

Audit Committee

2.30 pm Wednesday 30 June 2010

Headquarters, 2 Kings Court, Charles Hastings Way,
Worcester WR5 1JR



Present: Mr D Prodger, MBE (Chairman)
Mrs L Duffy, Mrs G Hopkins and Mr J Thomas.

1. Apologies for Absence

Mr C Smith

2. Named Substitutes

None

3. Declarations of Interest

None

4. Confirmation of Minutes

RESOLVED that the minutes of the meeting of the Audit Committee held on 26 May 2010 be confirmed as a correct record and signed by the Chairman.

5. Code of Corporate Governance and Annual Governance Statement

The Clerk told the Committee that the Fire and Rescue Authority (FRA) was required to review its arrangements for Governance on an annual basis and to publish an Annual Governance Statement by 30 June 2010.

She told the Committee that the purpose of the Statement was to inform how the Authority:

- i. Identified its obligations and objectives
- ii. Identified tasks to achieve those objectives
- iii. Established controls to manage risks
- iv. Ensured the controls are working effectively

The meeting noted that the Statement formed part of the assurances that surround the overall arrangements for corporate governance and although the document would be published with the Statement of Accounts, best practice was to consider it separately.

The Clerk proposed amendments to the Annual Governance Statement notified to Members and published on 22 June, as follows:

Bullet number 7 in paragraph 4.1 to read:

“Additionally during 2009/10 the FRA has been subject to an extensive external review of its performance and use of resources, by the Audit Commission.”

Paragraph 4.3 has been replaced with:

“In view of events surrounding the retirement of the outgoing Chief Fire Officer the Authority has been in close liaison with its External Auditor in order that Members receive an independent view of the matter. The External Auditor has informed the Authority that he is minded to report on the issues surrounding those events, including the effectiveness of any relevant governance and internal control arrangements. At this stage the Authority’s Deputy Monitoring Officer, in consultation with the External Auditor, has reviewed the events to determine if any significant and fundamental gaps in governance or internal control arrangements need to be addressed by the Authority as a matter of urgency, prior to the completion of the External Auditor’s report. Neither the Deputy Monitoring Officer nor the External Auditor has identified any governance or internal control processes that require immediate attention by the Authority. However, the matter is still under review by the External Auditor who will submit a report to the Authority in due course.”

She told the Committee that there were ongoing issues regarding the outgoing CFO and that following investigation of this matter the governance arrangements may need to be amended/reviewed. The Committee heard that this was an isolated incident and that otherwise the Authority’s governance arrangements worked well.

RESOLVED that the Audit Committee approve the Code of Corporate Governance, Annual Governance Statement (as amended) and Supporting Evidence.

6. Statement of Accounts 2009/10

The Treasurer presented the Statement of Accounts 2009/10 to the Committee and recommended them for approval. He directed the Members to the Treasurer’s Personal Assurance Statement which he had signed on page 6 and asked them to note his comment regarding “Law and Regulations, which addressed the position regarding the outgoing CFO. This position was also reflected in the Income and Expenditure Account on page 15 and in the Notes to the Accounts (Note 32: Provision and Note 33: Contingent Asset).

The Treasurer brought the following points to the attention of the Committee:

- the Balance Sheet on page 17, signed by the Treasurer, showed fixed assets of £37.888m and net current assets of 2.606m;
- the Authority was required (S5, LGA 1986) to maintain a separate account of expenditure on publicity, which was £42,880 (paragraph 2, page 19);
- the total expenditure on Members' allowances (£59,225.24) was detailed on page 20;
- new disclosures required for payments to Senior Officers were shown on page 21;
- information required regarding Council Tax debtors and creditors was given on page 28 (paragraphs 18 and 19);
- accounting details on retirement benefits and pension funds was provided on pages 31 and 32 and the income and expenditure account for the Firefighters' Pension Fund was detailed on page 40; and
- the accounts showed £1.194m for earmarked reserves, listed on page 36, which the Treasurer considered to be an appropriate amount.

RESOLVED that the Statement of Accounts 2009/10 be approved.

7. Annual Governance Report 2009/10

Mr Grant Patterson presented the Audit Commission's Annual Governance Report to the Hereford & Worcester Fire and Rescue Authority.

He told the Committee that the accounts had been received earlier than last year and there was a significant improvement from last year; he thanked the Treasurer and his team.

Mr Patterson said that the Audit for 2009/10 had not been completed because the period for public comment had not expired and because the investigation into the retirement of the Chief Fire Officer had not been completed. In planning the Audit, key areas of judgement and audit risk had been identified and listed in Table 1. The matters of governance interest were listed in paragraph 18, and were:

- The contingent asset in respect of the potential liabilities of the constituent authorities in the matter of the outgoing Chief Fire Officer;
- The Firefighters' Pension Funds statements; and
- The new accounting requirements for council tax debtors and creditors.

Mr Patterson said that the Commission would be seeking confirmation that arrangements are in place to prevent any conflict arising between the Treasurer's position with the Authority and his position as Director of Finance with Worcestershire County Council as part of the Treasurer's letter of representation to the Commission.

The Committee thanked the Audit Commission and the Authority's finance team for the completion of the accounts and the Governance Report as presented.

RESOLVED that the Annual Governance Report 2009/10 be noted.

8. The Role of the Head of Internal Audit

Mr Gordon Smith, Chief Internal Auditor, updated the Committee on the draft CIPFA Statement on the Role of the Head of Internal Audit.

RESOLVED that the Audit Committee:

- i) notes the direction of travel within the document published by the Chartered Institute of Public Finance Accountancy (CIPFA);***
- ii) supports the participation of the Authority's internal audit service provider (Worcestershire County Council) in the public consultation on the draft CIPFA statement;***
- iii) authorises the Authority's Internal Audit Service to respond to the consultation on behalf of the Authority; and***
- iv) approves the proposed arrangements for dealing with the Statement in future years (if required).***

The meeting finished at 3.45 pm.

Signed.....
Chairman

Date.....