

MERSEYSIDE FIRE AND RESCUE AUTHORITY

25 FEBRUARY 2025

MINUTES

Present: **Councillors** Janet Grace (Chair), Chris Page, Barbara Murray, Lynn O'Keefe, Andrew Makinson, Sam Gorst.

Also Present:	Chief Fire Officer	Nick Searle
	Director of Finance and Procurement	Mike Rea
	Monitoring Officer	Ria Groves

13. Chairs Announcement

Councillor Grace welcomed Councillor Page to his first Audit Committee.

It was proposed that Item 4 and 5 would be swapped for ease of reading, which was agreed by Members.

14. Apologies for Absence

Apologies for absence were received from Co-opted Member, Mr Anthony Boyle.

15. Declarations of Interest

There were no declarations of interest in relation to any item on the agenda.

16. Minutes of the Last Meeting

RESOLVED that the minutes of the last meeting held on 26th September 2024 be agreed as an accurate record.

17. 2023/24 Audit Completion Report

Karen Murray, Audit Partner from Forvis Mazars introduced the Audit Completion Report, noting that it came out ahead of their audit completion. Members were advised that she expected to issue an unqualified opinion on the Fire Authority's accounts once the Committee had concluded and once the Chair of Audit Committee, Councillor Grace and the Director of Finance and Procurement, Mike Rea, had signed the accounts and Mike Rea had signed the letter of representation.

It was acknowledged that Forvis Mazars had received a good set of accounts and supporting working papers at the start of their audit. Members were also advised of the support and detailed work provided by the Authority's Finance Team throughout the course of the audit.

Members' attention was drawn to the table on page 145 setting out the status of the audit in red, amber and green. The areas that had been completed were testing on journals, National Resilience assets and the accounting treatment of them and issues relating to the derecognition of assets.

Karen Murray advised that all information for Firefighters pensions had been received which had been tested, however, they had not yet been formally reviewed due to them only being received prior to this meeting. Furthermore, the IT audit work had also been completed.

It was raised that a small number of changes had been made to the accounts in order to be compliant. Karen confirmed that her team would write to the Authority after this meeting for record purposes.

There were no changes in materiality as it remained at £1.5million. Members attention was drawn to the risks that were reported in the Audit Plan and Audit Strategy Memorandum on page 149, confirming that she now had the assurance needed.

Karen reassured Members that Management Override of Controls was a risk in all organisations and was nothing to be worried about. It was confirmed that a large amount of testing had taken place, and they were satisfied with the outcome.

It was mentioned that pensions liabilities and assets reported was a risk due to relying on the actuary to provide information. Karen stated that some errors had arisen and that one had been amended relating to the asset ceiling calculation. A risk that had not been amended was on page 156 relating to pension fund accounts and the Authority's share of that. Members were reassured that the Authority was not in control of this, meaning that no errors had taken place within the Service. She explained that these issues were as a result of pension fund accounts, timing issues and timing changes.

A risk which was mentioned at the planning stage was the valuation of property, plant and equipment which the Authority was reliant on valuers for in order to support their accounts. Karen advised that all work they had planned to do had been completed and she was comfortable with the assurance received.

As the Authority was the lead for National Resilience, Forvis Mazars looked at the treatment of National Resilience assets. It was explained that there had been an adjustment to the accounts due to the Authority not having these assets in its possession at year-end, therefore, this had been removed from the accounts. In terms of the income and expenditure position with National Resilience monies, it was agreed that the Authority was acting as a principle, rather than an agent, meaning that the Authority was responsible for that funding.

It was reported that four amendments had been made to the accounts on page 157 and Members were reassured that none of these changes were particularly significant as no errors had been made by the Authority.

Members were advised that when looking at value for money, Karen's team looked for three things – financial sustainability, governance and what measures were being implemented to improve services for the public or reduce their costs. It was acknowledged that no signs of weakness in the Authority's arrangements had been identified, which was positive for the Service.

Karen Murray concluded that whilst she believed that the Authority had arrangements in place to ensure financial sustainability, those arrangements in themselves did not make the Authority financially sustainable. This meant that it was the Authority's responsibility to deliver the financial plans in place to stick to the budget. Assurance was given that the plans were adequate and would keep the Authority financially sustainable.

Councillor Jan Grace thanked Karen Murray for the objective challenge and very detailed report.

RESOLVED that the contents of the Auditor's report be noted.

18. Statement of Accounts 2023/24 Approval of Audited Statements

Director of Finance & Procurement, Mike Rea, introduced the report, taking Members to page 41 showing the 'Balance Sheet' table, noting that the reference within the table to 'Pension Fund' had been requested to change to 'Pension Liability' following advice from External Auditors.

Members' attention was also drawn to page 43 of the agenda, under the 'Accounting Policies and Roman Numeral V Prior Period Adjustments, Changes in Accounting Policies and Errors'. It was proposed this be moved out of 'Accounting Policies' to Note 44 on pages 89 – 90 of the Statement of Accounts.

On page 47 under the 'Events after the Report Period' section, the paragraph starting 'The Court of Appeal has recently issued its judgement in the Virgin Media Case' was to be moved to Note 40 within the Statement of Accounts.

