

West Midlands Fire and Rescue Authority

Audit and Risk Committee

You are summoned to attend the meeting of Audit and Risk Committee to be held on Monday, 25 March 2024 at 14:00

to be held at Fire Service Headquarters, 99 Vauxhall Road, Nechells,

Birmingham B7 4HW

and digitally via Microsoft Teams

for the purpose of transacting the following business:

Agenda – Public Session

Item No.

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Agenda – Private Session

Item No.

11 **Committee Members' Private meeting with Internal Auditors**

Distribution:

David Barrie - Member, Rizwan Jalil - Member, Wayne Little - Member, Basharat Mahmood - Chair, Sybil Spence - Vice Chair

This meeting of the West Midlands Fire and Rescue Authority will be held at Fire Service Headquarters.
The meeting will also be held digitally via Microsoft Teams allowing observers to access remotely. To access the meeting, please contact a member of the Portfolio Team, West Midlands Fire Service, who will be able to provide login details (please note that Microsoft Teams is not required to join a meeting) or provide guidance if you wish to attend in person at HQ.

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This agenda and supporting documents are also available electronically on the

[West Midlands Fire Service Committee Management Information System](#)

Audit and Risk Committee

Item 3

Minutes - 27 November 2023 at 14:00 hours

Conducted as a public meeting at Headquarters and digitally via Microsoft Teams

Present: Councillor Barrie, Councillor Jalil, Councillor Little, Councillor Spence (Chair), Councillor Ward

Virtually: Avtar Sohal (Grant Thornton), Peter Farrow & John Matthews (Sandwell MBC)

Officers: Simon Barry, Karen Gowreesunker, Sofia Mahmood, Keeren Nijjar, Alex Shapland, Stephen Timmington, Phil Tromans (Sandwell MBC)

57/23 Apologies for Absence

Apologies for absence were received from Councillor Mahmood and Paul Gwynn.

Please note: Councillor Ward substituted on behalf of Councillor Spence who chaired the meeting in the absence of Councillor Mahmood.

58/23 Declarations of Interest

There were no declarations of interest registered.

59/23 Minutes of the Audit and Risk Committee held on 25 September 2023

Resolved:

1. That the minutes of the Audit and Risk Committee held on 25 September 2023 were approved as a correct record.

60/23 **Annual Report of the Audit and Risk Committee 2022/23**

Karen Gowreesunker, Clerk to the Authority, presented the Annual Report of the Audit and Risk Committee.

The purpose of the report was to seek Committee approval of the draft annual report which would then be submitted to the Fire Authority.

Resolved

1. That the draft Annual Report of the Audit and Risk Committee be approved and submitted to the full Fire Authority.

61/23 **Internal Audit Progress Report as of 6 November 2023**

Peter Farrow (Internal Auditor, Sandwell Metropolitan Borough Council) introduced the Internal Audit Progress Report.

The purpose of the report was to ask the Committee to note the issues raised from the work undertaken to date by Internal Audit in the current financial year.

John Matthews (Internal Auditor, Sandwell Metropolitan Borough Council) provided an overview of the report including a summary of the work completed and in progress.

It was noted that the auditable areas 'Fixed Asset Accounting / Asset Planning' and 'Governance' had been completed with both areas demonstrating substantial levels of assurance.

As part of the Governance review, an issue had been raised regarding declaration of interest documents for Officers within the Authority had not been maintained. This matter had been followed up and it was noted that declaration of interest forms had been completed by all Members and the Strategic Enabling Team, the relevant policy had been reviewed, and action was being taken to establish a process through the Oracle system to ensure everyone could consistently record declarations of interest. However, this final action had not yet been completed and although improvements had been made, there remained an issue in ensuring that all relevant staff completed declarations of interest where necessary and that these were being effectively monitored.

It was noted that Internal Audit progress remained on track and that the review of Payroll had commenced since the time of writing this report.

Resolved

1. That the Internal Audit Progress Report be noted.

62/23 **Auditor's Annual Report 2021/22 and 2022/23 and Audit Progress Update 2022/23**

Avtar Sohal, Grant Thornton, presented the report, the purpose of which was to approve the Annual Report 2021/22 and 2022/23, and to note the update on the progress of the 2022/23 external audit.

In response to a question requesting an update on the external audit of the Statement of Accounts, Avtar Sohal advised that there had been no significant findings to date nor material weaknesses. Grant Thornton continued to aim to report formally on the Statement of Accounts early next year.

Resolved

1. That the Annual Report 2021/22 and 2022/23 be approved.
2. That the update on the progress of the 2022/23 external audit be noted.

63/23 **Treasury Management – Mid Year Review Report 2023/24**

Sofia Mahmood, Head of Finance and Procurement (S151), presented the report which included the prudential and treasury indicators.

The Treasury Strategy had been set for the year and approved by Fire Authority. The key areas to note were:

- There are no changes to the Prudential Indicators from that approved in February 2023 as part of the Annual Budget.
- The capital programme forecast position for 2023/24 is £6.177m, reduced from an approved budget of £9.191m due to slippage.

- There is no borrowing budgeted or expected for 2023/24.
- The current level of borrowing is £32m.
- The current level of investment is £36m, with forecast investment income in 2023/24 of £1m.

It was noted that the Authority had received the additional investment income due to higher interest rates.

Resolved

1. That the Treasury Management update including the prudential and treasury indicators be noted.

64/23 **Corporate Risk Update**

Keeren Nijjar, Investment Manager, Portfolio, presented the report which provided summaries of corporate risk covering quarters 1 and quarters 2 2023/24, and the new risk matrix and risk scoring methodology.

The report detailed the overall direction of travel, the increases and decreases in risk scores for the two periods and detailed the risk statement summaries provided by the applicable risk owners.

The report also asked the Committee to approve the removal of the Prevention Corporate Risk 3.2:

‘The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation’s financial standing, reputation, and ability to deliver key objectives.’

It was noted that this corporate risk had been established ten to fifteen years ago when there was potential for the Service to have significant liability related to grant funding and the delivery of projects that were externally funded and / or required match funding. At this time Local Area Agreements were in operation and there were significant amounts of regeneration and European funding available that the Service was able to access. This was no longer the case and therefore it was proposed that did not need to be a separate Corporate Risk and that risks associated with effective partnership arrangements were to be incorporated into Corporate Risk 3.1, and managed as a new risk trigger, specifically 3.1.7.

One further item of note was related to Corporate Risk 6.1, Business Continuity and Preparedness, and this was the subject of the following report on the agenda, item 9, Business Continuity – Resilience Contracts.

Resolved

1. That the Corporate Risk Summaries for quarter 1 2023/24 and quarter 2 2023/24 be approved.
2. That the management of Corporate Risk and the addition of a new risk matrix and risk scoring be noted.
3. That the removal of Prevention Corporate Risk 3.2 be removed.

65/23 **Business Continuity – Resilience Contracts**

Simon Barry, Assistant Chief Fire Officer, presented the report on Business Continuity – Resilience Contracts.

The purpose of the report was to outline previous Authority considerations and decisions relating to Corporate Risk 6.1 Business Continuity, in particular in relation to industrial action. The report also provided the Committee with details on the option of Internal Resilience Contracts.

Corporate Risk 6.1 was currently rated at 12 (Impact 4, Likelihood 3) and amber rated under the new 5x5 risk matrix adopted for corporate risk. This was because there was no immediate threat of strike action, but forthcoming pay negotiations and other matters meant industrial action remained likely in the medium term. As a result, although the risk remained rated as amber, as per previously reported at Audit and Risk Committee and full Fire Authority, Officers believed that there was the potential of the risk escalating going forward.

It was proposed for the Fire Authority to consider a proposal for the use of an internal resilience contract scheme. Such contracts could provide the Service and Home Office with assurance as to minimum staffing levels during periods of industrial action and would allow for the Service to plan for a specific number of staff to be available and make appropriate arrangements for resources and staffing ahead of time.

It was noted that it was important for the Committee to note that it wasn't being asked to approve the proposal but to simply for the Committee to approve for Officers to take the proposal to the full Fire Authority for deliberation.

Cllr Barrie advised that he strongly supported the move to internal resilience contracts and noted that this was a topic that had been overlooked for too long.

Members voted via a show of hands whether to approve or otherwise. This indicated all Members of the Committee that were present voted in favour for the proposal to be submitted to Fire Authority.

Resolved

1. That the Corporate Risk 6.1 remaining rated as amber be noted.
2. That the legal and statutory duties of the Authority to respond to emergencies and to maintain robust business continuity arrangements be noted.
3. That the previously considered options for mitigation and the previous recommendations of the Scrutiny Committee be reviewed by Members.
4. That the recommendation for the Fire Authority to consider proposals to implement Internal Resilience Contracts as a means of mitigating risk be approved.

66/23 **Update on Topical, Legal and Regulatory Issues (Verbal Report)**

No topical, legal, or regulatory issues were raised.

67/23 **Audit and Risk Committee Work Plan 2023/24**

Karen Gowreesunker, Clerk to the Authority, presented the Audit and Risk Work Plan for 2023/24 and provided an overview of progress to date.

Avtar Sohal, Grant Thornton, advised in terms of Grant Thornton deliverables, the focus was on the financial statements in February. It was possible that some of the items noted for submission at the March meeting of the Committee may not be deliverable until the June meeting.

68/23 **Exclusion of the public and press**

Resolved

1. That the public and press not be excluded from the meeting as there was no requirement for the meeting to enter a private session.

69/23 **Fraud Awareness Training**

In agreement with Members and Phil Tromans, Sandwell Metropolitan Borough Council, the Fraud Awareness Training would be delivered following the meeting.

For audit trail purposes, as new Members of the Committee, Cllr Little and Cllr Ward received the training.

Meeting Closed at 14.27 pm

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 4

AUDIT AND RISK COMMITTEE

25 MARCH 2024

1. AUDIT FINDINGS REPORT 2022-23

Report of the Treasurer.

RECOMMENDED

- 1.1. THAT the Audit and Risk Committee approve the Audit Findings Report 2022-23.
- 1.2. THAT the Audit and Risk Committee note the update in relation to the draft Auditor's Annual Report 2022-23.

2. PURPOSE OF REPORT

- 2.1. To approve the Audit Findings Report 2022-23, included within Appendix A.
- 2.2. To note the update in relation to the draft Auditor's Annual Report 2022-23.

3. BACKGROUND

- 3.1 The Authority's external auditors are Grant Thornton.
- 3.2 The auditors are required under International Standards of Audit and the National Audit Office to report whether in their opinion the Authority's financial statements:
 - give a true and fair view of the financial position of its income and expenditure for the year, and
 - have been properly prepared in accordance with the CIPFA Code of Practice and the Local Audit and Accountability Act 2014
- 3.3 The Authority is also required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy auditors that it has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

- 3.4 The proper arrangements are assessed under three areas: financial sustainability, governance and improving economy, efficiency, and effectiveness.

4. **AUDIT FINDINGS REPORT 2022-23**

- 4.1 The external audit of the draft Statement of Accounts 2022-23 was carried out between November 2023 and February 2024, and is substantially complete.

- 4.2 The following material adjustment has been identified, which is detailed on page 29 of Appendix A. The change has been made within the final statement of accounts.

- £23.9 million adjustment to the CIES (comprehensive income and expenditure statement), due to the actuary re-measurement of the Firefighters' Pension Scheme liability.

- 4.3 A recommendation have been made to management, detailed on page 27 of Appendix A. A management response has been provided.

- Grouped assets within plant, property, and equipment.

- 4.4 A follow-up recommendation from prior year audits have been made to management, detailed on page 28 of Appendix A.

- Depreciation Policy

- 4.5 New risks and issues have been identified alongside a summary of significant deficiencies, detailed on page 10 of Appendix A. A management response has been provided.

- Cyber Security
- IT Control Deficiencies

- 4.6 The anticipated audit report opinion will be unmodified.

5. **AUDITOR'S ANNUAL REPORT 2022-23**

- 5.1 The draft Auditor's annual report 2022-23 was presented to Audit and Risk Committee in November 2023.

5.2 Three recommendations were made by Grant Thornton, which had been accepted by management:

- The Authority should establish a clear savings target, develop a savings plan and savings monitoring arrangements.
- Develop a borrowing strategy to fund the Capital Programme.
- Include financial risk reporting in quarterly monitoring of finance report.

5.3 Following recent developments in relation to the former Chief Fire Officer, Grant Thornton are updating their work. A further update will be provided once this has been completed.

6. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report do not relate to a policy change.

7. **LEGAL IMPLICATIONS**

There are no direct legal implications associated with the implementation of the recommendations set out in this report.

8. **FINANCIAL IMPLICATIONS**

There are no financial implications associated with the implementation of the recommendations set out in this report.

9. **ENVIRONMENTAL IMPLICATIONS**

There are no specific environmental impact of this report, as it does not relate to a policy change.

The contacts for this report are Sofia Mahmood, Head of Finance and Procurement (S151) & Avtar S Sohal, Director, Grant Thornton UK LLP

**SOFIA MAHMOOD,
SECTION 151 OFFICER**

The Audit Findings for West Midlands Fire and Rescue Authority

Year ended 31 March 2023

25 March 2024



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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Audit & Risk Committee.

Avtar Sohal

Avtar Sohal

For Grant Thornton UK LLP

25 March 2024

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of West Midlands Fire and Rescue Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Account), is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Our audit work was completed using a hybrid approach of onsite and remote work between November 2023 and February 2024. Our findings are summarised on pages 5 to 22. We have identified one adjustment to the financial statements that have resulted in a £23.9m adjustment to the Authority's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix H) or material changes to the financial statements, subject to the following outstanding matters;

- final engagement lead stand back review of the audit file and evidence;
- receipt of management representation letter (see Appendix G); and
- review of the final set of financial statements

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified. We have been able to satisfy ourselves that the Authority has made proper arrangements in securing economy, efficiency and effectiveness in its use of resources.

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](#)

We would like to thank everyone at the Authority for their support in working with us to progress the audit towards completion.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our interim VFM work, which is summarised on page 23, and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented to the Audit & Risk Committee in November 2023. We are currently updating our work to factor in recent developments at the Authority in respect of allegations against the former Chief Fire Officer.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties, however, as noted above we are currently completing further VFM work in respect of allegations against the former Chief Fire Officer.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Audit & Risk Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based, and in particular included:

- An evaluation of the Authority's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit & Risk Committee meeting on 25 March 2024, as detailed in Appendix H. These outstanding items include:

- final engagement lead stand back review of the audit file and evidence;
- receipt of management representation letter; and
- review of the final set of financial statements.

Acknowledgements

As in previous years, during the audit both your finance team and our audit team faced audit challenges, including new issues on pension liability valuations. This resulted in us having to spend more time on the audit to be able gain sufficient audit assurance in respect of our auditor's opinion on the financial statements. The impact on our audit fee is set out on page 31.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to the disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan on 25 September 2023.

We set out in this table our determination of materiality for the Authority.

