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**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Minutes of the
Finance and Audit Committee
held at 10:00hours on 6 July 2016 at the
Dorset & Wiltshire Fire and Rescue Service Headquarters, Salisbury

Members present: Cllr Les Burden, Cllr Mike Byatt, Cllr Ronald Coatsworth, Cllr John Haines, Cllr Bob Jones, Cllr Trevor Jones, Cllr Graham Payne, Cllr Christopher Newbury.

Officer attendance: Mr Phil Chow, Director of Finance & Treasurer to the Fire Authority; Mr Derek James, Director of Service Development and Corporate Services; Ms Lisa Pharaoh, Deputy Clerk and Deputy Monitoring Officer; Mr Ian Cotter, Head of Finance; Mrs Jill McCrae, Head of Democratic Services and Corporate Assurance; Mr Bob Ford, Head of Strategic Planning & Knowledge Management; and Mrs Marianne Taylor, Democratic Services Officer.

1 Welcome

- 1.1 The Chairman opened the meeting and welcomed attendees including David Parson, SW Audit Partnerships; Rupert Bamberger, KPMG; and Robin Pritchard, Gateway Assured Ltd

2 Apologies

- 2.2 Apologies were received from Cllr Abdul Amin, Cllr Ernie Clark, Cllr Malcolm Davies, Cllr Colin Jamieson.
- 2.3 The chair politely reminded Members to respond to invitations for meetings and acknowledged that some Members were attending the funeral of Cllr John Wilson, (Dorset County Council) which took place today.

3 Code of Conduct, Declarations of Interest and Notifications of Any Other Business

- 3.1 The Chairman asked the meeting for any disclosures of pecuniary interests under the Localism Act.

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3.2 There were no disclosures.

3.3 A Member asked if the disclosure forms had been sent out for Members to complete. The Deputy Clerk and Deputy Monitoring Officer advised that it was her understanding that this had been completed, however she advised that this would be confirmed with the Monitoring Officer.

3.4 **Action: The Head of Democratic Services and Corporate Assurance to confirm that all disclosure forms have been processed for all Members**

4 Appointment of Vice Chair

4.1 Members were asked for nominations for the role of Vice Chairman. A nomination was received for Cllr Colin Jamieson. Members unanimously agreed the appointment.

4.2 **Resolved: Members approved and endorsed the appointment of Cllr Colin Jamieson as Vice Chairman.**

5 Treasury Management

5.1 Paper A - Wiltshire Fire & Rescue Service (WFRS):

5.2 The Treasurer, Phil Chow, took members through the annual report on performance for WFRS and reminded Members of the increasing scrutiny within Treasury Management over the past few years due to the Icelandic banking collapse.

5.3 Members were taken through Appendix A to the report and the Treasurer explained the Prudential indicators for interest and investment.

5.4 Members were reminded that the policy statement for the new Authority was approved by the Shadow Dorset & Wiltshire Fire and Rescue Authority at their meeting in February 2016.

5.5 Members asked if there is a policy about returns and investments. The Treasurer confirmed that there is a policy for short term investments of less than one year which was included in the policy statement approved in February..

5.6 A Member pointed out that DWFRS may not be restricted on yield like a Local Authority. The Treasurer agreed that this was the case.

5.7 Paper B - Dorset Fire and Rescue Service (DFRS):

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The Head of Finance, Ian Cotter, took Members through the paper for DFRS Treasury Management Annual Review and highlighted the recovery of funds from Icelandic Bank Investments.

- 5.8 Members queried the amount that had been written off and asked if, in the future, totals of the amounts written off should be reported back to Members highlighting 'writing-off' as an unusual event. The Member queried how this return would be accounted for in the accounts. The Head of Finance advised that the 'write-off', and any income returned against it, was shown as general income. He confirmed that the original write-off was undertaken in accordance with Chartered Institute of Public Finance Accounting (CIPFA) terms.
- 5.9 The Head of Finance advised that £75k in additional income represented an average interest rate of 0.62%. Current balances held by the Fire Authorities stood at £6.2m and that there were still some monies held in Dorset bank accounts. He advised that most funds have been transferred to DWFRA accounts and that the remainder will be transferred shortly.
- 5.10 Members asked about borrowing and the Head of Finance advised there would be an opportunity at the September meeting to discuss borrowing, investments and surpluses (Reserves & Balances).
- 5.11 Members requested that a strategy paper be brought back to the Finance and Audit Committee. This would include loans and capital, revenue links, current practises and new policies including the policy towards underspend.
- 5.12 **Action: Treasurer to formulate a response to individual members upon the recovery of debt from Icelandic Bank funds**
- 5.13 **Action: Treasurer to provide a strategy paper for the Finance and Audit Committee meeting on the 21st September 2016.**
- 5.14 **Resolved: Members noted the details contained in Paper A: Treasury Management Annual Report 2015/16 Wiltshire Fire and Rescue Service.**
- 5.15 **Resolved: Members Received Paper B: the Treasury Management Annual Report.**
- 5.16 **Resolved: Members noted the details contained in Paper B: Actual Prudential Indicators 2015/16 Dorset Fire and Rescue Service.**
- 6 Provisional Outturns – DFRS**
- 6.1 The Head of Finance, Mr Ian Cotter, took Members through the paper highlighting the predicted underspend for the revenue budget and providing detail of the capital expenditure.

