

18. Audit Committee Report

Purpose of report

1. To inform the Authority of the proceedings of the Committee Meeting held on 28 September 2011 and those of the Special Audit Committee meeting held on 7 November 2011.
-

Recommendations

The Audit Committee recommends that the Authority note:

- i) the proceedings of the Committee Meeting held on 28 September 2011 and the Special Audit Committee meeting held on 7 November 2011;*
- ii) that the Committee approved the Annual Governance Statement 2010/11 for publication;*
- iii) that the Committee approved the Statement of Accounts 2010-11;*
- iv) that the Committee agreed to monitor the progress of the actions as set out in the District Auditor's report; and*
- v) that letters of representation be approved on behalf of the Authority for both the Supplementary Annual Governance Report 2009/10 and the Supplementary Annual Governance Report 2010/11.*

Audit Committee 28 September 2011

External Audit Annual Governance Report 2010/11

2. The Fire and Rescue Authority (FRA) is required to review its arrangements for governance on an annual basis and to publish an Annual Governance Statement. The Authority has delegated this function to the Audit Committee.
3. The District Auditor informed the Committee that he planned to issue an unqualified value for money conclusion as he expected to conclude that the Authority had sound financial governance and good financial control.
4. The Committee noted the report and approved a letter of representation on behalf of the Authority. The response to the proposed Action Plan was also agreed.

Approval of the Statement of Accounts 2010/11

5. The signed Statement of Accounts must be approved by resolution of the Fire and Rescue Authority (FRA) or designated committee, and the FRA has delegated the function to the Audit Committee.
6. The Accounts must be approved by 30 September 2011 and published by 30 September 2011.
7. The Treasurer presented the Statement of Accounts which were tabled at the meeting and explained that the Accounts were no longer prepared on the basis of UK "Generally Accepted Accounting Practice (GAAP)" but were instead produced under the International Finance Reporting Standards (IFRS) basis in full.
8. The Treasurer explained in detail to Members the Core Financial Statements i.e. the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and Cash Flow Statement.
9. The Committee approved the Statement of Accounts 2010/11 as presented by the Treasurer.

Annual Governance Statement

10. The Accounts and Audit (England) Regulations 2011 require that the Fire and Rescue Authority (FRA) review its arrangements for Governance and systems of internal control at least on an annual basis. Following such a review the Authority is required to publish an Annual Governance Statement by 30 September 2011.
11. The purpose of the Annual Governance Statement is to report how the Authority's governance arrangements meets the values, principles and best practice as set out in the Authority's Code of Corporate Governance. The Statement includes how the Authority has monitored the effectiveness of its governance arrangements, setting out any planned changes for the current period.
12. The Clerk explained that no significant governance issues had been identified and that the Governance Review Group would continue to produce recommendations over the coming year that would need to be addressed.
13. The Committee approved the Annual Governance Statement 2010/11 and supporting assurances for publication.

Risk Management Strategy and Strategic Risk Register

14. This item is reported elsewhere in the FRA agenda.

Internal Audit Update/Internal Audit Arrangements

15. The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority under the Accounts Audit (England) Regulations 2011. This includes considering, where appropriate, the need for and the effectiveness of anti fraud controls. This duty has been delegated to the Treasurer and Internal Audit was provided during 2010/11 by the Internal Audit Section of Worcestershire County Council.
16. The Chief Internal Auditor informed the Committee that Worcestershire County Council would no longer provide internal Audit Services to the Fire and Rescue Authority and responsibility for the provision of the service would be transferred to a Consortium hosted by Worcester City Council.
17. Members were advised that there were no outstanding issues with regards to the Internal Audits that had taken place.
18. The Committee noted the reports on the Internal Audit Update and Internal Audit Arrangements.

Special Audit Committee Meeting 7 November 2011

Settlement of Outstanding Claim:

19. Members received a report which informed them of the basis of the settlement reached by the Authority with both the outgoing Chief Fire Officer and the constituent Councils. Members noted the report.

Retirement of the Chief Fire Officer – Report by the District Auditor

20. Members received the District Auditor's report detailing his investigation into the retirement of the former Chief Fire officer.
21. The Committee noted the report and the recommendations made by the District Auditor and the subsequent response of the current Chief Fire Officer and Chairman. The Committee agreed to monitor the progress of the actions as set out in the District Auditor's report.

Supplementary Annual Governance Report 2009/10 and 2010/11

22. The Committee noted the External Audit Supplementary Annual Governance Report 2009/10 and the External Audit Supplementary Annual Governance Report 2010/11 and agreed that the letters of representation be approved on behalf of the Authority.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are financial issues that require consideration	No	

Legal Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	No	

Additional Considerations

23. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e. paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	No	
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	No	
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	No	
Consultation with Representative Bodies	No	

Supporting Information

Appendix 1: Annual Governance Statement 2010/11

Appendix 2: The Audit Commission's Annual Governance Report to the Hereford

Background Papers

- i) Agenda and Papers for Audit Committee Meeting held on 28 September 2011- 2010
- ii) The Statement of Accounts 2010/11
- iii) The Code of Corporate Governance

(All of the background papers can be viewed on the Service website:
www.hwfire.org.uk)

Contact Officer

Committee Services

(01905 368367)

Email: Committeeservices@hwfire.org.uk