

Committee Constitution and Training

Report of the Chief Fire Officer

For further information about this report please contact John Redmond, Chief Fire Officer, on 01743 260203 or Sharon Lloyd, Corporate Support Manager, on 01743 260210.

1 Purpose of Report

This report brings the latest version of the Committee's constitution to the notice of its Members. It also asks Members to decide how to proceed with the process for self-assessment and evaluation of the effectiveness of the Committee..

2 Recommendations

Members are asked to:

- a) Note the constitution of the Audit and Performance Management Committee (attached as an appendix); and
- b) Decide how to proceed with the process for self-assessment and evaluation of the effectiveness of the Committee.

3 Constitution

At its Annual Meeting the Fire Authority appoints Members to its committees, which may result in changes to their membership. Changes in the terms of reference of various committees have also been made in recent months.

Under the circumstances it is considered good practice for each of the committees to revisit its constitution at the first meeting after the Fire Authority Annual Meeting to ensure that all committee Members are familiar with the latest terms of reference. Accordingly, the constitution of the Audit and Performance Management Committee is attached as an appendix.

4 Training and Development

The Audit and Performance Management Committee has always been keen to undertake training in order to fulfil its role and manage change.

As a result, the Committee has requested and officers have arranged the following briefing sessions over the past 7 years:

- The Role of the Audit Committee in February 2009
- Treasury Management in May 2010
- Risk Management in November 2010
- International Financial Reporting Standards (IFRS) Based Financial Statements in March 2011
- Risk Management in July 2011
- Treasury Management and Financial Rules in March 2012
- Statement of Accounts in September 2012
- Annual Statement of Assurance in March 2013
- Value for Money Member-led discussion in November 2013
- Presentation on Community Fire Safety Work in March 2014
- Member Conference sessions on Governance; Service Transformation Programme; Health and Safety; and Risk Management in July 2014
- Statement of Accounts Awareness in September 2015
- Member Conference sessions on Service Transformation and Shropshire Fire Risk Management Services Ltd. in October 2015
- Role of the Audit Committee in December 2015
- Risk Management in March 2016
- CIPFA process for self-assessment and evaluation of the effectiveness of audit committees in April 2016*

In addition, a session on Treasury Management is planned prior to this July meeting of the Committee.

*Officers are conscious that some members of the Committee have completed and returned self-assessment forms. Since then, however, membership of the Committee has changed. It may, therefore, be appropriate to ask that all Committee members complete the self-assessment forms, before a decision is made regarding further development / awareness sessions.

5 Financial Implications

There may be some cost implications relating to the provision of training for Members but these are as yet unknown.

6 Legal Comment

There are no legal implications arising from this report.

Bringing the latest version of the Committee's constitution to the notice of its Members is not a legal requirement but represents good practice.

7 Appendix

Audit and Performance Management Committee Constitution

8 Background Papers

There are no background papers associated with this report.

Audit and Performance Management Committee

Quorum - 4

Chair

The Chair of the Committee shall be elected from a member of the largest opposition group.

Members - 7

Members of the Fire Authority's Strategy and Resources Committee are precluded from sitting on the Audit and Performance Management Committee and vice versa.

Peter Adams (Conservative)
Steve Barnes (Conservative)
Miles Hosken (Conservative)
John Hurst-Knight (Conservative)
Jean Jones (Labour) **(Chair)**
Chris Mellings (Liberal Democrat) **(Vice-Chair)**
Jane Pinter (Labour)

Meeting Dates

2016

7 July
15 September
8 December

Members may request a meeting with Internal and /or External Audit without Fire Service officers present.

All meetings take place at 2.00 pm at Service Headquarters, unless otherwise advised.

Statement of Purpose

Audit*

To provide an independent and high-level resource to support good governance and strong public financial management

To provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting and annual governance processes.

