



Minutes of the meeting of the  
GOVERNANCE COMMITTEE held  
in the Fire and Rescue Service  
Headquarters, Barmston Mere on  
MONDAY 23 SEPTEMBER 2019 at  
10.30am

**Present:**

Mr G N Cook in the Chair

Councillors Burdis, Dodds, Flynn and Kilgour and also Ms G Goodwill and Mr M Knowles.

**In Attendance:**

Diane Harold (Mazars)

**Apologies for Absence:**

Apologies for absence were submitted to the meeting on behalf of Councillor Hunter.

**Declarations of Interest**

There were no declarations of interest.

**Minutes**

5. RESOLVED that the minutes of the meeting of the Governance Committee held on 29 July 2019 were confirmed and signed as a correct record.

**Internal Audit Progress Report 2019/2020**

The Head of Internal Audit submitted a report setting out the performance of Internal Audit up to August 2019, the areas of work undertaken and the internal audit opinion regarding the adequacy of the overall system of internal control within the Authority.

The Committee were advised that performance against the agreed KPIs was currently on target and was set out at Appendix 1 of the report. Members were advised that seven audit areas had been included in the 2019/2020 plan; one audit –

a review following the implementation of the Core HR system - originally planned for the current year had been brought forward to 2018/2019 at the request of the Chief Fire Officer and the review of contract managements in place for the a sample of key contracts had been deferred and then completed in 2019/2020.

There were planned audits remaining for Information Governance, Financial Management, Asset Management and Business Continuity and Contingency Planning.

The overall opinion against each risk area based on the last three years' audit work was shown at Appendix 2 and this showed a very positive position with no areas to highlight.

Mr Knowles was pleased to note the positive position and was happy with the substantial level of assurance which had been achieved for the implementation of the Core HR system.

Having considered the report, it was: -

6. RESOLVED that the update be received and noted.

### **Annual Audit Letter 2018/2019**

The Chief Fire Officer/Chief Executive (Clerk to the Authority) and the Strategic Finance Manager submitted a joint report detailing the Annual Audit Letter for 2018/2019 which had been issued by the external auditors, Mazars.

The Annual Audit Letter provided the Authority with the findings of 2018/2019 audit and was a positive, strong endorsement of the financial management and governance arrangements which were in place across the Authority.

Diane Harold of Mazars was in attendance and advised that Members had already received a summarised version of the audit in the Audit Completion Report and it was a formal requirement to produce an Annual Audit Letter. The letter confirmed that the Authority: -

- Produced unqualified Financial Statements for 2018/2019 that gave a true and fair view of the Authority's financial position and its financial performance as at 31 March 2019 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.

7. RESOLVED that the Annual Audit Letter be noted.

### **Statement of Assurance and Annual Report (SOARR) 2018/2019**

The Chief Fire Officer/Chief Executive (the Clerk to the Authority) and the Strategic Finance Officer submitted a joint report presenting the draft Statement of Assurance and Annual Report (SOARR) 2018/2019.

The Fire and Rescue National Framework requires that Fire and Rescue Authorities must provide a SOARR to its communities, Government, local authorities, partners and stakeholders. The SOARR must provide an accessible account of the Authority's performance, effectiveness and value for money.

The SOARR highlighted that during 2018/2019: -

- The Control Room had received over 29,700 calls
- The Prevention and Education team had delivered over 24,600 Home Safety Checks
- The Fire Safety team had carried out 1,700 fire safety audits on commercial premises
- Based on the latest Home Office figures, Tyne and Wear had the second fastest response rate of any metropolitan fire service to dwelling fires.

Ms Goodwill highlighted some typographic matters to be picked up in the document and queried whether the reference to Northumbria Blood Bikes being co-located at fire stations was still accurate.

Councillor Burdis felt that document had missed out issues with anti-social behaviour and it needed to be clearly demonstrated how the service looked after the wellbeing of firefighters.

Councillor Kilgour noted that the timing of the committee meeting seemed to be out of step with the main Authority as they had already considered the SOARR and the Committee Members could not now feed comments through to the Fire Authority.

Upon consideration of the report, it was: -

8. RESOLVED that: -

- (i) the content of the report be reviewed; and
- (ii) the draft SOARR 2018/2019 be approved.

## **Audit Progress Report – September 2019**

The Strategic Finance Manager submitted a report enabling the Committee to consider and comment upon the external auditors' regular Audit Progress Report covering the period up to September 2019.

Diane Harold presented the report and advised that Mazars would be beginning work in respect of the 2019/2020 audit by discussing current risks in relation to their audit opinion and the Value for Money Conclusion with senior management in order to begin to shape the Audit Strategy Memorandum for the 2019/2020 audit.

Mazars highlighted the following recent publications: -

- The Guide to Local Government Finance, CIPFA, April 2019
- Framework to Review Programmes, NAO, April 2019
- National Co-ordination and Advisory Framework for the Fire Service in England, Home Office, April 2019
- Progress Delivering the Emergency Services Network, NAO, May 2019
- Local Government Governance and Accountability, Public Accounts Committee, May 2019
- Fire and Rescue Incident Statistics – England, year ending December 2018, Home Office, May 2019
- The Regulatory Reform (Fire Safety) Order 2005: Call for Evidence, Home Office, June 2019
- Fire and Rescue Service Inspections 2018/19 – A Summary of Findings from Tranche 2, HMICFRS, June 2019
- Rethinking Social Value: Unlocking Resources to Improve Lives, Mazars, June 2019
- Local audit quality forum June 2019, Public Sector Audit Appointments, June 2019

The Committee were advised that the next Local Audit Quality Forum event was taking place in November 2019 and local bodies which had opted into the PSAA's national scheme were entitled to two delegate places free of charge.

A consultation had opened for the National Audit Office's new Code of Audit Practice and a link could be forwarded to Members interested in responding to the consultation.

9. RESOLVED that the Audit Progress Report be noted.

## **Treasury Management – Half Yearly Review of Performance 2019/2020**

The Strategic Finance Manager submitted a report setting out the Treasury Management performance for Quarters 1 and 2 of the financial year 2019/2020.

The Strategic Finance Manager advised Members that volatility in PWLB rates in recent years had continued into 2019/2020 and Sunderland City Council had taken

advantage of low borrowing rate troughs which had occurred and had taken out £50m of new borrowing. These rates were considered opportune and would benefit the Authority's revenue budget over the longer term.

The Authority had benefited from additional investment income in the first half of the year of over £11,000 in cash terms based on a higher rate of return in 2019/2020 of 0.65% compared to the benchmark rate of 0.57%.

The Committee was then asked to note that the Authority had not exceeded any of its Treasury Management Prudential Indicators during the period. The Authorised Borrowing Limit for External Debt was set at £48.352m for 2019/2020 and the Operational Boundary for External Debt was £43.352m.

The Authority's Authorised Lending List and Lending List Criteria were regularly updated to take into account financial institution mergers and changes in Sovereign credit ratings. These were shown at Appendices B and C. A risk analysis of Treasury Management functions had been carried out in accordance with Treasury Management best practice and was set out in Appendix D.

Ms Goodwill asked if interest rates were fixed and not variable and was advised that this was the case, in addition there was a discount of 0.2% applied to the PWLB loan rates.

Mr Knowles commended the report and the positive performance of the Authority's Treasury Management function

10. RESOLVED that: -

- (i) the Treasury Management performance during the year to date be noted; and
- (ii) the Lending List Criteria at Appendix B, the Approved Lending List at Appendix C and the Risk Management Review at Appendix D be noted.

(Signed) G N COOK  
Chair