

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, 22 March 2021 at 10:30

to be held digitally via Microsoft Teams

for the purpose of transacting the following business:

Agenda – Public Session

To receive apologies for absence (if any)

Declarations of interests

Minutes of the Audit and Risk Committee held on 07 December 2020	5 - 10
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Update on Topical, Legal and Regulatory Issues (Verbal Report).	

Exclusion of the public and press

Chair to move:- *"That the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act 1972 as amended by the Local*

Agenda – Private Session

Audit & Risk Committee Update Issue 33

- This document contains some information which cannot be made readily available. However, to comply with the spirit of the Freedom of Information Act, should you require details of this report it may be possible to give you access to certain information. If you wish to do that, please apply to the Data Manager, details below. Freedom of Information Act request, Martina Doolan, Data Manager, West Midlands Fire Service Headquarters, 99 Vauxhall Road, Birmingham, B7 4HW.

Distribution:

David Barrie - Member, Manjit Gill - Vice Chair, Catherine Miks - Chair, Peter Miller - Member, Sybil Spence - Member

This meeting of the West Midlands Fire and Rescue Authority will be held digitally via Microsoft Teams. To access the meeting, please contact a member of the Strategic Hub, West Midlands Fire Service, who will be able to provide login details (please note that Microsoft Teams is not required to join a meeting).

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This agenda and supporting documents are also available electronically on the West Midlands Fire Service website at www.wmfs.net

Minutes of the Audit & Risk Committee

07 December 2020 at 12.00hrs

Conducted as a digital meeting

Present: Councillor Catherine Miks (Chair), Councillors Barrie, Miller, Spence, Mr Ager, Richard Percival (Grant Thornton) and John Matthews (Sandwell MBC)

Apologies: Councillor Gill (Vice Chair), Karen Gowreesunker (WMFS) Neil Chamberlain (West Midlands Police and Chair of WMFS Pension Board)

Officers in attendance: Martina Doolan, Mike Griffiths, Paul Gwynn, Prakash Singh, Kal Shoker, Gary Taylor

37/20 Declarations of Interest

There were no declarations of interest registered.

38/20 Minutes of the Audit and Risk Committee held on 26 October 2020

Resolved that the minutes of the Audit and Risk Committee held on 26 October 2020 be approved as a correct record of proceedings.

39/20 Request for a decision on action to be taken in respect of immediate detriment cases under the McCloud - Sargeant Ruling

Mike Griffiths introduced the report and passed to Paul Gwynn for presentation of its content. The overall context was summarised that the Government is currently in a consultation process regarding proposals to remove unlawful age discrimination in the fire fighters pension schemes. The changes proposed in the consultation to remove the discrimination (which will subsequently apply across all the main public service pension schemes) will provide members with a choice of which

scheme they would like to be in for the remedy period (the period for the discrimination to be resolved). The remedy period is defined as between 1 April 2015 and 31 March 2022.

Members enquired of the different scenarios affecting staff and of the numbers potentially affected. These were explained by pension scheme and confirmation of approximately sixty persons retiring during the period February 2021 to March 2022.

Members discussed the merits of the guidance and the potential for litigation should it not be applied, or legal advice overturned. Paul Gwynn confirmed that correspondence to fire fighters will explain the law as it stands at the time and if judgements were different benefits would be reviewed and amended as required. Such an approach was mitigating risk for employer and employee.

The Committee **approved** the recommendation that the Scheme Administrator apply the guidance issued by the Home Office to cases where a Firefighter retires on or after 1st February 2021 and to any eligible cases of ill health retirement.

40/20 **Corporate Risk Report**

Gary Taylor presented the report, detailing a nine-month period covering Quarter 4, 2019/20 and Quarters 1 and 2, 2020/21. In addition, the report provided an update on the management of Corporate Risk through the Business Continuity arrangements which were put in place in March 2020. The importance of this was emphasised as it was provided to ensure Members remain informed about all aspects relating to the management of the Fire Authority's Corporate Risks.

It was reported that Corporate Risk continued to effectively managed. Members attention was drawn to the three indicators that experienced an increase or decrease during the period reported.

