

# Annual Report of Audit and Performance Management Committee

## Report of the Treasurer

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## 1 Purpose of Report

This report advises of the work carried out by the Fire Authority's Audit and Performance Management Committee since October 2009.

## 2 Recommendations

The Fire Authority is asked to note the report.

## 3 Background

The Audit and Performance Management Committee (the Committee) provides an Annual Report of its activities to the Fire Authority. This is the second such report.

## 4 Constitution and Meetings

The constitution of the Committee was last reviewed at the Annual Meeting of the Fire Authority in July of this year.

The Chair of the Committee is Councillor Dr Jean Jones, who is the Fire Authority's Risk Management and Audit Champion. She is also a member of the Service's Risk Management Group and the Strategic Risk and Planning Members' Working Group. The Vice-Chair of the Committee is Councillor Mellings.

Since October 2009 the Committee has met four times: in November 2009, and February, May and September 2010.

## 5 Role of the Committee

The principal role of the Committee is to provide independent assurance and scrutiny of the Fire Authority's performance – both financial and non-financial.

Its terms of reference, as they relate to the audit function, are based on the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'Audit Committees Practical Guidance for Local Authorities'.

For ease of reference this report splits the work carried out by the Committee into four main areas: Accounting and Audit, Risk Management, Other Governance Issues and Performance Management.

## 6 Accounting and Audit

### Statement of Accounts

The Committee organised a training session on examining the Statement of Accounts prior to their presentation to the Fire Authority in June of this year.

Subsequently the Committee has received the Audit Commission's Annual Governance Report for 2009/10 and the Chair, together with the Deputy Chief Fire Officer and Treasurer, has signed the Letter of Representation concerning the accounts under delegated powers from the Fire Authority. A number of changes were incorporated into the accounts as a result of information received since June. These included a revaluation of certain assets at open market, rather than existing use value, a note on the impact of the Government's decision to adjust future pension payments by the Consumer Price, rather than the Retail Price, Index, and the inclusion of Council Tax debtors and creditors included in the collecting authorities' accounts so far as they related to the Fire Authority's precept. The final Statement of Accounts is now posted on the Service's web-site and can be viewed at the following link:

<https://www.shropshirefire.gov.uk/sites/alpha.shropshirefire.gov.uk/files/page/files/Statement-of-Accounts-2009-10.pdf>

### Internal Audit Matters

Having reviewed the Audit Plan for 2010/11, the Committee decided to switch a number of audits from 2010/11 into 2009/10 and a corresponding number were brought forward to the current year. The Committee also decided to use some audit time to follow up progress on "significant" recommendations outstanding from earlier years. It has monitored and improved the devolved system for examining the recommendations produced each year from the Internal Audit Plan. This was instituted last year whereby the Risk Management Group, on which the Committee Chair sits, examines all but 'fundamental' recommendations (which go straight to the Committee) and liaises with the Chief Officers' Group to resolve outstanding issues.

The Committee received the Summary Internal Audit Report for 2009/10 from Shropshire Council's auditors, which considered that a "high level of assurance can be given that the overall control arrangements are considered satisfactory in the areas examined".

### **Treasury Management**

The Committee organised a training session on treasury management issues especially in the light of the banking crisis and scrutinised Treasury Management arrangements, as requested by the Fire Authority. It endorsed the current arrangements and made recommendations to the Fire Authority to adopt the latest Policy and Code recommended by CIPFA. These were agreed.

## **7 Risk Management**

The Committee is actively involved in the management of risk arrangements within the Service, receiving regular reports on progress against all necessary control measures. The Chair of the Committee sits on the Risk Management Group (RMG), which meets at least four times each year to monitor progress. Through the Head of Operations and Risk the RMG maintains the Service's Corporate Risk Register, which details the extent to which threats and opportunities have been identified, controlled and exploited.

In March 2010 Internal Audit reported on Risk Management within the Service. Audit findings are evaluated to provide a level of assurance on the effectiveness of internal control. The Service's level of assurance was considered to be "Good", the highest possible rating.

## **8 Other Governance Issues**

### **Committee Constitution and Role Descriptions**

The Committee reviewed its constitution in May 2010 and recommended minor changes to the Fire Authority, which were agreed at the Annual Meeting in July. At the same time the Committee also considered the Role Descriptions of its Chair and Vice-Chair and of the Member Champion for Risk Management and Audit and decided that no amendments were required.

### **Annual Governance Statement**

The Committee has overseen the process for the production of the Annual Governance Statement (AGS) to ensure its inclusion in the 2009/10 Final Accounts, as required by legislation. It has also monitored closely the implementation of the AGS Improvement Plan for 2009/10 and the carry forward of any incomplete pieces of work into the new Improvement Plan.

## **Code of Corporate Governance**

The Committee has reviewed the proposed Code of Corporate Governance 2010/11, prior to its being brought before the full Fire Authority for approval and adoption.

## **Member Development**

The Committee has identified its development needs in order to carry out its responsibilities and will continue a programme of development based on this. Prior to the May meeting the Treasurer delivered a session on Treasury Management and an officer from the Audit Commission delivered a session on the Final Accounts, with reference to the new International Finance Reporting Standards (IFRS). The Committee has agreed that its next training session should focus on risk management.

## **9 Performance Management**

Throughout the year the Committee has scrutinised thoroughly the Service's performance in the following areas:

- Key performance indicators
- Best value performance indicators
- Improvement priorities
- Retained Duty System
- Equality and diversity

It has challenged areas where it felt further improvements could be made and questioned officers, where targets have not been met.

Following the introduction of Public Value a review of the Authority's Key Performance Indicators is taking place, which will result in a slimmed down and more community focused set of indicators to be introduced in 2011/12.

Notwithstanding this, the Committee at its September meeting, tasked officers with reviewing its whole suite of current performance information to focus on exception reporting. Officers are currently assessing how this information will be reported prior to the next Committee meeting in November.

## **10 Financial Implications**

There are no financial implications arising from this report.

## **11 Legal Comment**

There are no legal implications arising from this report.

## 12 Equality Impact Assessment

This report is purely an update on the work of the Committee since October 2009 to date and it, therefore, has no impact on people. Accordingly, an Equality Impact Assessment has not been completed.

## 13 Appendices

There are no appendices attached to this report.

## 14 Background Papers

There are no background papers associated with this report.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Business Continuity Planning		Member Involvement	*
Capacity		National Framework	
Civil Contingencies Act		Operational Assurance	
Efficiency Savings		Public Value	
Environmental		Retained	
Financial		Risk and Insurance	*
Fire Control/Fire Link		Staff	
Information Communications and Technology		Strategic Planning	
Freedom of Information / Data Protection Act / Environmental Information		Equality Impact Assessment	
Legal			