

Committee Constitution

Report of the Chief Fire Officer

For further information about this report please contact Alan Taylor, Chief Fire Officer, on 01743 260225 or Sharon Lloyd, Corporate Services Manager, on 01743 260210.

1 Purpose of Report

This report proposes amendments to the constitution for the Audit and Performance Management Committee, following a review by officers, for recommendation to the Fire Authority.

2 Recommendations

The Committee is asked to approve, and recommend to, the Fire Authority the proposed amendments to the constitution for the Audit and Performance Management Committee, attached at Appendix A, subject to any amendments / comments the Committee may wish to make.

3 Background

The Audit and Performance Management Committee and its constitution have evolved over the last few years in a somewhat ad hoc manner, originally to monitor the Service's performance and latterly to undertake audit functions in accordance with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Following discussions with the Fire Authority's Internal Audit, officers felt it appropriate to carry out a full review of the Committee's constitution to ensure that its terms of reference are clear and include all responsibilities, which the Committee should discharge.

4 Proposed Constitution

Attached at Appendix A to this report is the proposed constitution of the Committee. The current constitution is attached at Appendix B. The proposed document sets out a Statement of Purpose for Audit and for Performance Management. It then lists the Audit Core Functions and Audit Terms of Reference and Performance Management Terms of Reference. Members will see that there is now greater emphasis on audit responsibilities with clear detail as to what is expected. The responsibilities are also laid out in a logical order.

Finally, a section has been added on the powers of the Committee, which enable it to require relevant officers to attend meetings and also for it to meet privately with the Head of Internal Audit and/or with the External Auditor. This latter power is important in cases where the Committee might have concerns about officers. It is also practice recommended in the CIPFA guidance relating to Audit Committees.

5 Financial Implications

There are no direct financial implications attached to the proposed constitution. There may, however, be financial implications associated with a number of the responsibilities listed, for which individual reports will be brought to the Committee as necessary, detailing those specific implications.

6 Legal Comment

There are no legal implications arising directly from this report.

7 Equality Impact Assessment

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

8 Appendices

Appendix A

Proposed Constitution Audit and Performance Management Committee

Appendix B

Current Constitution Audit and Performance Management Committee

9 Background Papers

CIPFA

Audit Committees Practical Guidance for Local Authorities 2005

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.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	*
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*

Proposed Constitution 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

June Drummond (Cons)
David Gibbon (Cons)
John Hurst-Knight (Cons)
Jean Jones (Lab) **(Chair)**
Terry Kiernan (Cons)
Clive Mason (Lab)
Chris Mellings (Lib Dem)

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

2009

12 March 2009

4 June 2009 – To be re-arranged in July, if possible, because of clash with
Shropshire Council elections

10 September 2009

26 November 2009

All meetings take place at 5.00 pm in the Conference Room at Brigade 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

Performance Management

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

Audit Core Functions*

To consider the effectiveness of the Fire Authority's risk management arrangements, the control environment and associated anti-fraud 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 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 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 that they are up-to-date, and make recommendations for change to the Fire Authority.

The Committee will consider and approve its annual Work Plan.

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 Fire Authority's framework of internal controls
- 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 the 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 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 Audit Commission 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 before submission to the Fire Authority for approval, or, if it is not practicable for the Committee to consider and comment upon the draft Statement, it will ensure that the Fire Authority considers and comments upon the draft Statement prior to approval
- The External Auditor's Management Letter and Use of Resources Judgement
- The Annual Governance Report from the External Auditor following completion of the annual audit of the accounts
- The annual report 'International Standard on Auditing (ISA) 260' of the District 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 (as per authority delegated by the Fire Authority on 19 July 2006).
- Monitoring reports on implementation of the Corporate Plan
- Monitoring reports on the Brigade Service Objectives
- Monitoring reports on the Brigade performance indicators
- The report on the contents of the Fire Authority's Annual Report on the previous years' performance
- Progress reports on the Equality and Diversity Steering Group Action Plan
- Progress reports on the Corporate Equality Action Plan
- Monitoring reports on the implementation of Best Value Reviews
- Customer relations issues and monitoring reports on complaints and compliments
- Reports on the Audit Commission's assessment frameworks, such as Comprehensive Area Assessment, in order to maintain an awareness of the most current regimes

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.

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

Current Constitution 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

June Drummond (Cons)
David Gibbon (Cons)
John Hurst-Knight (Cons)
Jean Jones (Lab) (**Chair**)
Terry Kiernan (Cons)
Clive Mason (Lab)
Chris Mellings (Lib Dem)

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

2009

12 March 2009
June 2009 – To be confirmed
10 September 2009
26 November 2009

All meetings take place at 5.00 pm in the Conference Room at Brigade Headquarters, unless otherwise advised.

Terms of Reference

To monitor the Fire Authority's involvement in the West Midlands Regional Management Board and implementation of the Board's objectives

To monitor implementation of the Comprehensive Performance Assessment Improvement Plan

To monitor implementation of Best Value Reviews

To monitor and review the Brigade Service Objectives

To monitor Brigade performance indicators

To consider customer relations issues and monitor complaints and compliments

To review the effectiveness of the system on internal control

To present an Annual Governance Statement with any recommendations to the Authority, at least once a year

To monitor corporate governance issues and specifically the Authority's Code of Corporate Governance

To approve the contents of the Annual Report

To investigate and report upon any other matter specifically referred to the Committee by the Authority

Audit Functions

To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process

To approve, but not direct, the internal audit strategy and audit plan and 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 consider the reports of internal and external audit and inspection agencies and monitor management action in response to the issues raised

To consider the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and to seek assurances that action is being taken on risk related issues identified by auditors and inspectors

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