During Quarter 1, 2020/21 there was a reduction in the risk score for Corporate Risk 1.2 External (Political and Legislative) Environment. This was due to the collaboration across the region including regular liaison with Local Authorities and the West Midlands Combined Authority through formal structures,

e.g. the Strategic Co-ordinating Group and the Local Resilience Forum.

There was a reduction in the risk score for Corporate Risk 2.1 (People). This was due to the positive engagements with staff and representative bodies during the first three months of the pandemic.

There was an increase in the risk score for Corporate Risk 4.1 (Protection). This was due to COVID-19 having an impact on the ability for Fire Safety Inspection Officers being unable to visit high risk premises during the first three months of the pandemic. However, during Quarter 2, 2020/21 this was reduced due to the recommencing of audits of high-risk premises.

The Chair commended the management of risk given the unprecedented circumstances the Service had been operating within during the period of the report. A Member supported this comment, referencing Fire Safety Inspections, enquiring if the supply of increasingly powerful fireworks had impacted upon risk management. Gary Taylor responded that risk calculation had identified private fireworks storage as a potential issue with the absence of public displays. There had been no issues found during Inspections and the associated Prevention Communication strategy in local and social media had assisted this outcome. Members were advised the Service continued to focus upon the potential latent availability of fireworks due to absence of public display provision.

The Committee **approved** the Corporate Risk Assurance Map Summary (Quarter 4, 2019/20 and Quarter 2, 2020/21 and **noted** the management of Corporate Risk through the Business Continuity arrangements for Quarter 1 and 2, 2020/21.

41/20 **Annual Report of the Senior Information Risk Owner**

Gary Taylor introduced the context of the role of a Senior Information Risk Owner (SIRO). It was explained that across the public sector, many organisations produce an Annual Report from the SIRO to provide 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.

A presentation summarising the Annual SIRO report (Appendix 2 of the report) was provided by Martina Doolan. Members were informed of the roles and responsibilities hierarchy for managing data/information, the purpose of an annual report, an overview of its content and the key findings. It was confirmed the Service has moved to a proactive position for Management of Information.

A Member welcomed the report as a useful development for managing process and risk, commenting it was positive the Service seeking out good practice within other organisations to develop its approach. The Chair enquired how much poor practice was based upon human error. It was advised that most incidents were due to such circumstances and future training would be based upon case studies to reinforce awareness and practice in this area.

The Chair requested that Gary Taylor consider the Scrutiny Committee being made aware of the Annual SIRO Report and their undertaking a review of staff training regarding management of information. Gary Taylor confirmed he would progress discussion and report back for Member decision, enabling assurance of outcome.

The Committee **noted** the Annual Report of the Senior Information Risk Owner.

42/20 **Verbal Update on Audit Progress - Grant Thornton**

Richard Percival of Grant Thornton provided a verbal update on progress of the West Midlands Fire Service audit for 2019-20.

Members were advised the audit opinion would be delivered prior to Christmas 2020. There is supplementary work being undertaken on the land evaluation and assets parts of the audit. It was explained this was due to perceived gaps in the audit review and was not an issue arising of any work or documents supplied by officers of the Service. It was also confirmed the audit of the West Midlands Pension Fund had been completed and would be considered in relation to any impact on the West Midlands Fire Service audit.

The Chair acknowledged progress and **agreed** to provide comment upon receipt of the audit findings by the Committee.

43/20 **Minutes of the Pensions Board on the 14 May 2020**

The minutes were presented for information to the Audit and Risk Committee in their role as Scheme Manager. There were no matters arising.

The Committee **noted** the content of the minutes.

44/20 **Minutes of the Pensions Board on the 30 July 2020**

The minutes were presented for information to the Audit and Risk Committee in their role as Scheme Manager. There were no matters arising.

The Committee **noted** the content of the minutes.

45/20 **Minutes of the Pensions Board on the 11 September 2020**

The minutes were presented for information to the Audit and Risk Committee in their role as Scheme Manager. There were no matters arising.

The Committee **noted** the content of the minutes.

46/20 **Draft Audit and Risk Work Plan 2020-2021**

The Committee **noted and approved** its work programme for 2020-21.

