

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

Minutes of the Audit Committee Meeting of the North Wales Fire and Rescue Authority held on 14 September 2015 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
A Evans	Wrexham County Borough Council
J G Evans	Anglesey County Council
C Hughes	Gwynedd 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
D Taylor	Wrexham County Borough Council
O Thomas	Flintshire County Council
G G Williams	Gwynedd Council

ALSO PRESENT:

D Docx (Deputy Chief Fire Officer); K Finch (Treasurer); G Owens (Deputy Clerk); S Forrest (Accountant, Treasurer's Department, Conwy County Borough Council); Brown (Finance Manager); K Spooner (KPMG); A Davies (Member Liaison Officer).

APOLOGIES:

Councillors:

R Wright	Gwynedd Council
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1 DECLARATIONS OF INTEREST

1.1 None.

2 MINUTES OF THE MEETING HELD ON 1 JUNE 2015

2.1 The minutes of the meeting held on 1 June 2015 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 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 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 Since the Authority's approval of the treasury management strategy at its March 2015 meeting there have been some changes. The prudential indicators have changed due to the actual expenditure on the capital programme for 2014-2015 being less than the estimated outturn. Members also noted the loans as detailed in the report.
- 4.4 **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 2014-15 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 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 all the audited findings and none were significant enough to report separately.
- 5.3 The auditors had recommended, in line with the Code of Practice, that assets should be revalued every five years to ensure the values reflected in the balance sheet are current and reflect current market trends.
- 5.4 The Acting Finance Manager gave Members an update on the firefighters' pension scheme. Eligible RDS personnel are now able to opt-in to join the new modified pension scheme. Elections to join the scheme have been much higher than originally anticipated. Based on current figures for past service costs and the level of enrolment to date additional employer superannuation cost could be in the region of £3m; these costs will not be required to be paid

by FRAs into the Firefighter Pension Fund. The costs will be counted as a deficit against the Scheme and will be included within the Government Actuary Department's 2016 valuation, impacting employer superannuation costs from 2019 onwards. For active service members, employer superannuation costs will automatically increase due to the increased number of employees within the pension scheme; there will, therefore be an immediate impact upon the revenue budget.

- 5.5 **RESOLVED to recommend to the Fire and Rescue Authority:**
- (i) **the approval of the audited Statement of Accounts for 2014-15;**
 - (ii) **that the policy for revaluing assets is changed so that a full revaluation of property is undertaken every five years from April 2016;**
 - (iii) **that the letter of representation to be sent to the external auditors be noted.**

6 AUDIT OF FINANCIAL STATEMENTS REPORT AND MANAGEMENT LETTER

6.1 Katherine Spooner from KPMG presented the report. The document summarised the Audit's findings of the 2014/15 accounts. Ms Spooner confirmed that the accounts would be presented as unqualified, there were no major changes to be made and no material weaknesses had been identified. As previously discussed under the statement of accounts report, it has been recommended that the Authority revalues all of its property every five years.

6.2 Ms Spooner thanked Dawn Docx and Sandra Forrest for their assistance and co-operation in the process.

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

7 DRAFT IMPROVEMENT OBJECTIVES 2016-17

7.1 Members were informed of the draft improvement objectives that the Authority will be asked to approve for public consultation.

7.2 The Senior Operations Manager delivered a presentation summarising the work of the Improvement Planning Working Group and how the draft objectives had been developed over several meetings. The DCFO then gave a presentation on the budget issues that the Authority will need to consider over the coming months in preparation for 2016-17 and beyond. In response to a member's question it was confirmed that the new objectives and budget plan will be based on using reserves to maintain current level of service.

7.3 The Treasurer explained that the Comprehensive Spending Review will be published on 25 November which is significantly later than in previous years, thereby delaying the Welsh Government's budget announcement. The Authority must finalise its 2016-17 budget by 15 February 2016 and it is anticipated that an extraordinary meeting of the Authority will be required in January 2016.

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