

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

Minutes of the Audit Committee Meeting of the North Wales Fire and Rescue Authority held on 12 September 2016 at the Fire and Rescue Headquarters, St Asaph. Meeting commenced at 2pm.

PRESENT

Councillors:

J R Skelland (Chair)	Wrexham County Borough Council
Cllr A Evans	Wrexham County Borough Council
J G Evans	Anglesey County Council
A M Jones	Gwynedd Council
D MacRae	Conwy County Borough Council
D Taylor	Wrexham County Borough Council
W O Thomas	Flintshire County Council
J Vaughan	Conwy County Borough Council
D Wisinger	Flintshire County Council

ALSO PRESENT:

D Docx (Interim Treasurer and Deputy Chief Fire Officer); G Owens (Deputy Clerk); S Forrest (Accountant, Treasurer's Department, Conwy County Borough Council); K V Williams (Audit Department, Conwy County Borough Council); A Hughes (Wales Audit Office); A Davies (Member Liaison Officer).

APOLOGIES:

A I Dunbar	Flintshire County Council
W P Shotton	Flintshire County Council
G G Williams	Gwynedd Council

1 DECLARATIONS OF INTEREST

1.1 None.

2 MINUTES OF THE MEETING HELD ON 6 JUNE 2016

2.1 The minutes of the meeting held on 6 June 2016 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 Annual Governance Statement – it was noted that the AGS had been amended following recommendations received from the Wales Audit Office. The amended version will be submitted with the statement of accounts for 2015-16.

4 TREASURY MANAGEMENT ACTIVITY AND PRUDENTIAL INDICATORS

4.1 The report was presented in order for the Audit Committee to review the report before submission to the Fire and Rescue 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.

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. 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.

4.3 The following key points were noted:

4.3.1 The three key prudential indicators - capital financing requirement, operational boundary and authorised limit, for 2016-2017 have changed. Capital expenditure has increased over the original estimate due to schemes that were not fully completed in 2015-2016 rolling over to 2016-2017. 10% of the revenue budget is being used to fund the capital programme which has been proven to be affordable.

4.3.2 Members were informed that the latest estimate for interest rate changes was no increase for the foreseeable future. With regards borrowing, the Treasury Management team are complying with the position agreed by the Members of the Audit Committee to use short term borrowing up to the limits agreed rather than take out longer term money.

4.4 **RESOLVED to recommend to the Fire and Rescue Authority that the**
(i) amended Prudential Indicators be approved;
(ii) counterparties as listed in the report be noted;
(iii) new loans as listed in the report be noted.

5 AUDIT OF FINANCIAL STATEMENTS REPORT

5.1 Amanda Hughes from the Wales Audit Office tabled the audit of financial statements report at the meeting. Members were reminded that the Wales Audit Office has replaced KPMG and is therefore now responsible for auditing the Authority's financial accounts.

5.2 Ms Hughes led members through the report and it was noted that the WAO is issuing an unqualified report on the statement of accounts. Ms Hughes thanked all staff involved, and in particular Sandra Forrest, for their help with the accounts.

5.3 Members' attention was drawn to various issues identified by the WAO and in particular the Authority's asset register. The WAO has made recommendations to improve the process of monitoring assets which will be fully implemented and the procedural changes will be reported to the Audit Committee at a future meeting.

5.4 RESOLVED to

- (i) note that an unqualified report will be issued on the statement of accounts;**
- (ii) note the findings of the Wales Audit Office;**
- (iii) receive an update at a future meeting on the implementation of recommendations made in relation reconciling the asset register process.**

6 STATEMENT OF ACCOUNTS

- 6.1 The audited statement of accounts for 2015-16 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.
- 6.2 Ms Forrest delivered a detailed presentation to Members and answered their questions on the statement. It was noted that the accounts had been amended in line with the majority of the findings which had been detailed in the ISA 260 report from the WAO. There were 3 uncorrected misstatements which were fully discussed with Members and the presentation outlined in detail the reason for not amending the accounts. The Letter of Representation included a formal reply to the auditors as to the reason for not correcting the misstatements. It was agreed with Members that the recommendations in the auditors' report would be fully implemented.
- 6.3 **RESOLVED to recommend to the Fire and Rescue Authority the approval of the audited statement of accounts for 2015-16 subject to the Authority being made aware of the Auditor's recommendations and the resolution in 5.4 (iii) above.**