MERSEYSIDE FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

30 JUNE 2026

MINUTES

Present: **Councillors** Lynn O'Keeffe (Chair), Chris Page, Nigel Brown, Jerry Williams, Dave Hanratty and Andrew Makinson.

Also Present:	Deputy Chief Fire Officer	Dave Mottram
	Director of Finance and Procurement	Mike Rea
	Monitoring Officer	Ria Groves
	External Audit (Forvis Mazars)	Katie Kingston
	External Audit (Forvis Mazars)	Lauren Dawes

1. Apologies for Absence

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

2. Declarations of Interest

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

3. Minutes of the Last Meeting

RESOLVED that the minutes of the last meeting held on 26th February 2026 were agreed as an accurate record.

4. Forvis Mazars Audit Strategy Memorandum 2025-26

The Director of Finance and Procurement, Mike Rea, introduced the Forvis Mazars Audit Strategy Memorandum 2025/26 report, which outlined the auditor's approach to the audit of the Authority's 2025/26 financial statements. It was noted that the Accounting Team had completed the final amendments to the Draft Statement of Accounts, which had been published on the Authority's website and shared with Forvis Mazars ahead of the statutory deadline.

Members were informed that, during the year-end process, the Accounting Team had undertaken a comprehensive review of Property, Plant and Equipment, meeting with all officers responsible for asset areas, including the Fleet Manager, to assess the appropriateness of the valuations applied. It was noted that this work incorporated the latest HM Treasury guidance and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code, ensuring the Authority's asset base was accurately reflected and aligned with its current operational use.

Members were further advised that revised fixed asset registers and supporting working papers had been developed to strengthen the robustness of the Statement of Accounts.

It was noted that Councillor Chris Page had raised a question prior to the meeting regarding whether property valuations for insurance purposes were included. Members were advised that external audit focused solely on valuations for accounting purposes and did not review insurance cover. However, it was confirmed that professional valuations were shared with insurers annually as part of the Authority's renewal process.

Katie Kingston from Forvis Mazars addressed Members and confirmed that Lauren Dawes from Forvis Mazars would be taking over as Audit Engagement Manager. It was noted that Karen Murray would continue as Engagement Partner. Members were advised that initial planning work had already taken place and that the main audit fieldwork was scheduled to begin in September, with the intention of issuing the audit opinion before the end of 2026, well ahead of the national deadline of January 2027.

Councillor Dave Hanratty entered the meeting at 13:04pm.

Lauren Dawes advised Members that three significant risks had been identified: management override of controls, the defined benefit pension scheme, and the valuation of Property, Plant and Equipment. It was noted that the updated CIPFA Code required full revaluation of assets at least once every five years, with annual indexation in intervening years, and that this change would alter the audit approach. Members were also advised that IFRS 16 had been identified as an enhanced risk due to issues noted during the implementation year.

Members were informed that financial statement materiality had been set at £3 million, based on 2% of gross expenditure from the 2024/25 accounts. It was noted that the Forvis Mazars proposed fees included a 2.8% inflationary increase in line with PSAA (Public Sector Audit Appointments) contract arrangements. Members were advised that PSAA reviewed and approved any additional fees.

Councillor Chris Page confirmed he was satisfied with the clarification provided regarding insurance valuations and commented positively on the inclusion of IFRS 16 within the audit plan.

The Chair, Councillor Lynn O'Keeffe, asked whether the additional fees incurred in 2024/25 had been anticipated and whether funding had been set aside. Mike Rea explained that the increase had not been fully expected and had arisen from technical complexities, resource pressures and support provided by Forvis Mazars. He confirmed that the costs had been met through vacancies and additional income, and that no further additional fees were expected for 2025/26. Katie Kingston reminded Members that PSAA reviewed additional audit fees to ensure fairness. Mike added that PSAA also provided independent scrutiny and confirm proposed fees with the finance team prior to final approval.

RESOLVED that the contents of Forvis Mazars 2025/26 Audit Strategy Memorandum and the scope, approach and timeline of the Authority's 2025/26 audit of the financial statements be noted.

5. Treasury Management 2025-26 Annual Report

Director of Finance and Procurement, Mike Rea introduced the report, which informed Members of Treasury Management activity during 2025/26 and the performance against the agreed Prudential Indicators. It was noted that all activity had been carried out in line with the approved strategy and within all borrowing and treasury management limits set by the Authority.

Members were informed that no new borrowing had been undertaken during the year, with the Authority continuing to utilise cash balances. External debt remained at £33.7 million, and interest paid totalled £1.7 million, which was in line with the approved budget.

It was noted that investment balances had increased from £47.7 million to £71.1 million, largely due to the timing of grant income, including £29.1 million in firefighter pension grant and £18 million in National Resilience funding. Members were advised that investment income totalled £1.8 million, which was £0.7 million above budget, and that the average rate of return achieved was 4.47%, outperforming the Sterling Overnight Index Average (SONIA) benchmark of 4.01%.

It was noted that the Authority had complied with all Prudential Indicators and that no investments exceeded 365 days, and that Treasury Management practices remained fully compliant with the CIPFA Code and statutory requirements.

RESOLVED that the Treasury Management Annual Report 2025/26 (attached as Appendix A) be noted.

6. 2026/27 Internal Audit Plan

Director of Finance and Procurement, Mike Rea introduced the Internal Audit Plan for 2026/27. Members were advised that the Authority had a statutory duty under the Accounts and Audit Regulations 2015 to maintain an adequate and effective system of internal audit. It was noted that the plan totalled 95 audit days, comprising core financial systems work and strategic risk-based reviews.