The meeting closed at 13.10 hours.

Phil Fellows Strategic Hub 0121 380 6717 philip.fellows@wmfs.net

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

22 MARCH 2021

1. ANNUAL AUDIT LETTER 2019/20

Report of the Treasurer.

RECOMMENDED

THAT the Audit and Risk Committee notes the Annual Audit Letter (AAL) attached as an Appendix to this report.

2. PURPOSE OF REPORT

This report is submitted to inform the Audit and Risk Committee of the findings of the external audit work undertaken for the audit year 2019/20 which is summarised in the AAL.

3. BACKGROUND

3.1 The AAL summarises the key findings from external audit work undertaken for the 2019/20 audit year. The audit comprised two elements:

- To audit and give an opinion on the Authority's financial statements.
- An assessment of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

3.2 The Audit Findings Reports (AFR) presented to the Fire Authority on 5 October 2020 outlined the findings of the audit work undertaken.

- 3.3 The auditor has now issued an unqualified opinion on the Authority's 2019/20 financial statements included in the Authority's Statement of Accounts.
- 3.4 As part of the external audit work programme, the auditor was also required to provide a value for money conclusion. In carrying out this work the auditor is required to follow the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – Auditor Reporting. The NAO Code of Audit Practice specifies the following criterion for auditors to evaluate:
- "In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for tax payers and local people."*
- 3.5 As a consequence of this work, the auditor concluded that for 2019/20 the Authority had proper arrangements in all significant respects to secure economy, efficiency and effectiveness and to ensure it delivered value for money in its use of resources.
- 3.6 The Treasurer has been consulted and has agreed the content of the AAL.
- 3.7 Representatives from Grant Thornton will present and explain the findings detailed in the AAL to the Audit and Risk Committee.

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**

There is a legal requirement for the Authority to consider the AAL Statutory Instrument 2015 No. 234 – The Accounts and Audit Regulations 2015.

6. **FINANCIAL IMPLICATIONS**

The agreed scale fee for the provision of external audit services for the audit year 2019/20 was set at £35,500 although the AFR highlighted a fee variation (increase) of £9,830 on this figure.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications arising from this report.

BACKGROUND PAPERS

Audit Findings Report 2019/20 – Agenda item 10 – Fire Authority 5 October 2020.

The contact officer for this report is Wayne Brown, Deputy Chief Fire Officer, telephone number 0121 380 6907.

MIKE GRIFFITHS
TREASURER

The Annual Audit Letter for West Midlands Fire and Rescue Authority

Year ended 31 March 2020

22 March 2021



Contents



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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at West Midlands Fire and Rescue Authority (the Authority) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the Authority and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Fire and Rescue Authority' in our Audit Findings Report on 5 October 2020.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Authority's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Authority's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work

Materiality	We determined materiality for the audit of the Authority's financial statements to be £2.4 million, which is approximately 2% of the Authority's gross cost of services.
Financial Statements opinion	<p>We gave an unqualified opinion on the Authority's financial statements on 3 March 2021.</p> <p>The completion of our audit was delayed due to uncertainties about the information supporting the Authority's land and buildings valuation. We completed additional audit work and concluded that we had sufficient audit assurance to conclude that there was a low risk that the valuation was materially misstated due to inaccurate supporting information.</p> <p>We included an emphasis of matter paragraph in our report in respect of the uncertainty reported by the valuer over valuations of the Authority's land and buildings due to the impact of Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Authority's financial position and its income and expenditure for the year.</p>
Whole of Government Accounts (WGA)	We completed work on the Authority's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

Executive Summary

Value for Money arrangements	We were satisfied that the Authority put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Authority on 3 March 2021.
Certificate	We certified that we have completed the audit of the financial statements of West Midlands Fire & Rescue Authority in accordance with the requirements of the Code of Audit Practice on 3 March 2021.

Working with the Authority

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Authority. Including changing patterns of demand and providing logistical support to local authority partners and other emergency services in managing the crisis.

The finance and audit teams have also had to consider managing staff sickness, access to systems and team capacity. However, in practice we found that absence was limited and both teams were able to effectively manage the remote working process. As we have noted the audit took longer to complete than planned and we are grateful for the finance teams continued support and engagement to enable us to complete the audit.

