

# **MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**3 JUNE 2021**

## **MINUTES**

**Present:** Cllr Linda Maloney (Chair) Councillors Anthony Boyle, Edna Finneran and Lisa Preston

**Also Present:** Director of Finance, Monitoring Officer & CFO

**Apologies of absence were received from:** Cllr Brame and Cllr Janet Grace

### **8. Chair's Announcement**

Prior to the start of the meeting, information regarding general housekeeping was provided by the Chair to all in attendance.

The Chair confirmed to all present that the proceedings of the meeting would be filmed and requested that any members of the public present who objected to being filmed, make themselves known.

No members of the public voiced any objection therefore the meeting was declared open and recording commenced.

The Chair announced that this would have been Cllr Brame's last Committee Meeting and wanted thanks noted to him for all his hard work and support whilst he was part of Merseyside Fire and Rescue Authority.

### **1. Preliminary Matters**

Members considered the identification of any declarations of interest, matters of urgency or items that would require the exclusion of the press and public due to the disclosure of exempt information.

Members resolved that:

- a) no declarations of interest were made by individual Members in relation to any item of business on the Agenda
- b) no additional items of business were determined by the Chair to be considered as matters of urgency; and
- c) no items of business required the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

**2. Minutes of previous meeting**

The Minutes of the previous meeting, held on 11th February 2021 were approved as a correct record and for signature by the Chair.

**3. Audit Plan 2020/21**

Members considered the report of the Authority's External Auditors – Grant Thornton, concerning the External Audit Plan 2020-21.

Key Audit Partner, Georgia Jones, from Grant Thornton gave a brief introduction about the report highlighting the risks deemed significant as identified in the report and clarifying what work Grant Thornton will be doing to respond to that risk during the course of the audit.

Members were advised that Grant Thornton are required to obtain sufficient appropriate audit evidence to support the the information in financial statements.

The Authority's Value for Money (VFM) arrangement will continue to be monitored from its outturn for 2020-21 to its planned position for 2021-22. Any findings will be summarised in the Auditors Annual Report which will be brought to the Authority later this year.

It was added that any proposed work and fees were discussed with the Director of Finance and Procurement.

Before the accounts can be audited they need to be prepared and this will be complete by June 2021.

Members resolved that:

the External Audit Plan 2020-21, be noted.

**4. TREASURY MANAGEMENT 2020/21 ANNUAL REPORT**

Members considered Report CFO/024/21 of the Director of Finance and Procurement, concerning the activities of the Treasury Management operation and actual performance against the agreed Prudential Indicators in 2020/21.

Members receive regular updates on the Treasury Management performance against the strategy, as part of the quarterly financial review reports and the interim Treasury Management report during 2020/21.

Members were given a brief introduction of the report confirming that the Treasury Management performance and activity for the year has been carried out in-line with the approved strategy and within borrowing and Treasury Management limits set by the Authority at the start of the year.

Members were advised of the Treasury Management activity for 2020/21 as follows:-

- no new borrowing was arranged in the year;
- outstanding debt fell by £0.450m to £36.885m;
- investments increased from £27.0m to £29.0m; and
- the TM practices maintained full compliance with the approved strategy and relevant Codes & Statutes.

A more detailed review of the Treasury Management performance was attached as Appendix A to the report.

Members asked why a short term loan was received from Liverpool City Council (LCC) and were informed that Merseyside Fire and Rescue Authority have an agreement with LCC regarding short term borrowing and that they are only taken, if needed, on an over-night basis if the Authority's bank account has a cash shortfall in relation to expected payments going out the next day.

Members resolved that:

The Treasury Management Annual Report 2020/21, be noted.

## **5. 2020/21 ANNUAL YEAR-END INTERNAL AUDIT REPORT**

Members considered Report CFO/027/21 of the Director of Finance and Procurement, concerning the Annual Year End Internal Audit report for 2020/21.

Members were given a brief introduction of the report outlining the reviews carried out by the internal auditor during 2020/21 and their view on the performance of the system of internal control in place at Merseyside Fire and Rescue Authority (MFRA) for the year.

The conclusion of Internal Audit was that the Authority's fundamental financial control system could provide;

- substantial assurance that the system of internal control in place accords with proper practice;
- that the system controls in place to govern the core financial systems are sound and that they are substantially adhered to; and
- no significant control weaknesses were identified and a strong control environment continues to be maintained.