	Authority Amount (£)	Qualitative factors considered
Materiality for the financial statements	2,800,000	Financial performance of the Authority focused on the costs of service provision.
Performance materiality	1,960,000	The internal control environment of the authority, including experience of prior year issues and any changes in key personnel and systems. We also consider the quality of working papers and Authority response to audit processes in prior years.
Trivial matters	140,000	The amount below which matter would be considered trivial to the readers of the financial statements.
Materiality for senior staff disclosures	54,000	Materiality has been reduced for remuneration disclosures due to their sensitive nature and public interest.



2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p>Presumed risk of fraud in revenue recognition</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to improper recognition.</p>	<p>In our audit plan, we assessed that the risk of misstatement due to fraud relating to improper recognition of revenue could be rebutted.</p> <p>We have reconsidered our assessment in light of our audit findings and concluded that there is no change to our assessment of this risk.</p>
<p>Risk of fraud related to expenditure recognition</p> <p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.</p>	<p>In our audit plan, we assessed that the risk of misstatement due to fraud relating to improper recognition of expenditure could be rebutted.</p> <p>We have reconsidered our assessment in light of our audit findings and concluded that there is no change to our assessment of this risk.</p>
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design and implementation of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness reviewed and tested transfers between the General Fund and the Pension Fund Account <p>Our audit work has not identified any issues in respect of management override of controls.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of pension fund assets and liabilities

The Authority's pension fund net liability for FFPS and net asset for LGPS, as reflected in its balance sheet, represent significant estimates in the financial statements.

The pension fund balances are considered to be significant estimates due to the size of the numbers involved (the Authority's balance sheet includes an asset relating to the LGPS of £0.8m, and a liability of £1.3bn relating to the FFPS) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). However, for the first time since IFRS have been adopted the Authority has had to consider the potential impact of IFRIC 14 - IAS 19 - the limit on a defined benefit asset. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.

A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Authority's pension fund net liability as a significant risk.

Commentary

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liabilities are not materially misstated, and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management experts (the actuaries) for this estimate and the scope of the actuaries' work;
- assessed the competence, capabilities, and objectivity of the actuaries who carried out the Authority's pension fund valuations;
- assessed the accuracy and completeness of the information provided by the Authority to the actuaries to estimate the liabilities;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuaries;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consultancy actuary (as auditor's expert) and performing any additional procedures suggested within the report;
- obtained assurances from the auditor of West Midlands Pension fund as to the controls surrounding the validity and accuracy of membership, contributions and benefits data provided to the actuary, and the fund assets valuation in the pension fund financial statements;
- reviewed the actuary's calculation of economic benefit associated with the surplus in the LGPS scheme; and
- tested the data provided to the actuary of the FFPS.

Pages 11 and 12 provide a detailed assessment of the estimation process for the valuation of the pension fund assets and liabilities.

We challenged management on the potential impact of IFRIC 14 on the LGPS asset recognised within the balance sheet. Management subsequently requested a calculation of the asset ceiling from the actuary which indicated that the economic benefit for the Authority was greater than the IAS19 surplus, and therefore no asset restriction was necessary.

We have also challenged the Authority on the assumptions used by GAD in preparing the FFPS estimated liability. GAD did not allow for part year inflation in their calculations which is inconsistent with other actuaries (Hymans, Mercer, BW and Aon) and not in line with the expectation of our auditor's expert PwC. Management requested GAD to provide an updated IAS19 report with an adjustment to this assumption, and this increased the pension liability by £23.9m – see Appendix D.

We currently have a query with management and the pension fund in relation to the Authority's share of LGPS assets but to date, our audit work has not identified any other issues in respect of the valuation of the pension fund assets and liabilities.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of land and buildings

The Authority revalues its land and buildings annually, to ensure that the carrying value is not materially different from the current value at the financial statements date.

Management have engaged the services of a valuer to estimate the current values of these assets as at 31 March 2023, using a mix of desktop and on-site valuations.

These valuations represent a significant estimate by management in the financial statements due to the size of the values involved (£149m in the Authority's balance sheet as at 31 March 2023), and judgement required to estimate values based on source data (such as floor areas and costing of in-year improvements) and subjective inputs (such as obsolescence factors and selection of build costs indices).

We have therefore identified valuation of land and buildings as a significant risk.

Commentary

We have:

- evaluated management's processes and assumptions for calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation experts;
- discussed with the valuers the basis on which the valuation was carried out to ensure that the requirements of the Code are met;
- challenged the information and assumptions used by the valuers to assess completeness and consistency with our understanding; and
- tested revaluations made during the year to see if they had been input correctly into the Authority's asset register.

Page 13 provides a detailed assessment of the estimation process for the valuation of land and buildings.

We challenged the valuer's assumptions used in the DRC valuations of specialised properties for a sample of assets:

- Obsolescence was assessed for reasonableness against total and remaining useful lives
- Build costs were assessed against movements in BCIS cost indices
- Floor areas were compared to site plans to confirm accuracy
- We cross referenced assumed costs for externals and professional fees with details of site characteristics and guidance from the VOA

We also corroborated the valuer's assumptions used to value non-specialised properties with available market data.

We identified one asset where the land area used by the valuer was lower than that indicated by the site plan. This resulted in an understatement of the value by £1m - see Appendix D.

No other issues have been identified from our work on land and buildings.

2. Financial Statements: other issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
Cyber Security We note that the Authority: <ul style="list-style-type: none"> has not yet formally adopted a cybersecurity framework does not have a process designed to identify and evaluate cybersecurity risks does not regularly assess the information technology environment for cybersecurity threats and vulnerabilities does not provide regular cybersecurity training to employees 	<p>1 in 3 UK entities suffer from a cyber breach every month, so it's more a case of 'when' an attack happens, not 'if'.</p> <p>High profile cyber-attacks undermine trust in an organisation and shatter hard won reputations and consumer trust. Over 80% of the cyber-attacks we read about could have been prevented through good simple cyber hygiene. Understanding and managing cyber risk is fundamental to any business's growth journey.</p>	<p>Auditor view</p> <p>We recommend that the Authority proactively looks at its cyber preparedness and puts in place appropriate policies and safeguards.</p> <p>Management response</p> <p>The Service intends improve cyber preparedness and will look to attain an externally audited Cyber Essentials Plus certification to mitigate cyber security risks. A three-year plan will be developed to resolve the identified and future cyber concerns.</p>
IT Control deficiencies As part of our work to obtain an understanding of the information systems relevant to financial reporting, we found that the weaknesses previously identified in the Authority's IT general controls have not yet been fully addressed.	<p>As set out on pages 14-17, 3 of the 8 recommendations made in 2021/22 have not yet been fully implemented.</p>	<p>Auditor view</p> <p>We recommend that the Authority continues to work towards implementation of the recommendations.</p> <p>Management response</p> <p>The planned enhanced cyber governance, appointment of a vCISO and creation of an internal Oracle Governance Board will ensure that the remaining elements will be fully addressed. Steps have already been put into place to remediate, limit and reduce the number of accounts, and to automate and enable the audit of revocation of leavers' access. The team have recruited to create additional application support capacity to undertake a review of systems logs on a weekly basis.</p>

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability £1.3bn – Firefighter Pension Schemes	<p>The Authority's total net pension liability for the Fire Fighter Pension Schemes at 31 March 2023 is £1.3bn (PY £1.8bn), comprising the 1992 Scheme, 2006 Scheme, 2015 Scheme and the Compensation Scheme.</p> <p>The Authority uses the Government Actuary's Department (GAD) to provide actuarial valuations of the Authority's liabilities derived from these schemes. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2020. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £0.5bn net actuarial gain during 2022/23.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert for competence, capability and objectivity assessed the actuary's approach taken, to confirm reasonableness of approach used PwC as an auditor's expert to assess the actuary and assumptions made by the actuary <table> <tr> <th>Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>4.65%</td><td>4.65%</td><td>●</td></tr> <tr> <td>Pension increase rate</td><td>2.6%</td><td>2.6%</td><td>●</td></tr> <tr> <td>Salary growth</td><td>3.85%</td><td>3.10% - 5.10%</td><td>●</td></tr> <tr> <td>Life expectancy – Males currently aged 45/65</td><td>22.9 years / 21.2 years</td><td>22.9-23.5 years / 21.2 – 23.5 years</td><td>●</td></tr> <tr> <td>Life expectancy – Females currently aged 45/65</td><td>22.9 years / 21.2 years</td><td>22.9-25 years / 21.2-23.5 years</td><td>●</td></tr> </table> <ul style="list-style-type: none"> used PwC as an auditor's expert to assess the actuarial method applied by the actuary – this has identified that the actuary has not made an allowance for part year inflation within their experience adjustment which forms part of the estimation of the liabilities. Management requested that the actuary provides an updated IAS19 report which does include an allowance for part year inflation. This has resulted in a £23.9m upwards adjustment to the liability – see Appendix D. tested the completeness and accuracy of the underlying information used to determine the estimate considered any changes to valuation method and their impact assessed the reasonableness of the movements of the estimated liabilities based on all available evidence; and considered the adequacy of disclosure of estimate in the financial statements. <p>We are satisfied that overall, management's process for producing this estimate is robust.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.65%	4.65%	●	Pension increase rate	2.6%	2.6%	●	Salary growth	3.85%	3.10% - 5.10%	●	Life expectancy – Males currently aged 45/65	22.9 years / 21.2 years	22.9-23.5 years / 21.2 – 23.5 years	●	Life expectancy – Females currently aged 45/65	22.9 years / 21.2 years	22.9-25 years / 21.2-23.5 years	●	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>
Assumption	Actuary Value	PwC range	Assessment																								
Discount rate	4.65%	4.65%	●																								
Pension increase rate	2.6%	2.6%	●																								
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2. Financial Statements: key judgements and estimates









Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
<p>Net pension asset £0.8m – Local Government Pension Scheme</p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p>	<p>The Authority's IAS19 net pension surplus at 31 March 2023 was £0.8m (PY £51.5m liability) comprising the West Midlands Pension Fund Local Government Pension Scheme assets and obligations.</p> <p>The Authority uses Hymans Robertson to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme.</p> <p>A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund surplus, small changes in assumptions can result in significant valuation movements. There has been a £52.3m net actuarial gain during 2022/23.</p> <p>Hymans Robertson assessed the asset ceiling for the Authority to be higher than the IAS19 net pension surplus. As a result, the Authority has not needed to restrict the asset recognised in the balance sheet at 31 March 2023</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert for competence, capability and objectivity; assessed the actuary's approach taken, to confirm reasonableness of approach; used PwC as an auditor's expert to assess the actuary and assumptions made by the actuary; <table> <tr> <th>Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>4.75%</td><td>4.75%</td><td>●</td></tr> <tr> <td>Pension increase rate</td><td>2.95%</td><td>2.95% - 3.0%</td><td>●</td></tr> <tr> <td>Salary growth</td><td>3.45%</td><td>3.45% - 5.4%</td><td>●</td></tr> <tr> <td>Life expectancy – Males currently aged 45/65</td><td>22.2 years / 21.0 years</td><td>None provided</td><td>●</td></tr> <tr> <td>Life expectancy – Females currently aged 45/65</td><td>25.3 years / 23.8 years</td><td>None provided</td><td>●</td></tr> </table> <ul style="list-style-type: none"> tested the completeness and accuracy of the underlying information used to determine the estimate; assessed the reasonableness of the Authority's share of LGPS pension assets; considered any changes to valuation method and their impact; assessed the reasonableness of the movements of the estimated surplus based on all available evidence; reviewed the actuary's calculation of economic benefit associated with the surplus in the LGPS scheme; assessed the responses obtained from the auditor of the West Midlands Pension Fund in relation to the triennial valuation 2022 and the actuarial estimates for 2022/23; and considered the adequacy of disclosure of estimate in the financial statements. <p>We are satisfied that overall, management's process for producing this estimate is robust.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.75%	4.75%	●	Pension increase rate	2.95%	2.95% - 3.0%	●	Salary growth	3.45%	3.45% - 5.4%	●	Life expectancy – Males currently aged 45/65	22.2 years / 21.0 years	None provided	●	Life expectancy – Females currently aged 45/65	25.3 years / 23.8 years	None provided	●	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>
Assumption	Actuary Value	PwC range	Assessment																								
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Salary growth	3.45%	3.45% - 5.4%	●																								
Life expectancy – Males currently aged 45/65	22.2 years / 21.0 years	None provided	●																								
Life expectancy – Females currently aged 45/65	25.3 years / 23.8 years	None provided	●																								

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £130m	<p>Other land and buildings comprises £130m of specialised assets such as fire stations and the fire service headquarters, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£0.7m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end.</p> <p>The Authority has engaged Wilks Head & Eve to complete the valuation of properties as at 31 March 2023. All assets were revalued during 2022/23, using a desktop valuation approach.</p> <p>Management have disclosed the critical judgements made in estimating the valuation of land and buildings, and the related estimation uncertainties.</p> <p>The total year end valuation of land and buildings was £149.4m, a net increase of £6.9m from 2021/22 (£142.5m).</p>	<p>We have:</p> <ul style="list-style-type: none"> deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of estimates. This included understanding methods, assumptions and data used; considered the source of the inherent risk associated with the accounting estimate; assessed the competence, capability and objectivity of management's expert; tested the completeness and accuracy of the underlying information used to determine the estimate; assessed the consistency of estimates against data from our Montagu Evans report; challenged the information and assumptions used by the valuer, to assess completeness and consistency with our understanding; considered the reasonableness of changes in estimated values based on all available evidence and our wider sector knowledge; considered all evidence obtained during the audit, including both corroborative and contradictory audit evidence, when evaluating the appropriateness of accounting estimates; and considered the adequacy of the disclosure of the estimate in the financial statements. <p>We identified one asset where the land area used by the valuer was lower than that indicated by the site plan. This resulted in an understatement of the value by £1m - see Appendix D.</p> <p>We are satisfied that overall, management's process for producing this estimate is robust.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.




IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Details of control deficiency	Additional procedures carried out to address risks arising from our findings
			Security management	Technology acquisition, development & maintenance	Technology infrastructure		
Oracle	ITGC assessment (design and implementation effectiveness only)					See pages 15-17 for details of the results of our IT audit follow up work.	We have tested Oracle entries identified as higher risk due to involvement of users with privileged access.
Active Directory	ITGC assessment (design and implementation effectiveness only)					See pages 15-17 for details of the results of our IT audit follow up work.	n/a

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

2. Financial Statements: Information Technology




To support the financial statement audit of the Authority for year ended 31 March 2022, a specialist team of IT auditors completed a review of the design and implementation of IT General Controls for Oracle and the Active Directory. An update on the implementation of the eight recommendations were made is set out below.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
	<p>Inadequate control over self-assigning roles in Oracle Cloud by privileged users</p> <p>In the Oracle system, users can self-assign roles. These roles should be approved through the formal authorisations process for user access Management but we were unable to confirm formal documented approvals were in place. We recommended that management should put proper processes and controls in place for the self-assignment of user access for privileged users to ensure that the activities are consistently performed, logged and monitored.</p>	<p>We found no evidence of processes and controls being introduced to address the risks relating to self-assigned access rights.</p>
	<p>User access within Oracle is not appropriately revoked for terminated employees</p> <p>We identified that a sampled leaver's user account was still active/enabled within Oracle after the leaving date and that the leaver's account was last logged in 46 days after leaving. We recommended that management should ensure that a comprehensive user administration policy and associated procedures are in place to revoke application access in a timely manner.</p>	<p>Our sample testing of leavers did not identify any exceptions in respect of revoking user access for leavers.</p> <p>However, we did identify that "temporary" access rights had been granted but not revoked in a timely manner.</p>
	<p>Inadequate control over privileged (individual and generic) accounts within Oracle</p> <p>We identified that that there were 212 users from 3rd party support provider who had admin access. It was further noted that 1 user was a senior member of IT management. In addition, we found 5 generic accounts where there was no evidence of appropriate access controls. We recommended that management should undertake a review of all user accounts on Oracle to identify all individual accounts and review access settings and controls to prevent misuse.</p>	<p>Our work found:</p> <ul style="list-style-type: none"> there were 2 members of the finance team with privileged access rights there was 1 user in the workforce planning team there were 8 users from the 3rd party support provider with privileged access rights there were 3 generic user accounts with privileged access rights <p>Therefore, we conclude that privileged system accesses are not appropriately restricted. We also noted that audit logging and monitoring is not enabled for generic user accounts.</p>

Assessment

-  Not yet implemented
-  Partially implemented
-  Implemented

2. Financial Statements: Information Technology

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
	<p>Lack of controls over granting user access within Oracle When a new employee joins the organisation, their access rights to a system/network should be approved by an appropriate individual before being granted according to the job role. Our audit identified for a new starter joining the organisation, the permissions were not specified on the access request.</p> <p>We recommended that management should</p> <ul style="list-style-type: none"> • develop formal user access management procedures to ensure activities are consistently performed, logged and monitored • grant permissions based upon the role and responsibilities of the users and on the principle of least privilege, with regular review of permissions • Implement a process to record, approve and action the new user requests based on user role, team and access level 	<p>Our sample testing of leavers did not identify any exceptions in respect of revoking user access for leavers.</p>
	<p>Lack of review of information security/audit logs within Oracle The applications are configured to generate audit logs which would identify unauthorised access attempts or inappropriate use. We found that logs are not monitored or reviewed periodically.</p> <p>We recommended that security event logs are reviewed at least weekly by a person who is independent of those involved in the administration of the application and underlying database.</p>	<p>We found that Oracle logs had been reviewed in March 2022 and September 2023.</p>
	<p>Lack of User Acceptance Testing completed for Oracle changes Evidence was not available to confirm that user acceptance testing was performed and approved before moving a sampled change into production.</p> <p>We recommended that management should ensure that change management procedures are recommunicated to staff so that testing is performed and approved prior to introducing a change into the live environment. Documentation should be retained to identify who and when changes have occurred in the system.</p>	<p>There was one change implemented in Oracle during 2022/23. We found that this has been tested by the workforce planning team before being implemented.</p>

Assessment

-  Not yet implemented
-  Partially implemented
-  Implemented

2. Financial Statements: Information Technology

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
●	<p>Business users not involved in conducting User Acceptance Testing in Oracle</p> <p>Our audit identified that there was no evidence available to show that the testing for a Sampled change was re-performed by appropriate business and system administration users. We recommended that management should ensure that change management procedures are recommunicated to staff so that testing is performed and approved prior to introducing a change into the live environment. Changes should be approved by business users to ensure the changes being made have been appropriately tested and approved.</p>	<p>There was one change implemented in Oracle during 2022/23. We found that this has been tested by the workforce planning team before being implemented.</p>
●	<p>Inadequate control over privileged (individual and generic) accounts within Active Directory</p> <p>We identified that there was an individual admin account where the user was a member of senior IT management and 1 account where we could not determine the role of the user. We also identified 17 generic user accounts where there was no evidence of appropriate access controls. We recommended that management should undertake a review of all user accounts to identify all individual accounts and review access settings and controls to prevent misuse.</p>	<p>We found that there were 5 members of the IT department with privileged access (administrator) rights. There were also 5 generic accounts with privileged access rights.</p> <p>There is no routine monitoring of system administrator activities.</p>

Assessment

- Not yet implemented
- Partially implemented
- Implemented

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit & Risk Committee. We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority, which is set out at Appendix G. Specific representations have been requested from management in respect of the significant assumptions used in making accounting estimates for the valuation of pension fund net assets and liabilities and the valuation of land and buildings.
Confirmation requests from third parties	We requested from management permission to send bank and investment confirmation requests. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements: other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Authority recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Authority and the environment in which it operates the Authority's financial reporting framework the Authority's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Account), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix H.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>The Authority does not exceed the threshold for detailed testing; we will submit our Assurance Statement to the NAO after the audit report has been issued.</p>
Certification of the closure of the audit	<p>We are currently updating our VFM work to factor in recent developments at the Authority in respect of allegations against the former Chief Fire Officer. On completion of this work, we will issue the audit certificate.</p>



3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM: our procedures and conclusions

We have completed our interim VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented to the Audit & Risk Committee in November 2023.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any risks of significant weakness.

We are currently updating our work to factor in recent developments at the Authority in respect of allegations against the former Chief Fire Officer and will report on this in due course.



4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

Audit and non-audit services

For the purposes of our audit, we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. No non-audit services were identified.

4. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Authority's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Management Letter of Representation
- H. Audit opinion
- I. Audit letter in respect of delayed VFM work

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified one recommendations for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
	<p>Grouped assets within plant, property and equipment</p> <p>We identified that the Authority has various grouped assets in the fixed asset register. For one asset tested (rescue equipment on vehicles), the Authority was unable to provide detailed records confirming that all the components within this grouped asset were still in use. There is a risk that some of this equipment has been disposed of, but the fixed asset register not updated.</p> <p>These assets had a gross value of £0.4m and a net book value of nil. Since the balance sheet NBV is nil, unrecorded disposals would not impact the balance sheet, but there is a potential overstatement of gross cost and accumulated depreciation.</p>	<p>We recommend that records are maintained to allow the Authority to ensure that the fixed asset register accurately records appropriate details for grouped assets.</p> <p>Management response</p> <p>The fixed asset register will be reviewed as part of 2023-24 closedown process and statement of accounts preparation. Equipment on fire appliances is checked as part of the service and maintenance of each vehicle. This includes Holmatro, generators, ladders and cutting equipment. Items do have barcodes to enable use of a tracking system to locate equipment items.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2021/22 financial statements, which resulted in three recommendations being reported in our 2021/22 Audit Findings report.

We have followed up on the implementation of our recommendations and note that one recommendation is still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Review of the Fixed Asset Register</p> <p>We identified assets within the Fixed Asset Register which had been disposed of. These assets had nil net book value but gross book value and accumulated depreciation of £1.3m.</p> <p>We recommended that the Authority should review the fixed asset register periodically to ensure that assets no longer in use are removed in a timely manner.</p>	<p>Our testing did not identify any assets within the fixed asset register which had been disposed of, although we have recommended on page 27 that the Authority should maintain more detailed records of grouped assets so that the fixed asset register can be updated when individual components of grouped assets are disposed of.</p>
✓	<p>Completeness of the ledger</p> <p>We identified that the general ledger was imbalanced by £1.25 following the data migration to a new financial system. We recommended that the Authority should further investigate the imbalance to help increase understanding of the data migration process and provide assurance over the completeness of the ledger.</p>	<p>We did not identify any issues with the completeness of the general ledger in 2022/23.</p>
X	<p>Depreciation Policy</p> <p>We identified some assets where asset lives were inconsistent with stated accounting policies, resulting in premature depreciation. We recommended that the Authority review asset lives to ensure consistent application of accounting policies, and to ensure that assets are categorised correctly in the fixed asset register.</p>	<p>The fixed asset register contains 95 plant and equipment assets and 158 vehicle assets with nil net book value. Our testing indicates that these assets remain in use, leading us to conclude that actual asset lives remain inconsistent with those set out in the Authority's accounting policies.</p> <p>Management response</p> <p>Asset lives will be reviewed as part of the 2023-24 closedown process and statement of accounts preparation. Certain vehicles reaching the end of their useful life as an operational response vehicle are then used for training exercises and so are not available for disposal.</p>

Assessment

✓ Action completed

X Not yet addressed

D. Audit Adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2023.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000
Dr Remeasurements of the net defined benefit pension liability / (asset)	23,870		23,870	-
Cr Long term liabilities		(23,870)		
<i>To reflect the additional liability for the FFPS following revisions to the actuary's estimates to reflect the impact of part year inflation</i>				
Total	23,870	(23,870)	23,870	-

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure issue	Auditor recommendations	Adjusted?
Note 3 Critical judgements in applying accounting policies We identified that two of the three critical judgements disclosed did not meet the criteria to be reported as critical judgements.	Disclosures relating to the residual value of assets and government funding should be removed.	✓
Note 7 Expenditure and funding analysis We identified that a £0.5m capital receipt had not been reflected in the other income and expenditure line. We identified that the net expenditure chargeable to the general fund did not reconcile to the report presented to the Strategic Enabling Team in May 2023.	Note 7 should be updated to reflect the capital receipt and to explain the timing differences between net expenditure chargeable to the general fund reported in Note 7 and reporting to the Strategic Enabling Team.	✓

Management has made adjustments for a number of other minor disclosure matters we identified from our audit work.

D. Audit Adjustments (continued)



Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. The Audit & Risk Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
Dr PPE	1,041		1,041	-	Not material
Cr CIES		(1,041)			
<i>For the impact of the valuation calculation for one item of PPE being understated due to an incorrect site area being applied</i>					
Overall impact	1,041	(1,041)	1,041	-	

Impact of prior year unadjusted misstatements

All unadjusted misstatements identified during the prior year audit were amended during the preparation of the 2022/23 financial statements.

E. Fees and non-audit services

We confirm below our final fees charged for the audit. There were no fees for the provision of non-audit or audit related services.

Audit fees	Proposed fee £	Final fee £
Scale fee	35,064	35,064
Fee variations:		
Value for Money audit – new NAO requirements	8,000	8,000
ISA 540 / 240 / 700	4,625	4,625
Additional journals testing	2,925	2,925
Enhanced audit procedures for Payroll – Change of circumstances	500	500
Increased audit requirements of revised ISAs 315/240	2,000	2,000
IT audit review of implementation of prior year recommendations in respect of Oracle	-	4,000
Additional work required for LGPS net pension asset and FFPS actuarial assumptions	-	7,500
Additional VFM work required in respect of allegations against the former Chief Fire Officer	-	5,000
Total fee variations:	18,050	34,550
Total audit fees (excluding VAT)	53,114	69,614

The fee disclosed in Note 30 of the financial statements is £59,000. This fee does not take into account the final anticipated fee variation of £34,550, as set out above.

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	<p>The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of:</p> <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assessed and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	<p>Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.</p>
Professional scepticism	<p>The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	<p>The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor.</p> <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	<p>The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	<p>The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.</p>

G. Management Letter of Representation

Grant Thornton UK LLP

17th Floor

103 Colmore Row

Birmingham

B3 3AG

Dear Grant Thornton UK LLP

**West Midlands Fire and Rescue Authority
Financial Statements for the year ended 31 March 2023**

This representation letter is provided in connection with the audit of the financial statements of West Midlands Fire and Rescue Authority for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.

- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the Local Government Pension Scheme, Firefighters Pension Scheme and valuation of land and buildings. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

G. Management Letter of Representation

- vii. Except as disclosed in the financial statements:
 - vii. there are no unrecorded liabilities, actual or contingent
 - viii. none of the assets of the Authority has been assigned, pledged or mortgaged
 - ix. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Authority's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

- a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.
- We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements.
- xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Authority via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.

G. Management Letter of Representation

- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements maybe materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit & Risk Committee at its meeting on 25 March 2024.

Yours faithfully

Name.....

Position.....

Date.....

Signed on behalf of the Authority

H. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Authority with an unmodified audit report.

Independent auditor's report to the members of West Midlands Fire and Rescue Authority

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of West Midlands Fire and Rescue Authority (the 'Authority') for the year ended 31 March 2023, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies and include the firefighters' pension fund financial statements comprising the Pension Fund Account, the Net Assets Statement and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Treasurer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities.

H. Audit opinion

We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer's with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

H. Audit opinion

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Treasurer

As explained more fully in the Statement of Responsibilities set out on page 11, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Treasurer. The Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, and the Fire and Rescue Services Act 2004). We also identified the following additional regulatory frameworks in respect of the firefighters' pension fund: the Public Service Pensions Act 2013, the Firefighters' Pension Scheme (England) Regulations 2014, and the Firefighters' Pension Scheme (England) Order 2006.

In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to [include relevant details for your audit, e.g. health and safety, employee matters, and data protection].

We enquired of management and the Ethics, Transparency and Audit Panel, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Ethics, Transparency and Audit Panel, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to transactions of high value (in relation to average value), transactions with a material impact on outturn, manual transactions, transactions involving accounting estimates, transactions posted during the accounts close process, transactions posted by systems administrators and other transactions identified as being unusual.

H. Audit opinion

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on journals of high value, journals with a material impact on outturn, manual journals, closing journals; journals posted by systems administrators and other journals identified as being unusual,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building valuations and net pensions liability valuations, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuations of land and buildings and the net pension. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector

- understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

H. Audit opinion

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We are unable to certify completion the audit of West Midlands Fire and Rescue Authority for the year ended 31 March 2023 until we have completed our work on Value for Money Arrangements.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Avtar Sohal, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 5

AUDIT AND RISK COMMITTEE

25 MARCH 2024

1. **INTERNAL AUDIT – PROGRESS REPORT**

Report of the Audit Services Manager [Sandwell MBC].

RECOMMENDED

THAT the Internal Audit Progress Report be noted.

2. **PURPOSE OF REPORT.**

To ask the Committee to note the issues raised from the work undertaken by Internal Audit so far in the current financial year.

3. **BACKGROUND**

3.1 The Internal Audit Progress Report contains details of the matters arising from internal audit work undertaken so far in the current year. The purpose of the report is to bring the Committee up to date with the progress made against the delivery of the 2023/24 Internal Audit Plan. The information included in the progress report will feed into, and inform, the overall opinion in the Internal Audit Annual Report issued at the year end.

3.2 It summarises the audit work undertaken in a tabular format, and includes:

- 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 as a result 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.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to and/or do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The Accounts and Audit Regulations Act states that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

None

Peter Farrow
Audit Services Manager, Sandwell MBC

Internal Audit Progress Report as at 29 February 2024
Audit and Risk Committee – 25 March 2024



1. Introduction
2. Summary of work completed and in progress
3. Issues arising
4. Other activities

1 Introduction

The purpose of this report is to bring the Audit and Risk Committee up to date with the progress made against the delivery of the 2023/24 Internal Audit plan.

The information included in this progress report will feed into and inform our overall opinion in our Internal Audit annual report issued at the year end.

Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

No Assurance	Limited	Reasonable	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

This is based upon the number and type of recommendations we make in each report. Each recommendation is categorised in line with the following:

Priority rating for issues identified		
Fundamental action is imperative to ensure that the objectives for the area under review are met.	Significant requires action to avoid exposure to significant risks in achieving the objectives for the area under review.	Merits attention action is advised to enhance risk mitigation, or control and operational efficiency.

