

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

Minutes of the Audit Committee Meeting of the North Wales Fire and Rescue Authority held on 15 September 2014 at the Fire and Rescue Headquarters, St Asaph. Meeting commenced at 2pm.

PRESENT

Councillors

J R Skelland (Chair)	Wrexham County Borough Council
A I Dunbar	Flintshire County Council
J G Evans	Anglesey County Council
A Jones	Wrexham County Borough Council
G Lowe	Wrexham County Borough Council
D MacRae	Conwy County Borough Council
D Miles	Conwy County Borough Council
M Reece	Flintshire County Council
W P Shotton	Flintshire County Council
D Simmons	Denbighshire County Council
O Thomas	Flintshire County Council
G G Williams	Gwynedd Council

ALSO PRESENT:

D Docx (Deputy Chief Fire Officer); R Simmons (Assistant Chief Fire Officer); S Forrest (Accountant, Treasurer's Department, Conwy County Borough Council); G Owens (Deputy Clerk and Monitoring Officer); K V Williams (Audit, Conwy County Borough Council); C Dingle (Finance Manager); Ll Gutierrez-Jones (Human Resources Manager); S Redwood (KPMG); A Davies (Member Liaison Officer).

APOLOGIES:

Councillor R Wright	Gwynedd Council
C Everett	Clerk and Monitoring Officer
K Finch	Treasurer

1 DECLARATIONS OF INTEREST

1.1 None.

2 MINUTES

2.1 The minutes of the meeting held on 2 June 2014 were submitted for approval.

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

3 MATTERS ARISING

- 3.1 (5.2) WAO Study on Delivering with Less – the DCFO informed Members that following further discussions between the FRAs in Wales and the WAO, it has been agreed that the WAO will study and analyse the various new crewing systems that have been introduced across Wales.
- 3.2 (11) The Firefighters' Pension Scheme – new governance requirements – the DCFO reminded Members that Cllr J R Skelland, Cllr B Dunn and Cllr W T Owen had been nominated to sit on the Local Pension Board and it was noted that an all-Wales training day will be held in Llandrindod Wells on 30 September. At this point, Members commented on the Authority's policy of re-employing personnel who had retired. It was agreed that the DCFO would discuss the matter with the CFO and Chair of the Authority and that further information about the policy would be provided at the next Audit meeting.

4 TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS

- 4.1 The report was presented in order for the Audit Committee to review the report before submission to the Fire Authority. A requirement of the CIPFA Prudential Code is that Prudential Indicators are monitored on a regular basis and any significant changes approved. Similarly, changes to long term borrowing and counterparties need to be reported as part of the CIPFA code on Treasury Management. There had been some changes since the Authority's approval of the treasury management strategy at its March 2014 meeting; the prudential indicators estimated for 2014-15 had also been amended and there were new loans and changes to the list of counterparties to be noted.
- 4.2 Sandra Forrest delivered a presentation at the meeting and provided Members with handouts which contained additional information on the capital programme, loans and interest rates.
- 4.3 Ms Forrest answered Members' questions and it was confirmed that the Authority has complied with all statutory and regulatory requirements which limit the level of risk associated with its treasury management activities.
- 4.4 It was noted that following the audit of the accounts it had been agreed that because most short term borrowings and investments are done under the Conwy CBC name, the lender and borrower for these transactions will now be Conwy CBC; this involves a change in procedure and does not change the rates paid and received.
- 4.5 In terms of the capital expenditure incurred by the Authority it is prudent, affordable and sustainable as demonstrated by the prudential indicators produced and the capital financing costs. The DCFO reminded Members that expenditure on the Capital Programme would remain high for the next few years in line with the long term strategy for improving the property portfolio. However, it is envisaged that by 2019-20 the Authority will have carried out all the major projects and the expenditure required will be for maintenance which will significantly reduce the size of the capital programme going forward.

