



MINUTES OF THE MEETING OF THE AUDIT COMMITTEE held on Wednesday, 20 November 2024 at Lecture Theatre - Fire Service Headquarters, Sadler Road, Winsford, Cheshire CW7 2FQ at 1.00 pm

PRESENT:

Members:

Councillor Peter Wheeler (Chair)
Councillor Sherin Akhtar
Councillor Rachel Bailey
Councillor Sagheer Zaman
Suzanne Horrill, Independent Audit Committee member

Auditors:

Alex Walling, Bishop Fleming Chartered Accountants (via Teams)
Charles Black, Merseyside Internal Audit Agency (MIAA)

Officers:

Lee Shears, Deputy Chief Fire Officer
Andrew Leadbetter, Director of Governance
James Cunningham, Treasurer
Chris Astall, Project and Risk Officer
Donna Linton, Governance and Corporate Planning Manager
Eve Eaton, Business Admin Apprentice

1a RECORDING OF MEETING

Members were reminded that the meeting would be audio recorded.

1b APOLOGIES FOR ABSENCE

There were no apologies for absence received.

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 18th September 2024 be confirmed as a correct record.

1e ACTION TRACKER OF THE AUDIT COMMITTEE

The Director of Governance provided an update against each action. It was noted that the following actions could be closed:-

17th April 2024

Item 2 – Appointment of External Auditor

10th July 2024

Item 3 – Draft Annual Governance Statement 2023-24

10th July 2024

Item 10 – Audit Committee Work Programme 2024-25

2 STATEMENT OF ACCOUNTS 2023-24

The Treasurer and Alex Walling, Director at Bishop Fleming Chartered Accountants provided an introduction and background information to the audit and public sector accounts environment. It was reported that most local authorities had not had audits completed for this year due to a backlog caused by various reasons. Cheshire Fire and Rescue Service was in a good position, the audit was progressing and was due to be completed by 31st December 2024.

The Treasurer reported that the draft Statement of Accounts 2023-24 was considered by this Committee at its meeting in July 2024, prior to the external audit taking place. The Statement of Accounts 2023-24 had been finalised with no material adjustment. There had been some very minor changes, mainly typographical that were detailed below:

Narrative Report - Non-financial performance

A difference was noted between the target number of Business Safety Inspections in the dashboard and the figure that appeared in the Annual Governance Statement 2023-24. This had been corrected.

Note 12 - Financial Instruments

The figures for Financial Instruments at amortised cost and Items not classified as Financial Instruments had been corrected.

Note 28 - NW Fire Control Limited.

A typographical error was noted in the presentation of the figures for the accounts of NW Fire Control Ltd. This had been corrected.

None of the above matters had any material impact on the Statement of Accounts. The Statement of Accounts that was presented to the Committee in July could be accessed on the Fire Authority website.

There remained some outstanding issues, which were explained in Item 4 on the agenda. However, it was not anticipated that these issues would have any material

impact on the final version of the Statement of Accounts 2023-24.

RESOLVED: That

[1] the Chair and Treasurer be given approval to sign the final Statement of Accounts for 2023-24, provided that any further changes that need to be made prior to signature have no material impact on the document.

3 ANNUAL GOVERNANCE STATEMENT 2023-24

The Treasurer introduced the Annual Governance Statement (AGS) 2023-24, 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. The document complied with the Chartered Institute for Public Finance and Accounting's best practice guidance on Delivering Good Governance.

Members were reminded that the draft Annual Governance Statement 2023-24 was considered by this Committee at its meeting in July 2024, prior to the external audit taking place. The Annual Governance Statement 2023-24 was unchanged from the draft that was considered, save for the inclusion of 'Areas for Action' for 2024-25 which included:-

- Internal Governance and Assurance Fire Standard
- Overarching Asset Management Arrangements
- Cyber Security

RESOLVED: That

[1] the Annual Governance Statement 2023-24 be approved.

4 AUDIT COMPLETION REPORT

Alex Walling, Director at Bishop Flemming Chartered Accountants introduced a report which presented the Audit Completion Report for year ended 31st March 2024. The scope of the work was set in accordance with the National Audit Office's Code of Audit Practice (the Code) and the International Standards of Auditing (ISAs) (UK). The work was planned to provide focused and robust audit.

The report summarised the audit conclusions, highlighted the key findings arising from the Auditors work and detailed several points that had been discussed with officers.

