

**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 2016 at the Fire and Rescue Headquarters, St Asaph. Meeting commenced at 1pm.

PRESENT

Councillors:

J R Skelland (Chair)	Wrexham County Borough Council
A I Dunbar	Flintshire County Council
J G Evans	Anglesey County Council
W P Shotton	Flintshire County Council
O Thomas	Flintshire County Council

ALSO PRESENT:

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

APOLOGIES:

Cllr A Evans	Wrexham County Borough Council
Cllr C Hughes	Gwynedd Council
Cllr D Macrae	Conwy County Borough Council
Cllr D Miles	Conwy County Borough Council
Cllr M Reece	Flintshire County Council
Cllr D Simmons	Denbighshire County Council
Cllr D Taylor	Wrexham County Borough Council
Cllr G G Williams	Gwynedd Council
K Finch	Treasurer

Members were informed that the Treasurer had been taken ill and sent their best wishes to him.

1 DECLARATIONS OF INTEREST

1.1 None.

2 MINUTES OF THE MEETING HELD ON 14 SEPTEMBER 2015

2.1 The minutes of the meeting held on 14 September 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 Progress of draft improvement objectives – the consultation had been completed mid-December and around 180 responses received; on the whole the responses indicated support for the prevention work and the idea of increasing services and the role of firefighter. A full report will be submitted to the next Executive Panel meeting and thereafter the objectives will be presented to the FRA for approval in March.

3.2 **RESOLVED to note the update.**

### 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 policy for 2016/17. 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, with the aid of a detailed presentation, and answered Members' questions.

4.2 Ms Forrest explained that the risks for the Authority in 2016/17 will be possible interest rate increases and the enactment of two European Union directives into UK legislation in 2015, namely, the Bank Recovery and Resolution Directive and the Deposit Guarantee Schemes Directive; these changes will place the burden of rescuing failing EU banks disproportionately onto unsecured local authority investors, there will be no bail outs by the Government and local authorities' investments will be unsecured with the possibility that not all the principal amount invested will be returned if the bank fails. This leaves public authorities and financial organisations (including pension funds) as the only senior creditors likely to incur losses in a failing bank after July 2015.

4.3 Members had previously been informed about Repos (Reverse Repurchase Agreements) and had agreed that the FRA would not use Repos until Conwy CBC had used them; Ms Forrest explained that Conwy was still not in a position to use Repos and a further update would be provided at the next Audit Committee meeting that follows the use of Repos by Conwy CBC.

4.4 Members were reminded that the strategies in the report have been prepared using guidance from the Treasury management advisors, Arlingclose, and it was confirmed that the cost of this contract is a joint amount of £15,000 per year for Conwy CBC and the FRA.

4.5 **RESOLVED to approve each of the four key elements of the report and the recommendations contained therein, and recommend these to the Fire and Rescue Authority:**

(i) **a list of prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities;**

- (ii) the Treasury Management Strategy outlining the strategy to be followed regarding short and long-term borrowing for 2016/17 in accordance with the CIPFA code of Practice on Treasury Management, subject to further information being provided at the next Audit Committee meeting on Repos;
- (iii) the strategy to be followed regarding the investment of Fire and Rescue Authority funds;
- (iv) the Minimum Revenue Provision Policy.

5 INTERNAL AUDIT STRATEGY 2016-2020

5.1 Keith Williams from Internal Audit, Conwy County Borough Council, presented the internal audit strategy for the Authority for 2016-20. It was noted that an annual report of work completed in 2015/16 will be presented to the June meeting together with a work plan of audits to be undertaken in 2016/17.

5.2 **RESOLVED to note and accept the internal audit strategy as presented.**

6 ANNUAL AUDIT LETTER

6.1 The audit annual letter was presented to members. It confirmed that the Authority complied with its responsibilities relating to financial reporting and use of resources and that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

6.2 **RESOLVED to accept the annual audit letter.**

7 FUTURE WORK PROGRAMME

7.1 The DCFO explained that the Authority will have to take some serious decisions over the coming years due to budget constraints. The Improvement Planning Working Group consists of the Executive Panel members and as the meetings are private it gives members the opportunity to explore and consider different ideas to take the Service forward. Information from the working group meetings will be summarised and provided to the Audit Committee so that all Members are kept informed of developments prior to the draft improvement objectives report being submitted to the FRA.

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