

Minutes of the meeting
of the GOVERNANCE
COMMITTEE held in the Fire
and Rescue Service
Headquarters, Barmston Mere
on MONDAY 17TH MARCH
2014 at 10.30 AM.

Present:

Mr G. N. Cook in the Chair.

Councillors M Forbes, Price and Mr Knowles.

The Chairman welcomed Mr Knowles to his first meeting of the Committee.

In Attendance:

Gavin Barker (Mazars)

Mark Kirkham (Mazars)

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Harrison, Mole and Padgett and also Miss Goodwill.

Declarations of Interest

There were no declarations of interest.

Minutes

12. RESOLVED that the minutes of the meeting of the Governance Committee held on 23 September 2013, be confirmed and signed as a correct record.

Internal Audit Plan for 2014/2015

The head of internal audit submitted a report to enable the Governance Committee to consider and comment on the proposed Internal Audit Plan and key performance measures for 2014/2015.

Members were advised of the following planned audits:

- Corporate Governance
- Financial Management
- Attendance Management Arrangements
- Building Maintenance
- Procurement
- ICT Disaster Recovery
- Project/Performance Management

Appendix 1 of the report provided the detailed audit coverage, whilst Appendix 2 laid out the overall objectives, Key Performance Indicators and targets for 2014/2015.

Councillor M Forbes referred to the audit of building maintenance (non PFI buildings) and questioned whether a comparison would be made to the PFI management costs. The head of internal audit explained that this was not planned for as the work was limited to the arrangements for the non-PFI buildings.

ACFO Brindle explained that PFI costs were being looked at with CLG so this information would be generated from this piece of work. Findings from this would be reported to a future meeting.

13. RESOLVED that the proposed Internal Audit Plan be noted and endorsed.

Treasury Management Policy and Strategy 2014/2015, including Prudential 'Treasury Management' Indicators for 2014/2015 to 2016/2017

The Finance Officer submitted a report to inform the Authority on the Treasury Management Policy and Strategy (including both borrowing and investment strategies) proposed for 2014/2015 and to note the Prudential 'Treasury Management' Indicators for 2014/2015 to 2016/2017 and to provide comments to the Authority on the proposed policy and indicators where appropriate.

Members were advised that there were no major changes being proposed to the overall Treasury Management Strategy in 2014/2015 which maintained the prudent approach adopted by the Authority in previous years.

The Treasury Management Statement was subject to regular review and the strategy adapted to changing financial markets, where appropriate.

Members were asked to note that the current average rate of borrowing at 3.48% was low in comparison with other local authorities whilst the current rate earned on investments was higher than the overall benchmark rate. The Lead Authority's TM performance was also benchmarked and was highly ranked within the top quartiles for both its low average rate of borrowing and also for the rate of return achieved on its investments.

The Finance Officer went on to say that some market experts believed that the Bank of England base rate was likely to, change earlier than others, however TWFRS was

keeping a watching brief and was holding investment shorter term so that funds could be moved accordingly when rates began to increase.

Members were also reminded that there still remained significant risks to the financial markets particularly the risks still prevalent with the weaker economies in the EU eg Greece and Spain and therefore close monitoring of the financial markets was being maintained and informing the Authority's investment policy and decisions..

14. RESOLVED that:-

- (i) the Annual Treasury Management Policy and Strategy (including specially the Annual Borrowing and Investment Strategies) for 2014/2015 be noted and endorsed; and
- (ii) the Prudential 'Treasury Management' Indicators for 2014/2015 to 2016/2017 be noted and endorsed.

Audit Strategy Memorandum 2013/2014

The Finance Officer submitted a report detailing the external auditors (Mazars) Audit Plan which notified the Authority of the work that they were proposing to undertake in respect of the audit of the financial statements and the value for money conclusion for the financial year 2013/2014.

Mark Kirkham spoke to the report and in doing so referred Members to the attached Memorandum which advised on the scope and nature of work together with the fee for the 2013/2014 audit.

Members welcomed the fact that Mazars were to hold their audit fees of £40,848 at last years level for its audit services for the 2013/2014 audit work, which represented a 40% reduction in comparison to the 2011/2012 charge of £68,080.

Mark also explained the way in which they assessed materiality for the Authority and the benchmarks they used and the levels determined, and he invited the views of those charged with governance on the assessment of materiality and indeed, whether they had a different idea of what should be used. At the invitation of the Chair, the Finance Officer explained that she was content with the level assessed.

Members were then referred to the following significant risks and key judgement areas:

- Management override of controls
- Revenue recognition
- Expenditure recognition
- Pension entries (IAS 19)
- Private Finance Initiative (PFI) schemes

15. RESOLVED that the contents of the report be noted.

Audit Progress Report – March 2014

The Finance Officer submitted a report to consider and comment upon the external auditors' (Mazars) regular Audit Progress Report covering the period up to March 2014.

Gavin Barker reminded the committee that a workshop for finance staff on key audit issues was carried out in February and that this was well received by attendees.

Pages 5 and 6 of the Audit Progress report outlined the emerging issues and developments and Members were referred to each of these.

Mr Barker then highlighted to Members the issue of 'Protecting the Public Purse' and explained that no fraud was detected. He went on to say that, although the scope for fraud was more limited in fire and rescue authorities, it was always important to remain alert to the risks of fraud, and it was particularly important to retain adequate levels of internal control when redesigning services and looking for savings in the current challenging economic environment.

The Audit Commission report summarised the financial reporting outcomes for local authorities and other bodies within its regime. Audit opinions were issued at all fire and rescue authorities, and TWFR was the only government sector achieving a 100% record. Members of the committee commended the Service on this outstanding achievement.

16. RESOLVED that the Audit Progress Report – March 2014 be noted.

(Signed) G N COOK
Chairman