Members were advised the final changes were on page 70 under 'Financial Instruments'. The heading 'PFI liabilities at amortised cost' was to be removed and the totals updated. The balance for 'Creditors at amortised cost' was to be amended from £6,282 to £5,531 as of 31st March 2024. The 'Non-financial instruments' was amended from £7,029 to £7,780 as of 31st March 2024. It was explained that the figures at the end of 31st March 2023 was also to be restated to take into account these amendments. Confirmation was received that the overall totals had not changed. A copy of the updated Statement of Accounts with the proposed amendments was shared with Members.

Members were informed that the main financial statements in terms of the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement had not changed as a result of these amendments.

Councillor Grace recommended the changes proposed by Mike Rea be adopted asked if Members agreed that the updated Statement of Accounts explained by Mike were to be reflected in the publicised Statement of Accounts. This action was seconded by Councillor Murray and agreed by Members.

The report was presented, noting that the Authority was required to prepare a set of annual financial statements in a format that was set out under the relevant Accounting Codes and Standards, which must then be approved and signed off for publication by the Authority.

Members were advised that the public Statement of Accounts must include any certificate or opinion entered by the External Auditor, Forvis Mazars, on whether the statements gave a true and fair view of the financial position of the Authority and had been prepared in accordance with the relevant Code of Practice.

The attention of Members was drawn to paragraphs 10 – 25 on pages 11 – 16 of the report which gave background to the four core financial statements in the Statement of Accounts and explained the changes from the figures in the previous year. It was also noted that paragraph 20 outlined the Balance Sheet movements between 2022-23 and 2023-24 and the movements on the Authority's assets and liabilities.

It was acknowledged that the Code and Regulations required a number of notional accounting entries and adjustments that were significant in value to be included in the Statement of Accounts, such as a depreciation charge. These were notional in nature so that they did not form part of the costs that must be funded by the Authority's approved general fund budget. Mike advised that the table on page 12 outlined the 2023-24 general fund outturn position.

Mike explained that the budgeted outturn position had not changed to that reported at the Policy and Resources Committee in July 2024. Furthermore, it was reported that Appendix B to the report showed the Authority's 'Letter of Representation' which set out assurances from the Authority to the Auditor that relevant accounting standards had been complied with and gave further assurances that the Authority had disclosed all the relevant information to support the financial statements.

The report was concluded by Mike advising Members that the accounting team was a new team, adopting new roles due to a number of retirements. He was pleased to see that an unqualified opinion on the account had been given. Mike gave his thanks to the Accounting Team and to the External Auditors for their advice they have given the Accounting Team.

Councillor Grace thanked Mike for his report and asked for clarity on page 37, paragraph 2 mentioning the local government pension scheme - 'Any shortfall on the Firefighter Pension Schemes is met by grant funding from Central Government and the Authority is only required to cover discretionary benefits when the pensions are actually paid'. She queried whether this was a huge help which Mike advised it was. He explained that a number of years ago, the pension scheme was fully funded by the Authority, through individual employee pension contributions and employers' pension contributions. Out of that, the

Authority had to pay the pensions and commutations of retired firefighters. Mike explained that as the number of firefighters reduced, and the number of pensioners increased, it became unaffordable for Fire and Rescue Services to maintain the pension scheme. It was advised that this was where the Government began subsidising Fire & Rescue Services with a pension grant. This allowed the Authority to continue to pay the pensions and commutations when employees left.

RESOLVED that:

- a) the amendments proposed by the Director of Finance and Procurement to be incorporated into the Statement of Accounts be approved;
- b) publication of the 2023/24 Statement of Accounts, attached as Appendix A along with the amendments to this report be approved;
- c) authority to the Chair of the Audit Committee and the Director of Finance & Procurement, as the s151 officer to sign the statement of accounts attached as Appendix A including the amendments be delegated; and
- d) authority to the Director of Finance & Procurement , as the s151 to sign the letter of representation in relation to the 2023/24 accounts, attached as Appendix B.be delegated.

19. Internal Audit Progress Report April to January 2025

Director of Finance and Procurement, Mike Rea, introduced the report, stating that three audits had been completed up to January 2025, one from the 2024-25 plan and two from the previous years' audit plans that were not finalised at the time of the annual audit opinion in September 2024. It was advised that the remaining work had commenced and would be completed as planned in quarter four. This would allow Internal Audit to review how systems and controls had operated over the majority of the financial year. Mike explained that the year-end Internal Audit Plan report would go to Members for their consideration in May.

Jonathan Brookman, the lead Internal Auditor, noted that section two on page 193 of the report detailed the audit work that had been completed up to January 2025. Members were advised that some work had taken place at the Training and Development Academy on the charging model, which was being reviewed. It was explained that the current auditing progress and work to be completed in the coming months was detailed in section three of the report which was on page 195. Jonathan noted that they were awaiting a date from payroll to commence the core financial systems reviews. The expenses audit was due to start in the coming weeks and it was confirmed that the working papers were set up.

Councillor Murray queried whether the charging model was used to calculate how much the Authority charged external bodies to use the facilities. Jonathan confirmed that this was correct and explained that the costs recovery model was being reviewed to ensure all costs relevant had been captured.

RESOLVED that the contents of this report be noted.

Close

Date of next meeting Thursday, 26 June 2025