2 Summary of work in progress as at 29 February 2024

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Completed and reported previously:							
Partnerships	Medium	0	6	0	6	6	Limited
Data Protection	High	0	0	0	0	0	Substantial
Completed and reported for first time:							
Fixed Asset Accounting/Asset Planning	KFS	0	0	0	0	0	Substantial
Governance	High	0	1	0	1	Draft	Substantial
Budgetary Control	KFS	0	1	0	1	1	Reasonable
Payroll	KFS	0	0	0	0	0	Substantial
In progress:							
Risk Management	High						
Accounts Payable	KFS						
Accounts Receivable	KFS						
Absence Management	Medium						

Key: KFS = Key Financial System

ANA = Audit Needs Assessment

Draft = Draft report issued to client and awaiting formal response

NA = Not Applicable

Ref. AU/A&R/2024/Mar/91203246

[IL0: UNCLASSIFIED]

3 Issues arising

Fixed Assets

An audit of fixed asset accounting was undertaken in respect of planned capital expenditure. The review was undertaken to provide assurance that an appropriate process was in place to maintain details of fixed assets and to record them correctly in the accounts. No issues of significance were identified.

Governance

The objective of our review of governance for the current year was focussed upon the adoption, adequacy and application of the Local Government Transparency Code and to ensure that the control system in place mitigated risks to the achievement of the Authority's objectives in this area.

As part of our previous audit review of Governance, we identified one issue relating to the declaration of interest documents for officers within the Authority had not been maintained in accordance with the Code of Conduct as specified in the Constitution and the Anti-Fraud, Corruption and Bribery Policy.

As part of the current review, we followed-up this matter and noted that:

- Declaration of interest forms had been completed by all Members and the Strategic Enabling Team.
- The relevant policy had been reviewed and its requirements re-stated in communications to staff.
- Action was being taken to establish a process through the Oracle system to ensure everyone can consistently record declarations of interest in a way that would be easily accessible to managers and People Support Services, but at the time of the review this task had not been completed

As such, it is acknowledged that improvements had been made, however, there remained an issue in ensuring that all relevant staff complete declarations where necessary and that these are being effectively monitored. As the declaration of interests' process is integral to promoting the transparency of the decision-making process throughout the Authority and for mitigating the risk of reputational loss, we have therefore, repeated the recommendation for an appropriate process to be implemented to record and monitor declarations.

Budgetary Control

A review of the budgetary control system was undertaken to ensure the Fire Service had established its budget and was managing it appropriately. Our review covered controls over monitoring, reporting, changes to budgets and the process to link budgets to medium and long-term plans. One issue was identified relating to the volume and checking of journals. It was acknowledged that a checking regime was in place, but that this could be further strengthened to mitigate the risk of errors not being identified. This would require a check of all journals above a specified limit and a sample check of other transactions. An action plan has been produced by management to address this matter and a commitment made to review the reasons why journals are necessary and to reduce the volume as appropriate.

Payroll

A review of the payroll system was undertaken to ensure the Authority had appropriate controls in place to mitigate the risk of fraud and error in the calculation, recording and payment of the payroll. No issues of significance were identified.

4 Other Activities

Advice and Guidance

We provide on-going advice and guidance to the authority to assist with the continuous improvement of the overall control environment.

CIPFA – Audit Committee Updates

We continue to present the regular CIPFA Audit Committee Updates to the Audit and Risk Committee.

Internal Audit Plan 2023/24

We submitted the Internal Audit annual plan for 2023/24 to the committee for approval at the March 2023 meeting.

Internal Audit Annual Report 2022/23

We presented the Internal Audit annual report for 2022/23 to the committee for comment and approval at the June 2023 meeting.

Counter Fraud

We provided Fraud Awareness training to the committee at its meeting held in November 2023.

Counter Fraud

We continue to lead on the Cabinet Office's National Fraud Initiative and their other associated fraud related activity (such as the Annual Fraud Survey), on behalf of the authority and to provide the main point of contact for any investigations into potential fraudulent activity.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 6

AUDIT AND RISK COMMITTEE

25 MARCH 2024

1. **INTERNAL AUDIT PLAN – 2024/25**

Report of the Audit Services Manager [Sandwell MBC].

RECOMMENDED

THAT the Internal Audit Plan for 2024/25 be approved.

2. **PURPOSE OF REPORT.**

This report is submitted for member comment and approval.

3. **BACKGROUND**

3.1 The attached report details the proposed Internal Audit Plan for 2024/25, with an indicative plan covering the period 2025/26 to 2026/27.

3.2 The Internal Audit Plan is a fluid plan which may 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 may be subject to amendment in order to recognise alterations in the assessment of assurance need/risk analysis, caused by changes within the Authority and the requirements of the Audit and Risk Committee and senior managers.

3.3 During the year regular meetings will 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 will be brought before the Audit and Risk Committee for approval.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to and/or do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The Accounts and Audit Regulations Act states that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

Internal Audit Plan 2024/25 and indicative plan for 2025/26 to 2026/27.

Peter Farrow
Audit Services Manager, Sandwell MBC

Draft Internal Audit Plan 2024/25



Table of Contents		Page
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2	Assessing the effectiveness of risk management and governance	4
3	Assessing the effectiveness of the system of control	4
4	Assessment of assurance need methodology	5
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6	Developing an internal audit plan	8
7	Considerations required of the Audit and Risk Committee and Senior Management	8
8	Information to support the internal audit plan	9
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A quick guide to the audit planning process

Step 1 – audit universe/auditable areas and the Authority's objectives

Identify the audit universe (i.e. a list of areas that may require auditing) using a variety of methods:

- Areas of risk identified by the Authority as having the potential to impact upon its ability to deliver its objectives and its statutory responsibilities, captured through a strategic risk register.
- Areas such as the key financial systems work we do to, which where appropriate, help inform the work of the external auditors, grant claim certification etc.
- Areas where we use auditor's knowledge, management requests and past experience etc.



Step 2 – ranking

Score each auditable area as high, medium or low risk using the CIPFA scoring methodology: materiality/business impact/audit experience/risk/potential for fraud.



Step 3 – the 2024/25 audit plan

Identify the areas where assurance will be provided in 2024/25. High risk areas will generally be audited annually, while medium risks may be visited once in a three-year cycle. A watching brief will remain on the low risks.

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Glossary of terms

Governance

The arrangements in place to ensure that the Authority fulfils its overall purpose, achieves its intended outcomes for citizens and service users and operates in an economical, effective, efficient and ethical manner.

Control environment

This comprises the systems of governance, risk management and internal control. The key elements include:

- establishing and monitoring the achievement of the Authority's objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded
- ensuring the economical, effective and efficient use of resources and for securing continuous improvement
- the financial management of the Authority and the reporting of financial management; and
- the performance management of the Authority and the reporting of performance management

System of internal control

The totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.

Risk management

A logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating the risks associated with any activity, function or process in a way that will enable the organisation to minimise losses and maximise opportunities.

Risk based audit

An audit that:

- identifies and records the objectives, risks and controls
- establishes the extent to which the objectives of the system are consistent with higher-level corporate objectives
- evaluates the controls in principle to decide whether they are appropriate and can be reasonably relied upon to achieve their purpose, addressing the organisation's risks
- identifies any instances of over and under control and provides management with a clear articulation of residual risks where existing controls are inadequate
- determines an appropriate strategy to test the effectiveness of controls i.e. through compliance and/or substantive testing; and
- arrives at conclusions and produces a report, leading to management actions as necessary and providing an opinion on the effectiveness of the control environment

Audit and Risk Committee

The governance group charged with independent assurance of the adequacy of the internal control environment and the integrity of financial reporting.

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Internal audit

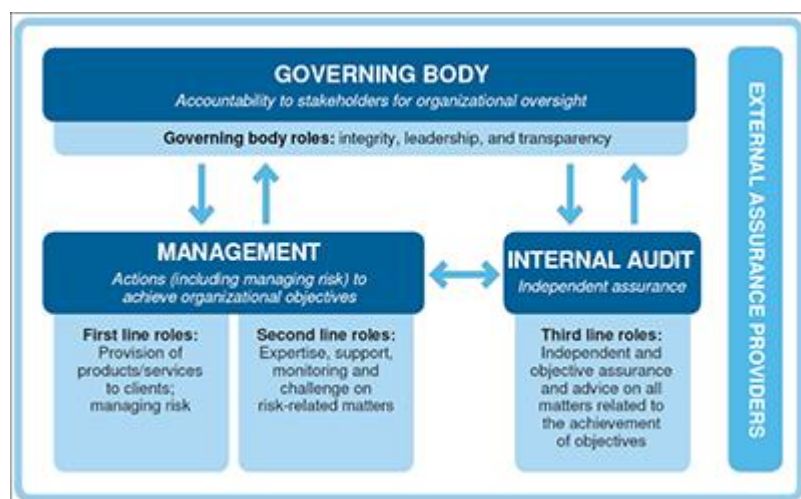
Definition of internal auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Assurance

A confident assertion, based on sufficient, relevant and reliable evidence, that something is satisfactory, with the aim of giving comfort to the recipient. The basis of the assurance will be set out and it may be qualified if full comfort cannot be given. The Head of Audit may be unable to give an assurance if arrangements are unsatisfactory. Assurance can come from a variety of sources and internal audit can be seen as one of the 'third line of defences' with the first line being the Authority's policies, processes and controls and the second being managers' own checks of this first line.

The Three Lines of Defence



Internal Audit standards



The Internal Audit team comply with the standards as laid out in the Public Sector Internal Audit Standards that came into effect on 1 April 2013.

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1 Introduction

The purpose of internal audit is to provide the Authority with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Authority's agreed objectives. To provide this opinion, we need to review on a cyclical basis, the operation of internal control systems and where appropriate governance and risk management within the Authority. Internal audit is not a substitute for effective internal control. The proper role of internal audit is to contribute to internal control by examining, evaluating and reporting to management on its adequacy and effectiveness.

There is a statutory requirement for internal audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the 'Public Sector Internal Audit Standards'. The Authority has an internal audit charter which was approved by the Audit and Risk Committee and defines the activity, purpose, authority and responsibility of internal audit, and establishes its position within the Authority. This document sits alongside the charter and helps determine how the internal audit service will be developed.

The purpose of this document is to provide the Authority with an internal audit plan based upon an assessment of the Authority's audit needs. The assessment of assurance need exercise is undertaken to identify the systems of control and determine the frequency of audit coverage. The assessment will be used to direct internal audit resources to those aspects of the Authority which are assessed as generating the greatest risk to the achievement of its objectives.

2 Assessing the effectiveness of risk management and governance

The effectiveness of risk management and governance will be reviewed annually, to gather evidence to support our opinion to the Authority. This opinion is reflected in the general level of assurance given in our annual report and within separate reports covering risk management and governance. This review will cover the elements of the risk analysis which we regard as essential for annual review to provide a positive, reasonable assurance to the Authority.

3 Assessing the effectiveness of the system of control

To be adequate and effective, management should:

•	establish and monitor the achievement of the Authority's objectives and facilitate policy and decision making
•	identify, assess and manage the risks to achieving the Authority's objectives
•	ensure the economical, effective and efficient use of resources
•	ensure compliance with established policies, procedures, laws and regulations
•	safeguard the Authority's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
•	ensure the integrity and reliability of information, accounts and data

These objectives are achieved by the implementation of effective management processes and through the operation of a sound system of internal control. The annual reviews of risk

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management and governance will cover the control environment and risk assessment elements, at a high level.

The internal audit plan contained within this report is our assessment of the audit work required to measure, evaluate and report on the effectiveness of risk management, governance and internal control.

4 Assessment of assurance need methodology

Internal audit should encompass the whole internal control system and not be limited only to financial control systems, the scope of internal audit work should reflect the core objectives of the Authority and the key risks that it faces. As such, each audit cycle starts with an analysis of the whole system of internal control that ensures the achievements of the Authority's objectives.

Activities that contribute significantly to the Authority's internal control system and to the risks it faces, may not have an intrinsic financial value necessarily. Therefore, our approach seeks not to try and measure the level of risk in activities, but to assign a relative risk value. The purpose of this approach is to enable the delivery of assurance to the Authority over the reliability of its system of control in an effective and efficient manner.

We have undertaken the assessment using the following process:

- We identified the core objectives of the Authority and, where available, the specific key risks associated with the achievement of those objectives.
- We then identified the auditable areas that impact significantly on the achievement of the control objectives.
- We assigned risk values to the auditable areas, based on the evidence we obtained.

The plan is drawn out of the assessment of audit need. The proposed internal audit plan covering the period 2024/25 is detailed towards the back of this document.

5 The assessment of internal audit assurance needs

Identifying the Authority's objectives and the associated risks

The Authority's objectives are as follows:

- | | |
|---|---|
| • | Dealing excellently with incidents. |
| • | Delivering interventions which support safer and healthier communities. |
| • | Protecting life and property to make businesses stronger and communities safer. |

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The key risks to the Authority in meeting these objectives, as identified through its risk management process, at the time this plan was prepared, were:

Risk Ref	Risk
CR1 1.2	The Fire Authority is unable to positively position itself within public service reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.
CR2 2.1	The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.
CR2 2.2	The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage.
CR2 2.3	The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage.
CR3 3.1	The Fire Authority is unable to engage with the most vulnerable members of the community and reduce community risk resulting in increased fire and non-fire related incidents, fatalities and injuries.
CR3 3.2	The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.
CR3 3.3	The Fire Authority is unable to complete and establish correct origin and cause of Tier 2 Fires (complex investigations) by the Fire Investigation and Prevention Section (FIPS) resulting in reduced confidence, credibility and increased litigation and reputational damage and a reduction in the evidence base to help define the prevention strategy.
CR4 4.1	The Fire Authority is unable to effectively discharge its duties under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non-domestic fire safety standards; reduced confidence and credibility; and increased litigation and reputational damage.
CR5 5.1	The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.
CR5 5.2	The Fire Authority is unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively, so increasing community risk; reducing confidence and credibility; and increasing reputational damage.
CR6 6.1	The Fire Authority is unable to provide business continuity arrangements, to maintain delivery of core functions, as a result of extensive disruption to normal working arrangements, including national and international deployments, significant and major events, resulting in increased community risk; reduced confidence; increased reputational damage; and external scrutiny.
CR7	The Fire Authority is unable to provide and maintain an effective digital and data provision to support the delivery of core functions, resulting in significant disruption

[ILO: UNCLASSIFIED]

7.1	to the organisation's functionality, reduced confidence, credibility, reputational damage and external scrutiny.
CR7 7.2	The Fire Authority is unable to provide effective management and security of organisational information and documentation including the receipt, storage, sharing and transfer of information and data, resulting in reputational damage, litigation, substantial fines and external scrutiny.
CR7 7.3	The Fire Authority is unable to prevent, respond to or recover from malicious attempts to damage or disrupt devices, services and networks - and the information on them.
CR8 8.1	The Fire Authority is unable to deliver its statutory responsibilities, predominantly through the Service Delivery Model, due to insufficient funds, resulting in external scrutiny and intervention; reduced confidence and credibility; and increased reputational damage.
CR8 8.2	The Fire Authority is unable to deliver effective financial management arrangements, due to misuse of funds, resulting in external scrutiny, intervention and litigation.

