

## **Minutes of the Audit Committee**

**19<sup>th</sup> January, 2009, at 2.45 pm**  
**at the Fire Service Headquarters, Vauxhall Road, Birmingham**

**Present:** Councillor Turner (Chair);  
Councillor Robinson (Vice-Chair);  
Mr Ager (Independent Member).

**Apologies:** Councillors Jones, Spence and Ward.

### **1/09 Councillor Ward**

The Chair referred to the recent ill health of Councillor Ward. The Committee expressed its best wishes for his speedy recovery to good health.

### **2/09 Minutes**

**Resolved** that the minutes of the meeting held on 13<sup>th</sup> October, 2009, be approved as a correct record.

### **3/09 Audit Commission – Systems and Final Accounts Report**

The external auditor, Pragati Raithatha of the Audit Commission, presented a report on the audit of the 2007/08 accounts for the Authority.

The report comprised two elements:-

- work undertaken on systems controls;
- substantive testing of the final accounts produced in June 2008.

A clean audit opinion had been provided. The current report highlighted some areas where the external auditor felt improvements could be made.

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Members sought clarification on a number of issues raised in the Systems and Final Accounts Report and responses were provided by the external auditors and the Head of Finance and Procurement.

As part of their work during the current year, the external auditors would be reviewing the key systems from which the figures in the financial statements were produced and undertaking an audit of the 2008/2009 Final Accounts. This work would consider whether there were any outstanding issues from the current report, together with any new issues which may have emerged.

### **Resolved:-**

- (1) that following completion of the 2008/2009 Final Accounts audit, the external auditors present a further Systems and Final Accounts Report to the Audit Committee which will identify any outstanding actions;
- (2) that the Treasury Management benchmarking exercise be submitted to the Audit Committee in due course.

### **4/09      Internal Audit – Terms of Reference**

The Committee was informed that it was recommended good practice to review the Internal Audit terms of reference on an annual basis.

The original terms of reference approved by the Audit Committee on 28<sup>th</sup> January, 2008 were prepared in line with the example given in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (see Minute No. 3/08). No changes were proposed.

**Resolved** that the Terms of Reference for Internal Audit, as now submitted, be endorsed.

### **5/09      Internal Audit – Progress Report**

The Committee noted a report on internal audit work undertaken during the current year indicating progress made against the delivery of the 2008/09 Audit Plan. The information included in the progress report would inform the overall opinion given in the Internal Audit Annual Report issued at year end.

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A number of areas were currently under review: accounts payable; absence management; risk management; risk assurance framework; partnerships; procurement system; accounts receivable; counter – fraud audit; follow – up audit; and national fraud initiative.

A number of key issues arose for the period: home fire safety checks; accounts payable; risk management; IT audit; Audit Committee self – assessment exercise; and whistle – blowing investigation.

6/09

### **Governance Standards – The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE)**

The Committee was informed that the Authority at its meeting on 23<sup>rd</sup> June 2008 adopted the Governance Statement 2007/08 which had been prepared in accordance with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (see Minute No. 37/08).

Further consideration had now been given to the detail of the Framework document in preparing the Governance Statement for 2008/09. The Framework document suggested that authorities should undertake regular, at least annual, reviews of their governance arrangements to ensure continuing compliance with best practice as set out in the framework. Such reviews should be reported to the Audit Committee, and reported externally with the published accounts, to provide assurance that:-

- governance arrangements were adequate and operating effectively in practice;
- where reviews of governance arrangements had revealed gaps, action was planned that would ensure effective governance in the future.

The framework document also suggested that the process of preparing the governance statement should itself add value to corporate governance and should be submitted to the Authority for consideration.

The framework defined the principles which should underpin the governance of local government bodies and suggested that authorities should test their structures against these principles; identify any gaps; and indicate how those gaps would be addressed. The Framework document posed a number of questions for authorities to address to assist this process.

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Officers were currently completing a first draft of the responses to the questions which would be submitted to the Committee at a future meeting.

**Resolved** that the proposed approach to completing the CIPFA/SOLACE guidance in respect of corporate governance, be endorsed and that a further report be submitted in due course.

### **7/09      Corporate Risk Register**

The Committee was informed that if the Fire Authority was to meet the Government's expectations of performance and improvement in the forthcoming years, it would be important for the Authority to have a robust risk management strategy in place. A key piece of evidence would be the ability to demonstrate a proactive approach to identifying and managing a wide range of risks at all levels within the Authority, most importantly at strategic level.

On 31<sup>st</sup> March, 2008, the Committee agreed to undertake a review of the procedures in place to manage its key strategic risks (see Minute No. 8/08). The review had now been completed and approval was sought to a revised Corporate Risk Register.

For each of the risks identified, detailed analysis had been completed and documented in a Risk Management Action Plan, which recorded the following as well as indicating the link between each risk and any relevant organisational strategies and/or performance indicators:-

- the relevant triggers and impact;
- the key control measures already in place and those currently being implemented, as well as the level of assurance provided by these control measures (where appropriate);
- an assessment of the likelihood and impact of the risk being realised, as agreed with the relevant risk owner, using the descriptors contained within the Risk Management strategy;
- an assessment of the 'target risk' risk score, thereby providing an indication of the Authority's risk appetite in relation to that particular risk.

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Each Risk Management Action Plan would be reviewed in accordance with the timescales indicated within in the Corporate Risk Register. These reviews would be undertaken with the relevant risk owner and any significant changes within the Risk Management Action Plan would be reported back to the Committee.

### **Resolved:-**

- (1) that the revised Corporate Risk Register, as now submitted, be approved;
- (2) that the updated reporting schedule relating to the ongoing management of those risks in the revised Corporate Risk Register, be approved.

### **8/09 Audit Committee – Self Assessment Exercise**

The Committee noted the issues raised from the Audit Committee self assessment exercise taken on 1<sup>st</sup> December, 2008.

An action sheet had been drawn up from the assessment identifying matters that needed to be addressed to meet the assessment criteria. Further reports would be submitted in due course on each of these matters.

### **9/09 Work Programme 2008/2009**

The Committee noted the work programme for the remainder of 2008/09.

### **10/09 Date and time of next meeting**

The Committee noted that the next meeting would be on Monday 30<sup>th</sup> March, 2009 at a time to be arranged.

(The meeting ended at 3.52 pm)

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