

# Audit Committee Update for West Midlands Fire & Rescue Authority

## Progress Report and Update Year ended 31 March 2017

January 2017

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# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

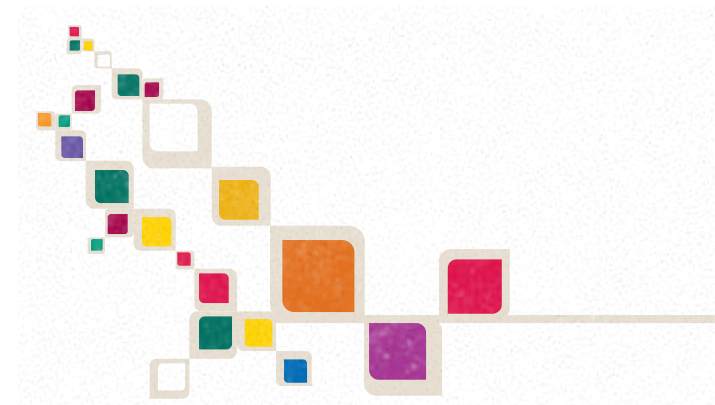
- Advancing closure – the benefits for local authorities (July 2016)  
<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>
- Brexit – a public sector perspective (July 2016)  
<http://www.grantthornton.co.uk/en/insights/brexit--a-public-sector-perspective/>

Members and officers may also be interested in our recent webinars:

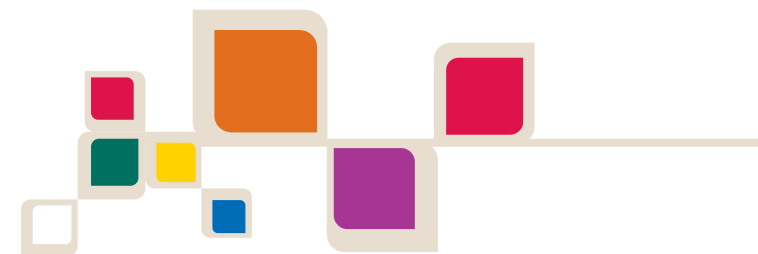
- Alternative delivery models: Interview with Helen Randall of Trowers and Hamlins, discussing LATCs and JVs in local government.  
<http://www.grantthornton.co.uk/en/insights/qa-on-local-authority-alternative-delivery-models/>
- Cyber security in the public sector: Our short video outlines questions for public sector organisations to ask in defending against cyber crime  
<http://www.grantthornton.co.uk/en/insights/cyber-security-in-the-public-sector/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

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 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 your business or any 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.

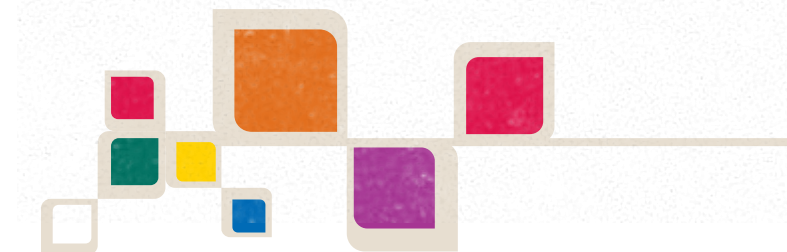


# Progress to date



| 2016/17 work   | Planned Date         | Complete?   | Comments   |
|--|----------------------|-------------|--|
| <b>Fee Letter</b><br>We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016.   | April 2016           | Yes         | The 2016/17 fee letter was issued in April 2016  |
| <b>Accounts Audit Plan</b><br>We are required to issue a detailed accounts audit plan to the Fire Authority setting out our proposed approach in order to give an opinion on the Fire Authority's 2016/17 financial statements.  | March 2017           | In progress | We continue to assess the risks facing your Authority and meet with Senior Officers to ensure that these risks are fully understood and our audit work is appropriate. |
| <b>Interim accounts audit</b><br>Our interim fieldwork visits include: <ul style="list-style-type: none"> <li>• updating our review of the Fire Authority's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• proposed Value for Money conclusion.</li> </ul> | January – March 2017 | Not started |  |
| <b>Final accounts audit</b><br>Including: <ul style="list-style-type: none"> <li>• audit of the 2016/17 financial statements</li> <li>• proposed opinion on the Fire Authority's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>   | June – July 2017     | Not started |  |

# Progress to date



| 2016/17 work  | Planned Date      | Complete?   | Comments   |
|---|-------------------|-------------|--|
| <b>Value for Money (VfM) conclusion</b>   |                   |             |  |
| <p>The scope of our work to inform the 2016/17 VfM Conclusion requires conclusions on whether:</p> <p><i>"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</i></p> <p>This change of guidance was issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Sustainable resource deployment</li> <li>• Working with partners and other third parties</li> </ul> | March – July 2017 | Not started |  |
| <b>Annual Audit Letter</b>  |                   |             |  |
| We will summarise all the work completed as part of our 2016/17 audit within one letter which will be issued after the opinion.   | October 2017      | Not started |  |
| <b>Engagement with the Fire Authority since the last Audit Committee meeting</b>  |                   |             |  |
|   | On-going          | On-going    | <p>E-mail correspondence to confirm initial planning and onsite work.</p> <p>Completion of the West Midlands Fire Authority consultation</p> |



# Fire Sector Accounting and other issues





# Telling the story – Changes in 2016/17 CIPFA Code

CIPFA has been working on the 'Telling the Story' project, which aims to streamline the financial statements and improve accessibility to the user. This has resulted in changes to CIPFA's 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

The main changes affect the presentation of the Comprehensive Income and Expenditure Statement ('CIES'), the Movement in Reserves Statement ('MIRS') and segmental reporting disclosures. A new Expenditure and Funding Analysis has been introduced.