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- 6.2 Members discussed whether there should be a requirement for the Authority to have a policy for the underspend. The Chairman asked for this to be reviewed at the Full Authority meeting.
- 6.3 The Head of Finance discussed staff savings and funding for Safewise and confirmed that the reserves held in March will be further discussed at the Finance and Audit meeting in September.
- 6.4 The Chairman confirmed to the meeting that the sooner the accounts are brought together the greater the benefit for the DWFRA.
- 6.5 Members advised that they would like an update on the Medium Term Financial Plan (MTFP). The Treasurer assured Members that the MTFP would be reported to Members.
- 6.6 Members queried which committee would receive an overview of corporate performance across the Service. This is to be reported to the Full Authority on a six monthly basis.
- 6.7 Members questioned whether there is a requirement for a committee to have an overview and scrutiny of the Pension Board. It was confirmed that this should be checked with the Monitoring Officer.
- 6.8 **Resolved: Members noted the provisional outturn position and approved the carry forward of capital projects totalling £1.1m**
- 6.9 **Action: Treasurer to report in his strategy paper on the policy requirements for underspend to the Full Authority meeting**
- 6.10 **Action: Head of Democratic Services and Corporate Assurance to review with the Monitoring Officer the requirement for scrutiny of the Pension Board.**

7 Provisional Outturns - WSFA

- 7.1 The Treasurer, Mr Phil Chow took members through the paper, highlighting the debts written off in 2015/16, the level of underspend and the capital outturn position.
- 7.2 The Treasurer went on to note the request of member approval to roll forward capital budgets totally £0.655m and went through the details of Appendix B to the paper.
- 7.3 Members highlighted that they would like a 6 month overview of where DWFRA is financially, showing the distance travelled, and suggested this was aligned with the strategy planned for September. The Treasurer confirmed than an

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agenda item was already planned for September and referred Members to the Finance and Audit Committee work programme.

- 7.4 Members queried the unused grant reserves. The Treasurer explained that this income from grants received, which is ring-fenced for specific projects.
- 7.5 Members were assured that 3.7 (Note 5: savings on training) is about efficiency and not cost cutting. The Treasurer assured Members that standards of training will not be compromised for the sake of efficiency.
- 7.6 **Resolved: Members noted the three debts written off in 2015/16 totalling £822.50 ,the level of the revenue underspend for 2015/16 at £1.313m and the capital outturn position for 2015/16 of an underspend of £0.420m**
- 7.7 **Resolved: Members approved and endorsed the capital slippage of £0.655m to enable capital projects started in 2015/16 to be completed in 2016/17.**

8 Internal Audit Report

- 8.1 The Treasurer advised the meeting that Nick Hobbs, Swindon Borough Council (SBC), was unable to attend the meeting today and so provided Members with an overview of the Swindon Borough Council Internal Audit Services Annual Report for the Wiltshire and Swindon Fire Authority.
- 8.2 The Treasurer confirmed that the report provided assurance of the high standards within treasury management and main accounting as well as satisfactory standard for payroll, corporate governance, risk management and creditors. He went on to highlight that SBC note that they were unable to complete the ICT key control audit due to the fact that the ICT infrastructure was significantly different due to combination.
- 8.3 The Chairman introduced Rupert Bamberger from the South West Audit Partnership (SWAP) to the meeting to provide Members with the Audit report for Dorset Fire Authority.
- 8.4 Rupert Bamberger presented the annual report to Members and confirmed the statements made within the report and assured Members that there were no key risks.
- 8.5 The Treasurer took Members to the recommendations of the report and asked Members to note the completion of the Annual Internal Audit Plan for 2015/16, for both Dorset Fire Authority and Wiltshire and Swindon Fire Authority, and the outcomes of the work which was complete. Members provided their approval and endorsement.
- 8.6 The Chairman thanked Rupert Bamberger for his attendance and passed on this thanks to both SBC and SWAP for their work within the legacy Services'.

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8.7 **Resolved: Members noted the completion of the Annual Internal Audit Plan for 2015/16 for both Dorset Fire Authority and Wiltshire and Swindon Fire Authority and the outcomes of the work completed.**

9 Internal Audit Progress

9.1 The Chairman introduced Mr Robin Pritchard from Gateway Assure Ltd, the appointed internal auditors for Dorset & Wiltshire Fire and Rescue Authority, to the meeting.

