

Audit and Performance Management Review of Committee Terms of Reference

Report of the Chief Fire Officer

For further information about this report please contact Paul Raymond, Chief Fire Officer, on 01743 260203 or Sharon Lloyd, Corporate Services Manager, on 01743 260210.

1 Purpose of Report

This report asks Members to review the current Terms of Reference of the Audit and Performance Management Committee and make recommendations regarding any amendments required to the Fire Authority.

2 Recommendations

The Audit and Performance Management Committee is asked to review its Terms of Reference and make recommendations regarding any amendments required to the Fire Authority.

3 Background

The Audit and Performance Management Committee reviews its Terms of Reference annually and this action is included in the Committee's Work Plan for June 2013. The Committee is, therefore, asked to consider whether any amendments are required to the Terms of Reference (attached as an Appendix) and make any recommendations for changes, as appropriate, to the Fire Authority.

4 Review of Terms of Reference

Having carried out a review of the Terms of Reference, officers propose the amendments set out in the appendix to this report. Deletions are shown struck through and additions in bold italic. Explanations for the proposed amendments are given on the following page.

Currently, the Terms of Reference include the following:

‘At one of the above meetings the Committee will meet with Internal and External Audit without Fire Service officers present.’

It may be, however, as happened within the last year, that Members of the Committee do not have any issues, which they wish to raise in private with the auditors. It is, therefore, proposed that the sentence above be replaced with:

‘The Committee may request a meeting with Internal and External Audit without Fire Service officers present.’

At its meeting on 24 April the Fire Authority agreed that powers should be delegated to its Committees to approve various documents. It is, therefore, proposed that the power to review and amend the Role Descriptions of the Committee Chair and Vice-Chair and Risk Management and Audit Champion be included in the Terms of Reference. If agreed by Members at this stage, a recommendation to this effect would then go forward to the Annual Meeting of the Fire Authority in July. The Committee is also asked to consider whether there are any other powers, which the Fire Authority might delegate to it.

The Committee’s views are sought on the proposed amendments and also as to whether it wishes to recommend any other changes to the Fire Authority.

5 Financial Implications

There are no direct financial implications resulting from this report. There may, however, be financial implications associated with some of the responsibilities listed within the Committee’s Terms of Reference, for which individual reports will be brought to the Committee as necessary, detailing those specific implications.

6 Legal Comment

Any proposed changes to the Committee’s terms of reference must be approved at a meeting of the full Fire Authority.

7 Equality Impact Assessment

Officers have considered the Service’s Brigade Order on Equality Impact Assessments (Human Resources 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

8 Appendix

Audit and Performance Management Committee
Proposed Terms of Reference

9 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

Peter Adams (Conservative)
Frances Bould (Labour)
Eric Carter (Conservative)
John Hurst-Knight (Conservative)
Jean Jones (Labour)
Terry Kiernan (Conservative)
Chris Mellings (Liberal Democrat)

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

Meeting Dates

2013

7 March
6 June
5 September
14 November

~~At one of the above meetings the Committee will meet with Internal and External Audit without Fire Service officers present.~~

Members may request a meeting with Internal and 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 independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Fire Authority's financial and non-financial performance to the extent that it affects the Fire Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process

*As recommended in The Chartered Institute of Public Finance and Accountancy publication 'Audit Committees Practical Guidance for Local Authorities'

Performance Management

To oversee the process of assessing progress toward achieving the Fire Authority's predetermined aims, as set out in the Service 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 consider the effectiveness of the Fire Authority's internal audit, risk management arrangements, the control environment and associated anti-fraud, anti-bribery and anti-corruption arrangements

To seek assurances that action is being taken on risk-related issues identified by auditors and inspectors

To be satisfied that the Fire Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions to improve it

To approve, but not direct, the internal audit strategy and audit plan and to monitor performance against the plan

To review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary

To receive the annual report of the Head of Internal Audit

To consider the reports of external audit and inspection agencies

To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant agencies and other relevant bodies, and that the value of the audit process is actively promoted

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

*As recommended in The Chartered Institute of Public Finance and Accountancy publication 'Audit Committees Practical Guidance for Local Authorities'

Terms of Reference

The Committee will review at least annually, and more frequently, if changes are required sooner, its terms of reference to ensure they are up-to-date, and make recommendations for change to the Fire Authority.

The Committee will consider and approve its annual Work Plan.

At least annually the Committee will review and amend, when necessary, the Role Descriptions of its Chair and Vice-Chair and of its Risk Management and Audit Champion.

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

- 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
- 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
- A report on the review of adequacy of the Fire Authority's corporate governance arrangements
- The annual review report on the Fire Authority's Code of Corporate Governance
- The Fire Authority's Annual Governance Statement
- Annual review and re-affirmation of the Fire Authority's Anti-Fraud, Bribery and Corruption Policy
- Annual review and re-affirmation of the Fire Authority's Brigade Order on Reporting of Illegality and Malpractice (Whistleblowing)
- The report from the External Auditor on the three-yearly review of the effectiveness of Internal 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 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 annual report 'International Standard on Auditing (ISA) 260' of the External Auditor to those charged with governance. The Chair of the Committee will sign the Letter of Representation annually on behalf of those charged with governance
- The External Auditor's Management Letter and Value for Money Conclusion
- The Annual Governance Report from the External Auditor following completion of the annual audit of the accounts
- Monitoring reports on implementation of the Service Plan Aims and Public Value Measures
- Exception reports on Directorate objectives, where they lead to a failure in a Public Value Measure
- The report on the contents of the Fire Authority's Annual Report on the previous year's performance
- Monitoring reports on the implementation of Best Value Reviews
- Customer relation issues and monitoring reports on complaints and compliments
- Reports on external audit assessment frameworks, in order to maintain an awareness of the most current regimes

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 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