

<p>Minutes of the Audit Committee</p>
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30th March, 2009, at 1.30 pm
at the Fire Service Headquarters, Vauxhall Road, Birmingham

Present: Councillor Turner (Chair);
Councillor Robinson (Vice-Chair);
Councillors Jones, Spence and Ward.
Mr Ager (Independent Member).

Observer: Councillor S Davis.

11/09 **Minutes**

Resolved that the minutes of the meeting held on 19th January, 2009, be approved as a correct record.

12/09 **Data Quality Pilot Review**

Neal Harris of the Audit Commission presented a report on the outcomes of the Authority's participation in a Data Quality Pilot Review.

The Audit Commission had developed a new approach to assessing the quality of data produced by public bodies. This approach formed part of an updated Use of Resources assessment.

The Authority agreed to assist the Audit Commission in piloting a number of elements of the data quality section of the updated Use of Resources assessment between November 2008 and February 2009. This piloting process would provide the Authority with an interim assessment of its arrangements for securing data quality and would also provide the Audit Commission with valuable feedback on its proposed audit methodology.

The methodology included assessing documentation already held by the Audit Commission and requesting and viewing additional documentation as appropriate. It was reported that throughout the review, the Audit Commission received feedback from the Authority on their draft Key Line Of Enquiry questions and audit tools which helped the Audit Commission to inform the final version of their methodology.

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The review identified some areas of good performance, such as:-

- training material and guidance was available in a number of formats;
- routinely collected data was used to support decision making, rather than producing it as a secondary requirement;
- performance information was used to identify deviations from planned performance.

It also identified a number of key areas for further improvement, such as:-

- there was no separate verification process in place to confirm that home fire safety checks were undertaken. It was agreed with the Authority that this would be revisited as part of the main Use of Resources work;
- the Authority recognised the importance of getting data 'right first time' but acknowledged that there was some work required to achieve this, as some manual cleansing of data was required.

The Committee was informed that additional data with regard to verification of home fire safety checks had now been provided to the Audit Commission. Other suggestions for improvement would be looked into as part of the current Use of Resources assessment.

13/09 Annual Audit and Inspection Letter

Gary Stevens from the Audit Commission presented the Annual Audit and Inspection Letter for 2007/08.

The Authority had been rated as 'improving well' and good progress had been recognised in a number of priority areas. Some key successes were:-

- a strong downward trend in the number of primary fires, accidental home fires, deaths and injuries. More than half of home fire safety checks were in high risk and vulnerable households;
- the Authority was making a sound contribution to wider community outcomes particularly with young people;
- progress was being made on Equality and Diversity through improving access and quality of service for vulnerable people;
- there was a clear commitment to reviewing the effectiveness of the organisation and ensuring capacity was maximised. Internal communication and engagement with staff was improving, as well as effective management of partnerships. The service was well positioned to continue improving.

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Areas for improvement highlighted by the Audit Commission had been included in Departmental/Command Area action plans (where appropriate) and progress would be monitored. Some key areas of improvement were:-

- the processes for managing value for money were still developing. The Authority needed to continue to integrate financial and performance management to assist it in deriving maximum value for money from its ongoing activities and future reviews of its asset and personnel structure;
- to seek appropriate technical advice for any new or unusual events to ensure correct accounting treatment;
- the Authority needed to continue working well in partnership, maximising its use of resources in meeting its priorities and the wider community outcomes for each of the seven district areas.

Members raised concerns about the use of resources score for Internal Control and asked for an explanation. The external auditors responded that Internal Control processes such as the establishment of the Audit Committee were in the early stages of development in 2007/08. Members requested that a paragraph to this effect be inserted before the Letter was submitted to the Authority on 20th April, 2009.

Members referred to the remark in the Letter that the Authority was 'overly self critical at times' in its self assessments, and emphasised the Authority's continued achievements and progress which needed to be highlighted in forthcoming assessments.

14/09 External Auditors' Progress Report

The Committee noted a Progress Report submitted by the external auditors. The report summarised progress against the Audit Commission's 2008/09 audit plan. It was reported that all work was in progress and that there were no issues to report at this stage.

It was also noted that the Audit Commission was planning the 2009/10 work programme and was currently discussing issues with officers.

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15/09 External Auditors – Evaluation Criteria

The Committee was reminded that the Audit Committee self-assessment exercise identified that the Committee did not formally consider the performance of external audit. As a result, there was an action for improvement to review the arrangements with the possible introduction of performance indicators for external audit.

The Committee considered a proposed evaluation criteria for the external audit service.