We would like to record our appreciation for the assistance and co-operation provided to us throughout our audit by the Authority's staff.

Grant Thornton UK LLP
March 2021

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Authority's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to be £2.4 million, which was 2 per cent of the Authority's gross cost of services. We used this benchmark as, in our view, users of the Authority's financial statements are most interested in where the Authority has spent its revenue in the year.

We also set a lower level of specific materiality of £25,000 for senior officer remuneration to reflect the additional sensitivity in this area.

We set a lower threshold of £120,000, above which we reported errors to the Audit and Risk Committee, as those charged with governance, in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Authority and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Authority's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Covid-19</p> <p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, and therefore identified the global outbreak of the Covid-19 virus as a significant audit risk.</p>	<p>We:</p> <ul style="list-style-type: none"> • worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 26 June 2020 • liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Authority property valuation expert • evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic • evaluated whether sufficient audit evidence could be obtained through remote technology • evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations • evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment 	<p>Apart from the issue noted concerning material valuation uncertainty in land and buildings valuations (referred to in our emphasis of matter paragraph) we did not have any concerns to report in relation to this risk.</p>
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant audit risk.</p>	<p>We:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions 	<p>Our audit work did not identify any issues to report in respect of management override of controls.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings</p> <p>The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the balance sheet date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£124 million) and the sensitivity of this estimate to changes in key assumptions. Management have engaged the services of a valuer to estimate the current value as at 31 March 2020.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant audit risk.</p>	<p>We:</p> <ul style="list-style-type: none"> • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work • Evaluated the competence, capabilities and objectivity of the valuation expert • Wrote to the valuer to confirm the basis on which the valuations were carried out • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding of the Authority's valuer's report and the assumptions that underpin the valuation • Tested the full valuation at 31 March 2020 to understand the information and assumptions used in arriving at any revised valuations • Tested revaluations made during the year to ensure they had been input correctly into the Authority's asset register 	<p>Due to the outbreak of Covid-19 market activity is being impacted in many sectors. Many valuers have considered that less weight can be attached to previous market evidence to inform their opinions of value. They have therefore reported to the authorities on the basis of 'material valuation uncertainty'. This is the case for West Midlands Fire and Rescue Authority. Your valuer identified a valuation uncertainty relating to the impact of Covid-19. This was reported in Note 3 of the financial statements and referred to in our emphasis of matter paragraph.</p> <p>Our testing of the floor information provided to the valuer for his valuation identified inconsistencies between the floor areas used and those made available to us by the Property team. These differences would have had a material impact on the valuation.</p> <p>Management pursued this matter with the valuer and the Property team and were able to provide supporting evidence for the three largest assets we tested (Fire Service HQ, Walsall Station and Wolverhampton Station). We were able to conclude on this basis that the risk of material misstatement was low. There are however differences between Property and valuer floor areas for the remaining 20 items in our sample that need resolving before we commence our 2020/21 audit.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of the pension fund net liability Fire Fighter and Local Government Pension Scheme</p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant audit risk.</p>	<p>The Authority's total net pension liability at 31 March 2020 was £1,697 million (Prior Year £1,805 million) comprising the Local Government Pension Scheme (LGPS) and the Fire Fighters Pension (unfunded) schemes.</p> <p>The Authority uses Barnett Waddingham for the LGPS Pension Schemes to provide an actuarial valuation of the Authority's assets and liabilities derived from the West Midlands scheme and the Government Actuary Department (GAD) for the Fighters' Pension Scheme. A full actuarial valuation is required periodically. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>We:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary 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 report from the actuaries; • undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • reviewed the inclusion of remedy within the actuary report • LGPS - requested assurances from the auditor of West Midlands Pension Fund (WMPF) as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>In July 2020 HM Treasury issued further guidance on assessing the impact of the McCloud/Sargeant remedy. As the actuary assessed this as having a material impact, reducing the pension liability by £9.6million, the final version of the accounts was adjusted.</p> <p>Our audit work did not find any other issues to report in respect of the valuation of pensions liabilities.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the Authority's financial statements on 3 March 2021.

