

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

Minutes of the Audit Committee Meeting of the North Wales Fire and Rescue Authority held on 7th June 2010 at the Fire and Rescue Headquarters, St Asaph. Meeting commenced at 2pm.

PRESENT

Cllr E C George (Chair)	Wrexham County Borough Council
Cllr N M Jones	Flintshire County Council
Cllr W Knightly	Conwy County Borough Council
Cllr D Mackie	Flintshire County Council
Cllr G O Williams	Gwynedd Council

ALSO PRESENT:

C Everett (Clerk); D Docx (Deputy Chief Fire Officer); S Forrest (Accountant, Treasurer's Department, Conwy County Borough Council); M Halstead (Head of Audit, Conwy County Borough Council); K V Williams (Audit, Conwy County Borough Council); Joanne West (KPMG); J Brown (Finance Manager); A Davies (Member Liaison Officer).

Apologies:

Cllr B Blackmore	Wrexham County Borough Council
Cllr M Griffith	Gwynedd Council
Cllr E M Jones	Gwynedd Council
Cllr A Minshull	Flintshire County Council

1 MINUTES

1.1 The minutes of the meeting held on 1st March 2010 were approved as a correct record.

2 MATTERS ARISING

2.1 4.2 - International Financial Reporting Standards - At the last meeting, Sandra Forrest had informed Members that the transitional balance sheet would be circulated to Members together with an update on the IFRS position.

2.2 The main changes to the balance sheet were around the re-classification of leases and a provision in the accounts for employee benefits.

2.3 Following an assessment of the leases under the IFRS criteria, a number of emergency tender leases have been re-classified as finance leases and have been included as Assets on the transitional balance sheet.

2.4 Following an assessment of the employee benefits (IAS19) earned but not paid as at 1st April 2009, £369k has been added to creditors on the balance sheet to account for this. It is anticipated that a statement will be made to

reverse that accrual – **Clerk to clarify at the next meeting based on national advice.**

3 INTERNATIONAL FINANCIAL REPORTING STANDARDS IMPLEMENTATION - IMPACT ANALYSIS; ACCOUNTING POLICIES; PROJECT PLAN

3.1 The report was presented to inform Members about the initial stages for the implementation of the International Financing Reporting Standards (IFRS).

3.2 Sandra Forrest guided members through the following appendices to the report:

- Impact Analysis detailing the effects of the introduction of IFRS on the Authority's accounts;
- Accounting Policy changes; and the
- Implementation Project Plan.

3.3 In response to a Member's question about the additional work for the Finance department, Sandra Forrest explained that the main work would be the capital programme and breaking everything into components, but this would not be too time-consuming as the Authority's capital programme is relatively small.

3.4 The new accounting policy had been written in order to ensure compliance with the new IFRS standards. Members discussed some aspects of the new accounting policy and Sandra Forrest clarified some of the changes as follows:

3.5 Assets of a specialised nature – all fire stations will come under this heading as they are now classified as a Modern Equivalent Asset. For all assets, a notional charge has been put on them and it is expected that this will help with the asset management plan in future to ensure proper programming and spend.

3.6 An assessment of buildings on lease had been undertaken and the Authority has four leased properties. It was confirmed that the Joint Communications Centre is owned by the police and that they will declare that building. Joint ventures had been included in the policy as the Authority may have others in future.

3.7 At its September meeting, the Committee will receive the restated 2009/10 accounts on an IFRS basis.

3.8 **RESOLVED to**

- (i) note the Impact Analysis;**
- (ii) approve the Accounting Policy; and**
- (iii) approve the Implementation Project Plan.**

4 INTERNAL AUDIT ANNUAL STATEMENT OF ASSURANCE 2009/10

4.1 The report was presented to Members as the Authority is required to conduct an annual review of the effectiveness of its systems of Internal Control.

- 4.2 For the 12 months ended 31st March 2009, the Authority had satisfactory internal control and corporate governance processes to manage the achievement of the Authority's objectives.
- 4.3 **RESOLVED to accept the Internal Audit Annual Statement of Assurance and for it to be utilised to contribute to the evidence content of the 2009/10 Statement of Internal Control.**
- 5 SUMMARY OF INTERNAL AUDIT ACTIVITY 2008/09 AND NEEDS ASSESSMENT AND DRAFT AUDIT PLAN FOR 2009/10
- 5.1 The report was presented to inform Members of the summary of Internal Audit work undertaken in 2009/10 and to ask Members to approve the Internal Audit Needs Assessment and Draft Internal Audit Plan for 2010/11.
- 5.2 Keith Williams explained that 43 audit days had been provided to the Authority during 2009/10. In addition to this, 8 days had been set aside to assist and advise the Authority in its project to transfer from the Authority's Commitment Accounting System to Conwy's accounting system. As this project had not progressed the 8 days will be added to the 2010/11 allocation of days.
- 5.3 Internal Audit had prepared four reports during 2009/10 covering:
- Income Collection and Banking
 - Data Protection
 - National Fraud Initiative
 - E-Government.
- 5.4 It was explained that follow-up audits are undertaken approximately 6-8 months after the initial audit to ensure that any actions required had been completed.
- 5.5 It was noted that the internal audit plans are shared with KPMG to ensure there is no duplication. Joanne West from KPMG also explained that the impact of the Local Government Measure will be considered.
- 5.6 Members requested a more detailed forward work plan of the committee's work for the next twelve months.
- 5.7 **RESOLVED to:**
- (i) **note the Summary of Internal Audit activity 2009/10; and**
 - (ii) **approve the Needs Assessment and Draft Internal Audit Plan for 2010/11.**