Councillor Chris Page asked whether the five-day contingency could be used to increase time spent on planned areas or whether it was typically absorbed by general advice. Mike Rea highlighted that the contingency was reserved for emerging risks rather than supplementing planned work, and that any additional requirements would be reported back to Members.

The Monitoring Officer, Ria Groves, advised Members of a typographical error in the published agenda. It was noted that Item 6 had incorrectly referred to the Internal Audit Plan as relating to 2025/26, whereas the report itself correctly

stated 2026/27. Members agreed that the agenda would be updated to reflect the correct year for future reference.

RESOLVED that;

a) the proposed Internal Audit Plan for 2026/27 be considered; and

b) the Plan, subject to any agreed amendments, be approved.

7. 2025/26 Annual Year-End Internal Audit Report and Opinion

Director of Finance and Procurement, Mike Rea introduced the report providing Members with the Annual Year-End Internal Audit Report and Opinion for 2025/26. Members were reminded that the Authority's Internal Audit Function was provided by Liverpool City Council, Mike Rea advised that the Head of Internal Audit had submitted apologies for the meeting following the rescheduling of the Committee.

Mike Rea presented the Annual Internal Audit Report. Members were advised that eight audit reviews had been completed during the year and that no significant issues had been identified in core financial systems. It was noted that controls were sound and operating effectively.

Members were informed that the Chief Audit Executive had concluded that the Authority had a generally sound system of governance, risk management and internal control, with a substantial assurance opinion for 2025/26. Areas for improvement included consistency of control application, operational implementation of processes, business continuity documentation, asset control and record-keeping.

Councillor Andrew Makinson asked for clarification on outstanding recommendations. Mike Rea advised that the longest-standing item related to an external legal policy review by King's Counsel on agreement procedures, which was in progress. The Monitoring Officer confirmed that several related policies were being reviewed and strengthened internally before coming back and reporting to Members.

Councillor Chris Page asked for further detail on business continuity and organisational resilience on page 81 of the agenda. Mike Rea advised that improvements largely related to updating documentation following organisational changes, rather than weaknesses in practice.

The Chair, Councillor Lynn O'Keeffe, sought clarification regarding segregation of duties, noting that this had also been identified as an area for improvement in the previous year's report, and asked whether the issue had been carried forward or represented a separate finding.

Mike Rea explained that the finding related to the Stores Audit and the arrangements for officers requesting and approving items of uniform and equipment. Members were advised that the issue was being addressed, with

arrangements strengthened to ensure that appropriate authorisation was in place.

In discussing the HMICFRS findings referenced within the report, the Chair, Councillor Lynn O'Keeffe, questioned the reduction in the Prevention judgement from "Outstanding" to "Good" expressing concern that the revised judgement did not fully reflect the Service's strong performance in this area.

The Deputy Chief Fire Officer, Dave Mottram, advised that the Service had challenged the assessment as part of the inspection process and maintained that strong prevention outcomes had been delivered.

Councillor Chris Page placed on record that, at a recent Sefton Social Care Committee meeting, the Authority was praised for its work around protecting vulnerable people and for its support to the community and older residents. He commented that this positive work was not always visible within HMICFRS judgments and asked that the Committee's recognition for this to be formally acknowledged.

RESOLVED that the contents of the 2025/26 Annual Internal Audit Report and Conclusion be noted.

8. Changes to Accounting Policies 2025/26

Director of Finance and Procurement, Mike Rea introduced the report, informing Members of the changes to the Authority's Accounting Policies for 2025/26.

Members were advised that the updated CIPFA Code required full revaluation of land and buildings at least once every five years, with annual indexation applied in intervening years. It was noted that desktop valuations could be used where indices were unavailable. Members were informed that the change was intended to simplify valuation processes, improve consistency and reduce audit burden, and that it would be applied prospectively with no requirement to restate prior-year figures.

Councillor Andrew Makinson asked for clarification on the material difference between the previous valuation approach, revaluing 20% of the portfolio each year and the new requirement to revalue all assets every five years. Mike Rea explained that, in practical terms, the Authority would continue to undertake a rolling programme of valuation work across its asset portfolio. Under the revised approach, assets not subject to a full valuation in a particular year would generally be updated using appropriate indices, with all relevant assets subject to full revaluation within the required five-year period.

RESOLVED that the accounting policy amendment that will apply in the 2025/26 Statement of Accounts be approved.

9. Annual Governance Statement 2025/2026

The Monitoring Officer, Ria Groves, introduced the Annual Governance Statement for 2025/26. Members were advised that the Authority was required

to prepare an Annual Governance Statement each year, setting out the arrangements and internal controls in place to support effective governance. It was noted that a review of effectiveness had been undertaken for 2025/26 in accordance with the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

Members were advised that no significant weaknesses in compliance with the governance principles had been identified during 2025/26. Members were further advised that the Authority had received an unqualified opinion on the 2024/25 financial statements, and the Monitoring Officer confirmed that no actions undertaken during the period had been deemed ultra vires.

Although no significant governance failings requiring formal disclosure had been identified, Members were advised that several opportunities had been highlighted to further strengthen existing arrangements. These included further embedding project governance disciplines, particularly in relation to service improvement activity; ongoing development of risk management practices; and continued strengthening of performance reporting.

Members were advised that this would help ensure that outcomes, risks and resource implications were consistently integrated and clearly articulated. The Monitoring Officer confirmed that work in these areas was already underway within the Strategic Leadership Team (SLT).

RESOLVED that the 2025/2026 Annual Governance Statement be approved.

Close

Date of next meeting Tuesday, 24 November 2026