



**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE held on Wednesday, 24 January 2024 at Lecture Theatre - Fire Service Headquarters, Sadler Road, Winsford, Cheshire CW7 2FQ at 10.00 am**

**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:**

Andrew Leadbetter, Director of Governance  
Paul Vaughan, Finance Officer  
James Cunningham, Head of Finance  
Neil McElroy, Head of Service Improvement  
Chris Astall, Project and Risk Officer  
Jacqueline Guest, Information Manager  
Emilie Salkeld, Governance Officer

**1A RECORDING OF MEETING**

Members were reminded that the meeting would be audio recorded.

**1B APOLOGIES FOR ABSENCE**

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

**1C DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of Members' interests.

**1D MINUTES OF THE AUDIT COMMITTEE**

The Independent Audit Committee Member requested sight of the minutes from 26<sup>th</sup> September 2023 to ensure the amendments to the minutes were finalised. The Director of Governance assured Members the minutes were corrected and agreed to circulate the minutes to all Members.

**RESOLVED:**

**The minutes of the Audit Committee held on Wednesday 22<sup>nd</sup> November 2023 be confirmed as a correct record.**

**1E ACTION TRACKER OF THE AUDIT COMMITTEE**

The Director of Governance and the Finance Officer provided an update against each of the actions. The updates were to be included in the tracker for the next Audit Committee meeting unless the actions had been completed.

It was noted that the following actions could be closed:

26th September 2023:

Item 3 – Audited Statement of Accounts 2022-23 with Letter of Representation

**2 UPDATE - ACCOUNTS AND ANNUAL AUDITOR'S REPORT 2022-23**

The Finance Officer provided an update on the progress of the accounts and annual auditor's report for 2022-23. He advised that the causes to the previous delays to the signing of accounts had been resolved.

It had previously been agreed that Members would not require sight of the accounts if there were no material changes. However, the external auditors requested that the Chair of the Audit Committee had sight of the updated version of accounts prior to signing. The Chair confirmed he and officers were satisfied with the amendment and that the accounts with the letter of representation could be signed off after the meeting.

**RESOLVED: That**

**[1] the Statement of Accounts for 2022-23 and letter of representation be signed by the relevant officers and Chair of the Audit Committee.**

**3 ANNUAL GOVERNANCE STATEMENT - PROGRESS AGAINST AREAS FOR ACTION 2023-24 (AND 2022-23)**

The Finance Officer introduced the report which updated Members on the progress against the Areas for Action contained in the Authority's Annual Governance Statement (AGS) for 2023-24 and the remaining unresolved Areas for Actions from the 2022-23 AGS. He provided an update against each of the actions contained within the report.

He explained that there were currently no formal arrangements for the Audit Committee to review the Areas for Action within the AGS. It was recommended that they are reviewed twice each year, at the meetings in July and November. This was to allow the results of the review to be incorporated into the following year's AGS and the updates could be reported at the same time as the Auditor's Annual Report.

A Member queried when the Asset Management Strategy would be submitted to Members. The Finance Officer explained the strategy was currently in development and due for submission in Quarter 2 of 2024-25.

Members raised concerns that the absence of the Asset Management Strategy may have contributed to the valuation issues that arose in the delay to signing the Statement of Accounts for 2022-23. The Finance Officer assured Members that the valuations in the Statement of Accounts were not affected by the absence of the Asset Management Strategy. The Asset Management Strategy would assist with the maintenance of assets and budget setting within the Medium Term Financial Plan.

The Independent Audit Committee Member advised that there was an error with the documentation dates included in the report. The Finance Officer advised that the dates would be amended.

**RESOLVED: That**

- [1] the Annual Governance Statement – Progress Against Areas for Action 2023-24 (and 2022-23) by noted; and**
- [2] the Audit Committee receives half yearly updates on the progress against the Areas for Action as described within paragraph 4 of the report.**

#### **4 INTERNAL AUDIT PROGRESS REPORT**

Anne-Marie Harrop, a representative 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 National Fraud Initiative review was complete.
- The reviews on the Key Financial Transactional Processing Controls and IT Asset Management were due to be submitted at the next Audit Committee meeting on 17<sup>th</sup> April 2024.
- The terms of reference for the Risk Management Core Controls review had been confirmed and was due to start fieldwork. There were no concerns regarding the delay in works.

