

**AWDURDOD TÂN AC ACHUB CANOLBARTH A GORLLEWIN
CYMRU**



MID AND WEST WALES FIRE AND RESCUE AUTHORITY

**NOTE: THESE MINUTES ARE SUBJECT TO CONFIRMATION BY THE FIRE AUTHORITY AT ITS
NEXT MEETING**

COFNODION

CYFARFOD CYFFREDINNOL ARBENNIG YR AWDURDOD TAN

**Ystafell Caer,
Pencadlys Y Gwasanaeth Tân Ac Achub, Caerfyddin
29 MEDI 2016**

MINUTES

**OF THE EXTRAORDINARY GENERAL MEETING OF THE FIRE
AUTHORITY**

**The Caer Suite,
Fire and Rescue Service Headquarters, Carmarthen
29 SEPTEMBER 2016**

10.00 – 11.20

64% PRESENOLDEB/ATTENDANCE

Presennol yn y Cyfarfod/Present at Meeting:

GADEIRYDD/ CHAIR: Councillor J Dudley
IS-GADEIRYDD/ DEPUTY CHAIR: Councillor

AELODAU/MEMBERS: Cyng/Cllrs: P Black, K Curry, J Curtice,
S Davies (joined meeting at 10:45),
W E Evans, L Frayling, T Hennegan,
C Evans, P James, R Llewellyn,
S Paddison, K Pearson, G Tanner,
G Thomas, A Wilcox

YMDDIHEURIADAU/APOLOGIES: Cyng/Cllrs: J Hale, E Thomas, P
Pritchard, R Rees-Evans

YN BRESENNOL /IN ATTENDANCE: C Davies, M Crennell, R Quin, I Cray, D
Daycock, S Flather, M Harries, K Jones, C
Jackson, M Jones (Wales Audit Office)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J Hale, P Pritchard, E Thomas and R Rees-Evans.

2. DECLARATIONS BY MEMBERS OF ANY PERSONAL OR PREJUDICIAL INTERESTS

All Members present declared that they had a personal interest in matters relating to, or likely to affect their own Constituent Authority.

All Members declared a personal interest in all budget related matters.

Councillor S Paddison declared a personal interest by virtue of her role as Director of Rescue 365.

3. CHAIR'S ANNOUNCEMENTS / PERSONAL MATTERS

The Chair extended a warm welcome to Mr Mark Jones of the Wales Audit Office who was in attendance to provide an update on the Audit of Financial Statements for 2015/16.

4. TO RECEIVE AND APPROVE A REPORT ON AN AMENDMENT TO THE CONSTITUTION

The Clerk/Monitoring Officer introduced a report which proposed to amend the Constitution to reflect that, in addition to the full Fire Authority, the Performance, Audit and Scrutiny Committee, be enabled to approve all of the Statement of Accounts, the Corporate Governance Assurance Statement, the Letter of Representation and the receipt of the final audit report on the financial statement, where deemed appropriate. The Clerk/Monitoring Officer informed Members that such an arrangement would optimise flexibility for the Fire Authority in dealing with statutory publication deadlines, in particular taking cognisance of the Welsh Government's proposals to bring forward the timetable of the accounts finalisation process in future years. In response to Member queries surrounding timescales and the delegation of powers to the Performance, Audit and Scrutiny Committee, the Clerk/Monitoring Officer clarified that there was no legal requirement for the Statement of Accounts to be approved by the full Fire Authority. Furthermore, Members were assured that the functions in question would be carried out by the full Fire Authority where possible, and therefore powers would only be delegated to the Performance, Audit and Scrutiny Committee when it was considered appropriate to do so in line with the budgetary and financial timetable.