With regards to the completed audit reviews carried out in the year:-

- Internal Audit have completed their reviews of the fundamental finance systems. All completed audits have shown a substantial compliance of the approved controls and processes and a good to substantial control environment.
- Some of the non-fundamental system audits were not undertaken as they were no longer required or they were no longer applicable. Some of the audit reviews have been deferred until 2021/22 as either audit work was re-directed to other reviews or COVID-19 meant the review would not be

as effective as Merseyside Fire and Rescue Service (MFRS) staff were pre-occupied with dealing with the challenges of COVID-19.

During the period June 2020 to May 2021, the Internal Audit followed up on a number of outstanding audit recommendations from historic audit reviews going back as far as 2012/13. The review found 25 medium to low risk recommendations yet to be certified as being actioned by the Service. The overall position at the end of the review was that of the 25 recommendations actively followed up, 5 recommendations have been closed and the implementation of the other 20 they have either:

- been actioned by MFRS and the Service is awaiting Internal Audit confirmation; or
- a new system or process has been introduced by the Service and Internal Audit will evaluate if the required control measures have been satisfied at the next review of that Service area; or
- MFRS officers require an extension to the agreed deadline due to either staff changes or resources have been redirected to manage COVID-19 challenges.

Members were advised that none of the above recommendations or any of the 2020/21 audit reviews have identified any weaknesses that would have a potential significant corporate impact risk for the Authority.

A brief overview of the key findings of each audit carried out in 2020/21 were provided in Appendix A attached to the report.

Members resolved that:

The contents of the report, be noted.

## **6. THE ANNUAL GOVERNANCE STATEMENT 2020/2021**

Members considered Report CFO/025/21 of the Director of Finance and Procurement, concerning the Authority's Annual Governance Statement.

The Authority is required to prepare an annual statement reviewing the Authority's governance and systems of internal control arrangements that were in operation during the year.

Members were advised that the Annual Governance Statement (Appendix A), meets the requirement to review and consider the effectiveness of the governance framework, including the system of internal control, that the Authority has had in place during 2020/21.

The key elements of the Governance Framework outlines systems and processes, and shows the effectiveness that underpinned the Authority's governance and internal control arrangements in the year.

The current governance and internal control arrangements of the Year-end Review, continue to be regarded as fit for purpose and the review provides an

acceptable overall assurance of the effectiveness of the Authority's system of internal control.

There are some potential risks and challenges with regards to Significant Governance Issues that the Authority may face in 2021/22 and the future. The current belief is that the Authority has sufficient financial resilience to meet these challenges, or, if necessary allow the Authority time to approve plans to meet these challenges on a permanent basis.

Members queried that if they sat on Audit & Governance for their Local Authority, was ok to be a part of Merseyside Fire and Rescue Authority's Audit Committee. It was confirmed that this is acceptable as the Local Authority has a different style of set up.

Members resolved that:

The Annual Governance Statement, be approved. This was then certified by the Chair of the Committee, Chief Fire Officer and Director of Finance and Procurement signing The Annual Governance Statement.

## **7. 2021/22 INTERNAL AUDIT PLAN**

Members considered Report CFO/026/21 of the Director of Finance and Procurement, concerning the Proposed Internal Audit Plan for 2021/22 and to seek comments from Members on the plan.

Members were advised that the Authority buys in 112 audit days a year as part of the Service Level Agreement with Liverpool City Council's Internal Audit Service. As a result of some of the service audit reviews being deferred in 2020/21, 23 audit days have been carried forward from 2020/21. The report outlines in Appendix A, the proposed allocation of the 135 audit days over various audit reviews in 2021/22.

It was highlighted to Members that the plan must include a review of the fundamental financial systems in order to provide assurance to the Authority, Director of Finance & Procurement and External Auditor that the systems had met the required financial administration standards, including the relevant internal control processes during the year. 47 audit days have been allocated for this work.

The Strategic Leadership Team (SLT) considered what strategic reviews should be put forward for 2021/22 and have allocated 58 audit days to cover the 5 strategic reviews outlined in the Appendix.

Members were informed that the balance of audit days, which is 30, is taken up by ad hoc investigations, unplanned audits and audit management work throughout the year.

Members resolved that:

the 2021/22 Internal Audit Plan, be approved.

**Close**

Date of next meeting Tuesday, 28 September 2021