Where appropriate, these risks are then used to drive a key part of the internal audit plan.

Identifying the “audit universe”

The audit universe describes all the systems, functions, operations and activities undertaken by the Authority. Given that the key risk to the Authority is that it fails to achieve its objectives, we have identified the audit universe by determining which systems and operations impact upon the achievement of these objectives in section 3 above. These auditable areas include the control processes put in place to address the key risks.

Assessing the risk of auditable areas

Risk management is the process of identifying risks, evaluating their probability and potential consequences and determining the most effective methods of controlling or responding to them. The aim of risk management is to contribute to continued service improvement through improved risk-taking activities, reducing the frequency of loss events occurring, and minimising the consequences if they do occur.

There are a number of key factors for assessing the degree of risk within the auditable area. These have been used in our calculation for each auditable area and are based on the following factors:

- Risk
- Business impact
- Materiality
- Audit experience
- Potential for fraud and error

Deriving the level of risk from the risk values

In this model, the overall scores are translated into an assessment of risk. The risk ratings used are high, medium or low to establish the frequency of coverage of internal audit.

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6 Developing an internal audit plan

The internal audit plan is based on management's risk priorities, as set out in the Authority's own risk analysis/assessment. The plan has been designed to, wherever possible, cover the key risks identified by this risk analysis.

The level of risk, and other possible sources of assurance, will always determine the frequency by which auditable areas will be subject to audit. This ensures that key risk areas are looked at on a frequent basis. The aim of this approach is to ensure the maximum level of assurance can be provided with the minimum level of audit coverage.

During the period covered by this plan, the priority and frequency of audit work will be subject to amendment to recognise any changes in the risk profile of the Authority.

Auditor's judgement has been applied in assessing the number of days required for each audit identified in the strategic cycle.

The assessment of assurance need's purpose is to:

- determine priorities and establish the most cost-effective means of achieving audit objectives; and
- assist in the direction and control of all audit work

This approach builds upon and supersedes previous internal audit plans.

Included within the plan, in addition to audit days for field assignments are:

- a contingency allocation, which will be utilised when the need arises, for example, special projects, investigations, advice and assistance, unplanned and ad-hoc work as and when requested. This element has been calculated on the basis of past experience
- a follow-up allocation, which will be utilised to assess the degree of implementation achieved in relation to recommendations agreed by management during the prior year; and
- an audit management allocation, which is used for management, quality control, client and external audit liaison and for preparation for, and attendance at various meetings including the Audit Committee etc.

7 Considerations required of the Audit and Risk Committee and Senior Management

Are the objectives and key risks identified consistent with those recognised by the Authority?
--

Does the audit universe identified include all those systems which would be expected to be subject to internal audit?

Are the risk scores applied to the audit universe reasonable and reflect the service as it is recognised by the Authority?
--

Does the Internal Audit Plan cover the key risks as they are recognised?
--

Is the allocation of audit resource accepted, and agreed as appropriate, given the level of risk identified?
--

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8 Information to support the Internal Audit Plan

Resources required

It is envisaged that 185 audit days will be required for delivery of the first year of the strategy.

Communication of results

The outcome of internal audit reviews is communicated by way of a written report on each assignment undertaken. However, should a serious matter come to light, this will be reported to the appropriate level of management without delay.

Staffing

Where appropriate, audit staff are either professionally qualified, or sponsored to undertake relevant professional qualifications. All staff are subject to an appraisal programme, which leads to an identification of training needs. In this way, we ensure that staff are suitably skilled to deliver the internal audit service. This includes the delivery of specialist skills which are provided by staff within the service with the relevant knowledge, skills and experience.

Quality assurance

The internal audit service will adhere to the Public Sector Internal Audit Standards.

[ILO: UNCLASSIFIED]

9 Internal Audit Plan for the period 1 April 2024 to 31 March 2025

Auditable Area	Purpose	Assessment of Assurance Need	Estimated Days
Head of Portfolio			
Risk Management	<p>A review to ensure the Authority is adequately identifying, assessing and managing the risks it faces in achieving its objectives.</p> <p>(The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Authority's risk management arrangements.)</p>	High	10
Director Enabling Services			
Governance	<p>An annual review of aspects of the Authority's governance arrangements. This audit will evaluate the design, implementation and effectiveness of its ethics-related objectives, programmes and activities.</p> <p>(The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Authority's governance arrangements.)</p>	High	10
Head of Prevention			
Partnerships	<p>A review of the strategic management (governance, reporting, risk management) of key partnerships, with particular emphasis on monitoring and measurement of outcomes.</p> <p>(Linked to risk CR3 3.2)</p>	Medium	12
Head of People Support			
Payroll	<p>A review of the key financial controls relating to the administration of the Payroll System.</p> <p>(Linked to risk CR8 8.2)</p>	High	15

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Auditable Area	Purpose	Assessment of Assurance Need	Estimated Days
Head of Digital and Data			
IT	A review to ensure that access to systems and data is controlled, encompassing setting up system users, removal of leavers system access, maintaining password and access controls and monitoring access rights. (Linked to risk CR7 7.1)	High	15
Data Protection	A review of the Authority's monitoring of adherence to the requirements of the General Data Protection Regulations. (Linked to risk CR7 7.2)	High	15
Head of Finance and Procurement			
Our Key Financial System reviews will help inform the work of the Authority's external auditors where appropriate. All such reviews in these areas are deemed high risk by their very nature.			
Accounts Receivable	A review of the key financial controls relating to invoicing and collection of debts. (Linked to risk CR8 8.2)	High	12
Accounts Payable	A review of the key financial controls relating to the ordering and payment of goods and services. (Linked to risk CR8 8.2)	High	12
Fixed Asset Accounting/Asset Planning	A review of the key financial controls relating to the accurate recording of fixed assets, including assessing the impact of potential asset sales and valuation reductions. (Linked to risk CR8 8.2)	High	12
Budgetary Control	A review of the key financial controls relating to Budgetary Control. (Linked to risk CR8 8.2)	High	15
Counter Fraud (Demonstrating a pro-active approach to countering fraud and corruption is a key element of good	The council's Counter Fraud Unit provide support and advice to tackle fraud and corruption, including assistance with the Cabinet Office's National Fraud Initiative. Over the course of the next 12 months officers of the Counter Fraud Unit will liaise with key	-	10

[ILO: UNCLASSIFIED]

Auditable Area	Purpose	Assessment of Assurance Need	Estimated Days
governance)	<p>Chief Officers to access the need for sample and deep dive fraud preventative testing exercises and measure the requirements for fraud awareness training.</p> <p>In addition, the Counter Fraud Unit is available to conduct investigations when required to do so. Days/costs can be discussed on a case by case basis.</p> <p>(Linked to risk CR8 8.2)</p>		
National Fraud Initiative	<p>We will lead on the Authority's NFI requirements. We will work with the Cabinet Office to ensure that the Authority continues to meet all its responsibilities.</p> <p>(It is a requirement that this exercise is undertaken.)</p>	-	10
Other			
Contingency	Special projects, investigations, advice and assistance and ad-hoc work as requested.	-	7
Management	An allocation of time for the management of the internal audit service. To include meeting any training requirements of the Authority or Members and for preparation for, and attendance at, various meetings including the Audit and Risk Committee (to include where appropriate, a Committee skills audit and self-assessment workshop).	-	15
Follow up	<p>A follow up of the key audit recommendations made during the previous year.</p> <p>(The Head of Internal Audit is required to obtain assurances that previously agreed actions have been implemented.)</p>	-	15
Total			185

[ILO: UNCLASSIFIED]

APPENDIX B**Indicative Future Internal Audit Plan**

Auditable Areas:	Risk	25/26	26/27
Head of Portfolio			
Risk Management	High	✓	✓
Partnerships	Medium		✓
Head of Operations			
Fire Stations – Management of Fuel	Medium		✓
Head of People Support			
Absence Management	Medium		✓
Workforce Planning	Medium	✓	
Payroll (KFS)	High	✓	✓
Head of Response, FC and Emergency Planning			
Business Continuity Plan	Medium		✓
Director Enabling Services			
Governance	High	✓	✓
Head of Digital and Data			
IT	High	✓	✓
Freedom of Information	Medium		✓
Data Protection	High	✓	✓
Environmental Protection Targets	Medium		✓
Head of Finance and Procurement			
Accounts Receivable (KFS)	High	✓	✓
Accounts Payable (KFS)	High	✓	✓
Fixed Asset Accounting/Asset Planning (KFS)	High	✓	✓
Budgetary Control (KFS)	High	✓	✓
Counter Fraud	-	✓	✓
National Fraud Initiative	-	✓	✓
Other			
Contingency	-	✓	✓
Management	-	✓	✓
Follow Up	-	✓	✓
Total		185	185

[ILO: UNCLASSIFIED]

WEST MIDLANDS FIRE AND RESCUE AUTHORITY ^{Item 7}

AUDIT AND RISK COMMITTEE

25 MARCH 2024

1. **INTERNAL AUDIT CHARTER – ANNUAL REVIEW**

Report of the Audit Manager [Sandwell MBC].

RECOMMENDED

THAT the existing Internal Audit Charter be subject to its next annual review.

2. **PURPOSE OF REPORT.**

To ask the Committee to review the Internal Audit Charter.

3. **BACKGROUND**

3.1 There is a statutory requirement for internal audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the 'Public Sector Internal Audit Standards'. The Internal Audit Charter reflects this and was first approved by the Audit and Risk Committee in January 2014. It was last reviewed in March 2023 and is now due for its next review.

3.2 There have been no changes to the Charter since it was last reviewed.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to and/or do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The Accounts and Audit Regulations Act states that a relevant body must "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices".

6. **FINANCIAL IMPLICATIONS**

Implementation of the recommendation will be undertaken within existing resources.

BACKGROUND PAPERS

None

Peter Farrow
Audit Services and Risk Management Manager, Sandwell MBC

Definition of internal auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Mission of internal audit

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Core Principles for the Professional Practice of Internal Auditing

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement

Authority and standards

Internal audit is a statutory service in the context of the Accounts and Audit Regulations (Amendment)(England) 2015. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer to have responsibility for those arrangements.

The Local Government, England and Wales, Accounts and Audit Regulations 2015 states that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"*. These Standards have been adopted by the Fire Authority's internal audit section.



Internal audit has the right of access to all records, assets, personnel and premises, including those of partner organisations, and has the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

Throughout the Public Sector Internal Audit Standards, reference is made to the terms 'Chief Audit Executive', 'board' and 'senior management'. For the purposes of this Charter, the 'Chief Audit Executive' is defined as the Audit Services Manager the 'board' as the Audit and Risk Committee and 'senior management' as the senior managers within the Fire Authority.

Scope and objectives of internal audit activities

The scope of work of internal audit is to determine whether the Fire Authority's risk management, control, and governance processes are adequate and effective in order to ensure that:

- Key risks are identified and managed;
- Key financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the Fire Authority's control process; and
- Key legislative and regulatory issues impacting the Fire Authority are identified and addressed appropriately.

Internal audit's remit extends to the entire control environment of the Fire Authority and not just financial controls.

Where other internal or external assurance providers may have undertaken relevant assurance and audit work, internal audit will seek to rely on the work of these other assurance providers where professional standards would make it appropriate to do so.

Responsibilities

Internal audit has a responsibility to:

- Provide a cost effective and value added full internal audit service;
- Develop a flexible annual audit plan using a risk-based methodology;
- Implement the annual audit plan;
- Track status of outstanding management actions;
- Provide regular updates on the work of internal audit to the Audit and Risk Committee and where appropriate, senior officers;

- Assist, as needed, in the investigation of significant suspected fraudulent activities within the organisation; and
- Work with the External Auditor (currently Grant Thornton) and other review bodies to share assurance and minimise duplication.

Organisational independence

Internal audit is involved in the determination of its priorities in consultation with those charged with governance. The Audit Services Manager has direct access and freedom to report in his own name to all officers and Members and particularly to those charged with governance. If required, the Audit Services Manager may request to meet privately with the Audit and Risk Committee.

Internal audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.

Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement.

Accountability, reporting lines and relationships

The Audit Services Manager reports on an administrative basis to the Head of Finance and Procurement, and reports functionally to the Audit and Risk Committee, and other senior management. The Audit Services Manager also, where appropriate, works closely with the Monitoring Officer. An Annual report will also be produced and presented to the Audit and Risk Committee which will include an 'opinion' from the Audit Services Manager on the adequacy and effectiveness of internal control, risk management and governance within the Fire Authority.

A written report will be prepared by internal audit for every internal audit review. The report will be subject to an internal quality review before being issued to the responsible officer and, where appropriate, will include an 'opinion' on the adequacy of controls in the area that has been audited. The responsible officer will be asked to respond to the report in writing. The written response must show what actions have been taken or are planned in relation to each recommendation. Accountability for the response to the advice and recommendation of internal audit lies with management, who either accept and implement the advice or formally reject it.

The full role and responsibilities of the Audit and Risk Committee are detailed in their terms of reference, which are based on the model provided by CIPFA in their "Audit Committees – Practical Guidance for Local Authorities".

Internal audit resourcing

Internal audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience. Internal auditors need to be properly trained to fulfill their responsibilities and should maintain their professional competence.

The Head of Finance and Procurement is responsible for the appointment of the Audit Service, which then provides the Audit Services Manager, who must be suitably qualified and experienced. The Audit Services Manager is responsible for appointing all of the other staff to internal audit and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills.

The Audit Services Manager is responsible for ensuring that the resources of internal audit are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was concluded that resources were insufficient, this must be formally reported to the Head of Finance and Procurement, and if the position is not resolved, to the Audit and Risk Committee.

Fraud

Managing the risk of fraud is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption. Internal audit may be requested by management to assist with fraud related work.

The Fire Authority's Financial Regulations require that all suspected irregularities are reported to the Audit Services Manager.

Advisory work

The Public Sector Internal Audit Standards allow that internal audit effort may, where considered to have the right skills, experience and available resource, sometimes be more usefully focused towards providing advice rather than assurance over key controls. Any such internal audit involvement in consultancy and advisory work, would only take place where it would not constitute a conflict of interest in keeping an independent stance. Any significant additional consulting services will be approved by the Audit and Risk Committee beforehand.

Review of the internal audit charter

This charter will be reviewed annually by the Audit Services Manager and the Audit and Risk Committee.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

25 MARCH 2024

1. **ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER**

Report of the Chief Executive Officer

RECOMMENDED

THAT the Committee note the contents of the Annual Report of the Senior Information Risk Owner (SIRO) 2023.

2. **PURPOSE OF REPORT**

The annual report from the SIRO report is a planned publication that provides assurance in relation to how the organisation discharges its duties and responsibilities in relation to information governance.

3. **BACKGROUND**

- 3.1 The organisation has an existing Management of Information framework and supporting policies that define how information is managed within the organisation.
- 3.2 The digital transformation that the organisation has undertaken has delivered many benefits including increasing reliance on the underlying information systems, infrastructure and data.
- 3.3 The Annual Report from the SIRO provides further detail about performance against specific legislation such as the Data Protection Act 2018 but also to consider the wider risks and mitigations related to information governance.