RESOLUTION

By a show of hands, with 10 Members in favour, 4 Members against and 0 abstentions, it was *RESOLVED* that:

- 1. The constitution be amended to state that the approval of the Statement of Accounts, the Corporate Governance Assurance Statement, the letter of representation and the receipt of the final audit report on the financial statements be undertaken by the Fire Authority, and that in appropriate circumstances this function could be undertaken with full delegated powers by the Performance Audit and Scrutiny Committee (PASC).**
- 2. The constitution be amended to remove the existing reference in the Constitution which states that only the Fire Authority can approve the above, as outlined in Appendix 1 of the report.**
- 3. The constitution be amended accordingly to reflect the updated Terms of Reference of PASC as outlined in Appendix 2 of the report.**

5. TO RECEIVE AND APPROVE A REPORT ON THE CORPORATE GOVERNANCE - ASSURANCE STATEMENT

The Head of Finance presented the report on the Corporate Governance Assurance Statement to Members. The Head of Finance drew Members' attention to Appendix 1 of the report whereby Members were provided with an overview of the management of corporate governance within the Authority, which was undertaken in line with the CIPFA / SOLACE framework. These governance arrangements included various internal and external audits on the management of information, financial procedure rules and financial instructions, contract standing orders, administrative arrangements and management supervision, all of which had given general assurance regarding the control and proper administration of the Authority's financial affairs. Members were provided with an overview of the internal audits undertaken during the year which comprised an assessment of the Procurement and Partnerships audit, Business Risk arrangements, implementation of the Core HR/Payroll system and Joint Control Project; and the annual audit of the Authority's payroll, creditors and debtors system, all of which had in the main been positive with no fundamental weaknesses. The Head of Finance reported that there were however shortcomings discovered in the delay of submission of VAT returns to the HMRC, amounting to the sum of £6.2m over an accumulative period since February 2013. Members were assured that this was a cash flow issue which was in the process of being rectified and had no affect on the Authority's budget.

Mr M Jones, Wales Audit Office reported that in light of the VAT issues highlighted to Members, the Statement of Assurance had been amended to reflect that the Authority's corporate governance arrangements were *in the main*, adequate and operating effectively.

It was reported that KPMG, on behalf of the Auditor General, had reported during the year that Mid and West Wales Fire and Rescue Authority resources were being used economically, efficiently and effectively. It was therefore recommended that the Fire Authority, having reviewed the Corporate Governance audits, approve the Statement of Assurance for signature by the Chair of the Authority and the Chief Fire Officer, for inclusion in the Statement of Accounts.

Members stressed their disappointment and concerns regarding the VAT issues which had been identified, and a number of queries raised by Councillors P Black, P James, K Curry, W Evans, S Paddison, K Pearson and A Wilcox were addressed by Officers.

The Head of Finance assured Members that the Service was in the process of retrieving the monies from the HMRC and it was anticipated that the matter would be resolved by 31 October 2016 with no penalties incurred. Furthermore, it was explained to Members that the issue had not been identified previously by the Service or the KPMG auditors, due to the sum outstanding being attributed to the pension issues which had been causing the Authority cashflow issues of a similar figure, at that time. It was also clarified that no reminders had been issued by the HMRC to the Authority. Members were informed that the Authority took advantage of attractive interest rates for short term borrowing during this period, incurring interest fees in the region of £46k in line with the Treasury Management Policy.

In response to queries raised by Members, the Chief Fire Officer explained the circumstantial reasoning as to why the Treasurer was not in attendance at the meeting and noted Members' request to have the Treasurer present for future meetings which considered the Statement of Accounts in order that Members' queries may be addressed. Furthermore, the Chief Fire Officer provided an overview of the transactional processes, in addition to staff shortages and turnover within the Finance department, which may have contributed to the oversight and assured Members that procedures had been implemented to ensure that no VAT submission delays would occur in future.

It was also confirmed to Members that no other issues had been identified within the department and that the previous years' Statement of Accounts were true, accurate and had been certified. In response to a query raised by Councillor W Evans, it was confirmed that there would be no 'comeback' on the previous Chairs of the Fire Authority who had signed previous years' Statement of Accounts in good faith.

It was noted by Mr M Jones that the Wales Audit Office was of the view that the Pension issues were separate and irrelevant to the VAT submission delays. Members were informed that a conclusion from the HMRC was awaited prior to an unqualified opinion on the Statement of Accounts being issued. The Chair requested that in view of the concerns raised by Members, an Extraordinary General Meeting be convened instead of the next scheduled PASC meeting and it was agreed that a suitable date be arranged in line with HMRC and Fire Authority report publishing timescales.

