

Self-Assessment Checklist for Audit Committees

Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202 or Sharon Lloyd, Corporate Services Manager, on 01743 260210.

1 Purpose of Report

This report sets out at Appendix A the Fire Authority's compliance with the Self-assessment Checklist devised by the Chartered Institute of Public Finance and Accountancy (CIPFA) for measuring the effectiveness of an authority's Audit Committee. The Committee is asked to consider the Checklist and decide whether any further action is required.

2 Recommendations

The Committee is asked to consider the CIPFA Self-assessment Checklist and decide:

- a) Whether to recommend to the Fire Authority that changes be made to the terms of reference of the Audit and Performance Management Committee to reflect better those suggested by CIPFA; and
- b) Whether any further action is required to ensure full compliance with the Checklist.

3 Background

In its publication 'Audit Committees Practical Guidance for Local Authorities' CIPFA provides a Self-assessment Checklist, which enables an authority to measure the effectiveness of its Audit Committee. A copy of that Checklist, setting out how compliant the Fire Authority is with the various issues, is attached at Appendix A to this report. The Committee is asked to consider the Checklist and decide whether any further action is required to ensure full compliance.



4 Terms of Reference

The terms of reference adopted by the Fire Authority for the Audit and Performance Management Committee follow the core functions set out in CIPFA's publication rather than the suggested terms of reference. The latter, which are eighteen in number and very specific, are shown at Appendix B to this report and the current terms of reference at Appendix C. The Committee is asked to consider whether the Fire Authority should be recommended to adopt CIPFA's more specific terms of reference. Any reference to 'the council' would, of course, be amended to the 'Fire Authority'.

There is a reference to maintaining an overview of codes of conduct and behaviour, which Members may feel would fall more appropriately within the remit of the Fire Authority's Standards Committee.

5 Financial Implications

There are no financial implications arising directly from this report.

6 Legal Comment

The Fire Authority is not required to operate an Audit Committee but it is considered best practice to do so. Any recommendations made by the Committee regarding its constitution must be ratified by the full Authority.

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 from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

8 Appendices

Appendix A

CIPFA Self-assessment Checklist – Measuring the Effectiveness of the Audit Committee

Appendix B

CIPFA Suggested Audit Committee Terms of Reference

Appendix C

Current Audit and Performance Management Committee Terms of Reference

9 Background Papers

CIPFA 2005 Audit Committees Practical Guidance for Local Authorities



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	*



Self-Assessment Checklist – Measuring the Effectiveness of the Audit Committee

Issue		Comment
Terms of Reference		
1	Have the committee's terms of reference been approved by full council?	Yes - The terms of reference of the Committee were reviewed and approved by the full Fire Authority on 17 October 2007.
2	Do the terms of reference follow the CIPFA model?	The terms of reference follow the core functions set out in CIPFA's guidance rather than the suggested terms of reference. The Committee is asked to review this.
Internal Audit Process		
3	Does the committee approve the strategic audit approach and the annual programme?	Yes – A report on the four-year programme is being considered at the November meeting.
4	Is the work of internal audit reviewed regularly?	Yes – Progress reports are given on each year's audit and follow-up matters.
5	Are summaries of quality questionnaires from managers reviewed?	No – To date we have not brought summaries of the quality questionnaires. If, however, there should be any cause for concern, reports would be made.
	Is the annual report, from the head of audit, presented to the committee?	Yes – The report for 2006/07 was presented to the Committee in July 2007.
External Audit Process		
6	Are reports on the work of external audit and other inspection agencies presented to the committee?	Yes – The annual Audit Commission Report is presented each year. The 2006/07 report was presented to the September 2007 Committee meeting. The Use of Resources report was also presented to the Committee.
7	Does the committee input into the external audit programme?	No – To date there has been no formal input into the external audit programme by the Committee. The Audit Plan is, however, presented to the full Fire Authority.

	External Audit Process cont.	
8	Does the committee ensure that officers are acting on and monitoring action taken to implement recommendations?	Yes – Reports back are given where recommendations have been made by the Committee.
9	Does the committee take a role in overseeing: <ul style="list-style-type: none"> • Risk management strategies • Internal control statements • Anti-fraud arrangements • Whistle-blowing strategies 	Yes – All these are subject to reports each year to the Committee, or directly to the Fire Authority.
Membership		
10	Has the membership of the committee been formally agreed and a quorum set?	Yes – The membership of the Committee was formally agreed at the Fire Authority's Annual Meeting on 18 July 2007 and the quorum reviewed and set at the Fire Authority's meeting on 17 October 2007.
11	Is the chair free of executive or scrutiny functions?	This is not applicable as the Fire Authority does not operate executive arrangements.
12	Are members sufficiently independent of the other key committees of the council?	Yes as far as is practicable – Members of the Strategy and Resources Committee are precluded from sitting on the Committee and vice versa. As the Fire Authority has only 17 Members, it is, however, impossible to ensure that Members of the Committee do not sit on any other Committee.
13	Have all members' skills and experiences been assessed and training given for identified gaps?	Yes – Members undergo an annual review, which identifies any development needs and training is then conducted to meet those needs. The 2007/08 review is currently underway.
14	Can the committee access other committees as necessary?	Yes – All meetings of all of the Committees are open and the papers are available via the Fire Authority's website.
Meetings		
15	Does the committee meet regularly?	Yes – The Committee meets quarterly.
16	Are separate, private meetings held with the external and the internal auditor?	No – No meetings are held by members other than formal public meetings.

17	Are meetings free and open without political influences being displayed?	Yes – The Fire Authority has a culture of working apolitically.
18	Are decisions reached promptly?	Yes
19	Are agenda papers circulated in advance of meetings to allow adequate preparation by members?	Yes – The papers are circulated in accordance with the Local Government Acts, i.e. 5 full working days in advance of the meetings.
20	Does the committee have the benefit of attendance of appropriate officers at its meetings?	Yes – The Assistant Chief Fire Officer, Treasurer and/or Principal Accountant (s151 officer and/or deputy) and Head of Performance and Risk attend the meetings and the reports are presented by the officers, who have written them. The Committee may also request other officers to attend, if required.
Training		
21	Is induction training provided to members?	Yes
22	Is more advanced training available as required?	Yes – This depends upon the outcome of the Annual Review (see response 13 above).
Administration		
23	Does the authority's s151 officer or deputy attend all meetings?	Yes
24	Are the key officers available to support the committee?	Yes – See response 20 above. In addition the Corporate Services Manager and Management Support Officer provide administrative support and advice on procedural matters.

CIPFA Suggested Audit Committee Terms of Reference

Audit Activity
To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.
To consider summaries of specific internal audit reports as requested.
To consider reports dealing with the management and performance of the providers of internal audit services.
To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
To consider specific reports as agreed with the external auditor.
To comment on the scope and depth of external audit work and to ensure it gives value for money.
To liaise with the Audit Commission over the appointment of the council's external auditor.
To commission work from internal and external audit.
Regulatory Framework
To maintain an overview of the council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
To review any issue referred to it by the chief executive or a director, or any council body.
To monitor the effective development and operation of risk management and corporate governance in the council.
To monitor council policies on 'Raising Concerns at Work' and the anti-fraud and anti-corruption strategy and the council's complaints process.
To oversee the production of the authority's Statement on Internal Control (<i>in future this will be the Annual Governance Statement</i>) and to recommend its adoption.
To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
To consider the council's compliance with its own and other published standards and controls.
Accounts
To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
To consider the external auditor's report to those charged with governance on issues arising from the audit of accounts

Audit and Performance Management Committee 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 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.

