

CIPFA recommends that Local Authorities should produce an AGS as a form of good practice that will have to be undertaken in future years, for the Fire and Rescue Authority a SIC will suffice. **Sandra Forrest to discuss further with the Deputy Chief Fire Officer. Update noted by the Audit Committee.**

4.2 5.5 - International Financial Reporting Standards – once the transitional balance sheet has been produced it will be circulated, together with an update, to members of the Audit Committee. **Update noted by the Audit Committee.**

5 INITIAL TRAINING ON TREASURY MANAGEMENT (TM)

5.1 The training was a requirement for members of the Audit Committee following the Audit Commission's report, Risk and Return, which recommends the following:

- Training for those elected members who have accountability for stewardship of public money so that they are able to scrutinise effectively and be accountable for the treasury management function, as a minimum:
 - Elected member with responsibility for all aspects of TM
 - Regular awareness-raising briefings to other elected members
 - Inclusion of TM in annual programme of internal audit
 - Regular reporting to Members – before, during and after financial year
 - Arrangements for producing management information – covering security and liquidity, rather than just yield
 - Maintenance of current list of investments
- Full Authority meetings are unlikely to be the best place for a detailed review ... other bodies should therefore play a more prominent role, e.g. Audit Committee (*This is in line with the proposal for Code of Practice on Treasury Management*).

5.2 The structure of the presentation was as follows:

- Part 1 - Regulatory Structure of Treasury Management
- Part 2 - Overview of the Treasury Strategy
- Part 3 - Debt Considerations
- Part 4 - Investment Considerations
- Part 5 - Economic Environment

5.3 The main roles for the audit committee are as follows:

- approve the following:
 - Treasury Management Strategy
 - Prudential Indicators
 - Investment Strategy
 - Minimum Revenue Provision Policy
- greater consideration of risk profile
- scrutiny and approval
- assure that the policies are comprehensive, thorough and applied
- challenge the Authority to ensure its budget predictions is reasonable against data.

5.4 In response to a member's question about the capital programme, the Clerk confirmed that the capital programme would be monitored by the Executive Panel but that the report would also be presented to the Audit Committee for assurance purposes.

5.5 If a serious issue did arise it was confirmed that the Chair of the Audit Committee would be informed at the same time as the Chair of the Authority.

5.6 **Members noted the information and thanked Sandra Forrester for the presentation.**

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

6.1 The purpose of the report was to present to Members the Prudential Indicators, Treasury Management Strategy, Investment Strategy and Minimum Revenue Provision (MRP) Policy for 2010/11, and to inform Members of the required changes to the Financial Regulations in order to comply with the changes to the CIPFA Treasury Management Code of Practice.

6.2 Members expressed concern over the sustainability of the revenue costs of capital for future years (Appendix A, paragraph 4.2 'ratio of financing costs to net revenue stream') and suggested that for future budget setting exercises this area be looked at more closely. The concern would be reported to the full Authority.

6.3 **RESOLVED to approve each of the five key elements of the reports, and recommend these to the Fire Authority:**

- (i) Prudential Indicators;**
- (ii) Treasury Management Strategy for 2010/2011;**
- (iii) Investment Strategy;**
- (iv) Minimum Revenue Provision Policy;**
- (v) revision to the Fire Authority's Financial Regulations.**

7 INTERNAL AUDIT STRATEGY

7.1 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."

7.2 Mike Halstead explained that the Conwy Internal Audit team undertakes an audit needs assessment of the Fire and Rescue Service and assigns risk ratings against all the activities. This information is then used to form a risk-based plan which determines a programme of work that spans a 4-year programme cycle. The Internal Audit Team relies on the work of KPMG in relation to performance management.

- 7.3 Mike Halstead guided Members through the internal audit plan and it was noted that a risk assessment is undertaken on each of the activities and rated between A (high risk) and D (low risk). Some activities that were rated as 'A' had not been audited due to them being closely monitored on a regular basis. **Members asked, for future meetings, that the comments column be completed with the latest information about each activity.**
- 7.4 The Clerk reminded members of the limited capacity of audit and that not all annual cyclical work can be done each year. Therefore, best use of available audit time and capacity to risk is considered when drawing up the work plan. This was noted and approved.
- 7.5 It was noted that information about the programme of work for 2010-11 will be provided at the next meeting, together with the outcome report for 2009-10.
- 7.6 **RESOLVED to accept the Internal Audit Strategy 2008–2012.**