



AGENDA ITEM: 9

NORTH WALES FIRE AND RESCUE AUTHORITY

19th March 2007

ARRANGEMENTS FOR DEALING WITH AUDIT MATTERS

**Joint Report by Ken Finch, Treasurer to the Authority
and Ian Miller, Clerk to the Authority**

Purpose of Report

1. To seek the Authority's approval for the Executive Panel's powers to be extended to empower it to deal with certain audit matters.

Background

2. The Wales Audit Office (WAO) in its Annual Audit Letter 2005/06, copies of which were distributed to all members on 17th January 2007, recommended that the Authority should as a matter of good corporate governance establish a properly constituted audit committee. The purpose of which would be to receive, discuss and monitor audit reports and to ensure that issues and recommendations raised by internal and external audit are implemented correctly and promptly.

Information

3. At its meeting on 24th January the Executive Panel, in line with the Fire and Rescue Authority's resolution on 18th December 2006, officially received the Annual Audit Letter 2005/06. During the external auditors' presentation on both the Annual Audit Letter 2005/06 and the business item on the Internal Audit Assessment the auditors once again highlighted the WAO's recommendation that the Authority should consider establishing an audit committee.



Information *(continued)*

4. In its deliberations the Executive Panel was firmly of the view, given the size of the organisation and the current climate which requires public bodies to demonstrate efficiencies in all aspects of their work, that the establishment of a standalone audit committee would equate to an ineffective use of valuable resources.
5. The Panel concluded that it would be more prudent for the Authority to extend the Executive Panel's remit to encompass the functions of an audit committee as per CIPFA's recently published guidance "Audit Committees: Practical Guidance for Local Authorities".
6. If the Authority endorses the Panel's recommendation and adopts this proposal the responsibility for receiving and approving the annual Statement of Accounts and the related Statement of Internal Control would remain the responsibility of the Fire and Rescue Authority. If this approach is adopted consequential amendments will be required to the Panel's Terms of Reference to encompass its extended remit.

Recommendations

7. That the Authority approves:
 - 7.1 to delegate its powers in relation to certain audit matters to the Executive Panel; and
 - 7.2 that the Panel's terms of reference is amended as follows to reflect its additional powers:

"2.5 In addition the Executive Panel shall act as the Fire Authority's audit committee in accordance with CIPFA's guidance "Audit Committees: Practical Guidance for Local Authorities". This shall include approval of the internal audit strategy, the annual programme of internal and external audit and the annual audit report"