

Minutes of the Audit Committee

**9 November 2015 at 12.15 pm
at Fire Service Headquarters, Vauxhall Road, Birmingham B7 4HW**

Present: Councillor T. Singh (Chair);
Councillors Aston, P. Singh and Quinnen.
Mr Ager (Independent Member).

Apology: Councillor Miks (Vice-Chair);

37/15 **Minutes**

Resolved that the minutes of the meeting held on 7 September 2015, be approved as a correct record.

38/15 **Report on Value for Money for West Midlands Fire and Rescue Authority**

The Committee received and noted the report on Value for Money for West Midlands Fire and Rescue Authority provided by Grant Thornton. The external auditor stated that of the seven areas examined in the Executive Summary, the financial challenge was the most important issue for the Authority, but felt able to give a green assurance.

At this point Councillor P. Singh left the meeting.

The Treasurer and Deputy Chief Fire Officer had both approved the report. In answer to Members questions, it was confirmed that the report was for the period ended 31 March 2015. However, the latest position was reflected in some of the detail provided and the opinion work carried out over the Summer gave an element of the direction of travel.

The 2015/16 Value for Money risk assessment would give an indication if any areas were going to drop into amber rating, but at this stage the external auditor was not aware of any areas where this may occur.

Discussions were taking place with officers regarding the general arrangements and a close eye was being kept on the medium term financial arrangements. It was noted that the Comprehensive Spending

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Review was due to be announced on 25 November 2015 and could force a change of direction.

Some of the views were longer term and covered the next three years. The external auditor stated that he would keep a watching brief but there was currently nothing to bring to the Committee's attention.

In answer to a Member's question, it was confirmed that the report was timely and covered the external audit for the previous year. The report had been previously presented to the full Authority meeting on 23 September 2015 and the external auditor shared the contents of the report which provided more detail to the Members of the Audit Committee.

39/15 Annual Audit Letter 2014/15

The Audit Committee received and noted the contents of the Annual Audit Letter (AAL). The letter is intended to communicate key message to the Authority and external stakeholders, including members of the public.

The key messages included the financial statements audit, (including audit opinion), the Value for Money conclusion and the Audit fees charged for audit and non-audit services and the titles and dates of when reports had been issued.

Appendix C of the report gave an assessment of how external audit had worked with the Authority Members and Officers. Grant Thornton were keen to build on relationships with officers and new members of the Audit Committee and asked them to liaise directly so that they can build this work into their approach.

The Independent Member of the Committee stated that the key issues and recommendations broadly fell into the IT area and asked whether the Internal Auditor had seen the recommendation and management responses to these issues. It was confirmed that these issues would be addressed in the Internal Audit Plan, the Terms of Reference were to be agreed with Treasurer.

40/15 Audit Committee Update for West Midlands Fire and Rescue Authority

The Committee noted the contents of the Audit Committee Update. The Update included a summary of emerging national issues and developments that may be relevant to the Fire and Rescue Authority and a number of challenge questions in respect of the emerging issues that the Committee may wish to consider.

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The report included information on:

- Progress to date on External Audit Work
- The impact of Devolution
- The Government's Spending Review
- Enabling Closer Working between the Emergency Services Consultation
- Fire Statistics April 2014 to March 2015
- Change of Director for Fire, Resilience and Emergencies

41/15

Treasury Management - Mid Year Review Report 2015/16

The Members of the Committee considered the Treasury Management Mid Year Review Report 2015/16.

The Authority agreed its Treasury Management Strategy Statement and Annual Investment Strategy and its Prudential Indicators in February 2015 and part of the requirements of the Treasury Strategy and Prudential Code are that periodic reports are presented to Members. The Mid Year update was presented to the Audit Committee with the key areas being:

Capital expenditure was approved in February 2015 at £3.9m, this has been updated and now reflects the outturn position and financing decisions for 2014/15. The Forecast Outturn was revised to £5.3m. There would be no borrowing in the current financial year.

The Prudential Indicator (CFR) showed an Outstanding debt of £41m as at 31st March 2015. Gross borrowing of £37m has been undertaken with the Public Works Loan Board, the remaining £4m relates to the ex-West Midlands County Council. The estimated average rate of interest payable on this debt in the current financial year is 5.7%.

The Authority holds £76m of investments as at 30 September 2015 which are pooled with Sandwell MBC. The interest received for the first six months of the year is 0.41% which is favourable when compared against a benchmark, the average 7 day LIBID rate at 0.35%.

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Resolved that the Treasury Management – Mid Year Review Report 2015/16 be noted and the prudential and treasury indicators be approved.

42/15 **Internal Audit – Progress Report**

The Committee noted a report which detailed the progress made against the delivery of the 2015/16 Internal Audit Plan. The information contained within the report included a summary of the work completed with no significant issues.

43/15 **Self-assessment of good practice and effectiveness**

The Committee agreed to complete stage two of their self-assessment of good practice and effectiveness exercise.

The first stage of the process, the self-assessment exercise had already been completed. However, as there were new Members on the Audit Committee it was felt opportune to reinvigorate the process. Members were requested to return their completed forms to the Clerk by the 30 November 2015. Members were advised to leave blank any areas they were unsure of.

It was noted that an External Review of the Audit Committee would take place every 5 years and a further consideration would be required on the team who would undertake the review and the possibility of a reciprocal arrangement with other members of another local authority Audit Committee.

44/15 **Work Programme**

The Committee noted its work programme for 2015/2016. The Treasurer indicated a meeting of the Audit Committee would be required in July 2016, due to earlier timescales for the closedown of accounts process.

45/15 **Update on Topical, Legal and Regulatory Issues**

The Treasurer stated that the announcement of the Comprehensive Spending Review would be made on the 25 November 2015, but the Authority may not know specific implications until the finance settlement anticipated around mid-December 2015.

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The internal auditor informed the members of the Committee that he would forward the details of any events and Seminars that are arranged specifically for Members of the Audit Committee and the Chair encouraged all Audit Committee members to attend the training.

The meeting ended at 13.13pm)

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