

**MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**MEETING OF THE**

**AUDIT SUB-COMMITTEE**

**9 JUNE 2016**

**MINUTES**

**Present:** Councillors James Roberts, Paul Tweed, Lesley Rennie, Peter Brennan and Jean Stapleton

**Also Present:**

**Apologies of absence were received from:** Cllr Denise Roberts (Chair)

**13. Appointment of Member to Chair this Meeting**

Prior to the start of the meeting, Members were informed of the requirement to appoint a Member to Chair this meeting, following the receipt of apologies from the incumbent Chair.

Cllr. Peter Brennan nominated Cllr. Jean Stapleton to Chair the meeting. This nomination was seconded by Cllr. Paul Tweed and the Committee voted unanimously in favour of this nomination.

Resolved that:

Cllr. Jean Stapleton preside over this meeting.

**12. Chair's Announcement**

Prior to the start of the meeting, information regarding general housekeeping and confirmation of the recording of the proceedings was provided by the Chair to all in attendance.

The Chair then declared the meeting open and the recording of the proceedings commenced.

**1. Preliminary Matters**

Members considered the identification of declarations of interest, any urgent additional items, and any business that may require the exclusion of the press and public.

Resolved that:

- a) The following declarations of interest were declared in relation to Items on the Agenda:
- Cllrs Brennan and Roberts declared a personal interest in Agenda Item 5 as both are Members of Liverpool City Council which provides Internal Audit Services to Merseyside Fire and Rescue Service.
- b) no additional items of business to be considered as matters of urgency were determined by the Chair; and
- c) no items of business required the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

## **2. Minutes of Previous Meeting**

The minutes of the previous meeting held on 28<sup>th</sup> January 2016, were approved as a correct record and signed accordingly by the Chair.

## **3. Merseyside Fire & Rescue Authority - Audit Plan 2015/16**

The Annual Audit Plan for 2015/16 was presented to the meeting by representatives of the External Auditors, Grant Thornton.

Members were informed that the Annual Audit Plan sets out the work undertaken by the External Auditors for 2015/16 and provides an opinion on financial statements in light of the continued challenges faced by the Authority.

It was confirmed to Members that the time taken on the different audits relate to the associated level of risk and the size of the system to be tested and that the final Audit findings will be reported back Members in accordance with the new deadlines as set out in the report, in July 2016.

Members thanked Grant Thornton for their report.

It was resolved that:

The contents of the report be noted.

## **4. Progress Report and Update Year Ended 31 March 2016**

The Progress Report and Update for Year Ending 31<sup>st</sup> March 2016 was presented to the meeting by representatives of the External Auditors, Grant Thornton.

It was confirmed by the External Auditor that this report re-affirms the current audit position, highlighting the broader issues for Merseyside Fire and Rescue Authority, and the issues affecting the Fire Sector in particular.

Members thanked Grant Thornton for their work.

It was resolved that:

The contents of the report be noted.

**5. 2015/16 ANNUAL YEAR-END INTERNAL AUDIT REPORT**

Members considered report CFO/036/16 of the Treasurer, presenting the Annual Year End Internal Audit Report for 2015/16.

Members' attention was directed to Appendix A of the report which provides a detailed breakdown of the audits undertaken in 2015/16 and the summary of findings. It was confirmed to Members that the reviews undertaken were consistent with the plan and that the report provides an overview of the control processes of the Authority.

It was resolved that:

The contents of the report be noted.

**6. THE ANNUAL GOVERNANCE STATEMENT 2015/2016**

Members considered report CFO/035/16 of the Treasurer, concerning the Authority's Annual Governance Statement which fulfils the Authority's statutory requirement to prepare a statement of internal control in accordance with proper practices, and to present an annual review of the effectiveness of the current system.

Members were informed that the statement is in line with previous statements and no new issues were identified. Members' attention was drawn to the "Significant Governance Issues" section that identified the challenges facing the Authority in delivering the future budget savings and consideration of the future governance options in relation to the Cities and Local Government Devolution Act 2016 and Policing and Crime Bill.

It was resolved that:

- a. The report be approved and signed by the Chair of the Committee.
- b. The Auditor's Risk Assessment was considered and no further comments made.