Preparation of the financial statements

The Authority presented us with draft financial statements in June in accordance with the agreed timescale, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the meeting of the Fire and Rescue Authority on 5 October 2020.

Annual Governance Statement and Narrative Report

We are also required to review the Authority's Annual Governance Statement and Narrative Report. It published them on its website alongside the draft Statement of Accounts in June.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.

Whole of Government Accounts (WGA)

We carried out work in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Authority was below the audit threshold on 3 March 2021.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of West Midlands Fire and Rescue Authority in accordance with the requirements of the Code of Audit Practice on 3 March 2021.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

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

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

Following on from that assessment and during the course of our audit, we identified financial sustainability as a significant value for money risk.

As part of our Audit Findings reported to the Authority in October 2020, we summarised our findings and conclusions

Overall Value for Money conclusion

We are satisfied that in all significant respects the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

Value for Money (continued)

Risk identified in our audit plan – Financial Sustainability

Given the financial uncertainty in future funding arrangements there is a residual VFM risk in respect of planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Our findings

2019/20 Out-turn

The Authority forecast that it would deliver a balanced position for 2019/20, broadly in line with its budget and this was achieved. The Authority's General Fund reserves have reduced significantly over the last three years from £52.970 million at the 31 March 2017 to £35.960 million as at 31 March 2020. Although the Treasurer is satisfied that there are currently sufficient General Fund balances, there is limited scope to reduce balances further.

2020/21 Position

The Authority agreed a net revenue budget of £100.147 million for 2020/21. Due to the uncertainty about Government funding it had been assumed that 2020/21 funding would reduce by two percent. This did not happen, and the 2020/21 settlement was positive for the Authority resulting in core funding being £2.0 million higher than anticipated.

The Treasurer's budget report made clear that this funding settlement was a one-year arrangement only and that there are continuing budget uncertainties, particularly related to Firefighter pension scheme costs.

From April 2019 the employer contribution rate on unfunded Firefighter pensions schemes increased from an average of 17.6 percent to 30.2 percent. The estimated cost to the Authority of this change was £6.2 million. This increase was largely funded in 2019/20 by Government grant totalling £5.7 million and it was confirmed that this grant would also be provided for 2020/21. Funding for this change beyond 2020/21 is uncertain.

There is also continuing uncertainty about the impact of the McCloud/Sargent Court of Appeal decision on the Authority's pension costs. Due to the continued lack of clarity the Authority's 2020/21 budget does not include any contingency for additional costs arising from this.

The Authority's 2020/21 budget was agreed before the onset of the Covid19 pandemic. In common with all public sector bodies the Authority has had additional demands and uncertainties to deal with. These included the impact of remote working and potentially higher levels of sickness absence. Fire Officers have also volunteered for challenging roles supporting other front-line staff. Government has recognised the additional Covid19 related spending pressures on Fire and Rescue Authority's and provided additional funding. The Authority received £2.79 million of Covid19 funding.

Forward Look

The uncertainty about future funding has been increased by the impact of Covid19. The arrangements for the Authority's financial settlement beyond 2021/22 are not clear and the Fair Funding Review implementation has been postponed until 1 April 2023. This uncertainty, the potential for the Authority to face significant increases in its pension contribution costs and the continuing uncertainty about the financial impact of the Covid19 pandemic highlights the need for the Authority to carefully manage its General Fund balances.

Auditor Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit.

Reports issued

Report	Date issued
Audit Plan	March 2020
Audit Plan Update	April 2020
Audit Findings Report	October 2020
Annual Audit Letter	March 2021

Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £29,750 assumed the scope of the audit did not significantly change. Due to the additional work we are required to do since the audit contract was awarded by PSAA Limited we agreed a fee variation of £5,750 increasing the audit fee to £35,500.

The completion of our audit was impacted by the Covid pandemic and additional work required on the Authority's land and buildings valuation (see table). We are therefore proposing a further fee variation of £9,830.