The Report set out some matters that need to be concluded to the satisfaction of the external auditor prior to the final audit opinion being concluded and released. These matters fall into three categories:

1. Items awaiting third party reports and clarification:

Further information was required about the property revaluation review from Bruton Knowles

A 'ceiling' report was required from the actuaries of the Cheshire Pension Fund (Hymans Robertson) as well as the final audit opinion on the Cheshire Pension Fund.

Should there be any adjustments required in relation to either of these items, these would impact the Revaluation Reserve and/or the Pension Reserve, both of which sit in the Unusable Reserves and do not form part of the General Fund Balance. Therefore, this did not have any impact.

2. Items waiting on Cheshire Fire and Rescue Service: Approval of the Annual Governance Statement and completion of administrative issues, e.g. systems notes. These would be completed either at the Audit Committee meeting, or shortly thereafter.

3. Items awaiting Bishop Fleming: A number of these were interlinked, for example the opinion cannot be released until Bishop Fleming had received the signed Letter of Representation, which could be finalised until all the information from the Pension Fund has been received.

There was one Management letter point, in Section 7 of the Report, that had been raised, relating to Employees ID. Officers had reviewed this point and felt it related to a time prior to the current process, but it would be investigated and resolved.

The Letter of Representation required by the external auditor was detailed on pages 18 and 19 of the Report. A copy of this would need to be signed on behalf of the Committee. However, the wording would only be finalised once the external audit is completed.

A Member referred to the 'Audit and accounts process' which detailed the key accounting issues which should be performed on a timely basis, so that they could be considered before the audit commenced. The report stated that the 'Readiness for audit' and 'Availability of Staff' had been rated as improvements needed and the Member wanted to understand the reason for the ratings. In response, the External Auditor advised that the ratings were subjective, but the availability of key finance team members was limited at times during the audit, which impacted on the ability to progress as smoothly as planned. The Treasurer commented that they rebutted some of the assertions on availability and the same was on both sides.

The Treasurer advised that Bishop Fleming Chartered Accountants were appointed very late by the Public Sector Audit Appointments (PSAA), as such no interim audit was performed and the opportunity to interact and familiarise between the two teams on systems and processes was lost. This would be improved going forward.

The Committee requested that following the audit an External Audit Process Review was undertaken to assess how processes could be improved for the next audit.

The External Auditor presented the final fee for the 2023-24 (subject to approval by PSAA). The finalised fee would be presented once the audit was concluded.

RESOLVED: That

- [1] the Audit Completion Report for year ended 31st March 2024 and comments raised be noted;**
- [2] the Chair of the Committee be given authorisation to sign the final version of the Letter of Representation, provided that there are no material changes to it before signature; and**
- [3] the Treasurer undertake an External Audit Process Review and submit the findings to the next meeting of the Audit Committee on 29th January 2025.**

5 AUDITOR'S ANNUAL REPORT

Alex Walling, Director at Bishop Flemming Chartered Accountants introduced a report which presented the draft External Auditor's Report for 2023-24 that covered the Authority's arrangements for value for money during the year. The report was not in a position to be finalised until the final audit opinion had been concluded and released.

The External Auditor's Annual Report 2023-24 was attached at the agenda. Once approved the Report would be published on the Fire Authority's website.

The Report contained one recommendation associated with the external audit for 2023-24; the absence of a nil return for gift declarations on the Service's website and noted one recommendation from a previous audit, concerned with the Performance Management Framework requiring an update. These had been accepted by officers and would be actioned. All other recommendations from a previous audit had been actioned.

The Treasurer confirmed that value to report gifts and hospitality was £50 and over. In response, a Member suggested that best practice going forward would be to report any gifts and hospitality that had been offered and then declined by officers on the Fire Authority's website.

RESOLVED: That

- [1] the External Auditor's Annual Report 2023-24 be noted.**

6 AUDIT COMMITTEE WORK PROGRAMME 2024-25

The Director of Governance presented the Audit Committee Work Programme 2024-

25 which included items which had been identified and agreed to date. Members agreed to the following items being included on the Work Programme:-

29 January 2025
External Audit Process Review (Treasurer)

23 April 2025
External Audit Options (Treasurer)

RESOLVED: That

[1] The Audit Committee Work Programme 2024-25 be noted.