

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

11 JANUARY 2010

1. **RESPONSE TO AUDIT COMMISSION ANNUAL GOVERNANCE REPORT – AUDIT 2008/2009 RECOMMENDATIONS**

Joint report of the Chief Fire Officer and Treasurer.

RECOMMENDED

THAT the response to the recommendations in the Audit Commission Annual Governance report – Audit 2008/2009 be noted.

2. **PURPOSE OF REPORT**

This report is submitted to ask the Committee to note the response to the recommendations made by the external auditors in the Annual Governance report.

3. **BACKGROUND**

- 3.1 The Annual Governance Report – Audit 2008/2009 was presented at the Authority meeting on 21 September 2009 and subsequently to the Audit Committee on 12 October 2009. The report included five recommendations for the Authority to consider. The recommendations and response are attached to this report as Appendix 1.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The Accountancy Auditing Regulations Act states that a relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with the proper internal audit practices.

6. **FINANCIAL IMPLICATIONS**

There is anticipated to be an increase in the valuation charges by moving to a five year rolling programme approach. Any costs will be contained within the Authority's overall existing resources.

BACKGROUND PAPERS

Audit Commission Annual Governance Report – Audit 2008/2009 reported to West Midlands Fire and Rescue Authority on 21 September 2009 and the Audit Committee on 12 October 2009

VIJ RANDENIYA
CHIEF FIRE OFFICER

STUART KELLAS
TREASURER

APPENDIX 1

Page No	Recommendations	Priority 1 = Low 2 = Medium 3 = High	Responsibility	Agreed	Comments	Date
Annual Governance Report 2008/2009 – Recommendations						
9	We invite the Authority to: <ul style="list-style-type: none"> • Review the comparators shown in the accounts and restate them to the original audited figures. • Provide a detailed disclosure for meeting WGA requirements. 	3	Director of Finance and Procurement	Yes	The required adjustments were made as part of the Closedown of Accounts process in order for the external auditors to give their final opinion.	Sept 2009
9	We invite the Authority should consider a rolling programme of valuations to ensure that valuations are kept up to date.	2	Director of Finance and Procurement	Yes	There is likely to be some relatively small increase in costs as a result of having five separate annual exercises. This will be accommodated within the Authority's overall resources.	March 2010

9	We invite the Authority to amend the accounts for the understatement of pension liabilities or provide representations why it considers that an amendment is not required.	3	Director of Finance and Procurement	No	The Authority elected not to make an amendment to the pension figure identified by the auditors of the West Midlands Local Government Pension Scheme after taking into consideration materiality levels and consistency of approach with other Authorities affected by the same issue. The balance sheet figure on which this £0.264m adjustment would have been made was £818m.	Sept 2009
10	We invite the Authority to consider if they are receiving sufficient assurance on an annual basis on payroll and other key financial systems and if necessary consider an amendment to their internal audit programme.	2	Chief Internal Auditor	Yes	Adjustments have been made to the current year's audit plan.	Oct 2009
10	We invite the Authority to consider whether the policy to draw down fully against the capital financing requirement continues to remain appropriate.	2	Director of Finance and Procurement	Yes	This will be undertaken as part of the Authority's capital financing review process.	Sept 2009