

**NORTH WALES FIRE AND RESCUE AUTHORITY
AUDIT COMMITTEE**

Minutes of the Audit Committee Meeting of the North Wales Fire and Rescue Authority held on 10 July 2017 at the Fire and Rescue Headquarters, St Asaph. Meeting commenced at 2pm.

PRESENT

Councillors:

J R Skelland (Chair)	Wrexham County Borough Council
B Apsley	Wrexham County Borough Council
A I Dunbar	Flintshire County Council
S Glyn	Gwynedd Council
I D Lloyd	Gwynedd Council
G Lowe	Wrexham County Borough Council
D Rees	Anglesey County Council
W P Shotton	Flintshire County Council
N Smith	Conwy County Borough Council
W O Thomas	Flintshire County Council
D Wisinger	Flintshire County Council

ALSO PRESENT:

D Docx (Deputy Chief Fire Officer); K Finch (Treasurer); G Owens (Deputy Clerk); S Forrest (Head of Accountancy and Exchequer Services, Conwy County Borough Council); K V Williams (Audit Department, Conwy County Borough Council); M Jones and A Bruce (Wales Audit Office); A Davies (Member Liaison Officer).

APOLOGIES:

Cllr A Daniels	Gwynedd Council
Cllr S Lloyd-Williams	Conwy County Borough Council

1 DECLARATIONS OF INTEREST

1.1 None.

2 MINUTES OF THE MEETING HELD ON 30 JANUARY 2017

2.1 The minutes of the meeting held on 30 January 2017 were submitted for approval.

2.2 **RESOLVED to approve the minutes of the last meeting as a correct record.**

3 MATTERS ARISING

3.1 **7.5 Local Government Pension Fund Deficit** – it was confirmed that the payment of the deficit lump sum had been paid in April 2017, therefore resulting in savings of up to £138,600 over the next three financial years.

4 AUDIT PLAN

- 4.1 Mark Jones and Andy Bruce from the Wales Audit Office presented the WAO's audit plan for the Authority for 2017-18.
- 4.2 The plan detailed the work to be undertaken including audit of financial statements report and performance work. Mr Jones explained that the financial audit work will include reviewing the accounting and disclosure of property, plant and equipment and also reviewing the pension schemes to ensure they are in line with the relevant accounting requirements.
- 4.3 Mr Bruce explained that the performance audit work will include looking at the annual improvement report and Well-being of Future Generations (Wales) (WFG) Act pilot work. In addition to its annual programme of audit and assessment work, the WAO undertakes a programme of local government studies and local projects; this year it will be looking at NWFRS' fleet management of non-operational vehicles. Further information on the WFG pilot work will be provided to members at future meetings.
- 4.4 The estimated fee for the financial and performance audit work is £62,227 including the year one commentary work on the WFG. It was noted that the closing date for the consultation on WAO fees is 28 July and feedback is welcome from all.
- 4.5 **RESOLVED to note the audit plan for 2017/18.**

5 ANNUAL GOVERNANCE STATEMENT

- 5.1 The DCFO presented the Annual Governance Statement (AGS) to members for comment, prior to it being presented with the full set of accounts in September 2017. The AGS is a way of reporting publicly the extent to which an Authority complies with its own Code of Corporate Governance.
- 5.2 The DCFO led members through the AGS and the action plan. Recommendations for improvement had been made in 2015/16 and members were informed of progress made under each recommendation during 2016/17. New actions are planned for 2017/18 and include developing the knowledge of new members post-local authority election and enhancing the post implementation review of projects.
- 5.3 In response to a member's question, it was confirmed that a tri-emergency services collaboration board has been established to enhance joint working between the blue light services in North Wales. Members thanked the officers for the report and were pleased to note the progress made in the action plan.
- 5.4 **RESOLVED to approve the content of the of the Annual Governance Statement for 2016/17.**

- 6 PRUDENTIAL INDICATORS, TREASURY MANAGEMENT STRATEGY, INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY
- 6.1 The annual treasury report is a requirement of the Authority's reporting procedures. It details the treasury activity and the actual prudential indicators for 2016/17 in accordance with the requirements of the Prudential Code. The Audit Committee's task was to ensure effective scrutiny of the treasury management strategy and policies and based on their findings make recommendations to the Fire and Rescue Authority.
- 6.2 Sandra Forrest delivered a detailed presentation on treasury management strategy and the economy, borrowing activity, investment activity and prudential indicators. It was noted that the Authority has complied with all statutory and regulatory requirements which limit the level of risk associated with its treasury management activities. For investments made the order of priority has been security, followed by liquidity, then yield. The capital expenditure incurred by the Authority is prudent, affordable and sustainable as demonstrated by the performance indicators produced and the capital financing costs.
- 6.3 Ms Forrest detailed the risks for 2017/18 and explained that in order to mitigate any risk as far as possible the following actions are taken:
- TM advisors (Arlingclose) monitor counterparties on a daily basis as to their creditworthiness and the likelihood of the institution failing
 - surplus funds are kept to a minimum and the majority are held in call accounts for cash flow purposes
 - reserve held of £100k to cover any interest rate rises (1% on £10m).
- 6.4 **RESOLVED to recommend to the Fire and Rescue Authority the approval of the actual 2016/17 prudential indicators.**
- 7 INTERNAL AUDIT ANNUAL STATEMENT OF ASSURANCE
- 7.1 Keith Williams from Internal Audit, Conwy County Borough Council presented as part of the Authority's annual requirement to conduct a review of the effectiveness of its system of internal control.
- 7.2 It was confirmed that the Head of Internal Audit was of the opinion that the Authority had adequate and effective control process to manage its achievement of the Authority's objectives between 1 April 2016 and 31 March 2017. The overall opinion will be used in the preparation of the annual governance statement.
- 7.3 **RESOLVED that the internal audit annual statement of assurance be accepted and utilised to contribute to the evidence content of the 2016/17 annual governance statement.**

- 8 SUMMARY OF INTERNAL AUDIT ACTIVITY 2016/17 AND DRAFT INTERNAL AUDIT PLAN 2017/18
- 8.1 Keith Williams presented the report which gave members a summary of the internal audit work undertaken in 2016/17 and to ask for approval of the internal audit needs assessment and draft internal audit plan for 2017/18.
- 8.2 Mr Williams led Members through the report explaining the work that had been undertaken during 2016/17. Mr Williams explained that only 45 days had been utilised in 2016/17 and therefore five days have been carried over to 2017/18.
- 8.3 Audits completed in 2016/17 included the review of accuracy and completeness of firefighter pension data, attendance management and cyber security. Members were keen to ensure that the results of the cyber security audit be presented to the Audit Committee as soon as they are available; the DCFO explained that this is the main risk in the risk register and the Service is not being complacent in its management of it.
- 8.4 Audit work planned for 2017/18 includes reviewing the creditors system, financial and inventory procedures at retained fire stations and cyber security (part II).
- 8.5 **RESOLVED to**
(i) note the summary of internal audit activity 2016/17;and
(ii) approve the needs assessment and draft internal audit plan for 2017/18.
- 9 ANY OTHER BUSINESS
- 9.1 **Local Pension Board** - Members were reminded that another member was required to sit on the Local Pension Board alongside Cllr J R Skelland and Cllr J B Hughes. **Cllr B Apsley was nominated and accepted the role.**
- 9.2 **Improvement Plan Working Group** – It was noted that the Working Group consists of the Executive Panel members and meets in private to discuss future objectives and the budget. In future, the Audit Committee will receive regular updates on the work undertaken by the Working Group.