The auditor advised that a draft internal audit plan for the upcoming year would usually be submitted to the Audit Committee. However, the draft plan for the upcoming year could not be developed/agreed as the tendering process for the internal audit contract had not been concluded.

**RESOLVED: That**

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

## **5 INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP REPORT**

Anne-Marie Harrop, a representative from MIAA, was in attendance to present the report which updated Members on the progress made against recommendations from previous audit assignments' agreed actions. She provided an update against each recommendation within the report.

A Member requested that the report include the original agreed completion dates of recommendations going forward. The Auditor agreed to revise the report template to include the information.

The Independent Audit Committee Member queried whether the IT related recommendation timescales were underestimated, as many had revised dates. The Auditor explained that some IT related recommendations, such as the cybersecurity review, had many complex layers and involved the shared service for completion. The Auditor was satisfied with the revised dates. The Service also shared its own action tracker system which provided evidence of progress.

**RESOLVED: That**

**[1] the Internal Audit Recommendations Follow Up report be noted.**

## **6 NATIONAL FRAUD INITIATIVE BRIEFING NOTE**

Charles Black, a representative from MIAA, was in attendance to present the briefing note which provided a summary of the Service's data matches, outstanding matches and any overpayments identified as part of the National Fraud Initiative round for 2022-23. MIAA confirmed that all potential matches were investigated and there were no instances of fraud or overpayment identified.

**RESOLVED: That**

**[1] the National Fraud Initiative Briefing Note be noted.**

## **7 INTERNAL AUDIT PROCUREMENT UPDATE**

The Finance Officer provided an update on the Authority's procurement for a new internal auditor. He advised that the Authority was on target to appoint internal auditors and the process was expected to be completed by the end of February 2024.

## **8 RISK MANAGEMENT POLICY**

The Finance Officer introduced the Risk Management Policy (the Policy) which was considered by the Service Leadership Team prior to submission to the Risk Management Group at its meeting on Wednesday 10<sup>th</sup> January 2024. The Policy was approved by officers and was presented to the Audit Committee for information.

The Independent Audit Committee Member queried the reference within the policy to

employees undertaking risk management training where she believed that all employees would be concerned with risk. The Finance Officer advised that specific risk training was only conducted by those identified with corporate risk responsibilities, such as Heads of Department and risk champions; the learned training would then cascade into teams. The Project and Risk Officer also explained that each role provided different elements of risk and that it was important for all staff members to understand risk escalation routes.

**RESOLVED: That**

**[1] the Risk Management Policy be noted.**

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

The Finance Officer introduced the document which summarised the Authority's Strategic Risk Register. He provided an update on each risk included within the table which had previously been reported to the Risk Management Group for evaluation at their meeting on Wednesday 10<sup>th</sup> January 2024.

A Member queried whether the wording surrounding the McCloud remedy within the overarching pensions risk, needed to be revised to encompass wider impacts to the Authority than what was currently recorded. The Finance Officer explained that the McCloud remedy was constrained by national issues and the risk register related to the ability to deliver the remedy in accordance with the national timescale. He stated that there were a small number of organisations that were able to provide assistance and they faced large demand of cases throughout the public sector.

A discussion was held to determine whether the pensions risk should also make reference to the impact on staff morale. It was determined that the staff morale was more of a cultural issue and the strategic risk register should focus on how the delivery of the remedy would progress through controls, actions and mitigation. However, the Director of Governance acknowledged the importance of ensuring the Service were doing all that was possible to ensure the progression of the McCloud remedy and communicating this work to staff and Members.

**RESOLVED: That**

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

## **10 ANY OTHER BUSINESS**

The Independent Audit Committee Member requested that going forward the Audit Committee meeting agenda should include: an item for any other business; an item about the forward plan; and the date of the next Audit Committee meeting.

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