



Minutes

Audit Committee

Date: 26 June 2014

Time: 10.30 am

Venue: Conference Room, Fire and Rescue Service Headquarters, Birkenshaw

Present: Councillor J Cummins (Chair), J Dodds, L Holmes, C Townsley, A Wainwright and A Wallis

In Attendance: G Kettles – External Audit (KPMG)

Apologies: None

25 Minutes of the last meeting

RESOLVED

That the Minutes of the meeting held on 11 April 2014 be signed by the Chair as a correct record.

26 Urgent items

None.

27 Admission of the Public

There were no items which required the exclusion of the public and press.

28 Declarations of interest

There were no declarations of disclosable pecuniary interest in any matter under consideration at the meeting.

29 External Audit Progress report and technical update

The Chief Finance and Procurement Officer submitted a report which contained an update of technical issues and which identified the following as having impact on the Authority;

- Local Government Financial settlement 2014 / 15
- Council tax calculations

RESOLVED

That the report be noted.

30 Public Sector Internal Audit Standards (PSIAS)

Consideration was given to a report of the Chief Finance and Procurement Officer which reported on an internal review the current internal audit provision against the Public Sector Internal Audit Standards.

Members were advised that in future these reviews would be undertaken by auditors from other Local Authorities instead of an internal review. In response to a query about the expense of such arrangements, it was reported that associated costs would relate to time spent on the work and would not be formally recharged.

The Chief Finance and Procurement officer provided assurance that Internal Audit complied with the required standard.

RESOLVED

That the report be noted.

31 Internal Audit Annual Report 2013 – 14

Members received a report of the Chief Finance and Procurement Officer which sought endorsement of the conclusion as to the effectiveness of the system of internal audit and which asked Members to note the audit opinion on risk management and the internal control environment during 2013 - 14.

The report explained the different areas that internal audit worked along including an explanation of the risk based approach to the work and the links between external and internal audit. The report reviewed the work that had been completed in 2013/2014 providing a summary of the audit outcomes.

The report also set out details of the audit plan for 2014/2015.

Finally based on the evidence provided by Internal Audit the Chief Finance and Procurement Officer provided assurance that systems of internal audit, systems of internal control and risk management arrangements were effective.

RESOLVED

- a) That endorsement be given to the Chief Finance and Procurement Officer's conclusion as to the effectiveness of the system of internal audit; and
- b) That the audit opinion on risk management arrangements and the internal control environment in 2013 – 14, providing assurance to the compilation of the Annual Government Statement, be noted.

32 Annual Governance Statement 2013 – 14

The Chief Finance and Procurement Officer submitted a report which sought approval of the Annual Governance Statement for inclusion in the 2013 – 14 statement of accounts.

The Statement set out key systems of governance and results of the self-assessment undertaken by the Chief Fire Officer / Chief Executive together with the Chief Finance and Procurement Officer. Members considered the key challenges for the Authority for the forthcoming 12-month period.

It was reported that the significant governance issues continued to relate to the following key areas;

- Grant loss
- Integrated Risk Management Plan (IRMP) delivery
- Impact of the fundamental review
- Industrial action and changes to pension schemes
- Changes to senior management structure

In response to a question about workload impact on those directorates where the directors were now working on a part-time basis, it was reported that this would be monitored as part of the regular Human Resources monitoring processes.

RESOLVED

That the Annual Governance Statement be approved for inclusion in the 2013 / 14 Statement of Accounts.

33 Statement of Accounts and Financial Outturn 2013 – 14

Consideration was given to a report of the Chief Finance and Procurement Officer which presented detailed coverage of;

- The financial outturn for 2013 / 14
- Key statements from the draft Statement of Accounts for 2013 / 14
- The Treasury Management report for 2013 / 14; and
- Members' Allowances outturn in 2013 / 14

Members were advised that the Committee no longer needed to formally approve the accounts until after the assurances had been received from the auditors. It was good practice, however, to continue to present them for noting as soon as possible after completion.

It was reported that there had been an underspend of £3.9m against the approved revenue budget and closing balances were £13.13m. Members were advised that £2.5m had been identified as the minimum revenue balance to be held by the Authority.

Due to a number of delays in the implementation of the Integrated Risk Management Programme (IRMP) Members were advised that only 42.8% of the capital plan had been spent in 2013 - 14.

With regard to the statement of accounts, Members were informed that the pension liabilities on the balance sheet represented figures going forward 60 years, based on the number of anticipated retirements / existing pensioners during that timeframe. The balance sheet therefore showed a negative balance of £1bn where, without pension liabilities, net assets would be £50m.

In terms of treasury management, the positive cash flow position of the Authority meant that there had been no new long term borrowing in the financial year. The Chief Finance and Procurement Officer reported that all activity had been within the approved treasury management strategy.

RESOLVED

- a) That the revenue and capital outturn for 2013 / 14 be noted;
- b) That the Statement of Accounts for 2013 / 14 be noted;
- c) That the Treasury Management report for 2013 / 14 be noted; and
- d) That the report on Members' allowances for 2013 / 14 be noted.

34 Performance Indicators outturn 2013 – 14

The Chief Legal and Governance Officer submitted a report which informed Members of the Authority's performance indicators outturn figures for 2013 – 14 and targets for 2014 – 15.

RESOLVED

That the report be noted.

35 Performance Management Report

Members considered a report of the Chief Legal and Governance Officer which advised of those areas where key targets had not been achieved or where West Yorkshire had the poorest performance when compared with all seven metropolitan fire authorities.

RESOLVED

That the report be noted.

36 Internal Audit – IT Equipment Probity Checks

The Director of Service Support submitted a report which provided an update on the actions taken following the IT Equipment Probity audit undertaken in 2013.

Members were advised that two unresolved issues related to stock records and record keeping remained outstanding and the internal audit opinion of all the probity check issues would be reported to a future meeting once these matters had been finalised.

RESOLVED

That the report be noted.

37 Audit Committee – training and development

Consideration was given to a report of the Chief Finance and Procurement Officer which proposed a half-day training session focussed on the role of the Audit Committee to be provided by KPMG (external auditors).

RESOLVED

- a) That the full Authority be requested to endorse the proposal to arrange some training as detailed in the report now submitted and to consider whether the training should be offered to all Authority Members irrespective of their membership or otherwise of the Audit Committee;
- b) That, should the training be approved, KPMG provides Members with an outline of the training programme in advance of the session; and
- c) That expenditure in respect of a) above be approved under officers' delegated powers.

Chair