

# **MERSEYSIDE FIRE AND RESCUE AUTHORITY**

## **AUDIT COMMITTEE**

**26 FEBRUARY 2026**

### **MINUTES**

**Present:** **Councillors** Jeanie Bell (Chair), Sam Gorst, Lynn O’Keeffe, Andrew Makinson, Grahame McManus, Chris Page and Co-opted Member, Anthony Boyle.

<b>Also Present:</b>	Deputy Chief Fire Officer	Dave Mottram
	Assistant Chief Fire Officer	Ged Sheridan
	Director of Finance and Procurement	Mike Rea
	Monitoring Officer	Ria Groves
	External Audit (Forvis Mazars)	Karen Murray
	External Audit (Forvis Mazars)	Katie Kingston
	Internal Audit (LCC)	Hayley Dickinson-Moore

#### **9. Apologies**

There were no apologies received.

#### **10. Declarations of Interest**

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

#### **11. Minutes of the Previous Meeting**

**RESOLVED** that the minutes of the last meeting held on 2<sup>nd</sup> October 2025 be approved as an accurate record.

#### **12. 2024/25 Audit Completion Report**

Director of Finance and Procurement, Mike Rea, introduced the report noting that the Auditor’s Completion Report confirmed that Forvis Mazars had completed the audit of the Authority’s financial statements. Mike Rea noted that Forvis Mazars anticipated issuing an unqualified opinion following this Audit Committee, confirming that the 2024-25 financial statements gave a true and fair view of the financial position of the Authority as of 31<sup>st</sup> March 2025.

Members noted that the Audit Completion Report identified internal control weaknesses within the production of the 2024-25 Statement of Accounts and Mike Rea confirmed that the team was committed to addressing this through targeted improvements in the 2025-26 production process, ensuring timely production and full compliance with the updated codes and regulations.

The report also identified several additional areas for attention and Members were aware of the significant team changes over the last 18 months. These,

alongside vacancies and long-term sickness impacted the 2024-25 production timeline and the team were working on forward planning to prevent future re-occurrence.

Members noted that Forvis Mazars identified no significant weaknesses regarding the Authority's value for money arrangements, specifically, the Auditors found the systems for securing economy, efficiency and effectiveness in the use of resources to be sufficient, requiring no formal recommendations. Mike Rea welcomed Audit Partner for Forvis Mazars, Karen Murray to present the Audit Completion Report.

Karen Murray was pleased to present the Audit Completion Report which concluded their work. She advised that she received the Authority's accounts on 2<sup>nd</sup> July, which was past the deadline of 30<sup>th</sup> June, however, this wasn't a particular concern. It was acknowledged that this audit had been much more difficult than in previous years and so, the Authority would receive more amendments in this set of accounts than usual. Concerns were raised about the quality of the accounts that were presented this year and the technical capacities in the team to support what was a very complex set of accounts, however, Karen recognised that there was a commitment to getting it right.

Karen Murray noted that four significant areas of risk had been identified in the Audit Strategy Memorandum. The first one was in respect of the management override of controls, and the risk was around matters where management could directly influence the accounts and make decisions that changed the figures within the accounts. Karen confirmed that this work had been completed with no problems identified.

The second area of significant risk was in relation to the Authority's pension scheme and the assets and liabilities that the Authority disclosed in respect of the two pension schemes. Karen confirmed that all the work had been completed. The only challenge was that updated information became available as time went on due to relying on work that the actuary does at a point in time. This resulted in some amendments to the accounts, however Karen reassured Members that it was very unlikely that there would ever be a situation that no amendments would ever be required in this area.

Karen Murray explained that the third area of significant risk related to the valuation of the Authority's land and building and some amendments were required within the accounts for this area.

The fourth and final area of significant risk was the implementation of IFRS 16. Karen explained that this was a change to the way the Authority accounted for leases and noted the biggest change to the Authority's accounts this year was that the draft accounts did not include the remeasurement of the PFI asset on the right basis under IFRS 16.

Members noted that there was a further issue around the rest of the asset register as some assets included in the Authority's asset register had been fully depreciated and had a net book value of nil but was still in use. Karen Murray advised that these assets should have had a residual value and indicated that

the depreciation had been applied too quickly, meaning that adjustments had to be made.

It was explained that Forvis Mazars intended to give an unqualified opinion on the Authority's accounts on receipt of the Authority's approved Statement of Accounts and signed Letter of Representation.

Karen closed with thanking the Authority's team for their hard work.

Councillor Chris Page thanked the team for a very helpful report and asked Karen whether she thought that working with Mike and his team, that the Authority would be in a better position to cope with the IFRS 16 this time next year. Karen clarified that IFRS 16 was new and particularly complex and she hoped these challenges would not arise in future years.

The Chair, Councillor Jeanie Bell, drew Members' attention to page 29 of the agenda which detailed misstatements, and she asked whether this would reduce going forwards. She also asked what the key drivers were behind those misstatements and asked if the issue around team capacity would be addressed and if there was any support required from the Authority.

The Director of Finance and Procurement advised the Chair that some of the misstatements were a result of reclassifying amounts between different lines within the accounts and that it was a change to the way the amounts had been reported for several years. Mike advised Members that the team had been through several changes over the last couple of years and was therefore a relatively new team, with staff turnover in the Accounting Team and Exchequer Services Team. He re-assured Members that the team were undergoing relevant training, with some courses already completed and others scheduled for the coming weeks. He added that himself and the Head of Finance were reassessing the capacity of the team.