## **7. 2016/17 INTERNAL AUDIT PLAN**

Members considered report CFO/037/16 of the Treasurer, concerning the proposed Internal Audit plan for 2016/17.

Members were informed that this report is an update on the 3 year Internal Audit plan originally submitted to Members on 26<sup>th</sup> May 2015, setting out the number of days allocated by Internal Audit for auditing fundamental systems and for contingencies.

Members discussed the increase in total audit days taken on fundamental system audits against the planned number of days and were informed that the increase was due to the introduction of new IT systems within key audit areas.

It was resolved that:

- a. The comments and opinions made on the proposed audit plan be considered.
- b. The 2016/17 Internal Audit Plan be approved.

## **8. TREASURY MANAGEMENT ANNUAL REPORT 2015/16**

Members considered report CFO/034/16 of the Treasurer concerning the activities of the Treasury Management operation and the performance against the agreed Prudential Indicators in 2015/16.

Members were informed that this report provides an update to the interim report on the agreed Treasury Management Strategy that was considered at the meeting on 28<sup>th</sup> January 2016.

Members were informed that the actual treasury management performance was consistent with the approved Treasury Management Strategy. Members were advised that no new long term loans had been taken out in the year.. They were also asked to note the investments made during 2015/16.

There was discussion around the type of investments that the Authority makes, to which reassurance was given that investments are in line with recommendations made by Liverpool City Council.

It was resolved that:

The Treasury Management Annual Report 2015/16 be noted.

9. **CORPORATE RISK REGISTER UPDATE NOV-MARCH 2016**

Members considered report CFO/045/16 of the Deputy Chief Fire Officer, concerning the current risks contained within the Corporate Risk Register, the status of the risks and associated control measures, any new risks identified and any risks that no longer apply and can be removed.

Members' attention was drawn to those areas of the Risk Register that have altered since the last report and were informed of the risk control measures that have been implemented due to these amendments. Members were informed of issues in which risks to the Authority had been identified and dealt with appropriately.

It was resolved that:

The updated Corporate Risk Register 2015/16 be approved.

10. **FIREFIGHTER PENSION SCHEME - INTERNAL DISPUTE RESOLUTION PROCESS**

***At the request of the Treasurer and with agreement from Members, this matter was considered after Agenda Item 11.***

Members considered report CFO/038/16 concerning the proposal to move to a two stage Internal Dispute Resolution Procedure (IDRP) in relation to the Firefighter Pension Scheme(s) which is more consistent with the recommended practice. Consultation with the representative bodies has taken place and they are content with the proposed changes.

It was resolved that:

The best practice two stage IDRP process be approved.

11. **FIRE PENSION SCHEME(S) – ADMINISTRATION**

***At the request of the Treasurer and with agreement of Members, this item was discussed before Agenda Item 10.***

Members considered report CFO/039/16 of the Treasurer, concerning the administration of the Firefighter Pension Scheme (FPS) and the Local Government Pension Scheme (LGPS) on behalf of Merseyside Fire and Rescue Authority.

Members were informed of the current arrangements with Lancashire County Council's Your Pension Service (YPS) with regard to the administration of the Firefighter Pension Scheme (FPS) on behalf of Merseyside Fire and Rescue Authority. They were informed that Lancashire County Council and , London Pension Fund Authority have joined up to create a new company – Lancashire and London Pensions Partnership (LLPP). The LLPP will become the vehicle for the delivery of the shared services such as those currently provided by YPS for the administration of the FPS for MFRA. Members were therefore asked to consider discharging the administration of the FPS to the LLPP.

To assist with the administration of the FPS, the Authority nominated the Deputy Chief Executive to act as Scheme Manager. However as this post has been deleted from the establishment Members were requested to consider appointing the Deputy Chief Fire Officer as Scheme Manager.

It was resolved that:

- a. The Deputy Chief Fire Officer to act as the Scheme Manager for the Firefighter Pension Scheme and the Local Government Pension Scheme be approved.
- b. The administration of the Firefighter Pension Scheme function by Lancashire County Council be approved.

Close

Date of next meeting Date Not Specified

Signed:\_\_\_\_\_

Date:\_\_\_\_\_