

Item 3

Minutes of the meeting of the
GOVERNANCE COMMITTEE held
in the Fire and Rescue Service
Headquarters, Barmston Mere on
MONDAY 24 SEPTEMBER 2018 at
10.30 a.m.

Present:

Mr G. N. Cook in the Chair

Councillors Bell, Dodds, Flynn, Woodwark and Miss G Goodwill and Mr M Knowles.

In Attendance:

Mark Kirkham (Mazars LLP)
Gavin Barker (Mazars LLP)

Apologies for Absence:

An apology for absence was submitted to the meeting on behalf of Councillor Kilgour.

Declarations of Interest

There were no declarations of interest.

Minutes

8. RESOLVED that the minutes of the meeting of the Governance Committee held on 30 July 2018 were confirmed and signed as a correct record.

Internal Audit Progress Report 2018/2019

The Head of Internal Audit submitted a report setting out the performance of Internal Audit up to August 2018, areas of work undertaken, and the internal audit opinion regarding the adequacy of the overall system of internal control within the Authority.

The Head of Internal Audit advised the Committee that six audits were included within the 2018/2019 plan. To date, fieldwork had been completed for the audit of Cyber Security Arrangements and the draft report was being discussed.

The remaining planned audits were scheduled as follows:

- Information Governance – quarter 2;
- Financial Management – quarter 3;
- ICT – Business Continuity/Disaster Recovery – quarter 3;
- Procurement and Contract Management – quarter 4.

The Committee was referred to Appendix 2 of the report, which detailed the current overall opinion against each risk area, based on the last three years' audit work. Members welcomed the introduction of the 'traffic light system'.

The Head of Internal Audit advised Members that in conclusion, it remained the opinion of Internal Audit that, overall throughout the Authority, there continued to be an adequate system on internal control.

9. RESOLVED that the contents of the report be noted and endorsed.

Annual Audit Letter 2017/2018

The Chief Fire Officer/Chief Executive (Clerk to the Authority) submitted a report detailing the Annual Audit Letter (AAL) for 2017/2018 issued by the External Auditors, Mazars LLP. A copy of the Letter was attached as Appendix A of the report

Mark Kirkham and Gavin Barker were in attendance to present the report and in doing so explained that, the AAL was very positive, providing a strong endorsement of the financial management and governance arrangements that were in place across the Authority.

Mazars had issued an unqualified opinion of the Authority's Financial Statements and an unqualified Value for Money Conclusion.

In particular, the Annual Audit Letter confirmed that the Authority:

- Produced unqualified Financial Statements for 2017/18 that gave a true and fair view of the Authority's financial position and its financial performance as at 31st March 2018 and that no objections to the published Financial Statements had been received;
- Published its Narrative Report with the Financial Statements, as statutorily required, and that the details were found to be consistent with those Financial Statements;

- Had provided an Annual Governance Statement that was found to accurately reflect the Authority's governance arrangements and that these followed the requirements of the 'Delivering Good Governance in Local Government Framework 2016';
- Had no matters identified that required a report in the public interest or from other powers available to the auditor under the 2014 Act; and
- Had proper arrangements in place to secure economy, efficiency and effectiveness in its use of Resources and received an unqualified Value for Money Conclusion.

Members were referred to Section 6 of the AAL which explained the financial difficulties the Authority was faced with and that in 2018/2019 the Authority had identified that over the medium term of 2018/2019 to 2021/2022 it faced a cumulative budget gap of £3.6m, in addition the repayment of the £10.5m overpayment of fire injury pensions top up grant had to be accounted for.

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

Statement of Assurance and Annual Report (SOAAR)

The Strategic Finance Manager and the Assistant Chief Fire Officer Organisational Development submitted a joint report to present the Statement of Assurance and Annual Report 2017/2018 to Members, for information. The Statement of Assurance and Annual Report was approved by Fire Authority on 10 September 2018.

ACFO Baines advised Members that the Statement of Assurance and Annual Report contained a summary of performance for 2017/18. Over 17,000 incidents were attended in 2017/18 with an average response time of 5 minutes 22 seconds. Based on the latest Home Office figures (2016/17) TWFRS responded to dwelling fires faster than any other Metropolitan Authority and were second fastest compared to all FRS in the country. Comparator figures were not yet available for 2017/18 but with a quicker response time for 2017/18 the service expected to be amongst the fastest again for 2017/18.

The Chairman commented that the operational service within TWFRS was exceptional.

Members were advised that the draft Statement of Assurance and Annual Report was shared with Mazars, the Authority's external auditor, who provided positive comment and raised no significant issues.

11. RESOLVED that the contents of the report and the Statement of Assurance and Annual Report be noted and endorsed.

Treasury Management – Half Yearly Review of Performance 2018/2019

The Strategic Finance Manager submitted a report on the Treasury Management (TM) performance to date for the second quarter of 2018/2019.

Members were advised that the Authority's interest rate on borrowing was very low, currently 3.20%, and as such the Authority continued to benefit from this low cost of borrowing and from the ongoing savings from past debt rescheduling exercises.

In addition, Treasury Management Prudential Indicators were regularly reviewed and the Authority was within the limits set for all of its TM Prudential Indicators for 2018/2019. The Authority's maximum external debt in respect of 2018/2019 (to 31st August 2018) was £41.618 million.

The Strategic Finance Manager then explained that the Authority had benefited from additional investment income in the first half of the year of almost £18,000 in cash terms based on a higher rate of return in 2018/2019 of 0.54% compared to the benchmark 7 Day LIBID (London Interbank Bid) rate of 0.41%.

Members were then advised that Investment rates available in the market remained lower than those achieved in previous years, although there had been some upward movement since the Bank of England Monetary Policy Committee announced the 0.25% increases in the base rate to 0.50% on 2nd November 2017 and then to 0.75% on 2nd August 2018.

12. RESOLVED that:

- (i) the Treasury Management (TM) performance during the year to the second quarter of 2018/2019 be noted; and
- (ii) the Lending List Criteria at Appendix B, the Approved Lending List at Appendix C and the Risk Management Review of Treasury Management at Appendix D be noted.

(Signed) G. COOK,
Chairman