RESOLUTION

By a show of hands, with 6 Members in favour, 0 Members against and 10 abstentions, it was *RESOLVED* that the Statement of Assurance be approved by the Fire Authority for signature by the Chair of the Authority and the Chief Fire Officer, for inclusion in the Statement of Accounts.

6 TO RECEIVE AND APPROVE THE DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

The Head of Finance presented the draft Annual Statement of Accounts for the year ended 31 March 2016, which summarised the Authority's financial position and required approval and publication prior to 30 September 2016.

The Draft Statement of Accounts comprised various accounting statements, including the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement which had been prepared in accordance with International Financial Reporting Standards. Members were informed that any amendments resulting from the conclusion of the ongoing audit would be reported to Members at its next meeting.

In response to a query raised by Councillor P Black, the Head of Finance agreed to provide a complete breakdown of the Debtors and Creditors figures outlined on pages 57 and 58 of the Draft Statement of Accounts at the next meeting which would consider the finalised audited accounts.

Following Members' concerns it was agreed that the provision of improved audio facilities be explored and implemented for future meetings.

RESOLUTION

It was *RESOLVED* that the Draft Statement of Accounts for the Year Ended 31 March 2016 be approved.

7 TO RECEIVE AN UPDATE FROM THE WALES AUDIT OFFICE ON THE AUDIT OF FINANCIAL STATEMENTS

Mr M Jones, of the Wales Audit Office, provided an overview of the audit of financial statements, including the VAT issues, HMRC inspection and reporting timescales. Members were informed that the Wales Audit Office were scheduled to return to the Authority to conclude its audit on 11th and 12th October 2016. Furthermore, it was suggested that the next meeting of the Authority be convened after the HMRC had concluded its inspection, whilst also taking cognisance of the time required to produce and publish reports for the Authority.

RESOLUTION

It was *RESOLVED* that the update be noted.

8 TO RECEIVE A VERBAL UPDATE FROM THE CHIEF FIRE OFFICER ON THE STATUTORY DUTY FOR FLOODING

The Chief Fire Officer provided a brief synopsis of the Welsh Government's consultation regarding Fire and Rescue Authorities' statutory duty for flooding, which was now due to conclude on 20 December 2016. Members were informed that the

extended consultation period would allow Members to fully consider the Authority's position at its meeting scheduled for 12 December 2016.

A discussion ensued on section 9 of the Fire and Rescue Service's Act 2004 and it was noted that the Welsh Government had indicated its intentions to extend the Authority's statutory duty to attend flooding incidents to include inland water, however further clarification regarding its definition and consequently the expectations placed on Fire Authorities was required.

Councillor C Evans raised concerns in relation to the responsibilities placed on other Authorities and possible duplication of work. The Chief Fire Officer clarified that Fire and Rescue Authorities had a statutory duty for responding to flooding and inland water in cases of defined emergencies, as outlined in the Fire and Rescue Service's Act 2004, however collaboration on prevention activities was ongoing with other agencies.

A discussion ensued regarding the Authority's moral and statutory duties in relation to flooding and Councillor K Pearson stressed the importance in the Authority receiving the funding required to adequately undertake this duty.

Councillor P James highlighted the reduced level of resources available to Local Authorities to deal with flooding prevention and maintenance issues and the Chief Fire Officer suggested that with the formation of the new Public Service Boards, this could be included as a priority for the benefit of local communities, if the PSB deemed it appropriate.

In response to a query from Councillor P Black, the Chief Fire Officer agreed to address the issue of water danger/flooding education and prevention within the consultation response which would result in appropriate Authorities being required to deal with an identified prevention need. Furthermore, it was agreed that clarification on whether the definition of 'artificial body of water' would comprise reservoirs was required.

9. ANY OTHER ITEMS OF BUSINESS THAT BY REASON OF SPECIAL CIRCUMSTANCES, THE CHAIR DECIDES SHOULD BE CONSIDERED AS A MATTER OF URGENCY PURSUANT TO SECTION 100(B)(4) OF THE LOCAL GOVERNMENT ACT 1972

There were no matters of other business.

Meeting closed at 11:20.