

Audit Committee Update for West Midlands Fire & Rescue Authority

Progress Report and Update Year ended 31 March 2017

November 2016

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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, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

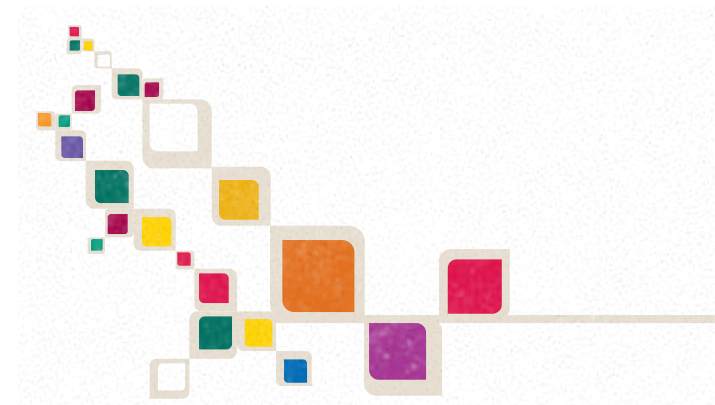
- Advancing closure – the benefits for local authorities (July 2016)
<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>
- Brexit – a public sector perspective (July 2016)
<http://www.grantthornton.co.uk/en/insights/brexit--a-public-sector-perspective/>

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

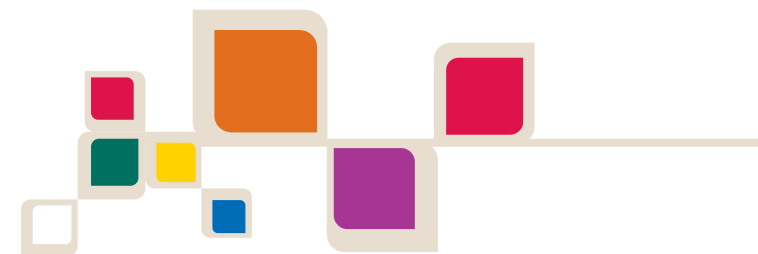
- Alternative delivery models: Interview with Helen Randall of Trowers and Hamlins, discussing LATCs and JVs in local government.
<http://www.grantthornton.co.uk/en/insights/qa-on-local-authority-alternative-delivery-models/>
- Cyber security in the public sector: Our short video outlines questions for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

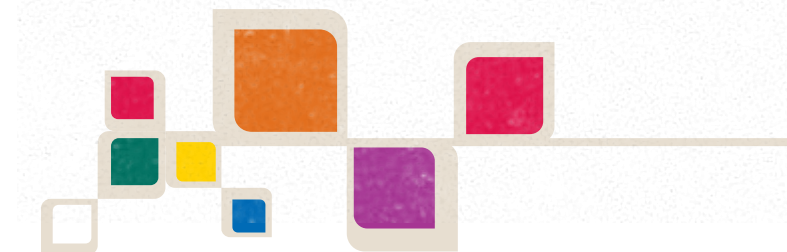


Progress to date



2016/17 work	Planned Date	Complete?	Comments
Fee Letter			
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
Accounts Audit Plan			
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.
Interim accounts audit			
Our interim fieldwork visits include:	January – March 2017	Not started	
<ul style="list-style-type: none"> • updating our review of the Fire Authority's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 			
Final accounts audit			
Including:	June – July 2017	Not started	
<ul style="list-style-type: none"> • audit of the 2016/17 financial statements • proposed opinion on the Fire Authority's accounts • proposed Value for Money conclusion. 			

Progress to date



2016/17 work	Planned Date	Complete?	Comments
Value for Money (VfM) conclusion			
<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"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	March – July 2017	Not started	
Annual Audit Letter			
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	
Engagement with the Fire Authority since the last Audit Committee meeting			
	On-going	On-going	<p>Made ourselves available to speak with the recent peer review team</p> <p>Confirmed the management responses to the recommendations raised in the Audit Findings Report in July</p>

Action plan with management responses

Priority

High - Significant effect on control system

Medium - Effect on control system

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	The pace of change results in these external modifications to working arrangements, partnerships and governance structures will continue to present a significant risk for the Authority going forward and as such, this should remain a key focus for the Authority over the coming months and years.	Medium	Agreed - changes to the Fire Service over the coming months and years will continue to be assessed	On-going and will be reassessed as part of the 2016/17 VFM work The Authority is responsible

Fire Sector Accounting and other issues



CFOA Members vote to change the Articles of Association

CFOA Members have voted on proposals to change the Articles of Association which will change the structure of the Association.

