

Minutes of the Audit Committee

26 March 2018

at Fire Service Headquarters, Vauxhall Road, Birmingham B7 4HW

Present: Councillors T Singh (Chair), Williams, Aston, Idrees, Sealey, P Singh, Mottram and Mr Ager (Independent)

Apology: None

9/18 **Declarations of Interest in contracts or other matters**

There were no declarations of interest.

10/18 **Minutes of the Audit Committee held on 15 January 2018**

Resolved that the minutes of the meeting held on the 15 January 2018 be approved as a correct record.

11/18 **WMFS Audit Committee Terms of Reference**

The terms of reference for the Audit Committee reflected the Chartered Institute of Public Finance and Accountancy (CIPFA) position statement "Audit Committees in Local Authorities". This statement emphasised the importance of audit committees being in place in all principal local authorities and recognised that audit committees were a key component of good governance.

The Terms of Reference were last reviewed in March 2017 and were subject to their annual review to ensure that they remained relevant and fit for purpose.

It was noted that there had been no changes since the last review.

Resolved that the Audit Committee Terms of Reference be approved.

12/18 **WMFS Internal Audit Plan 26 March 2018**

The report presented detailed the proposed Internal Audit Plan for 2018/19, with an indicative plan covering the period 2019/20 to 2020/21.

The Internal Audit Plan was a fluid plan which could be updated periodically to reflect changes in the risks faced by the Authority.

During the period covered by the plan, the priority and frequency of audit work could be subject to amendment to recognise alterations in the assessment of assurance need/risk analysis, caused by changes within the Authority and the requirements of the Audit Committee and senior managers.

During the year regular meetings were to be held with senior managers and the external auditors to review the plan and discuss the scope, nature and timescales of planned reviews. Any key changes to the plan would then be brought before the Audit Committee for approval.

It was queried whether there were any methods in place for people to raise issues. It was confirmed that the Authority had a Whistle Blowing Policy which was reviewed on an annual basis.

Resolved that the Internal Audit Plan 2018/19 be approved.

13/18 **Audit Plan 2017-18**

The Audit Plan 2017/18 had set out the audit work that Grant Thornton proposed to undertake and the key deadlines and milestones associated with the delivery of this work. The plan had been developed using a risk-based approach and considers the risks relevant to both the audit of accounting statements and the value for money conclusion.

The Code required Grant Thornton to consider whether the Authority had put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This was known as the Value for Money (VFM) conclusion.

The National Audit Office (NAO) had issued its guidance for auditors on value for money work for 2017/18 in November 2017. The guidance stated that for local government bodies' auditors are required to give a conclusion on whether the Authority had proper arrangements in place.

The guidance identified one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people”.

For 2017/18 the Authority was required to prepare the accounting statements by 30 June 2018 and to submit the audited 2017/18 accounts to the Audit Committee for approval by no later than 31 July 2018. The plan had set out the key phases and activities for the delivery of the audit work. All reports arising from this audit work were to be discussed and agreed with appropriate officers prior to submission to Members.

Resolved that the Audit Plan 2017/18 be approved.

14/18 **Corporate Risk Update**

The report included the Corporate Risk Assurance Map Summary and the Position Statement for Quarter 3. This was the combined six-monthly report as agreed by Members at the Audit Committee Meeting held on the 25 July 2016.

In accordance with the Services risk management strategy, the Corporate Risk Assurance Map Summary was submitted for approval by the Audit Committee, following its submission and discussion at the Corporate Performance Review Meeting.

Corporate risks were those risks which if they occurred would seriously affect the Authority's ability to carry out its core function or deliver its strategic objectives as set out in The Plan. At the time, the Service maintained 9 corporate risks, some of which had more than one element.

Each corporate risk was assigned to a Risk Owner, who was a member of the Strategic Enabling Team. The Risk Owner had the overall responsibility for monitoring and reviewing the progress being made in managing the risk.

To enable for effective risk management, the Risk Owner would have periodically undertaken an assessment of each corporate risk. The frequency of this review would be based upon the estimated risk rating undertaken based on likelihood of impact. The likelihood was a measure of probability of a given risk occurring using a scale of 1 (low) to 4 (high). The impact was a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 4 (high).

