

**Annual Report of
the Audit and
Performance
Management
Committee
2010/11**

1. Background

The Audit and Performance Management Committee was established by the Authority in January 2008. Its purpose is to provide:

- independent assurance on the adequacy of the risk management framework and the associated control environment,
- independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to
- oversee the financial reporting process.

The key benefits of the Committee can be seen as:

- Increasing public confidence in the objectivity and fairness of financial and other reporting.
- Reinforcing the importance and independence of internal and external audit and similar review processes.
- Providing additional assurance through a process of independent review.
- Raising awareness of the need for internal control and the implementation of audit recommendations.

The Terms of Reference for the Committee can be found at Appendix A of this report.

Audit and Performance Management Committee Self Assessment/Review of Effectiveness

In order to review its effectiveness the committee undertook a self assessment exercise during the year. This was based on the Chartered Institute of Public Finance and Accountancy (CIPFA) Toolkit for Local Authority Audit Committees and highlighted that the Committee was operating within a recognised best practice framework.

Audit and Performance Management Committee Members' Skills Set

Each member of the Committee has completed a skills audit form, giving them the opportunity to record details of their relevant experience and knowledge, and to identify areas where they felt they would benefit from additional training. The results of this exercise have been assessed and a training plan prepared in order to address the gaps.

2. Meetings

During 20010/11 the Committee met on the following dates:

• 7 June 2010
• 6 September 2010
• 11 October 2010
• 29 November 2010
• 10 January 2011
• 7 March 2011
• 28 March 2011

3. Members & Attendance Record

	7/06/10	6/09/10	11/10/10	29/11/10	10/01/11	7/03/11	28/03/11
Cllr Turner (Chair)	√	√	√	√	√	√	√
Cllr Robinson	√						
Cllr Skinner	√						
Cllr Spence	√						
Cllr Clinton		√	√	X	√	X	√
Cllr Docker		√	√	√	√	√	X
Cllr Eustace		√	√	X	√	X	X
Cllr Hill		X	X	X	√	√	X
Mike Ager (independent)	X	√	√	√	√	√	√

Senior Officers from the Authority and the Internal Auditors are also present, and where appropriate the External Auditor will attend.

The Committee also meets in private with the Internal and External Auditors on a regular basis.

4. Business

During the year the Committee conducted the following business:

- Audit Commission Audit Opinion Plan
- Audit Commission Annual Audit Letter
- Internal Audit Annual Report
- Internal Audit Quarterly Progress Reports
- Internal Audit Terms of Reference
- Strategy for Internal Audit and Periodic Audit Plan
- Benchmarking against CIPFA's Red Book 2 – Managing the Risk of Fraud
- CIPFA Statement on the Role of the Head of Internal Audit
- CIPFA Audit Committee Updates
- Audit Committee Skills Audit
- Monitoring Policies on Raising Concerns at Work – Whistleblowing
- Annual Report of the Audit Committee
- Work Programme
- Analysis of Progress of Corporate Performance against “The Plan” – Quarterly Reports
- Annual Governance Report
- Governance Standards, CIPFA and SOLACE – Update on Progress
- Review of Procurement Standing Order Arrangements

5. Conclusion

The Committee was able to confirm:

That the system of internal control, governance and risk management in the authority was adequate in identifying risks and allowing the authority to understand the appropriate management of these risks.

That there were no areas of significant duplication or omission in the systems of internal control, governance and risk management that had come to the Committee's attention, and had not been adequately resolved.