The proposals intend to:

- strengthen the professional / operational leadership of the Fire and Rescue Service
- improve national co-ordination
- reduce duplication; increase efficiency
- support local service delivery
- provide increased influence for Fire and Rescue Authorities and their Services.

The proposals have been approved and the CFOA Board will now begin the process of implementing the changes on behalf of the membership. Key changes include:

- Removal of the term CFOA Board to be replaced with CFOA Trustees,
- Replacing the CFOA President's role as Chair of the CFOA Board with the new role of Chair of Trustees.

- Addition of the role of National Fire Chiefs Council (NFCC) Chair
- Addition of the section on NFCC
- Changing the name of Ordinary membership to Individual membership
- Addition of Professional Partner (PP) to categories of membership
- Changes to reflect the intention that most individual membership subscriptions will be paid for by the relevant Fire Authority as part of the PP package however leaving the option for an individual to choose to pay their own subscription if a service chooses not to be a PP
- Appointment process for Trustees
- Election process for the Vice President Elect removed. Trustees have the powers to determine the election process which provides the flexibility that may be required for future elections.

CFOA will now invite nominations from Chief Fire Officers for the role of Chair of the National Fire Chiefs Council. The Chair will work alongside Dave Etheridge as he takes on the role of President.

Members have also approved a new Code of Ethics and Disciplinary and Appeals Procedure which provides evidence of their commitment to both professionalism and integrity.

CFOA responds to Home Office workforce statistics

The Chief Fire Officers Association (CFOA) has responded to new statistics released by the Home Office which primarily focuses on the make up of English fire and rescue services workforce; focussing on age, religion, ethnicity and sexual orientation.

CFOA is pleased to see more transparency across fire and rescue services and more information available to the public. However, the Association has highlighted austerity measures which led to fire budget cuts of more than £300 million during the last six years (28% of government funding), leading to little recruitment taking place during this period, impacting on progressing workforce diversity.

In addition, the report shows the number of operational staff has fallen by almost a fifth during the last five years, highlighting the scale of reductions across fire and rescue services' workforce.

The figures show in 2015/2016 that:

- Firefighters in England were predominantly male (95%) white (96%) and aged 36 or older (73%)
- 5% of firefighters were women. This was 4.7% in the previous year and 4.1% five years ago

- Of those who stated an ethnicity, 3.8% were from an ethnic minority group (doesn't include all FRSs)
- 3% of firefighters were bisexual, gay or lesbian (doesn't include all FRSs)

Ann Millington, CFOA's Director of People & Organisational Development commented: "All fire and rescue services have undertaken work to change and challenge the views that it is a male profession.

"A lot of work has also been done to encourage more female firefighters along with people from a range of ethnicities and backgrounds to join; helping to ensure fire services are as representative as possible for the communities the serve. Despite austerity measures, services have continued to work on improving diversity through work programmes aimed to change culture and improve development opportunities for staff."

Ann Millington added: "As we widen our role to further expand our health and community work, we need diversity of ideas and skills, along with people who can help us integrate our services with our partners and the communities we serve. We are working together and with the Home office to attract people to our sector.

Full details can be found at: <https://www.gov.uk/government/collections/fire-statistics#fire-and-rescue-authorities-operational-statistics-latest-version>

"We want people to recognise that we can offer a career and a great place to work, while creating equal opportunities for people from different backgrounds; ultimately having a positive impact on the diverse communities we serve."

Dave Etheridge, CFOA's President said: "These figures provide an accurate picture of fire and rescue services at the current time, but also reflect almost seven years of austerity when recruitment was at an all time low and budgets were substantially reduced. A number of services are now recruiting and we will hopefully see a positive change in these statistics in the coming years.

"However the changes are likely to be relatively small to begin with due to building up recruitment levels. We are working hard to ensure we proactively encourage and work with a range of different people to ensure diversity, while breaking myths of what the role of a firefighter entails."



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