

NORTH WALES FIRE AND RESCUE AUTHORITY AUDIT COMMITTEE

Minutes of the Audit Committee Meeting of the North Wales Fire and Rescue Authority held on 25 January 2021 via Zoom. Meeting commenced at 10am.

PRESENT

Councillors:

W O Thomas (Chair)	Flintshire County Council
A I Dunbar	Flintshire County Council
G Lowe	Wrexham County Borough Council
G A Roberts	Gwynedd Council
W P Shotton	Flintshire County Council
D Wisinger	Flintshire County Council

ALSO PRESENT:

K Finch (Treasurer); G Owens (Deputy Monitoring Officer); H MacArthur (Assistant Chief Fire Officer); S Morris (Assistant Chief Officer); G Williams (Accountancy and Exchequer Services, Conwy County Borough Council); K V Williams (Audit Department, Conwy County Borough Council); A Davies (Member Liaison Officer).

APOLOGIES:

B Apsley	Wrexham County Borough Council
S Lloyd-Williams	Conwy County Borough Council
B Parry-Jones	Wrexham County Borough Council

1 DECLARATIONS OF INTEREST

1.1 None.

2 MINUTES OF THE MEETING HELD ON 27 JANUARY 2020

2.1 The minutes of the meeting held on 27 January 2020 were submitted for approval.

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

3 MATTERS ARISING

3.1 There were no matters arising.

4 CAPITAL STRATEGY 2021/22 – 2023/24

4.1 Graham Williams provided Members an overview of the Capital Strategy.

4.2 The Capital Strategy contained details for the financial years 2021/22 through to 2023/24. The strategy brought together the complex areas relating to capital investment and included:

- capital expenditure plans;
- capital financing requirements;
- the revenue budget implications of capital decisions;
- affordability and sustainability of capital plans;
- treasury management activity;
- prudential indicators; and
- governance arrangements.

4.3 Members were reminded that the revenue and capital budgets for 2021/22 were approved by the Fire and Rescue Authority at its meeting of 9 November 2020 - a net revenue budget of £37.07m for 2021/22 with a further £3.08m approved for capital expenditure. It was noted that the Treasury Management strategies in the report had been prepared using guidance from the professional advisors, Arlingclose.

4.4 Members acknowledged the updated format of the report which provided information on the complex technical aspects of managing the capital expenditure and funding processes.

4.5 **RESOLVED to recommend to the Fire and Rescue Authority that it approves the Capital Strategy which incorporates the minimum revenue provision policy, the Treasury Management Strategy and the Prudential Indicators.**

5 INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2021/22

5.1 Keith V Williams from the Internal Audit Department of CCBC presented the Internal Audit Strategy and Annual Plan 2021/22. Members were asked to consider and approve the document in compliance with the requirements of the Accounts and Audit Regulations (Wales) 2014.

5.2 It was noted that the overall strategy of internal audit is to deliver a risk based audit plan in a professional, independent manner. It also identified how the Internal Audit Service will assist the Authority to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

5.3 Mr Williams advised that Internal Audit will be focusing on the following areas during 2021/22:

Payroll – Payments and Deductions	The objectives are to appraise the adequacy of the payroll procedures in respect of salary payments and employee deductions, with a view to identifying any internal control weaknesses and areas of potential risk within the system.
Central Stores	A review of the Central Stores procedures in respect of purchasing, receipts, issues, stocks, adjustments and security.
National Fraud Initiative	NFI is a comprehensive and thorough 'data matching' exercise organised by the Cabinet Office in partnership with Audit Wales.

5.4 In addition to the planned audit work, it was noted that ongoing assurances are provided throughout the year due to the financial work that CCBC undertakes for the Authority. Days had also been allocated to follow up on recommendations made during audits undertaken in the last financial year.

5.5 **RESOLVED to approve the Internal Audit Strategy and Annual Plan 2021/22.**

6 ANNUAL AUDIT LETTER 2019/20

6.1 Amanda Hughes from Audit Wales presented the report which informed Members of the annual audit letter in relation to the 2019/20 financial year.

6.2 It was noted that the letter summarised the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice in respect of that year.

6.3 **RESOLVED to note the content of the 2019/20 annual audit letter.**

7 FINANCIAL RESERVES STRATEGY

7.1 ACFO MacArthur presented the updated Financial Reserves Strategy to Members. It was noted that the Strategy had been updated and reviewed since it was last presented to the Authority in 2016 in order to reflect current practices and procedures.

- 7.2 Members were reminded that the Fire and Rescue Authority is funded from contributions from the six constituent authorities in North Wales and is not a precepting or billing authority. Therefore having a reserve fund ensures that in any year the need for revised contributions from local authorities during the year is reduced.
- 7.3 ACFO MacArthur led Members through the strategy explaining how reserves are held and the process for the review and reporting of reserves as part of the budget setting process including the development of the medium term strategy.
- 7.4 The Treasurer commented that having reserves was the right and proper way for managing the financial affairs of the Authority and urged Members to support the recommendation in the report.
- 7.5 Cllr Wisinger highlighted that due to recent bad weather, the Fire and Rescue Service had been under immense pressure and managed it all well. However, he was of the opinion that any reductions in funding would impact on the Authority's ability to respond to such emergencies. Members supported Cllr Wisinger's comments and felt this message needed to be recognised by Members of the Senedd.
- 7.6 **RESOLVED to recommend to the Fire and Rescue Authority the approval of the Financial Reserves Strategy as a basis for managing the Fire and Rescue Authority's usable reserves.**