

**MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**MEETING OF THE**

**AUDIT SUB-COMMITTEE**

**26 MAY 2015**

**MINUTES**

**Present:** Cllr Denise Roberts (Chair) Councillors Peter Brennan, James Roberts and Lesley Rennie

**Also Present:**

**Apologies of absence were received from:** Cllr John Kelly

**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 made:
  - i. Councillors Peter Brennan and James Roberts who declared a potential personal interest in Item 4 by virtue of being Members appointed from Liverpool City Council.
- 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**

Members considered the minutes of the previous meeting held on 31<sup>st</sup> July 2014 to be a correct record and were signed accordingly by the Chair.

**3. Grant Thornton - Update and Audit Plan 2014-15**

The Authority's external auditor, Grant Thornton, was represented at the meeting by Paul Basnett, and Mike Thomas, who has succeeded Robin Baker as the Authority's District Auditor. There were three Grant Thornton reports to be presented to the committee.

The auditors presented the Audit Plan for Merseyside Fire and Rescue Authority; The Audit committee update report; and Informing the audit risk

assessment. Members considered the key issues and risks highlighted in these reports and the conclusions drawn.

Resolved that:

The reports from the Authority's external auditor, Grant Thornton, be noted and approved.

4. **ANNUAL YEAR-END INTERNAL AUDIT REPORT FOR 2014/15**

(CFO/034/15)

***Cllr James Roberts arrived shortly before discussion of this item***

***Councillors Peter Brennan and James Roberts declared a potential personal interest in this item by virtue of being Members appointed from Liverpool City Council who are the providers of the Internal Audit Service.***

Members considered report CFO/039/15 of the Deputy Chief Executive concerning the Annual Year End Internal Audit report for 2014/15. Internal Audit concluded that they could "provide Substantial Assurance that the system of internal control in place at Merseyside Fire & Rescue Service for the year ended 31<sup>st</sup> March 2015 accords with proper practice."

The committee raised a number of matters in relation to the report. Members heard that the Internal Audit process had been extensively scrutinised and presents value for money to the Authority. It was noted that 64% of audit reports were issued within time this year and 60% was achieved last year against a target of 80%. It was explained that this is due to corporate reasons within the Authority but also acknowledged that this target will be looked at and may be revised.

Resolved that:

The contents of the reports attached at Appendix A and B be noted.

5. **THE ANNUAL GOVERNANCE STATEMENT 2014/2015**

(CFO/032/15)

Members considered report CFO/032/15 of the Deputy Chief Executive concerning the Authority's Annual Governance Statement. This statement 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.

The committee considered the report and posed the question of what the implications would be for the Authority if the proposed mergers of fire stations did not go ahead? The committee heard that the Authority's biggest expenditure is in Firefighters. Whilst the Authority has planned well, and effective measures are in place to mitigate risk to employment, should the mergers not go ahead

then the savings identified in them will have to be found from alternative structural changes.

Resolved that:

- a) the 2014/2015 Annual Governance Statement be approved and signed accordingly by the Chair of the sub-committee on behalf of the Authority; and,
- b) the management responses to the Auditor's Risk Assessment questionnaire in Appendix B, be determined to be consistent with Members' views.

**6. TREASURY MANAGEMENT ANNUAL REPORT 2014/15**

(CFO/033/15)

Members considered report CFO/054/15 of the Deputy Chief Executive concerning the activities of the Treasury Management operation and actual performance against the agreed Prudential Indicators in 2014/15. The report stated that the overall debt outstanding for the Authority reduced by £1.5m; the investments at the end of the year totalled £17m in 10 organisations; and above expected income was earned on investments.

It was confirmed to Members that no money is loaned out to other Local Authorities. Furthermore the committee was informed that the lowest credit rating the Authority would invest in is "A-" although there are a number of other factors that are taken into account before any investment is made.

Resolved that:

That Treasury Management Annual Report 2014/15, be noted.

**7. 2015/16 Internal Audit Plan**

(CFO/039/15)

Members considered report CFO/039/15 of the Deputy Chief Executive concerning the proposed Internal Audit plan for 2015/2016. The report detailed the proposed reviews to take place in terms of "Audit Days" totalling 112 audit days for the year.

The committee asked whether it was appropriate to only plan for 40 days to audit "Fundamental systems" in the coming years when 64 days were used this year on Fundamental systems. They were informed that during this year there has been significant extra work on payroll due in part to the introduction of a new financial system.

Resolved that:

The 2015/16 Internal Audit Plan be approved.

**8. Corporate Risk Register Update Apr-Dec 2014**

(CFO/035/15)

Members considered report CFO/035/15 of the Deputy Chief Fire Officer concerning the current risks contained within the Corporate Risk Register, the status of such risks and associated control measures - including reference to any new risks introduced or any risks that no longer apply and can be removed.

The committee were informed that 3 new risks had been added to the register - risks were identified in relation to:

- i) Delays arising from work with partners over the Station change programme,
- ii) An elevated terrorist risk at shared blue light sites,
- iii) Delays in implementing the new financial system.

Members highlighted in relation to Risk 4.4 under Environmental and Political that a single-purpose Performance and Scrutiny Committee has been called for - to address the implications of the Care Act for the Authority's prevention work.

Resolved that:

The updated Corporate Risk Register, be approved.

**FINAL WORD FROM THE CHAIR OF THE AUDIT SUB-COMMITTEE**

The Chair of the sub-committee highlighted that this would be Deputy Chief Executive Kieran Timmins' last Audit sub-committee meeting and as such requested that:

It be recorded that Kieran Timmins be thanked, on behalf of this sub-committee and the Authority, for the work done and support that he has provided over the years of his employment.

Close

Date of next meeting Tuesday, 21 July 2015

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

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