The key changes are:

- the cost of services in the CIES is to be reported on basis of the Fire Authority's organisational structure rather than the Service Reporting Code of Practice (SERCOP) headings
- an 'Expenditure & Funding Analysis' note to the financial statements provides a reconciliation between the way fire authorities are funded and the accounting measures of financial performance in the CIES
- the changes will remove some of the complexities of the current segmental note
- other changes to streamline the current MIRS providing options to report Total Comprehensive Income and Expenditure (previously shown as Surplus and Deficit on the Provision of Services and Other Comprehensive Income and Expenditure lines) and removal of earmarked reserves columns.

Other amendments have been made to the Code:

- changes to reporting by pension funds in relation to the format and fair value disclosure requirements to reflect changes to the Pensions SORP
- other amendments and clarifications to reflect changes in the accounting standards.

# Delivering Good Governance

In April, CIPFA and SOLACE published 'Delivering Good Governance in Local Government: Framework (2016)' and this applies to annual governance statements prepared for the 2016/17 financial year.

The key focus of the framework is on sustainability – economic, social and environmental – and the need to focus on the longer term and the impact actions may have on future generations.

Fire authorities should be:

- reviewing existing governance arrangements against the principles set out in the Framework
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring on-going effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The framework applies to all parts of local government and its partnerships and should be applied using the spirit and ethos of the Framework rather than just rules and procedures.

# Future Control Room Improvement

## Government update on fire and rescue authority scheme

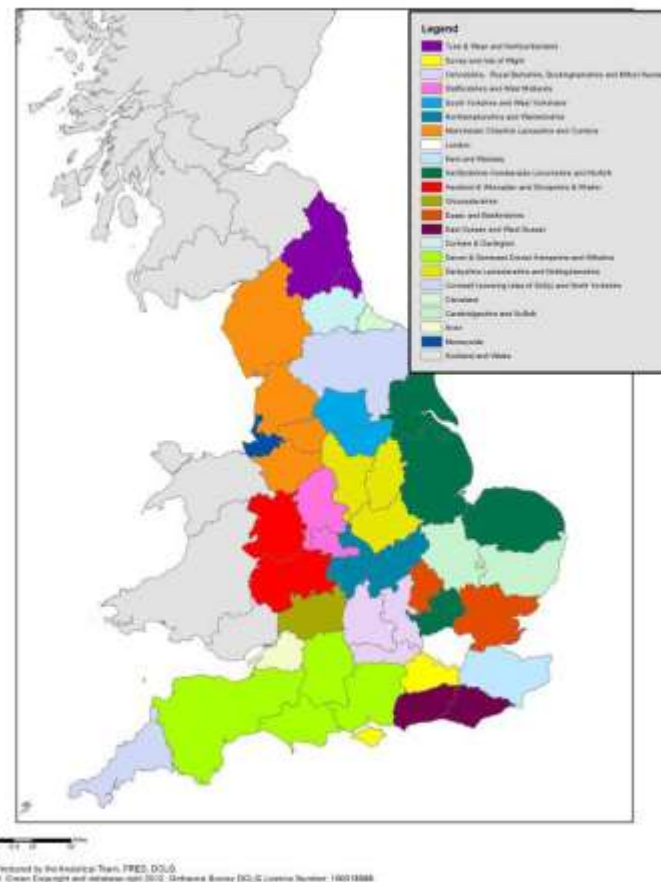
Following the closure of the failed FiReControl project in December 2010, the Department for Communities and Local Government provided Fire and Rescue Authorities with £81m to deliver improvements to the efficiency and resilience of their fire control rooms.

Published in November 2016, the Future Control Room Improvement report provides a six monthly update on the improvements being delivered by the 22 local Future Control Room projects, setting out delivery dates, resilience benefits, projected savings, and additional benefits the project partnerships have identified.

Six further projects have completed since the December 2015 update, bringing the total number of projects now completed to 18. Four projects remain to be delivered.

Overall, projected savings stand at £141.5 million.

87% of the resilience benefits expected to be delivered by the Scheme, and funded by the grant, are now in place.



The full report can be found at  
<https://www.gov.uk/government/publications/future-control-room-improvements-fire-and-rescue-authority-schemes-november-2016>

The map across shows:

- i. the project partnerships that have been formed between the fire and rescue authorities; and
- ii. the coverage provided by the completed projects in England, and the coverage that will be provided as the remaining projects complete.





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