- 3.4 Outcomes from internal and external audit are included in the report to provide additional assurance about information governance.

4. **EQUALITY IMPACT ASSESSMENT**

This is not required as this report does not impact any positive characteristics.

5. **LEGAL IMPLICATIONS**

It is considered best practice for organisations to provide assurance in relation to its performance reference information governance.

6. **FINANCIAL IMPLICATIONS**

Improved proactive information governance reduces the risk of regulatory action and monetary penalties from the Information Commissioner's Office (ICO).

7. **ENVIRONMENTAL IMPLICATIONS**

None

BACKGROUND PAPERS

[Annual Data and Governance Report to SIRO - 2023.docx](#)

DEPUTY CHIEF FIRE OFFICER
JO BOWCOCK

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

2023

[Abstract](#)

This annual report provides an update from the Senior Information Risk Owner (SIRO) in respect of activity and performance related to information governance. It provides assurances that information risks are being effectively managed; what is going well; and where improvements are required.

Martina Doolan
Data and Governance Manager

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

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ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

Executive Summary

This annual report provides an update from the Senior Information Risk Owner (SIRO) in respect of activity and performance related to information governance for the previous year. It provides assurances that information risks are being effectively managed; what is going well; and where improvements are required. The report outlines new and emerging information governance considerations and the projects and tasks the organisation has in place to minimise risk and improve performance.

West Midlands Fire Service continues to be committed to effective information governance, with robust arrangements in place to ensure the organisation complies with legislation and adopts best practice. Governance arrangements are closely monitored to ensure systems, policies and procedures are fit for purpose; and that all employees and elected members understand the importance of information governance and security so that good practice is everyone's business and is embedded as part of the West Midlands Fire Service culture.

The most recent audit undertaken gave an outcome of 'substantial assurance' for freedom of information arrangements. Cyber risks present a real and increasing challenge to all organisations with a summary included to list action already undertaken and further activity planned to maintain and strengthen defences and enhance corporate resilience. Performance in relation to information requests processed under for example Freedom of Information and Data Protection legislation is summarised in the report.

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

Introduction

- The annual report from the Senior Information Risk Owner (SIRO) reflects on the organisation's information governance work undertaken during the preceding year and provides assurances that personal data is held securely; information is disseminated effectively and provides an overview of key performance indicators relating to the organisation's processing of information requests within the necessary legal frameworks.
- The Annual Report also provides a forward look at new and emerging information governance considerations for the organisation, the work the organisation has in place to minimise risk or improve performance.

Key Roles and Responsibilities

The Chief Fire Officer (CFO) is the most senior role in the service and is responsible for advising the Fire Authority and for ensuring, along with the Authority's Monitoring Officer and Treasurer, that the Authority can effectively discharge all responsibilities imposed upon it by statute and guidance.

West Midlands Fire and Rescue Authority are responsible for West Midlands Fire Service and are required to operate in accordance with a wide range of legislation. They are accountable to the communities of the West Midlands for the service provided by the fire service.

The role of Senior Information Risk Owner (SIRO) is held by the Assistant Chief Fire Officer (ACFO) for Community Risk Reduction with responsibility for information security within West Midlands Fire Service. There is a new post holder in this role during the reporting period and to provide resilience and support, other senior managers have undertaken SIRO training.

The SIRO role is supported by the Information Asset Owners (IAO) who are the Strategic Enabling Team (SET) with responsibilities for information assets within their respective areas. Some initial training has taken place for IAOs in Q4 2023 with more planned for the next reporting period.



The Data Protection Officer is responsible for monitoring internal compliance, inform and advise on the organisation's data protection obligations, provide advice regarding Data Protection Impact Assessments (DPIAs) and act as a contact point for data subjects and the supervisory authority i.e. The Information Commissioner's Office (ICO).

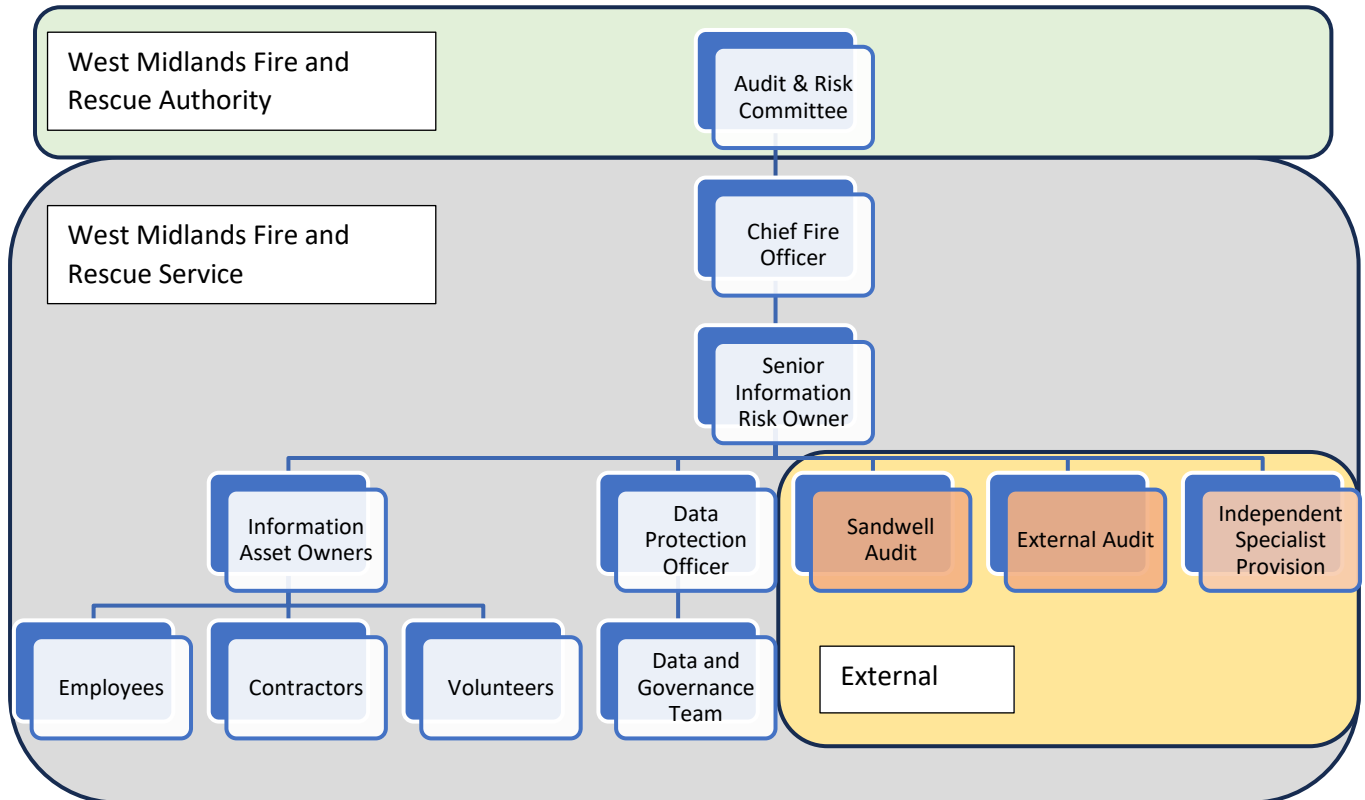
The Data and Governance team support the Data Protection Officer to effectively undertake their duties and provide specialist skills and experience to ensure appropriate resilience for information governance activities. The Data and Governance team has undergone restructure along with the rest of the Digital and Data area and more resources have been refocused into the Governance area.

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

Employees are responsible for adhering to the relevant policies of the organisation in respect of protecting information and adhering to appropriate classifications, handling instructions and confidentiality requirements.

Any third parties such as contractors or volunteers are also required to handle organisational assets in line with the relevant policies and this is supervised by the relevant hiring manager.

Information Governance corporate structure



ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

Governance and Monitoring Arrangements

West Midlands Fire Service is audited by Sandwell Metropolitan Borough Council (MBC) who conduct an annual themed review of matters related to information management. External audits are also undertaken by Grant Thornton to provide an additional layer of assurance. The most recent audit from Sandwell MBC gave the highest level of 'substantial assurance' without any advisory matters in relation to freedom of information activities for this reporting period. The planned information governance activities will build upon this outcome and seek to exceed this assessment.

The Audit and Risk Committee of West Midlands Fire Authority provide scrutiny of the arrangements in place within West Midlands Fire Service including information governance and compliance with relevant legislation.

The ICO is the UK's independent supervisory body set up to uphold information rights with responsibility for data protection, freedom of information and other legislation related to accessing information.

Management and Assurance

West Midlands Fire Service has a Corporate Risk Register and Risks 7.1 and 7.2 relate to the confidentiality, integrity and availability of systems and data including identification of risk and the controls applied to mitigate the risk. Corporate risk 7.3 Cyber Security recognises the external



threats to organisational systems and data and gives focus to this important area. These risks are reviewed and reported to the Strategic Enabling Team monthly to ensure that emerging and new risks are captured in a timely manner.

The Portfolio, Programmes and Project system (3PT) captures risks related to transition and operational activities and ensures that these are monitored at Portfolio and Programme Board level.

The outcomes of audits by Sandwell MBC are integrated into the organisational

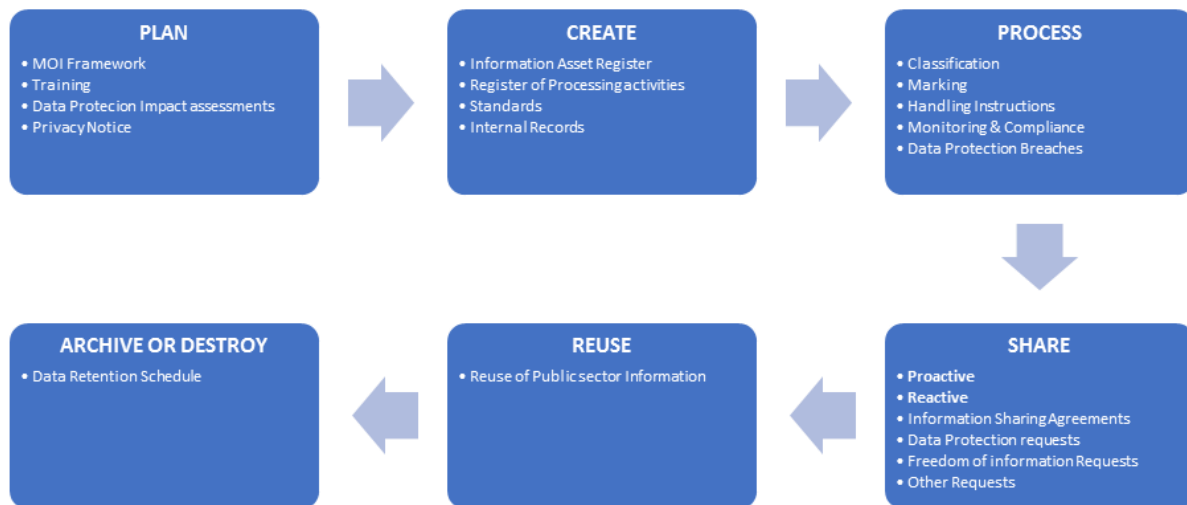
policies, processes, and procedures.

Periodically the organisation will commission external organisational assurance reviews and work with specialist companies to provide independent scrutiny of specialist areas such as Digital and Data to provide assurance that the organisational infrastructure is secure, and the threat of cyber security incidents is minimised.

The organisation has a Management of Information framework that is a comprehensive policy covering how information should be managed and includes classification, handling instructions, best practice, and guidance for all employees and is based upon the government Data Quality Life Cycle.

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

Data Quality Life Cycle



Generic training is provided by the Data and Governance Team and covers managing information principles and compliance with data protection legislation. This is supported by regular global updates to remind employees about protocols related to the security of information and any new relevant policies. SET as the Information Asset Owners also receive bespoke training sourced externally to enable them to perform their role.

Training

Course Name	Completed	Not Completed
Management of Information	80%	20%

Data protection awareness and education is embedded within the Management of Information training. This training has been refreshed to be available in the new Oracle system within the Learn module. Supplementary information and guidance are published periodically on the organisation's internal communications platforms in relation to best practice and when trends are identified through organisational intelligence.

Planned and Completed Activity in 3PT

Information governance has been embedded as a key part of the digital transformation within the organisation, this area of work has moved to the Enabling Services Programme of Work and Digital and Data Business as Usual (BAU) project.

Completed in the Reporting Period:

The Management of information framework is a fast-moving policy and under continual review to ensure that the digital first strategy of the organisation is achieved and supported by the framework. The policy was updated to align to the government data quality life cycle and to set out a digital first approach to record retention thus reducing paper archives.

The automated enforced marking of documents, emails and other material was implemented and is continuing to be monitored for compliance against data loss prevention policies whereby incorrect application of the classification and labelling of material can be intelligently and automatically identified without manual intervention.

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

Automated information retrieval is embedded within the Data and Governance area and used regularly to improve compliance with statutory time limits for subject access requests under the Data Protection Act 2018 and reduce reliance on manual processes. This technology is also being used to maintain the information sharing register to ensure that a complete picture of where proactive information sharing is taking place with partner agencies.

The number and size of permanent paper and media archives has continued to be managed downwards and the digitising of information is the preferred approach in policies.

Planned for the next Reporting Period:

The Management of Information framework has been updated to include further information about the subject access requests process, imagery, and digitisation of paper copies. Further work about contemporaneous notes and recording of information to align with best practice is planned.

Enforcement of information protection processes such as encryption will be implemented by default to minimise data loss and ensure that information is adequately protected in line with its classification.

Automation of activities within the information governance area will continue to streamline processes and deliver greater efficiencies.

Progress within this workstreams is reported monthly to the Enabling Services Programme Board including issues, risks, assumptions and dependencies with other organisational projects and programmes of work. Deviations from expected outputs are highlighted and discussed and impacts upon the expected value from the project are considered.

Digital and Data Security & Cyber Risks



Information governance and cyber are significant risk areas for all organisations locally, nationally and globally, with risks of accidental data loss, physical system failures and direct malicious cyber-attacks an ongoing area requiring focus. There is an ongoing need for the organisation to address all aspects of this risk through robust technical solutions and risk management processes as well as addressing the cultural and behavioural elements of this risk. The National

Cyber Security Centre (NCSC) produces a weekly cyber security threat bulletin that evidences the risks to organisations both within the public and private sector.

What has been done?

In summary, the following key actions were delivered which has improved the organisation's management of information risks:

- Implementation of outcomes from an external information assurance to remediate weaknesses in the management of passwords, patching of systems, administrators of systems.
- Decommissioning of legacy hardware servers and systems that are no longer required.

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

- Implementation of multi-factor authentication and conditional access giving improved management of identification of users and devices rolled out across the organisation.
- Better auditing of systems to identify incorrect sharing of information.
- Sharing of the content within this report with the Organisational Intelligence Team to improve policies and learning.
- Inclusion of the content within this report within the Station Peer Assessment (SPA) process.

What is planned?

