query from a Member, the Treasurer confirmed that if further issues other than those discussed at the meeting arose, which required changes to the accounts, members of the Committee would be made aware prior to the signing of the accounts.

The accounts presented to the Committee included the Annual Governance Statement which the Authority was required to approve and publish within the same timeframe as the accounts.

The Treasurer advised that each year, the Authority was required to sign a Letter of Representation addressed to the Auditors. The Letter explained the Authority's responsibilities in relation to the audit. It was recommended that the Committee approve the letter and authorise the Chair of the Committee and the Chief Fire Officer and Chief Executive to sign it.

**RESOLVED: That**

**[1] the Chair and Treasurer be authorised to sign the Statement of Accounts 2022-23 on receipt of the audit opinion.**

**[2] the Chair and Chief Fire Officer and Chief Executive be authorised to sign the final version of the Letter of Representation.**

#### **4 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 Annual Governance Statement 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 paragraph 6.5 be amended to read "*The Police and Crime Commissioner for Cheshire is invited to attend Authority meetings*".

A Member requested that paragraph 3.4 be updated to include further reference to the outcome of the most recent His Majesty's Inspectorate of Constabulary and Fire and Rescue Services report.

**RESOLVED: That**

**[1] the Annual Governance Statement 2022-23 be approved, subject to the changes in paragraphs 6.5 and 3.4.**

#### **5 INTERNAL AUDIT PROGRESS REPORT**

Charles Black, from Merseyside Internal Audit Agency (MIAA), was in attendance to present the Internal Audit Progress Report.

He drew Members' attention to the key messages:-

- HR Payroll (High Assurance) – This report is covered in the following agenda item.
- TOR have been agreed for the IT Asset Management review scheduled to commence November 2023.

The reviews below were currently in progress:

- Whistleblowing and Implementation of HMICFRS Values and Culture Recommendations (Draft report)

He advised that the plan was on track and no concerns were brought to Members attention.

**RESOLVED: That**

**[1] the Internal Audit Progress Report be noted.**

## **6 HR / PAYROLL REVIEW**

Charles Black presented the HR/Payroll Review. He explained that the overall objective of the review was to evaluate the robustness and effectiveness of controls that support the HR/payroll system to ensure validity, accuracy and timeliness of payments to employees. The review determined that there was a strong system of internal control that was consistently applied in all areas reviewed.

It was noted that the report included recommendations to strengthen existing controls currently in place. These include ensuring the timely completion of new starter and leaver checklists.

A Member asked if the Service had a back up system in place for the payroll system. The Treasurer advised that he would confirm and report back to the Committee.

**RESOLVED: That**

**[1] The HR/Payroll Review be noted.**

**[2] The Treasurer to check the position as regards back-up for payroll information/processes.**

## **7 REVIEW OF THE STRATEGIC RISK REGISTER**

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

The Independent Audit Committee Member noted the risk register scoring and targeting was effective and fit for purpose.

**RESOLVED: That**

**[1] the Summary of Cheshire Fire and Rescue Service's Strategic Risk Register and Risks below the threshold table be noted.**

## **8 PRODUCTION OF AUDIT COMMITTEE ANNUAL REPORT**

The Director of Governance introduced the report which requested that Members determine how best to prepare the Committee's Annual Report.

The Committee agreed that officers would prepare a draft report in consultation with the Chair for consideration at the meeting on 17<sup>th</sup> April 2024.

**RESOLVED: That**

**[1] The Committee's Annual Report would cover the financial year 2023-24 and it would be approved at the Committee meeting on 17<sup>th</sup> April 2024.**

## **9 ANY OTHER BUSINESS**

A Member suggested that in line with best practice the Committee be given the opportunity to meet privately with the Internal and External Auditors. It was agreed that such opportunities be made available after the formal business of the Committee was completed at each meeting.

**RESOLVED: That**

**[1] At the conclusion of each Audit Committee meeting, the Committee be given the opportunity to meet privately with the Internal and External Auditors.**