It was proposed that Audit Services would co-ordinate the evaluation exercise and the results of the self assessment exercise by external auditors would be verified by senior officers within the Authority and the Audit Committee.

Members asked to see examples of evaluation criteria from other authorities, which the Audit Commission agreed to provide.

Resolved that the report be deferred for further information.

16/09 Corporate Risk Management Strategy

The Committee was informed that if the 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 19th January, 2009, the Committee approved the revised Corporate Risk Register, which was prepared following an in-depth review of the way in which strategic risks were identified and managed within the Authority (Minute No. 7/09).

The Corporate Risk Management Strategy had been revised to take account of these changes and was submitted for consideration.

Resolved that the revised Corporate Risk Management Strategy, as now submitted, be approved.

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17/09 Internal Audit – Risk Management Audit Report

The Committee noted a report on an annual internal audit review of risk management arrangements within the Authority. Officers had met regularly within the year to discuss progress being made on the embedment of risk management including training, further development of the corporate risk register and plans for the introduction of departmental risk registers.

The overall conclusion from the review was that the risk management process was being driven forward within the Authority, with an established process of review and training for the Corporate Risk Register and strategy. An assurance framework had also been introduced, which showed sources and levels of assurance. Internal audit were able to give a substantial assurance opinion on the adequacy and effectiveness of the risk management processes. It was reported that work was now continuing to further embed the process by focussing on establishing departmental risk registers and development of supporting strategy/procedure documents.

One 'significant' and three 'merits attention' recommendations were made including:-

- a review of the terms of reference of the Insurance Risk Management Group so that it became a focal point for risk management activity;
- that risk management was further embedded by the development of departmental risk registers in accordance with the Department/Command Action Plan 2009, 'Embedding Risk Management'.

18/09 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.

A number of areas were currently under review: accounts payable; budgetary control; absence management; governance; partnerships; and the procurement system.

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A number of key issues were identified during the period relating to accounts payable; accounts receivable; management of fuel; and risk management. Work had also been carried out on the Comprehensive Area Assessment/Key Lines of Enquiry; the Governance Statement; external audit evaluation questionnaire; and Audit Committee Member's skills set.

19/09 Strategy for Internal Audit – 2009/10 to 2011/12

The Committee considered a proposed Internal Audit Strategy for 2009/10 to 2011/12.

The purpose of the document was to provide the Authority with a Strategy for Internal Audit, based upon an assessment of the Authority's audit needs. The Audit Needs Assessment (ANA) exercise was undertaken to identify the systems of control and determine the frequency of audit coverage. The ANA would be used to direct internal audit resources to those aspects of the Authority which were assessed as generating the greatest risk to the achievement of its objectives.

The Committee was of the opinion that partnerships were a key area of work and had not been identified as an auditable area for review until the third year. It was therefore recommended that the Freedom of Information auditable area under the Director of Corporate Planning and Support be replaced by Partnerships.

Resolved that the Internal Audit Strategy for 2009/10 to 2011/12, as now submitted, be approved, subject to the Freedom of Information auditable area under the Director of Corporate Planning and Support being replaced by Partnerships.

20/09 Establishment of an Audit Committee Members Skills Set

It was reported that one of the Committee's self assessment conclusions was that in order for Members to be fully effective in comprehending and assessing the complexities of the Authority's business, it was essential for them to possess an appropriate set of skills.

It was therefore recommended that an Audit Committee Members Skills Set be established and that an assessment be undertaken to identify any skills gap.

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The Committee considered a proposed skills audit form. It had been designed to record details of any relevant experience and knowledge and to identify where Members felt they would benefit from additional training.

Members were requested to complete and return the skills audit forms promptly so that the results could be reported to a later meeting of the Committee.

Resolved:-

- (1) that the establishment of an Audit Committee Members Skills Set be approved;
- (2) that the skills audit form, as now submitted, be approved;
- (3) that upon assessment of the results of the skills audit, Internal Audit submit a plan of action to address any training needs.

21/09 Work Programme 2008/2009

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

The Chairman invited all Members of the Committee to attend the workshop on the Statement of Accounts scheduled for 18th June, 2009.

With regard to the reference in the work programme to the Treasury Benchmarking Exercise, the Committee was informed that this was now complete and indicated that the Authority performed well against comparator authorities. Full details would be circulated to Members.

22/09 Date and time of next meeting

The Committee noted that the next meeting would be on Monday 8th June, 2009 at a time to be arranged.

(The meeting ended at 3.03 pm)

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