Progress has also been made with the following actions, with further work planned during the year 2024/5:

- Compliance with Government Minimum Technical Cyber Security Standards and accreditation with Cyber Essentials Plus which is an external verification and assurance of the organisational approach to information security.
- Automated classification of information and application of controls by default to reduce data loss.
- Introduction of new policies and procedures related to 'Bring Your Own Device' (BYOD)
- Significant investment in cyber security e.g. Virtual Chief Information Security Officer (CISO)
- Managed Detection and Response, Vulnerability Management, Identity Protection and Response
- Review and update of MOI/ GDPR Required training

As the importance of digital information and networks grows, cyber security is of high importance and remains a corporate priority. The type of risks posed include theft of sensitive corporate and personal data, theft or damage to data, threat of hacking for criminal or fraud purposes and potential disruption to infrastructure such as ICT systems, intranet, and public facing website.

The National Cyber Security Centre (NCSC) has advised that Cyber risk has been increasing over time and have published the NCSC Cyber Assessment Framework. Where possible WMFS has followed the published guidance and will be increasing compliance by working within the prescribed frameworks and standards.

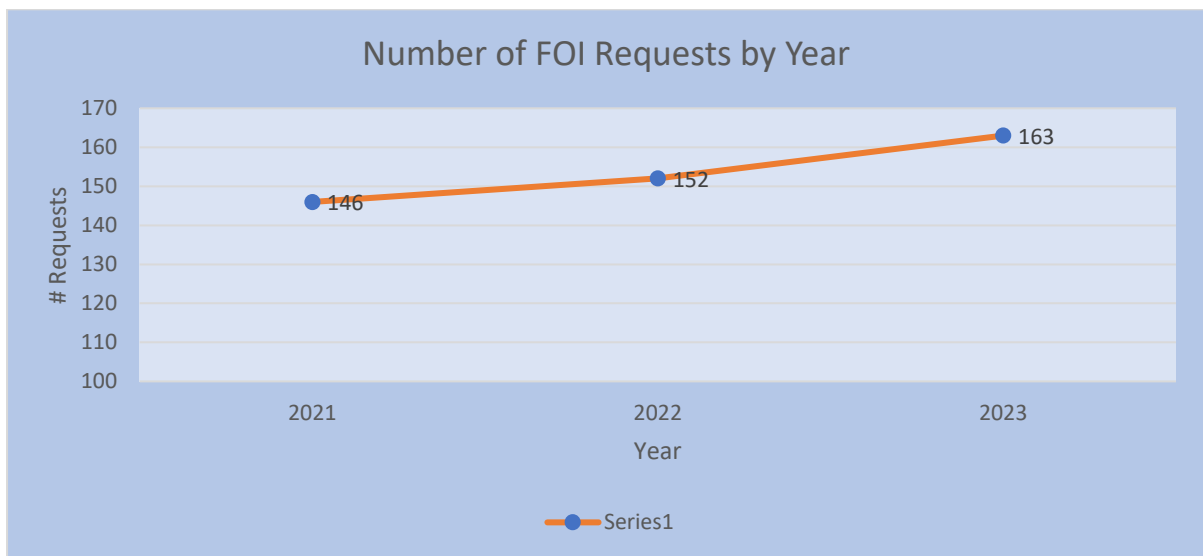
ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

Freedom of Information 2000

The Freedom of Information Act 2000 gives people the right to request information from public authorities and is intended to promote a culture of openness, transparency and accountability amongst public sector bodies and enable the public to better understand how public authorities carry out their duties, how they make decisions and how they spend their money.

Level of activity

Year	Number of FOI requests
2021	146
2022	152
2023	163



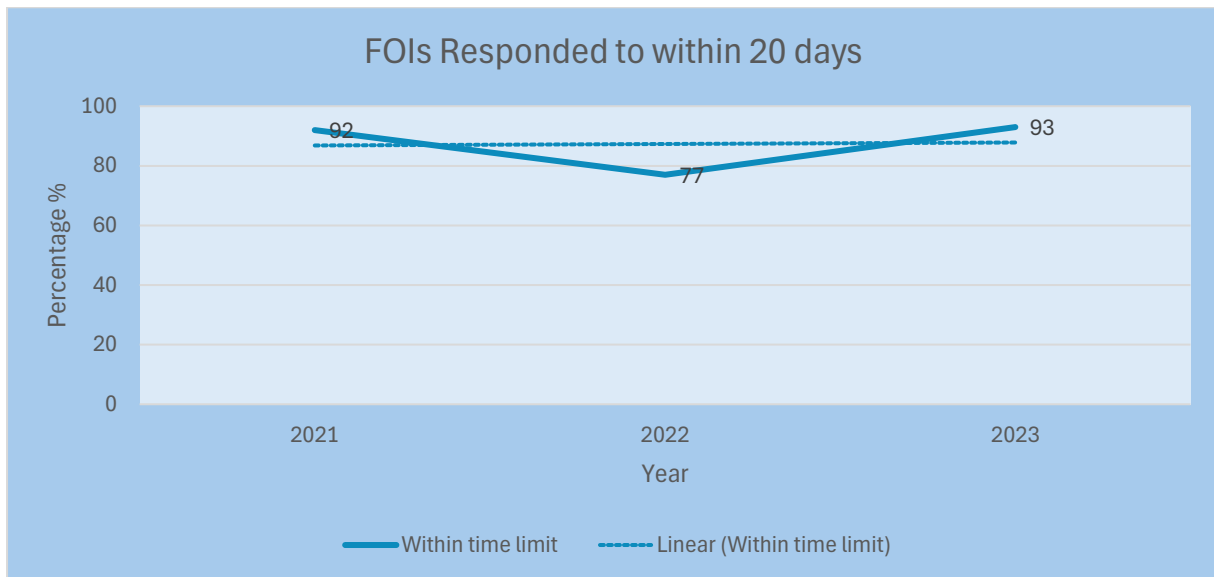
The number of requests processed and the trendline is upwards. Evidence from the Data and Governance team indicates that the complexity of requests has increased too.

Statistics are showing that the percentage of occasions where the information is readily accessible to the requester has increased therefore negating the requirement to gather the information which is more resource intensive than signposting to where the data is published or available. This approach adopted by the organisation to proactively publish information has underpinned this increased efficiency and aided transparency and openness.

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

FOI requests processed within 20-day statutory time limit.

Year	Within time limit %
2021	92
2022	77
2023	93



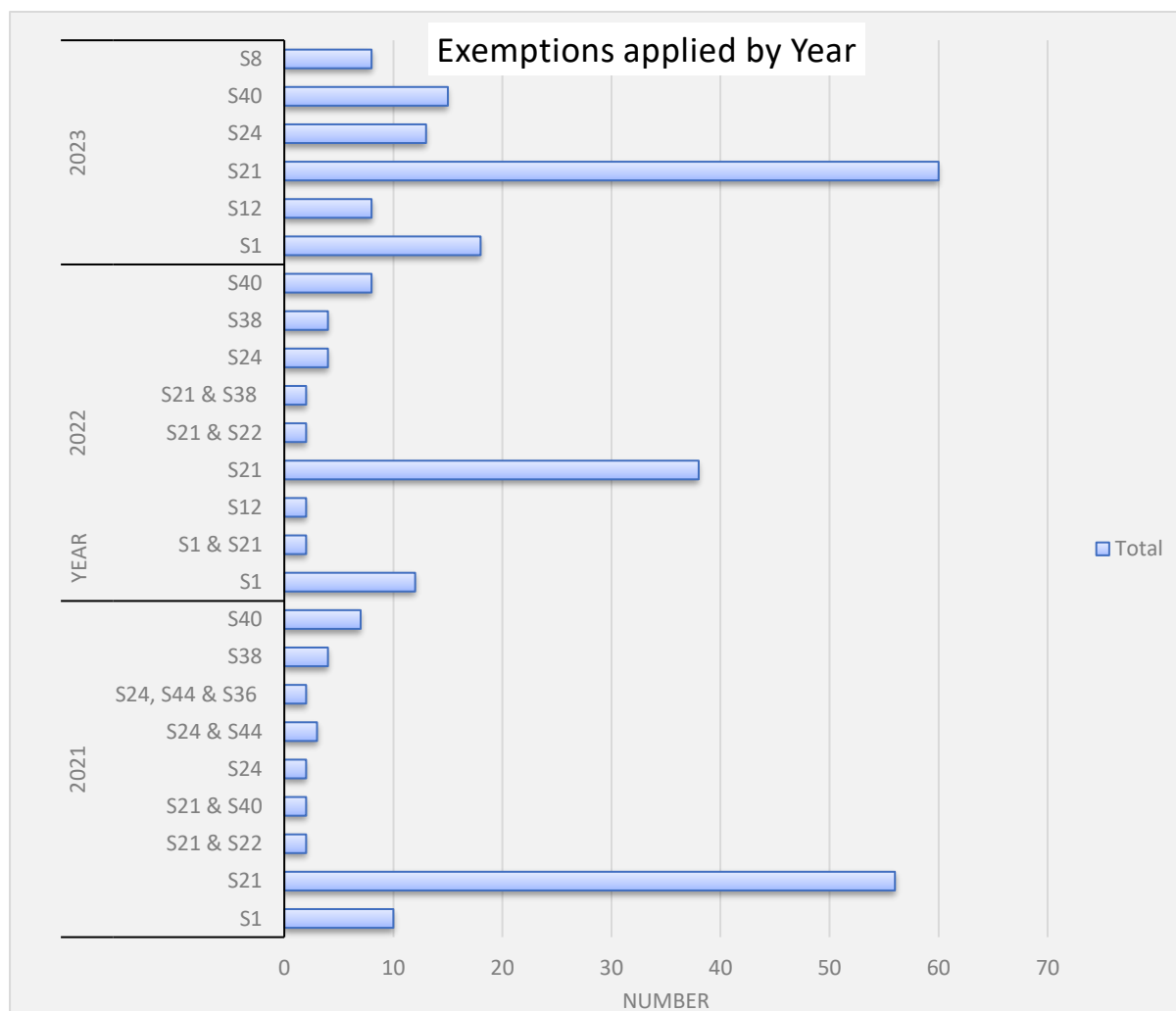
In 2022 there was a decline in the number of FOI requests being processed within the statutory time limit which was a cause for concern. An approvals process was automated in Q4 2022 and the response times have improved over the last reporting period (+16%).

The aspiration would be to respond to 100% of requests within the statutory timescale. The Information Commissioner's Officer has set the tolerance threshold at 90% and currently 52% of central government departments are not meeting this threshold. The organisation is currently achieving the 90% threshold by increasing automation of processes and using technology to assist where possible.

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

Exemptions

Exemption applied	2021	2022	2023
Section 12 - Exceeds Cost Limit	0	3	4
Section 31(b) - Exempt from Disclosure	1	0	0
Section 36 - Prejudice public affairs	1	0	2
Section 22 - Future Publication	3	3	4
Section 8 - Invalid request	5	2	0
Section 44 - Prohibition on Disclosure	6	0	5
Section 38 - Health & Safety	6	2	5
Section 40 - Personal Data	8	5	16
Section 1 - Do not hold information	9	14	18
Section 24 - National Security	9	6	14
Section 21 - Reasonably Accessible by other means	34	39	60
Total	32	79	128



ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

Charges

WMFS cannot charge for the provision of information, however if it is estimated that a request will incur unreasonable cost then it can issue a Refusal Notice under Section 12 of the Act and issue a Fees Notice. The threshold set by the Act is 18 hours (equivalent to £450 at a notional hourly rate of £25).

To reach a decision about whether to apply a Section 12 exemption, the Data and Governance Team works with the service area to estimate the expected time to:

- determine whether the information is held
- locate information or appropriate documents
- retrieve the information or document containing it
- extract the information.
- process the request

Year	Section 12 Notice	Total value	Paid
2021	0	0	Not applicable
2022	3	£1,150	None
2023	3	£3,462	None

Internal Reviews

Customers who submit a FOI request can request an internal review if they are not satisfied with the response provided. Internal reviews provide WMFS with an opportunity to review the request handling process prior to any potential referral to the Information Commissioner's Office by the requester.

Year	Internal Review Requests
2021	1
2022	1
2023	0

Outcomes of Internal Reviews

Year	Decision upheld	Fee notice	Further information
2021	1	1	0
2022	1	0	1*
2023	Not applicable	Not applicable	Not applicable

*The requester had been directed to the information in the data published by the organisation but could not find it so further clarity was provided.

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

FOI Referrals to the Information Commissioner's Office (ICO)

If an applicant is not satisfied with the outcome of an Internal Review, they can refer their case to the Information Commissioner, who will assess the case and make an independent decision about the way WMFS has handled the request.

Following a referral and a subsequent case investigation, the ICO can issue a Decision Notice requiring WMFS to disclose information it may previously have refused to disclose.

Year	Number
2021	0
2022	0
2023	0

No applicants have referred the organisation's internal reviews to the ICO for further review in the reporting period.

Referrals to the First Tier Tribunal (FTT)

If an applicant is dissatisfied with the Information Commissioner's decision, they have the right to refer the matter to the First Tier Tribunal (FTT). WMFS can also appeal fines issued for data breaches and enforcement notices to the FTT. The FTT is independent of the Government and listens to representation from both parties before it reaches a decision. Any party wishing to appeal against an ICO Decision Notice has 28 days to do so.

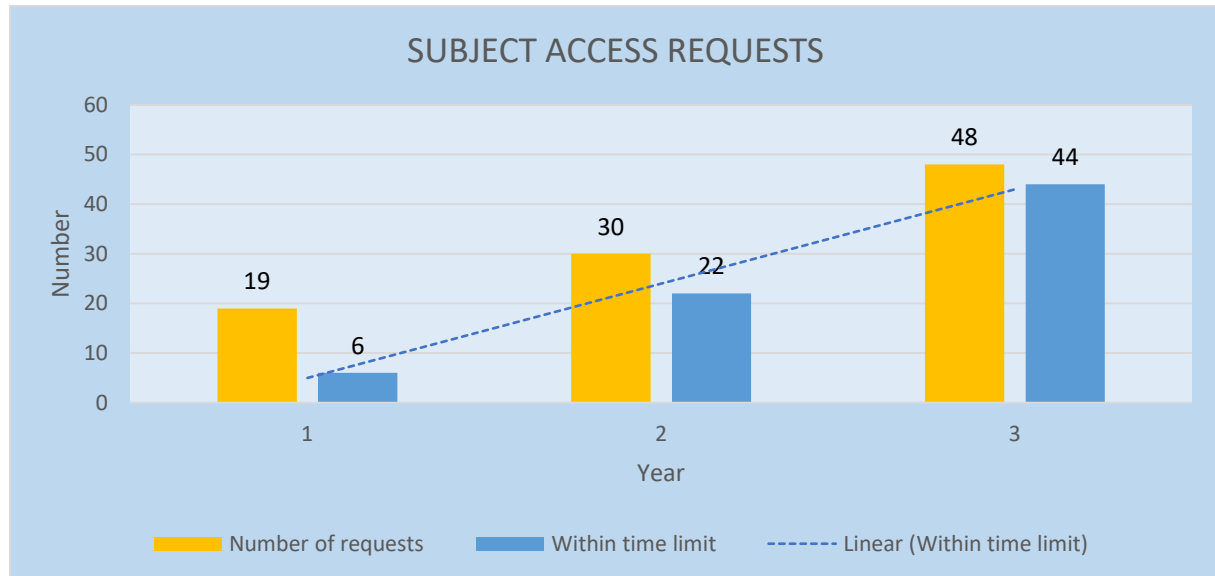
There have been 0 referrals to the FTT in the past 3 years

ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER

Data Protection Act 2018 (DPA)

Under the Data Protection Act 2018 any living person, regardless of their age, can request information about themselves that is held by WMFS. This application process is referred to as a Subject Access Request (SAR).