- 4.6 **RESOLVED to recommend that the Fire and Rescue Authority:**
(i) approves the amended Prudential Indicators;
(ii) notes the Counterparties;
(iii) notes the new loans.

5 STATEMENT OF ACCOUNTS

- 5.1 The audited statement of accounts for 2013-14 and the annual governance statement were presented to the Audit Committee as it has been tasked with ensuring effective scrutiny of the financial reports and based on their findings make recommendations to the Authority. In compliance with the Accounts and Audit Regulations (Amendment Wales) 2010 the statements must be approved by 30 September.
- 5.2 Ms Forrest answered Members' questions and led them through the statement of accounts. It was noted that amendments had been made in line with the audit findings as follows:
- correction to capital funded through revenue to Earmarked Reserve from Capital Receipts reserve - £543,000 (MIRS)
 - correction to the adjustments to the accounts for a Finance Lease – accounted for twice in the depreciation charge - £125,000 (MIRS)
- 5.3 In terms of pension issues, Ms Forrest explained the Authority's pension liability and the two types of pension schemes. It was noted that the Local Government scheme is fully funded and contributions are set to meet 100% of the liabilities. The firefighters' scheme is unfunded and is operated outside the revenue account as a separate pension fund which was established to help with budgetary control; it was noted that any deficits on the fund are met by the Welsh Government. Separate to the funds are RDS ill-health and injury pensions which are paid direct from revenue. Members discussed the firefighters' pension scheme and requested that the Audit Committee receive a presentation on the new pension scheme following its implementation in 2015.
- 5.4 Members were informed about the delay to the upgrade of Deeside station as the main contractor had gone into receivership. Although there may be additional costs due to the retendering process required, the DCFO reassured Members that the project would be going ahead and work is expected to restart on the station in the next two months. It was also confirmed that the station is still active and that firefighters still respond to incidents from there.
- 5.5 Whilst perusing the document, the Chair expressed concerns about members' remuneration and specifically some members' poor attendance record at Authority meetings. It was confirmed that the Clerk sends a letter to all Chief Executives in April of every year noting members' attendance. It was agreed to copy this letter to members directly in order for them to be able to monitor their own council's representation on the Authority.

- 5.6 **RESOLVED to**
- (i) **recommend to the Fire and Rescue Authority the approval of the audited Statement of Accounts for 2013-14 and note the Letter of Representation sent to the External Auditors;**
 - (ii) **agree that future statement of accounts will have a glossary of all terms appended to the document;**
 - (iii) **request a presentation on the new pension scheme once it has been implemented in 2015.**

6 AUDIT OF FINANCIAL STATEMENTS

6.1 Siân Redwood from KPMG was in attendance to present the audit of financial statements to Members. The document summarised the Audit's findings of the 2013/14 accounts. Ms Redwood confirmed that the accounts would be presented as unqualified, there were no major changes to be made and no material weaknesses had been identified. It was noted that that KPMG and the WAO would continue to monitor the Wrexham fire and ambulance station project and the Deeside station project.

6.2 **RESOLVED to note the audit of financial statements.**

7 ATTENDANCE AND EMPLOYEE SICKNESS MANAGEMENT

7.1 The HR Manager, Llinos Gutierrez-Jones, delivered a presentation on how the Service manages sickness absence. The HR Manager explained that there are key challenges that the Service faces in terms of managing attendance including:

- the unique nature of the roles undertaken by employees of the Service places both emotional and physical demands on employees
- an appropriate level of physical fitness is a key element in ensuring firefighter effectiveness and in protecting their health and safety.

7.2 The Service utilises various interventions to assist in its management of sickness absence including colleague support scheme, critical incident debriefing and health promotion. It was noted that the average percentage of sickness absence within the Service is 4.75%.

7.3 ACFO Simmons and the HR Manager answered various queries raised by Members and provided further information about the all-Wales fitness standard that has been introduced; the representative bodies also support the fitness standard as it is recognised that the health, safety and wellbeing of all firefighters is crucial.

7.4 **RESOLVED to note the information provided.**