

14. Audit Committee Report

Purpose of report

1. To inform the Authority of the proceedings of the Audit Committee Meeting held on 18 January 2012.
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Recommendations

The Audit Committee recommends that the Authority note:

- i) the proceedings of the Committee Meeting held on 18 January 2012; and***
- ii) that the Audit Committee have considered the Annual Audit letter 2010/11 which is attached at Appendix 1 to this report.***

Annual Audit Letter 2010/11

2. The Committee received the Annual Audit Letter 2010/11 from the Audit Commission which summarised the findings from the 2010/11 audit.
3. Members were advised that the Annual Audit Letter comprises two elements:
 - The audit of the Authority's financial statements; and
 - An assessment of the Authority's arrangements to achieve value for money in its use of resources.
4. The Audit Manager highlighted a number of points from the report including that the key findings were that the Authority had continued to focus on delivering good value services and were facing unprecedented government funding cuts. Also it was concluded that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2011.
5. The Committee noted the report. A copy of the Annual Audit Letter is attached for all Members, which confirms the Authority is managing its finances well. The Audit Commission has concluded that the Authority has "proper arrangements in place to secure financial resilience."

Audit Plan 2011/12

6. The Committee considered a report regarding the Audit Plan 2011/12 which set out the work to be undertaken by the Audit Commission for the 2011/12 audit.
7. The proposed work included controls testing on:
 - General ledger
 - Payroll
 - Pensions payable
 - Reliance on brought forward controls
 - Assurance on Creditors and Pensions contributions
8. With regard to risks the following significant financial risks had been identified:
 - Securing financial resilience
 - Financial planning
 - Securing economy, efficiency and effectiveness
 - Improving efficiency and productivity
9. The fee for the audit was £73,048 which represented a 15.4% reduction on the audit fee for 2010/11.
10. The Committee noted the report.

Audit Committee Update

11. A report was considered that provided the Committee with an update from the Audit Commission on their progress in delivering their responsibilities as the Authority's external auditors.
12. The Committee noted the report.

Update on Auditors' Recommendations

13. A report was considered that updated Members on progress towards meeting the recommendations made by the External Auditor in October 2011.
14. With regard to the appointment of a directly employed Clerk and Treasurer, the Chief Fire Officer advised that he had been given authority by the FRA in December 2011 to seek a directly employed Treasurer and Clerk to ensure they were more embedded in the organisation.
15. Testing the culture of the organisation would be addressed by a questionnaire which would be agreed by the Senior Management Board.

16. Recommendations relating to the Firefighters' pension scheme had been fully implemented.
17. Recommendation 3 relating to Service Level Agreements would be addressed by reviewing the agreements with Herefordshire Council for legal services and Worcestershire County Council for pension services and payroll. Work would be undertaken to determine whether these agreements were relevant and where safeguards needed to be made.
18. The Committee noted the report and agreed that the recommendations made by the External Auditor would be reviewed when significant progress had been made.

Internal Audit Update

19. A report was considered that provided Members with an update on internal audit activities since the Audit Committee meeting held on 28 September 2011.
20. The report updated the Committee on work still being undertaken by Worcestershire County Council now that the internal audit function had transferred to the Internal Audit Service hosted by Worcester City Council.
21. The Committee noted the report.

Internal Audit Programme

22. A report was considered that presented the Internal Audit Programme 2011/12 which would be provided by Worcestershire Internal Audit Service.
23. The Committee noted the report.

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

24. 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 Audit Letter

Papers from the Audit Committee Meeting held on 18 January 2012.

Background Papers

None

Contact Officer

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