Year	Number of requests	Within time limit
2021	18	7
2022	30	22
2023	48	44



Automation improvements were embedded within the information governance area to support the retrieval of information for SARs as previously the process was predominantly manual searches and redaction. It was reliant upon employees responding promptly to requests from the Information Governance Team, but this was impacted by availability and capacity. This new functionality has led to a significant improvement in retrieving relevant information increasing from 39% in 2021 to 92% in 2023. This is against a backdrop of a significant increase (+60%) in the number of SARs but also the complexity.

Data Breach Management and Reporting

Any concerns relating to potential data breaches are promptly investigated and risk assessed based on scale, assessment of numbers of people affected, sensitivity, nature of breach and likely impact. Dependant on the assessment, the incident may need escalation to the SIRO and IAO and may be self-referred by WMFS to the Information Commissioners Office (ICO). The reporting, attempt to recover, investigation and learning phases of data breach incidents play a key role in the management of risk and improvement of internal controls. The introduction of the data protection feedback process also captures organisation learning and identifies improvements to prevent similar occurrences.

Summary of Data Protection Breaches

The table below shows the number and broad categories of the type of data protection breaches within the organisation. The data protection breaches increased from 2018 which aligned with the

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introduction of the General Data Protection Regulations and Data Protection Act 2018. Within the organisational implementation plan, increased training and guidance was made available to all employees so the increase in reporting may be an indicator of greater awareness.

	Number
2021	23
DM Security Incident - Human error - Personal information - breached	9
DM Security Incident : Criminal Activity : Spoofing Email: Personal Information – Breached	1
DM Security Incident : Unauthorised Access : Personal Information – Breached	4
DM Security Incident : Systems Error : Personal Information – Breached	6
DM Security Incident : Systems Error : Personal Information – Not Breached	2
DM: Security Incident: Ransomware 3 rd Party Supplier: Personal Information – Breached	1
2022	24
DM Security Incident Data Breach - Human Error Access to personal information	17
DM Security Incident Data Breach – Systems error – Personnel Information	4
DM Security Incident Data Breach – Lost equipment – Radio	1
DM Security Incident Data Breach – Human Error – Photograph	1
DM Security Incident Data Breach – Ransomware attack – external	1
2023	33
Human Error	19
Determined no breach occurred	5
System Error	4
Process	2
Inappropriate disclosure	2
Misuse of information	1

Consistently across the reporting period 'Human Error' was the single highest factor in data protection breaches. A refresh of the organisational Management of Information training is currently in progress to reduce the number of these incidents and consideration of more targeted training for specific areas.

There were 5 data protection breaches that were reported to the ICO in 2023. 4 of these were classified as 'High risk' to the individual's rights and freedoms and were reported on this basis. One report was due to a data protection breach complaint, which we referred to the ICO for their determination.



- 1. P60/Payslip Sent to the wrong address** - The process requires payslips and P60s to be printed. Two Payslips and P60s were sent to the incorrect recipients. Both individuals had the same first name and a similar surname.

The ICO determined that no further action was required and that the case is now closed. They advised that it is important to have appropriate technical and organisational measures in place to ensure the security of personal data.

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2. **LinkedIn Screenshots and email disclosure-** Information Governance referred a data protection breach complaint to the ICO for their determination. Although we did not believe that a data protection breach had taken place, the circumstances were complex, and the Data Subject did not agree with our decision.

Upon assessment, the ICO agreed with WMFS position that a breach did not appear to have taken place.

3. **Confidential Clinical notes-** 'Clinical in confidence' medical notes were shared in error with the Data Subjects Line Manager. The Line Manager would have been entitled to see an outcomes report from the Occupational Health Team, the notes should not have been shared.

The ICO recorded this as infringement under data protection law and advised that it is important to ensure that there is an appropriate level of security when processing personal data. The Data Subject is seeking litigation regarding this matter.

4. **Investigation bundle-** A package containing an appeal hearing bundle, was addressed incorrectly by the organisation and was received by a neighbour of the intended recipient. A secure delivery service had been used but checks and balances were not appropriately carried out by the operative. The 3rd party delivery service carried out an internal investigation under their relevant legislation.

The ICO did not pursue any regulatory action after receiving the report above but did provide advice and guidance to reduce the likelihood of future occurrences and processes were updated in the area to reflect this.

5. **Reckless disclosure** - A former WMFS employee disclosed sensitive information to an external trainer. The former employee had obtained the information while employed by WMFS.

This breach has been reported to the ICO and they have not provided a determination to date.

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Environmental Information Regulations 2004 (EIR)



Since the EIR Regulations came into force in 2004, WMFS has processed a very limited number of requests for information under this legislation.

EIR is similar to the Freedom of Information Act insofar as it gives the public access to environmental information to encourage greater awareness of issues that affect the environment. It includes policies, plans and procedures relating to the environment, reports on the state of the environment, and environmental impact studies. It also includes data taken from monitoring activities and risk assessments that affect or are likely to affect the environment.

There have been no requests received within the organisation under this legislation. However this may change due to a recent decision by the ICO ([Reference: IC-90850-D4P0](#)) that fire safety reports are environmental information and the appropriate legislation is the Environmental Information Regulations 2004.

12. Transparency and Open Data

The organisation routinely publishes data about its activities to promote awareness, understanding and scrutiny as a public body. It also creates efficiencies and reduces the time taken to handle FOI requests if the requester can be directed to the information.

Incident data is published on the organisational website and gives an anonymised overview of the incidents received, the type of incidents and the operational response in terms of appliances sent to deal with the incident. This information is processed against standardised geographies that are published from the Office of National Statistics (ONS).

Information about the breakdown of the workforce is also published giving detail about gender, ethnicity, belief systems, sexual orientation, age, and gender pay differentials.

Every FOI request is anonymised and published on the organisational website so that the public can see what has already been requested and re-use that information.

The Community Risk Management Plan is published on the organisational website setting out the priorities and objectives in 'Our Plan'. It was a rolling, three-year document which covered areas such as reducing serious traffic accidents, helping people have safer, healthier lives and ensuring emergencies are tackled effectively and safely. The format of this document will be changing during the next reporting period.

The Annual Assurance Report provides a yearly overview of governance activities and the framework in which the organisation operates. The document is available on the organisational website and links to other key pieces of information such as the Statement of Accounts (Summary and Full Reports), Annual Audit Letter, Efficiency Plan, Contracts, Expenditure over £500, land and building assets of the Authority and the Pay policy.

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Information about fire safety enforcement action such as prohibitions and enforcement notices under the Regulatory Reform (Fire Safety) Order 2005 are published for every fire and rescue service through a data portal managed by the National Fire Chiefs' Council (NFCC).

The organisation also routinely provides returns to the Home Office about the incidents that it attends, the number of safe and well visits and fire safety audits it has undertaken, and information about the workforce profile. This information is anonymised and published on the government (.gov.uk) website.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) publishes its assessment about how effectively and efficiently West Midlands Fire Service prevents, protects the public against and responds to fires and other emergencies. It also assesses how well the organisation looks after the people who work for the service.

13.Conclusion

Information is a key organisational asset and West Midlands Fire Service strives to derive maximum benefit from the information that it collects, shares and receives. To deliver this, it is critical that information is managed effectively and protected in terms of confidentiality, integrity, and availability so that the organisation can continue to make data driven decisions. A program of work is in place as part of the organisation's Portfolio to ensure that the benefits of data driven decision making are firmly embedded and the risks to this approach are mitigated.

The foundations of a robust information management framework have been delivered and is being reviewed to align with new ways of working and the introduction of technologies that will automate protecting data and accessing systems. The National Fire Chiefs' Council (NFCC) has published a national fire standard related to Data Management. A gap analysis is underway, and a program of work will follow to ensure that the organisation meets and exceeds this standard.

Minimum cyber security standards have been published by government and progress is being made against this to achieve compliance and benchmark against industry standards. Within the next reporting period, there will be a concerted effort to ensure that we build upon the 'substantial assurance' outcome from the last information governance themed audit by Sandwell MBC and maintain a position of excellence with information governance and assurance activities. Where possible technology is being used to simplify how we protect the confidentiality, integrity, and availability of information.

The focus for the following year is to implement functionality across the organisation to improve cyber security, protect information assets and prevent data loss by default. Retention and archiving of information will become more automated and proactive. There will also be a drive to consolidate and simplify data across fewer platforms so that manual entry reduces, efficiencies are realised, and it becomes easier to make information available to those who need it and protect it from those who should not have access.

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY
AUDIT AND RISK COMMITTEE
WORK PROGRAMME 2023/24**

Date of Meeting	Item	Responsible Officer	Completed
2023			
24 July 2023	Statement of Accounts 2022/23 (Draft Unaudited Approval)	Treasurer	24 July 2023
	Treasury Management Annual Report 2022/23	Treasurer	24 July 2023
	Audit Plan 2022-2023	Grant Thornton	Deferred.
	External Auditors Sector Progress Report		24 July 2023
	Terms of Reference	Deputy Clerk	Fire Authority - 26 June 2023
	Pension Board Action Plan and Risk Register	Deputy Clerk	N/A.
	Minutes of the Audit and Risk Committee held on 19 June 2023	Democratic Services Officer	24 July 2023
	Minutes of the Pension Board held on 29 March 2023	Democratic Services Officer	N/A.
	Audit and Risk Committee Draft Work Plan 2023/24	Democratic Services Officer	24 July 2023

25 Sept 2023	Audit Progress & Sector Update	Grant Thornton	25 th September
	Internal Audit Progress Report	Audit Manager	25 th September
	CIPFA Report	Audit Manager	25 th September
	Annual Thematic Audit Report of WMFS Information Governance	Data and Governance Manager	25 th September
	Minutes of the Audit and Risk Committee held on 24 July 2023	Democratic Services Officer	25 th September
	Audit and Risk Committee Work Plan 2023/24	Democratic Services Officer	25 th September
9 Oct 2023 [Authority]	Minutes of the Audit and Risk Committee held on 24 July 2022	Democratic Services Officer	
27 Nov 2023	Minutes of the Audit and Risk Committee held on 25 September 2023	Democratic Services Officer	27 November
	Audit Findings 2022/23	Grant Thornton	Deferred
	Statement of Accounts 2022/23 (for approval)	Treasurer	Deferred
	Audit Progress & Sector Update	Grant Thornton	27 November
	Audit and Risk Committee Annual report	Clerk	27 November
	Internal Audit Progress Report Update	Audit Manager & Treasurer	27 November

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	Treasury Management Mid-Year Report 2023/24	Treasurer	27 November
	Corporate Risk Update Q1 & Q2 2023/24	ACFO Strategic Enabler (Enabling Services)	27 November
	Business Continuity Corporate Risk – Resilience Contracts	Area Manager/Head of Response	27 November
	Fraud Awareness Training	Phil Tromans John Matthews	27 November
	Audit and Risk Committee Work Plan 2023/24	Democratic Services Officer	27 November
11 Dec 2023 (Authority)	Audit Findings 2022/23 Statement of Accounts 2022/23 Minutes of the Audit and Risk Committee held on 25 September 2023	Grant Thornton Treasurer Democratic Services Officer	Deferred

2024			
12 Feb 2024 (Authority)	Audits Annual Report 2022/23 (May be A&R March 2024)	Grant Thornton	
25 March 2024	Minutes of the Audit and Risk Committee held on 27 November 2023	Democratic Services Officer	25 March
	Audit Findings Report 22/23	Grant Thornton	25 March

	Internal Audit Progress Report 23/24	Audit Manager	25 March
	Monitoring Policies and RIPA (Annual Whistleblowing Report) (May be June 2024)	Monitoring Officer/ACFO Strategic Enabler (Enabling Services)	Deferred
	Internal Audit Plan 2024/2025	Audit Manager	25 March
	Audit Plan 2023/24 (possibly in June 2024 - tbc)	Grant Thornton	Deferred
	Internal Audit Charter – Annual Review	Audit Manager	25 March
	Informing the Audit Risk Assessment – West Midlands Fire and Rescue Authority 2022/23 (possibly in March 2023 but may need to be June 2023 - tbc)	Grant Thornton	Deferred
	Auditors Annual Report (May be Authority in February 2023)	Grant Thornton	Deferred
	Internal Audit Report - Data Governance	ACFO Strategic Enabler (Enabling Services) /Data and Governance Manager	Deferred
	Annual SIRO report	ACFO Strategic Enabler (Enabling Services)	25 March
	Audit and Risk Committee Work Plan 2023/24	Democratic Services Officer	25 March
	<i>Committee Members' Private meeting with Internal Auditors (to follow Committee)</i>	<i>Audit Manager</i>	25 March

15 April 2024	Minutes of the Audit and Risk Committee held on 27 November 2023	Democratic Services Officer	
17 June 2024	Annual Internal Audit Report 2023/24	Audit Manager	
	Governance Statement 2023/24	Treasurer	
	Monitoring Policies and RIPA (Annual Whistleblowing Report) (May be March 2024)	Monitoring Officer/ACFO Strategic Enabler (Enabling Services)	
	Corporate Risk Update Q3 & Q4 2023/24	ACFO Strategic Enabler (Enabling Services)	
	Audit Plan 2023/24 (possibly in March 2024 - tbc)	Grant Thornton	
	Informing the Audit Risk Assessment – West Midlands Fire and Rescue Authority 2022/23 (possibly in March 2023 but may need to be June 2024 - tbc)	Grant Thornton	
	Audit Progress & Sector Update	Grant Thornton	
	Internal Audit Progress Report (TBC)	Audit Manager	
	Terms of Reference	Democratic Services Officer	
	Minutes of the Audit and Risk Committee held on 25 March 2024	Democratic Services Officer	

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	Audit and Risk Committee Work Plan 2023/24	Democratic Services Officer	
	<i>Committee Members' Private meeting with External Auditors</i>	<i>Grant Thornton</i>	
	<i>Workshop for Members on Statement of Accounts 2022/23</i>	<i>Treasurer</i>	
24 June 2024 [Authority]	Governance Statement 2023/24	Treasurer	
	Minutes of the Audit and Risk Committee held on 25 March 2024	Democratic Services Officer	
22 July 2024	Minutes of the Audit and Risk Committee held on 17 June 2024	Democratic Services Officer	
	Statement of Accounts 2023/24 (Draft Unaudited Approval)	Treasurer	
	Annual Report of the Audit and Risk Committee 2022/23 for approval	Deputy Clerk / Democratic Services Officer	
	Treasury Management Annual Report 2023/24	Treasurer	
	Audit and Risk Committee Draft Work Plan 2024/25	Democratic Services Officer	

*deferred items from 2022-2023 work plan - Vacant Residential Properties Update – Date – TBC.