To ensure that Members are kept informed of corporate risk matters a Corporate Risk Assurance Map Summary for Quarter 3 2017/18 (Appendix 1) and the Position Statement for Quarter 3 2017/18 (Appendix 2) were included.

In undertaking a review of corporate risks, the Risk Owner had reviewed the Corporate Risk Assurance Map. The Assurance Map provided details of:

- The strategic objectives and performance indicators relevant to the risk.
- The risk scores.
- A description of events that could lead the corporate risk being realised.
- The control measures in place designed to reduce the likelihood of risk realisation or its impact should the risk be realised.

- Additional control measures currently implemented to further reduce the likelihood or impact.
- Control owners who are responsible for the implementation, maintenance and review of individual control measures.

As part of the review each Risk Owner had considered the risk score and rating and updated the Assurance Map. The Risk Owner had provided assurance that the control measures identified were still effective in the management of risk and identified whether any new risk events or controls could have been implemented or were required.

Where ongoing additional controls were being implemented, Risk Owners would have confirmed the progress in implementing such controls.

It was noted that during the previous six months (Quarter 2 2017/18 and Quarter 3 2017/18) there had been no increase or decrease in any of the risk scores.

Resolved that the Corporate Risk Update be approved. The Corporate Risk Assurance Map Summary (Quarter 3 2017/18) was approved and the Position Statement (Quarter 3 2017/18) was noted.

15/18 **Communications with the Audit Committee for WMFRA**

To ensure that Audit Committee members continue to remain informed upon audit matters, the external auditor had submitted the report 'Communications with the Audit Committee for WMFRA'. It was the intention of the external auditor to provide an update at all Audit Committee meetings.

The communication provided the Audit Committee with a report on Grant Thornton's progress in delivering their responsibilities and included;

- Matters in relation to fraud;
- Matters in relation to law and regulations;
- Matters in Relation to going concern;
- Matters in relation to related parties; and
- Matters in relation to accounting estimate.

16/18 **Internal Audit Progress Report**

The Committee noted the Internal Audit Progress Report which contained details of the matters arising from internal audit work undertaken so far in the current year. The purpose of the report was to bring the Committee up to date with the progress made against the delivery of the 2017/18 Internal Audit Plan. The information included in

the progress report would then feed into, and inform, the overall opinion in the Internal Audit Annual Report issued at the year end.

It summarised the audit work undertaken in a tabular format, and included:

- The areas subject to review (Auditable Area).
- The level of risk to the Authority assigned to each auditable area (high, medium or low).
- The number and type of recommendations made because of each audit review.
- The number of recommendations accepted by management.
- The level of assurance given to each system under review.
- Details of any key issues arising from the above.

17/18 West Midlands Fire Audit Committee Progress Report – March 2018

To ensure that Audit Committee Members continued to remain informed on audit matters, the external auditor had provided an Audit Committee Update report. It was the intention of the external auditor to provide an update at all Audit Committee meetings.

The update provided the Audit Committee with a report on Grant Thornton's progress in delivering their responsibilities as the Authority's external auditors and was noted by the Committee.

18/18 CIPFA Audit Committee Update

CIPFA had continued to develop a series of briefing papers to support public sector audit committee members and to provide a practical resource for those who support audit committees. The update was published approximately three times a year. Each one included a main feature, together with pointers to new developments or guidance that audit committee members may need to be aware of. The focus for this edition was on the Audit Committees Role in Risk Management and a Briefing on Current Issues. The Update was noted by the Committee.

19/18 Audit Committee Work Programme 2017/18

The Committee noted the Work Programme for the remainder of 2018.

20/18 Update on Topical, Legal and Regulatory Issues (Verbal Report)

It was noted that Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) was expected to be providing their feedback to the fire sector sometime in April or May, with West Midlands Fire Service due to be inspected sometime toward the end of 2018.

The meeting finished at 1304 hours.

Roger Ryman
Administration
0121 380 6229
roger.ryman@wmfs.net