

CLEVELAND FIRE AUTHORITY**MINUTES OF AUDIT & GOVERNANCE COMMITTEE
EXTRAORDINARY MEETING****19 APRIL 2024**

- PRESENT:**
- CHAIR:-** Councillor Steve Kay – Redcar & Cleveland Borough Council
- MIDDLESBROUGH**
Councillor John Kabuye, Dennis McCabe
- STOCKTON BOROUGH COUNCIL**
Councillor Stefan Houghton
- INDEPENDENT PERSONS**
Mr Steve Harwood
Mr Paul McGrath
- AUTHORISED OFFICERS**
Chief Fire Officer, Legal Adviser & Monitoring Officer, Deputy Treasurer
Assistant Chief Fire Officer - Community Protection
- MAZARS**
Mr Gavin Barker - Audit Engagement Lead
Mr Ross Woodley - Audit Director
- APOLOGIES FOR ABSENCE:**
- Cllr Naweed Hussain – Middlesbrough Council
Cllr Jim Beall – Stockton on Tees Borough Council
Assistant Chief Fire Officer - Strategic Planning & Resources

110. DECLARATION OF MEMBERS INTERESTS

It was noted no Declarations of Interest were submitted to the meeting.

111. MINUTES

RESOLVED – that the Minutes of the Audit & Governance Committee held on 23 February 2024 be confirmed.

112. REPORTS OF THE TREASURER AND MAZARS**112.1 The 2022/23 Financial Report and Audit Completion Report**

The Audit Engagement Lead (AEL) and Audit Director (AD) presented Mazars Audit Completion Report (ACR) on the Authority's 2022/23 financial statements, which had been considered by the Committee in draft on 25 August 2023.

The AD referred Members to the Executive Summary of the ACR at Appendix B which covered: principal conclusions and significant findings; misstatements and internal control recommendations; status and audit opinion.

He outlined three misstatements requiring adjustments to the accounts which were relating to:

112.1 The 2022/23 Financial Report and Audit Completion Report cont.

- Revaluation of Assets using most recent indices and inflation in construction costs
- Surplus on Local Government Pension Scheme being netted off the much larger deficit on the Firefighters Pension Scheme
- Error in classification of the Services Grant

He reported that the Value for Money Work, which covers financial sustainability, governance and improving economy, and efficiency and effectiveness, was yet to be completed but confirmed no significant weaknesses had been identified to date.

Therefore, he anticipated being able to issue an unqualified audit opinion, without modification, on the financial statements with the final audit opinion being issued once the Authority approve the 2022/23 Financial statements on 7 June 2024. He added that the Audit Certificate could only be issued once the National Audit Office had completed the Whole of Government Accounts statement.

The AEL confirmed that while the Audit did not commence until January 2024 they were on track for achieving completion by the backstop date of 30 September 2024.

Councillor Kay asked for further details regarding the pension scheme misstatement. The AD confirmed this was not relating to movement of funds but to how they were presented on the balance sheet, which had now been adjusted.

Councillor Kabuye asked what the impact would be on the Authority if Mazars failed to meet the 30 September 2024 backstop deadline. The AEL confirmed this would have a significant impact on the 2023/24 audit as they would not have assurance about the previous year's figures.

Councillor Kay asked what national solutions were being sought to ensure external audits were completed within the agreed timeframe. The AEL confirmed that the backstop proposal was a five-year plan aimed resolve this issue.

The AEL informed Members that the AD was due to retire in May and that he was being moved away from the Authority's audit work to comply with the rotation requirements. He confirmed that James Collins would be the Audit Director and Jack Brown the Engagement Manager. Councillor Kay thanked Mazars for presenting the report and wished the AD a happy retirement on behalf of the Authority.

RECOMMENDED:-

- That the 2022/23 Financial Report attached at Appendix A be noted.**
- That members noted and agreed that should a material error be identified in the outstanding issues, that results in amendments to the Financial Report, these amendments are actioned and delegated authority be given to the Treasurer in consultation with the Chair of Cleveland Fire Authority to approve the updated 2022/23 accounts.**
- That Members noted the Audit Completion Report at Appendix B.**
- That Members noted that the Management Letter of Representation will be issued once the audit has concluded.**

COUNCILLOR STEVE KAY
CHAIR