

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

Minutes of the Audit Committee Meeting of the North Wales Fire and Rescue Authority held on 30th January 2012 at the Fire and Rescue Headquarters, St Asaph. Meeting commenced at 2pm.

PRESENT

Cllr E C George (Chair)	Wrexham County Borough Council
Cllr D Barratt	Flintshire County Council
Cllr E M Jones	Gwynedd Council
Cllr D Kelly	Wrexham County Borough Council
Cllr G O Williams	Gwynedd Council

ALSO PRESENT:

D Docx (Deputy Chief Fire Officer); S Forrest (Accountant, Treasurer's Department, Conwy County Borough Council); K V Williams (Audit, Conwy County Borough Council); C Dingle (Finance Manager); A Davies (Member Liaison Officer).

Apologies:

Cllr M Griffith	Gwynedd Council
Cllr J A Kelly	Wrexham County Borough Council
Cllr D Mackie	Flintshire County Council
Cllr R E Parry	Conwy County Borough Council
Cllr A Tansley	Conwy County Borough Council
C Everett	Clerk
M Halstead	Head of Audit, Conwy County Borough Council
L Williams	Wales Audit Office
V DeZouche	KPMG

1 DECLARATIONS OF INTEREST

1.1 None.

2 MINUTES

2.1 The minutes of the meeting held on 26th September 2011 were approved as a correct record. There were no matters arising.

3 PRUDENTIAL INDICATORS, TREASURY MANAGEMENT STRATEGY, INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY

3.1 The purpose of this report was to present to Members the Prudential Indicators, Treasury Management Strategy, Investment Strategy and Minimum Revenue Provision (MRP) Policy for 2012/13. The Audit Committee has been tasked with ensuring effective scrutiny of the treasury management strategy and policies and based on their findings make recommendations to the Fire and Rescue Authority.

- 3.2 Sandra Forrest elaborated upon the report with the aid of a Powerpoint presentation which explained various aspects of the prudential indicators, treasury management strategy, investment strategy and the minimum revenue provision policy.
- 3.3 Members asked a number of questions regarding the strategies detailed in the report to clarify their understanding and having effectively scrutinised the report they were satisfied that they were able to recommend the contents of the report for approval by the Fire and Rescue Authority.
- 3.4 It was noted that the estimated capital expenditure was significantly higher in 2013/14 because the majority of the work on the Wrexham project will be undertaken during that financial year.
- 3.5 Sandra Forrest explained that short term loans were preferential in the current economic climate and these were available at low interest rates from other local authorities. The counterparties (banks/building societies) used were being monitored carefully to ensure their high ratings continued to ensure the security of the funds invested with them.
- 3.6 The Deputy Chief Fire Officer clarified that the estates strategy had been in place for a number of years; all FRS buildings had been assessed and there had been a programme of upgrading as necessary, therefore the amount spent on buildings in future will be considerably less as there will be maintenance costs only. However, the Wrexham project was still outstanding and Tywyn and Nefyn stations were due to be replaced in the near future. It was agreed to submit a report to remind Members about the capital strategy to the March meeting of the Authority.
- 3.7 **RESOLVED to approve each of the four key elements of the reports, and recommend to the Fire and Rescue Authority:**
- (i) Prudential Indicators;**
 - (ii) Treasury Management Strategy for 2012/13;**
 - (iii) Investment Strategy;**
 - (iv) Minimum Revenue Provision Policy;**
- and**
- (v) also to present a report reminding Members about the Capital Strategy at the March meeting of the Authority.**

4 INTERNAL AUDIT STRATEGY 2008 TO 2012

- 4.1 Keith Williams introduced the report and explained to Members that the overall strategy of Internal Audit is:

"To deliver a risk-based audit plan in a professional, independent manner, to provide the organisation with an opinion on the level of assurance it can place upon the internal control environment, and to make recommendations to improve it."

- 4.2 The current programme of work has been ongoing since 2008 and will conclude in 2012. The Internal Audit Team has 50 days per year allocated for the work, and will usually undertake 4 or 5 audits per annum. However, on occasions officers will identify areas of concern and these will take priority over the planned audit work.
- 4.3 Members were reassured that follow-up audits are undertaken 6-8 months following the initial audit to ensure all recommendations have been implemented. It was confirmed that the welfare funds audit included auditing the financial accounts of fundraising events such as Firefighters' Charity's car wash.
- 4.4 Some areas, such as corporate governance, were rated as an 'A' risk and are audited by KPMG; these areas are closely monitored on a regular basis and the Audit team maintains knowledge of the organisation through informal monitoring of committee papers and close working with KPMG.
- 4.5 **RESOLVED to accept the Internal Audit Strategy 2008-2012.**
- 5 ANNUAL AUDIT LETTER
- 5.1 In the absence of a KPMG representative at the meeting, the Deputy Chief Fire Officer introduced the report. The Annual Audit Letter summarises the key messages arising from the Auditor's statutory responsibilities and is a standalone document but will be presented to the Authority and the public as part of the Annual Improvement Report.
- 5.2 The auditors were pleased with the way the Finance Team had transferred to the new IFRS method of producing the statement of accounts and that they had been completed and submitted to Members for approval on 26th September 2011. However, the transfer to the new reporting standard had taken longer than anticipated and amendments were being made right up to the day the report was due to be issued to Members. The delay in completing the accounts meant that the return that is submitted to the Welsh Government, for inclusion in the Whole of Government Accounts, was delayed and was not sent to the auditors until the 27th September. This delay meant that the auditors were unable to submit the audited return to the Welsh Government by the 30th September deadline. Cllr D Kelly expressed concern that there had been a delay in submitting the accounts to the auditors. It was explained that this was a one off due to the transition and now that there was a template in place it would not be an issue in subsequent years.
- 5.3 One of the suggestions made in the Letter was that the internal audit team could present their audit findings to the Audit Committee on a regular basis. The Deputy Chief Fire Officer explained that she had discussed this matter with the auditors and, as the committee was a strategic members' group, it was agreed that a summary of the findings would be presented at the January Audit Committee meeting in future.

- 5.4 The Letter recognised that the Authority had strengthened its risk management process by developing a Corporate Risk Register and that this will be reviewed annually by the Audit Committee.
- 5.5 The Chair congratulated the officers on the work they had done to ensure an unqualified opinion on the accounts.
- 5.6 **RESOLVED to**
- (i) accept the Annual audit Letter; and**
 - (ii) note that it will be presented to the Authority and the public as part of the Annual Improvement Report.**