* As defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees: Practical Guidance for Local Authorities and Police (2013)

Performance Management

To oversee the process of assessing progress toward achieving the Fire Authority's predetermined aims, as set out in the Annual Plan. The Committee's role involves building on that process, adding the relevant communication and action on the progress achieved against the predetermined aims.

Audit Core Functions*

To be satisfied that the Fire Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the Fire Authority's objectives

In relation to the Fire Authority's internal audit functions: to undertake an effective internal audit 'to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'

To consider the effectiveness of the Fire Authority's risk management arrangements and the control environment. To review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations

To monitor the effectiveness of and ensure that the Fire Authority has a sound system of internal control, which:

- Facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- Ensures that the financial and operational management of the Fire Authority is effective; and
- Includes effective arrangements for the management of risk

To consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control

To support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process

To review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit

* As defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees: Practical Guidance for Local Authorities and Police (2013)

Terms of Reference

In order to carry out its purpose and core functions the Committee will consider, monitor, review and, as appropriate, approve the following documents:

Governance, Risk Management and Internal Control

- Code of Corporate Governance
- Annual Governance Statement and Annual Statement of Assurance
- Report on the effective development and operation of risk management, to include the Corporate Risk Register
- Anti-Fraud, Bribery and Corruption Policy
- Brigade Order on Reporting of Illegality and Malpractice (Whistleblowing)
- Committee Terms of Reference and, where changes are required, make recommendations accordingly to the Fire Authority
- Annual Work Plan
- Role Descriptions of Committee Chair and Vice-Chair and Risk Management and Audit Champion

Internal Audit

- Any proposals for the revision of the Service Level Agreement with Internal Audit
- The Annual Audit Plan
- Revisions to the annual audit plan, as advised by the Head of Internal Audit and agreed by the Treasurer
- The Head of Internal Audit's Annual Report and opinion on the work completed by Internal Audit and the progress made in implementing recommended actions, including progress made against any improvement plans
- Half-yearly reports from the Risk Management Group on the work completed by Internal Audit and the progress made in implementing recommended actions
- Reports on Internal Audit special investigations, including frauds, and consideration of recommendations for strengthening internal controls

External Audit

- The External Auditor's Work Plan, including comments on the scope and depth of external audit work, considering whether it gives value for money
- The Annual Audit Letter
- Reports on external audit assessment frameworks, in order to maintain an awareness of the most current regimes

Financial Reporting

- The Fire Authority's draft Statement of Accounts for review, challenge and approval (as per authority delegated by the Fire Authority on 13 February 2012)
- The audit findings report, based on 'International Standard on Auditing (ISA) 260' of the External Auditor to those charged with governance, which includes the Value for Money Conclusion. The Chair of the Committee will sign the Letter of Representation annually on behalf of those charged with governance

Performance Monitoring

- Monitoring reports on implementation of Annual Plan Aims and Measures
- Exception reports on Directorate objectives, where they lead to a failure in a Measure
- Annual Review on the Service's previous year's performance prior to submission to the Fire Authority
- Monitoring reports on the implementation of Best Value Reviews
- Customer relation issues and monitoring reports on complaints and compliments
- Monitoring reports on the performance of the Fire Authority controlled company, Shropshire Fire Risk Management Services Limited

Miscellaneous

The Committee will oversee and scrutinise Treasury Management and make recommendations, where appropriate, to the Fire Authority.

The Committee will consider, investigate (where appropriate), and report upon, any other matter within its remit, referred to it by the Fire Authority, the Chief Fire Officer, the Treasurer or the Monitoring Officer.

The Committee will ensure the provision of appropriate training and development to ensure that all of its Members are able to discharge their responsibilities

Powers

The Audit and Performance Management Committee will:

- Have no delegated powers (with the exception of approval of the Fire Authority's Statement of Accounts) but can require relevant officers to attend any meeting, where such attendance would be expedient to the work of the Committee
- Have the power to meet privately and separately with the Head of Internal Audit and / or with the External Auditor, independent of the presence of those officers with whom the auditors must retain a working relationship