6. Sources of Assurance

The Committee gained assurance in order to produce the above conclusion, from the following sources:

The work of Internal Audit

The Council's Internal Auditors gave the following opinion in their Annual Report for 2010/11:

*"Based on the work undertaken during the year and the implementation by management of the recommendations made, Internal Audit can provide ***reasonable assurance** that the Authority has adequate and effective governance, risk management and internal control processes".*

**We are pleased to report that this is an unqualified opinion and the highest level of assurance available to Audit Services. As stated in paragraph 1.3 "In giving our opinion it should be noted that assurance can never be absolute. The most that internal audit can provide is reasonable assurance that there are no major weaknesses in the Authority's governance, risk management and control processes".*

The work of the Audit Commission/External Auditor's

In order to produce this report in a timely manner, the Committee has placed reliance upon the work undertaken by the Audit Commission in their 2009/10 Annual Audit Letter, at which time the District Auditor's opinion was as follows:

"The Authority has sound arrangements for production of its financial statements. I issued an unqualified opinion on the Authority's account" and "I issued an unqualified value for money conclusion. I concluded that the Authority had adequate arrangements for securing economy, efficiency and effectiveness".

The Compilation of the Governance Statement

The Governance Statement operated throughout the year ended 31 March 2011 and up to the date of the approval of the annual report and accounts. The systems to ensure the management of the risks have been shown to be sound. A limited number of issues have been identified during the year in reports presented by the Internal and External Auditors.

7. The Committee's main achievements

The Committee believes its key achievements during the year were:-

- Providing additional assurance through a process of independent review.
- Raising the profile of internal control issues across the Authority and of the need to ensure that audit recommendations are implemented.
- Undertaking a self assessment exercise based on the CIPFA model for an adequate and effective Audit Committee.
- Building the skills and knowledge of Committee members through the running of focussed training sessions and consideration of related guidance issued by CIPFA.
- The continued presence of an independent member in order to continue to broaden the Committee's experience and independent view point.
- Regular review of the Analysis of Progress of Corporate Performance in order to ensure that corporate targets are being achieved.

Appendix A**Terms of Reference for the Audit and Performance Management Committee****Audit Activity**

Approve the internal audit strategy.

Consider the Audit Services annual report and opinion, and a summary of internal audit activity and the level of assurance it gives over the Authority's governance, risk management and internal control arrangements.

Consider any summaries of internal audit activity and specific internal audit reports requested by the Committee.

Consider reports dealing with the management and performance of Audit Services where necessary.

Consider reports from Audit Services on the timeliness of management responses to internal audit reports and on agreed recommendations not implemented within a reasonable timescale where necessary.

Consider specific reports as agreed with the external auditor and the report to those charged with governance where necessary.

Comment on the scope and depth of external audit work and to ensure it gives value for money.

Liaise with the Audit Commission over the appointment of the Authority's external auditor.

Consider specific reports in terms of data quality including assessments by the external auditors.

Regulatory Framework

Maintain an overview of contract procedure rules and financial regulations.

Monitor the effective development and operation of risk management and corporate governance in the Authority.

Consider the Authority's arrangements for corporate governance and recommending necessary actions to ensure compliance with best practice.

Oversee the production of the Authority's Governance Statement and to recommend its adoption.

Monitor Authority policies on 'Raising Concerns at Work', the anti-fraud and anti-corruption strategy and the Authority's complaints process.

Consider the Authority's compliance with its own and other published standards and controls.

Accounts

Review the annual statement of accounts, and specifically, consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Authority.

Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Performance

To ensure that performance is actively monitored and reported upon.

To support continuous improvement in service delivery and the implementation of best practice through the application of Authority policy and all relevant legislation, regulations, directives and statutory requirements affecting the work of the Authority:

- that activity is delivering performance outcomes and that targets and measures are aligned to the strategic direction of the Brigade; and
- that all issues relating to performance management arising from internal and external reviews and audits of service provision are considered and that recommendations are being progressed as appropriate.

To consider the link between cost and performance by receiving budget monitoring information alongside performance reports.

To receive monitoring reports on the progress against the Service's objectives.

To receive monitoring reports on the Service's performance against its indicator targets.

Generally

Review any issue referred to it by the Chief Fire Officer, Clerk or Treasurer, or any Authority body.

To refer matters for consideration by the Authority, another Committee or an officer where considered appropriate.

To deal with any other matters referred to it by the Authority.

To meet at least quarterly.

To submit its minutes and Annual Report to the Authority.

To receive monitoring reports on the Service's performance against its indicator targets.

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