The Chair thanked Mike for his response and added that this gave her a lot of confidence and reassurance. She drew Member's attention to page 31, where it mentioned the significant control deficiencies on fully depreciated assets, and it explained that there would be a new internal control to ensure that assets reaching the end of their predicted life were physically verified before being treated as nil value and that monitoring progress on the improvements would ensure that the financial reporting controls remained robust. She wondered how this would be reported to the Audit Committee in the year going forward and asked for assurance to prevent the reoccurrence of this in the 2025-26 audit.

Mike Rea explained that several vehicles, originally due for disposal based on their service life, have had their use extended. This decision followed lead-time delays for replacement vehicles and had allowed the Authority to achieve greater value for money from these assets. The team had met with the Fleet Manager to review existing assets and would continue these discussions over the coming weeks to plan for the next year. An update on this asset exercise would be brought back to the Audit Committee. Members also noted that the Authority was due to take delivery of several new vehicles over the next 12 months.

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

**13. Statement of Accounts 2024/25 Approval of Audited Statements**

Director of Finance and Procurement, Mike Rea, advised Members that the Authority was required to prepare a set of annual financial statements in a format that was set out under the relevant accounting code and standards which must be approved and signed off for publication by the Authority. Members were aware that the published statements of accounts must include an opinion from external auditors, 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 codes of practice.

Members' attention was drawn to paragraphs 10 - 25 on pages 67 - 72 of the agenda which provided background to the four financial statements in the statements of accounts. It was explained that these paragraphs summarised the 2024-25 movements in the statements and explained any significant changes from the previous year's figures.

Mike Rea advised Members that paragraph 20 outlined the Balance Sheet movements between 2023-24 and 2024-25, and the movements on the Authority's assets and liabilities. Members noted that the codes 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 the depreciation charge. It was explained that they were notional in nature, therefore, they did not form part of the cost that must be funded by the Authorities approved general fund budget.

It was acknowledged that as per paragraph 8 of the report, the budgeted outturn position had not changed to that report of the Policy and Resources Committee in July 2025. Mike Rea added that the report recommended that Members delegated Authority to the Chair of the Audit Committee and the Director of Finance and Procurement to sign the 2024-25 Statement of Accounts and approve for publication and note that the Director of Finance and Procurement would sign the Letter of Representation.

The Chair, Councillor Jeanie Bell, directed Members' attention to the information around the reduction in unusable reserves in paragraph 19, page 70 of the agenda and asked for clarification on what drove this reduction and whether it affected the financial resilience of the Authority going forwards. She also asked that given the volatility of pension liabilities, what actions were being taken to mitigate future functionalities in the unusable reserves.

Mike Rea referred Members to the table in paragraph 21, page 134 of the agenda which showed a further breakdown of the unusable reserves. He explained that Members could see the difference from one year to another and that the pensions reserve from one year had gone from £856m down to £775m. He added that this tended to have the greatest impact on the unusable reserves figure. These fluctuations in the pension reserve resulted from the actuarial

assumptions and demographics data used when performing the annual liability calculation.

Councillor Chris Page mentioned the statement on page 193 of the agenda addressing that no significant weaknesses were identified, and that the Authority had established specific reserves to cover the risk of variation. He asked whether there was anything further that the Authority needed to think about or whether this was sufficient.

Mike Rea reminded Members that the Authority was set to approve the Medium-Term Financial Plan at the upcoming Budget Meeting. The Medium-Term Financial Plan included several reserves, starting with the General Revenue Reserve, which represented approximately 5% of the net revenue budget and remained unallocated for future commitments. Additionally, various earmarked reserves were maintained for specific contingencies, such as an Inflation Reserve to mitigate fluctuations in pay and prices.

**RESOLVED** that:

- a) authority to the Chair of the Audit Committee and the Director of Finance & Procurement, as the S151 Officer, to sign the 2024/25 Statement of Accounts, attached as Appendix A to this report be delegated and for publication on the Authority's website be approved; and
- b) the Director of Finance and Procurement will sign the letter of representation in relation to the 2024/25 accounts, attached as Appendix B be noted.

#### **14. Internal Audit Progress Report April to January 2026**

The report was introduced by Director of Finance and Procurement, Mike Rea, who advised Members that three audits had been completed up to January 2026. Members noted that all three audits had been issued with a substantial audit opinion. He explained that the remaining audit work would be completed as planned in quarter four and this allowed the auditors to review how systems and controls had operated over the majority of the year. Mike added that the Year End Internal Audit Report would be reported back for Members' consideration in May. Members were aware that the internal audit services were provided by Liverpool City Council, and he welcomed Hayley Dickinson-Moore, Lead Audit Manager, to take Members through the progress report in more detail.

Hayley Dickinson-Moore advised Members that three reports were completed, all of which were given substantial assurance and had no recommendations. She explained that there was a further audit report in draft and two additional audits ongoing, however, these were all at the final stages so hoped to be finalised very quickly. The Authority's impressive work was commended as 22 recommendations had been closed and only 4 remained outstanding.

The Chair commented that it was a pleasing report and thanked all the team for the level of work that had gone into every piece of work on the agenda. She added that she could not wish for more information or transparency.

**RESOLVED** that the contents of this report be noted.

Close

The date of next meeting will be after the Annual General Meeting.