

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

Minutes of the Audit Committee Meeting of the North Wales Fire and Rescue Authority held on 28<sup>th</sup> January 2013 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
C Guy-Davies	Denbighshire County Council
C Hughes	Gwynedd Council
L A W Jones	Gwynedd Council
G Lowe	Wrexham County Borough Council
D MacRae	Conwy County Borough Council
D Miles	Conwy County Borough Council
M Reece	Flintshire County Council
W P Shotton	Flintshire County Council
O Thomas	Flintshire County Council

ALSO PRESENT:

D Docx (Deputy Chief Fire Officer); S Forrest (Accountant, Treasurer's Department, Conwy County Borough Council); K V Williams (Audit, Conwy County Borough Council); V DeZouche (KPMG); R Price (Wales Audit Office); J Brown (Finance Manager); A Davies (Member Liaison Officer).

APOLOGIES:

Councillors:

J Evans	Anglesey County Council
J B Hughes	Gwynedd Council
A Jones	Wrexham County Borough Council
R Parry	Conwy County Borough Council

1 DECLARATIONS OF INTEREST

1.1 None.

2 MINUTES

2.1 The minutes of the meeting held on 24<sup>th</sup> September 2012 were submitted for approval.

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

### 3 MATTERS ARISING

3.1 10.5 Cllr Dunbar asked whether the Authority had lost grant funding and if so its impact on the Service's work. The DCFO informed Members that there had been some difficulty in agreeing funding from Welsh Government for community safety; however, the majority of the funding had now been received. The only area not resolved was funding to provide education on preventing road traffic collisions. The delay in agreeing the funding for community safety has caused the Service to be unable to provide as many home fire safety checks as required to reach the Authority's annual target of 30,000 HFSCs but it is anticipated that 25,000 will have been undertaken by the end of March 2013. Therefore the delay has had an impact on the Authority and officers are continuing to discuss the issue with WG officials to ensure it is resolved much sooner in the next financial year.

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

4.1 The report presented to Members the Prudential Indicators, Treasury Management Strategy, Investment Strategy and Minimum Revenue Provision (MRP) Policy for 2013/14. The Audit Committee's task was to ensure effective scrutiny of the treasury management strategy and policies and based on its findings make recommendations to the Fire and Rescue Authority. Ms Forrest led Members through the report and answered Members' questions.

4.2 Members were keen to ensure that the capital programme was fully affordable and expressed concern about the projected substantial increase in capital expenditure between 2013/14 and 2015/16. Members were informed that this was due mainly to two large projects; the proposed new Fire Station for Wrexham and the major re-modelling of Deeside. Following an assessment of the Fire and Rescue Service's property portfolio the Authority established a programme over an 8 year period that would ensure that all buildings met the needs of the Service and would comply with DDA requirements. It is estimated that the programme will be complete by 2014/15 and thereafter buildings will only require maintenance. Following completion of the long term plan the expenditure on capital will be significantly less than that spent in previous years. Members requested that a paragraph be included in the report to the Fire and Rescue Authority explaining the level of estimated spending on the capital programme. Members were also reminded that the Authority has a vehicle replacement programme which was previously arranged through leasing schemes and paid directly from revenue budgets. However, following the change to Prudential Borrowing for Local Authorities it has proved more cost effective to purchase vehicles through the capital programme.

4.3 Members asked if the Authority had a contingency plan in place should interest rates rise. Ms Forrest explained that some additional headroom is included in the budget to manage payments should interest rates rise. The Chair commented it was important that the Audit Committee had assurance that the Authority could manage its repayments should interest rates rise, and it was agreed to recommend to the Authority that a reserve is set aside from the underspend to meet possible interest rate rises that may impact on the Authority.

4.4 It was noted that counterparties are selected according to strict criteria to ensure that the risk that money invested not being returned is reduced. Currently, the Authority only invests for a maximum of 3 months to minimise risk and ensure any investments are returned.

4.5 **RESOLVED to**

**(i) approve each of the four key elements of the report and the recommendations contained therein, and recommend these to the Fire Authority:**

- (i) Prudential Indicators;**
- (ii) Treasury Management Strategy for 2013/14;**
- (iii) Investment Strategy;**
- (iv) Minimum Revenue Provision Policy;**

**(ii) include an explanation regarding the reason for the increasing level of expenditure on the capital programme up until 2015/16 and provide assurances that it would remain static thereafter;**

**(iii) recommend to the Authority that a reserve is set aside from the underspend to meet any increase in interest rates.**

5 INTERNAL AUDIT STRATEGY 2011-2015

5.1 Keith Williams from Internal Audit, Conwy County Borough Council presented the report which informs Members about the internal audit strategy up until 2015.

5.2 The terms of reference of Internal Audit are documented in the Service Level Agreement for the provision of financial services with Conwy County Borough Council for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2015. It was noted that KPMG audits the work of internal audit to ensure audits are undertaken in accordance with CIPFA and other relevant rules and regulations. Regular updates on the department's work are provided to the Audit Committee.

5.3 **RESOLVED to accept the Internal Audit Strategy 2011–2015.**

6 ANNUAL AUDIT LETTER

6.1 Victoria DeZouche from KPMG presented the annual audit letter to Members and it was noted that the appointed auditor:

- issued an unqualified audit opinion on the accounting statements confirming that they presented a true and fair view of the Authority's and the Pension Fund's financial position and transactions;
- is satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness;
- issued a certificate confirming that the audit of the accounts had been completed on 27 September 2012.

- 6.2 **RESOLVED to accept the Annual Audit Letter and note that it will be presented to the Authority and the public as part of the Annual Improvement Report.**
- 7 IMPROVEMENT ASSESSMENT LETTER
- 7.1 Ron Price from the Wales Audit Office presented the improvement assessment letter which summarised the views of the Auditor General for Wales and also confirmed that the Authority had discharged its statutory duties in respect of improvement reporting.
- 7.2 The letter stated that the Authority's self-evaluation had improved and a wide range of relevant information is used to arrive at its conclusions but that the use of comparative data is limited. Members noted that the Authority needs to find a like for like comparator to use as a benchmark but it was anticipated that the work programme of the National Issues Committee which will include further collaboration with the other two FRAs in Wales will help resolve this issue.
- 7.3 **RESOLVED to accept the Improvement Assessment Letter and note that an Annual Improvement Report for the Authority will be published by the end of March 2013.**