

Minutes of the Audit Committee

6th July, 2009, at 1.30 pm
at the Fire Service Headquarters, Vauxhall Road, Birmingham

Present: Councillor Turner (Chair);
Councillor M Robinson (Vice-Chair);
Councillors Skinner and Spence.
Mr Ager (Independent Member).

Apology: Councillor Ali Khan.

Observer: Councillor Ward.

32/09 **Minutes**

Resolved that the minutes of the meeting held on 8th June, 2009, be confirmed as a correct record.

33/09 **Monitoring Policies on Raising Concerns at Work – Whistle Blowing Standing Order 02/20**

The Committee noted the content of the Brigade's Whistle Blowing Standing Order 02/20, which was last revised in March 2008.

The Committee also noted that there had been two incidents of whistle blowing in the West Midlands Fire Service in the last year up to 31st May, 2009.

34/09 **Audit Commission – External Audit Progress Report and Briefing 2008/09**

Javed Akhtar of the Audit Commission presented an external audit progress report and briefing. The report provided the Committee with the progress made in delivering responsibilities as the external auditor and also highlighted key emerging issues and developments. The Audit Commission's work would focus on two areas: the opinion audit which worked at key financial systems; and the use of resources audit which would look at managing finances, governing the business and managing resources. All this work was on target.

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Regular meetings were taking place with Internal Audit as part of the planning process to ensure that any risks identified from their work were considered prior to the delivery of the external audit's opinion.

35/09 Audit Commission – External Opinion Plan

The Committee noted the Audit Commission's approach to the opinion audit at the planning stage and key deadlines and milestones for 2009/10 as set out in the External Opinion Plan.

The main stages of work were as follows:-

- familiarisation with the control environment and key financial systems;
- to review the internal audit function;
- to test the key financial systems;
- to carry out a financial statement audit;
- to explore specific financial statements issues;
- to ensure compliance with International Financial Reporting Standards (IFRS).

An action plan of issues that needed to be addressed by the Authority was submitted.

Members sought clarification on issues relating to the security of pension funds and IFRS and responses were provided by the external auditor and Director of Finance and Procurement.

36/09 Audit Commission – Annual Audit Fee 2009/10

The Committee noted a letter from the Audit Commission setting out the annual Audit Fee Letter for 2009/10. The annual audit fee was based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and reflected only the audit element of the work, excluding any inspection and assessment fees.

The total indicative fee for the audit for 2009/10 was £87,850 (excluding VAT) compared to the planned fee of £86,737 for 2008/09.

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The Audit Commission had recently published its work programme and scale of fees for 2009/10. The scale fee for the Authority was £91,260. The fee proposed for 2009/10 was 3.7% below the scale fee.

The fee excluded any work requested by the Authority that the external auditor may agree to undertake using its advice and assistance powers, the fee for which would be negotiated separately.

37/09 Audit Commission – Proposed Evaluation Criteria

Further to Minute No. 15/09, the Committee received the external auditor's response to the questions set out in the proposed evaluation criteria.

The Committee noted that there were two questions to be completed by the Authority on the performance of the external auditor. The Committee requested that officers draft a response to the questions for consideration by Members. Members were asked to notify the Chair or Vice-Chair of any comments they wished to be included in the response.

Resolved that the Chair and Vice Chair be authorised to finalise the response to the questions on the performance of the external auditor in relation to the proposed evaluation criteria.

38/09 Audit Commission – Audit Committee Responsibility for Preventing and Detecting Fraud

The Committee received a copy of a letter from the external auditor to the Chair of the Committee seeking clarification of the Audit Committee's responsibility for preventing and detecting fraud.

International Standard for Auditing (UK and Ireland) 240 'The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements' required the external auditor to obtain an understanding of how the Committee exercised oversight of management processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

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A draft response was submitted for consideration by the Committee.

The Chair indicated that he would respond to the external auditor on behalf of the Committee along the lines set out in the draft response. Members were asked to forward any comments on the response to the Chair.

39/09 Work Programme 2009/10

The Committee noted the work programme for the remainder of 2009/10.

The Committee also noted that there would be the following two additional reports for the meeting on 12th October, 2009:-

- Update on the International Financial Reporting Standard;
- Audit Commission – Use of Resources Assessment.

40/09 Date and time of next meeting

The Committee noted that the next meeting would be on Monday 12th October, 2009 at a time to be arranged.

(The meeting ended at 2.57 pm)

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