9.2 Mr Pritchard advised Members that Gateway Assure Ltd had worked with Officers within the Authority for the past few months progressing the quarter 1 Audit and getting to know one and other.

9.3 Members asked how the human resources element/cultural alignment might be audited. The Director of Corporate Services, Derek James, advised Members that Cultural alignment and Development is part of the quarter 4 audit.

9.4 The Chairman asked Members to note the contents of the report, the assurance and outcomes provided. Members confirmed that all had been noted.

9.5 **Resolved: Members noted the completion of the Quarter 1 Audits and the assurance and outcomes provided.**

10 Progress of External Report

10.1 The Chairman welcomed Mr David Parson, KPMG, to the meeting.

10.2 Mr David Parson explained to Members that the external auditors are appointed by the Government and noted that KPMG were the external auditors for both Dorset Fire Authority and Wiltshire & Swindon Fire Authority previously. Mr Parsons went on to explain that originally another auditor was positioned to be the external auditor for Dorset & Wiltshire Fire and Rescue Authority, however an exemption request was submitted by DWFRS to the Government for KPMG to remain the Services auditor which was approved by the Government to allow for continuity.

10.3 Mr Parson took Members through the paper and confirmed that KPMG did not discover any concerns to note. This was confirmed within the audit progress letter, Appendix B and C to the paper. He advised that the year-end audit will be completed and a report will be brought back to the Finance and Audit Committee before the end of the year.

10.4 The Chairman referred Members to the recommendations within the report and Members noted the audit letters attached to the report.

10.5 The Chairman thanked Mr Parson for his attendance at the meeting.

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10.6 **Resolved: Members noted the audit letters appended at Appendix B & Appendix C of the report.**

11 **Strategic Risk Register**

11.1 The Head of Democratic Services and Corporate Assurance, Mrs Jill McCrae reminded Members that the strategic risk register and risk appetite were agreed by the Shadow Policy and Resources at its meeting in January 2016 and went on to reiterate the programme of work undertaken to deliver both noting the significant stakeholders involved within the process.

11.2 Mrs McCrae took Members through the risk appetite matrix and confirmed that risks scoring a residual score of 15 and above were to be identified as strategic risks and reported to the Finance and Audit committee, Mrs McCrae went on to advise that once these risks are managed down below this level that risks would be dealt with at department level.

11.3 Mrs McCrae talked Members through the Strategic Risk Report (Appendix A) and highlighted a new strategic risk Members. Members talked through the work underway to mitigate the risk.

11.4 The Chairman asked for a risk heat map to be included within the report to provide clarity as to where the risk sits within the appetite.

11.5 Members questioned if the current staff vacancies should be included on the strategic risk register. The Director of Corporate Services responded, advising that this is not currently a strategic risk however this will be reviewed regularly by the Director of People Services who assesses the risk.

11.6 Members asked how emerging risks were managed. The Head of Democratic Services and Corporate Assurance provided clarity over the process and outlined that lower level risks were assessed and reviewed by Directors and heads of departments. Members asked for the numbers of the lower level risks to be reported at each Finance and Audit Committee.

11.7 Members asked how asset management risks were assessed and where this was held. The Head of Democratic Services & Corporate Assurance confirmed that at present all asset management risks are considered at department level and that the Finance and Audit Committee will only see asset risks if they are scoring at Strategic Level. Cllr Mike Byatt requested to see the assets department risk register as the Member Champion for this area. It was confirmed that this would be requested as part of this initial Member Champion meeting.

11.8 The Chairman referred Members to the recommendation of the report and all Members approved and endorsed the strategic risk register and proposed mitigations.

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- 11.9 **Resolved: Members approved and endorsed strategic risks and proposed mitigations.**
- 11.10 **Action: Head of Democratic Services to include a risk heat map within future reports.**
- 11.11 **Action: Head of Democratic Services to report number of lower level risk at each meeting.**
- 11.12 **Action: ACFO John Aldridge to provide details of the asset risks at the Member Champion meeting.**

12 Performance Management Presentation

- 12.1 The Chairman welcomed the Head of Strategic Planning & Knowledge Management to the meeting.
- 12.2 The Head of Strategic Planning & Knowledge Management took Members through the Performance Management Dashboards that will be available to the public and to Members. He provided information on the progress of the Service's key performance indicators.

13 Date of Next Meeting

- 13.1 The Chairman confirmed the date of the next Finance and Audit Committee meeting as 21 September 2016 at the DWFRS Headquarters, Five Rivers Health and Wellbeing Centre, Hulse Road, Salisbury, SP1 3NR at 11am.

The meeting closed at 11.55am

Signed: _____