

Minutes of the Audit Committee

11th January, 2010, at 1.30 pm
at Solihull Fire Station, Solihull

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

1/10 **Minutes**

Resolved that the minutes of the meeting held on 12th October 2009, be confirmed as a correct record.

2/10 **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 28th January, 2008 had been 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). The terms of reference had last been reviewed on 12th January 2009 without change. No changes were proposed.

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

3/10 **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 2009/10 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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4/10 Internal Audit – Internet Usage Report

Further to Minute No. 29/09 (8th June 2009) the Committee noted a report on a follow-up audit undertaken in respect of the Authority's internet usage. The original audit had identified six 'significant' and five 'merits attention' recommendations, resulting in a 'limited assurance' opinion being given. An action plan had been agreed to address the areas of concern.

A follow-up audit had been conducted in December 2009 on the action plan. Two of the original recommendations, relating to misuse alerts, had been withdrawn in recognition of the monthly reviews of internet logs now being undertaken covering attempted access to adult material, access to social networking sites (e.g. Facebook) and unexpected out of hours activity. A third recommendation, relating to generic log-in accounts, was still in progress and the other three had been satisfactorily completed.

A further recommendation had now been made concerning the extension of the monthly reviews being undertaken to include attempted access to other blocked sites (i.e. other than adult sites) and highlighting excessive use. Appropriate actions had been agreed with management.

5/10 Self Assessment Exercise

The Committee noted the issues raised from the Audit Committee self assessment exercise taken on 30th November 2009.

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.

6/10 Annual Audit Letter 2008/2009

Mark Stocks from the Audit Commission presented the Annual Audit and Inspection Letter for 2008/09.

The Authority had been rated as 'performing well' and it was recognised that the Authority had continued the progress made in 2007/2008 and had performed credibly against a new and more demanding assessment. The letter reported that West Midlands Fire and Rescue Authority (WMFRA):-

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- provided good value for money;
- had a good track record of operating within budget;
- had improved service performance while delivering efficiencies;
- promoted and demonstrated the values of good governance;
- was making West Midlands safer from fire;
- was well prepared to respond to emergencies.

A number of areas for improvement had been identified resulting in the following recommendations for the Authority:-

- develop a detailed three year financial plan which included scenario planning and links to strategy and service plans;
- develop a detailed workforce plan setting out its staffing needs and links to strategy and service plans;
- improve its understanding of its cost base and value for money provided by individual services;
- ensure plans were in place to deliver against its 2013 recruitment targets.

An action plan detailing the recommendations and responsible officers was also submitted and would be built into the WMFRA improvement programme.

7/10

Governance Standards – Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Update on Progress

Further to Minute No. 27/09 (8th June 2009) the Committee was reminded that the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government' suggested that authorities should undertake an annual review of their governance arrangements to ensure continuing compliance with the best practice as set out in the framework. Such reviews were to be reported to the Audit Committee, and externally with the published accounts, to provide assurance that governance arrangements were adequate and operating effectively, and that where gaps had been identified an appropriate action plan was put in place to address them. This annual review would feed into the annual Governance Statement.

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One of the questions posed as part of the Authority's self-assessment, carried out by officers from Corporate Services and Finance, related to the use of the CIPFA/SOLACE Governance Guidance Framework. The self-assessment was based on a score of between 1 and 5, 5 being excellent, 1 being poor. Where officers had identified a score of less than 5, this had been identified as a gap in compliance and an action plan had been prepared to address these gaps.

The Committee noted the progress made by officers in addressing the gap analysis presented to the Committee on 8th June 2009.

Resolved that the action plan aimed at addressing the gaps in compliance with level 5 within the CIPFA/SOLACE Governance Guidance Framework be approved.

8/10 **Corporate Risk Register**

The Committee noted position statements in relation to the risks identified in the Authority's Corporate Risk Register and was asked to approve changes to the Register, which had been identified by the Corporate Board.

In relation to Risk No. 8: Financial Management, it was proposed to increase the score from 6 to 12 to reflect the uncertainty surrounding future Government grant settlements.

In relation to Risk No. 12: Firelink, it was proposed to reduce the score from 9 to 3 in order to reflect the successful completion of equipment installation associated with the project.

Members asked if the Register needed to be amended to reflect the risk posed by the proposed new operational arrangements in Warwickshire. Officers reported that Warwickshire had deferred taking a decision on the proposals until later in the year. In addition, the Authority's Integrated Risk Management Plan already took into account any risks from neighbouring authorities.

Resolved that approval be given to the changes to the Corporate Risk Register as now submitted.

9/10 **International Financial Reporting Standards (IFRS)**

Further to Minute No. 47/09 (12th October 2009) the Committee noted the progress made towards the implementation of the International Financial Reporting Standards (IFRS).

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10/10 Organisational Assessment and Use of Resources Assessment 2008/2009

The Committee noted the findings arising from the Authority's Organisational Assessment (OA) and Use of Resources Assessment (UoR) for 2008/2009.

The OA determined how well the Service had delivered against the priorities and targets contained within the Fire and Rescue Services National Framework. It also assessed how well the Authority was delivering its prevention, protection and response functions. The OA for 2008/2009 encompassed three separate assessments namely:

- Managing Performance (MP)
- Use of Resources (UoR)
- Operational Assurance (OpA)

The MP assessment focused upon how well the Authority managed and improved its services and contributed to wider community outcomes. Key themes of the assessment determined how well priority outcomes and improvements that matter to the community had been delivered. Leadership and the capability and capacity to deliver future improvements had been assessed. This year's MP assessment incorporated an OpA peer assessment undertaken in March 2009.

The annual UoR assessment was the appointed auditor's assessment. It reported on how the Service used its resources to deliver value for money and better, sustainable outcomes for local people.

The Authority had scored 3 out of 4 overall, which was rated as 'performing well'.

11/10 Anti-fraud and Corruption Policy

The Committee was informed that the Authority currently had in place a policy on anti-fraud and corruption. The policy had been in place for many years and had been regularly reviewed and updated. In order to raise awareness of the policy with employees, it was proposed to that the Authority formally adopt it as a Brigade Standing Order.

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Resolved to recommend that the Anti-Fraud and Corruption Policy - Brigade Standing Order 1/22, attached as an Appendix, be adopted.

12/10 Response to Audit Commission Annual Governance Report – Audit 2008/2009 Recommendations

The Committee noted the Authority's response to the Audit Commissions Annual Governance Report – Audit 2008/2009.

13/10 Update on Topical, Legal and Regulatory Issues

There were no updates to report.

14/10 Work Programme 2009/10

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

Resolved that the Clerk update and re-circulate the work programme.

15/10 Date and time of next meeting

Monday 29th March 2010

(The meeting ended at 2.54 pm)

*Contact Officer: Stephnie Hancock
Democratic Services Unit
Sandwell Metropolitan Borough Council
0121 569 3261*