Fees

	Planned £	Actual fees £	2018/19 fees £
Statutory audit	35,500	35,500	33,750
Impact of Covid19 working arrangements		3,550	
Land and buildings valuation – additional audit work		6,280	
Total fees	35,500	45,330	33,750

Area	Reason	Proposed Fee £
Covid19 working arrangements	Remote working due to the pandemic has increased both the elapsed time taken to complete the audit and the input required. Additional time was necessary to revisit planning, review management estimates and assumptions due to increased uncertainty and the impact of remote working. We are proposing a 10 percent fee variation to cover these additional costs	3,550
Land and buildings valuation – additional audit work	Additional work necessary due to limited information provide to support floor area data used in the valuation and material differences to data used by valuer.	6,280
Total		9,830

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

22 MARCH 2021

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**

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 2020/21 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.

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 26 February 2021 Audit and Risk Committee – 22 March 2021



1. Introduction
2. Summary of work completed and in progress
3. Issues arising
4. Other activities
5. Service quality questionnaire feedback

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 2020/21 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:

Limited	<ul style="list-style-type: none"> • A risk of objectives not being achieved due to the absence of key internal controls and a significant breakdown in the application of controls.
Satisfactory	<ul style="list-style-type: none"> • A sufficient framework of key controls for objectives to be achieved, but the control framework could be stronger, and controls are applied, but with some lapses.
Substantial	<ul style="list-style-type: none"> • A robust framework of controls ensures objectives are likely to be achieved and controls are applied continuously or with only minor lapses.

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 26 February 2021

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Complete and reported for first time:							
Absence Management	Medium	0	5	1	6	6	Limited
Accounts Receivable	KFS	0	0	0	0	NA	Substantial
Accounts Payable	KFS	0	0	0	0	NA	Substantial
Payroll	KFS	0	1	1	2	2	Substantial
Fixed Asset Accounting/Asset Planning	KFS	0	0	0	0	NA	Substantial
In progress:							
Fire Stations – Management of Fuel	Medium						
Data Protection	High						
IT	High						
Budgetary Control	KFS						
Governance	High						
Risk Management	High						

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Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
To be started:							
All planned reviews are either completed or in progress.							

Key: KFS = Key Financial System

ANA = Audit Needs Assessment

Draft = Draft report issued to client and awaiting formal response

NA = Not Applicable

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3 Issues arising

Absence Management

A review was undertaken to provide assurance of compliance with the requirements of the absence management policy. The review identified issues relating to:

- Examples were found of managers not following guidance on the recording of Fit notes (a Fit note is an official written statement from a doctor giving their medical opinion on a person's fitness for work) within the Authority's Human Resources (HR) management systems, including long term absences. In some cases, there was insufficient evidence to cover the total periods of sickness for these employees.
- One instance was found where a manager had made a decision outside of normal absence management procedures without seeking the advice of HR. This creates a risk that the Authority may not be able to demonstrate that actions are applied consistently and equitably.
- There was a lack of record keeping evidencing that an absence for an employee reaching a staged trigger, had been managed in accordance with the authority's attendance management policy. There were certain mitigating circumstances, as responsibility for monitoring the absence had passed between manager's, but the root cause was that the necessary information had not been properly recorded and correctly updated to the required HR systems, and as such there was no clear trail of information to enable an informed handover to take place.
- There were no additional management checks on a sample of absences that had hit sickness triggers for compliance checking and monitoring.

The report has been discussed with the Authority and the suggested actions agreed and an action plan devised for implementation.

Accounts Receivable

A review of the accounts receivable system was undertaken to ensure that an effective system was in place for raising invoices and managing debtors. This included the integrity and reliability of charging information recorded in the accounts, the collection of payments and the process to monitor and report the debtor position.

Accounts Payable

A review of the accounts payable system was undertaken to ensure that adequate key controls were in place. Our review focused on the controls designed to prevent, overpayments, fraud and incorrect accounting.

Payroll

A review of the payroll process was undertaken to ensure that the Fire Service had appropriate controls in place to mitigate the risk of fraud and error in the calculation, recording and payment of the payroll. We identified an issue, which was a re-iteration of the recommendation made in last year's report relating to:

- The People Support Services section did not have formal procedure notes which detailed the process for obtaining and evidencing approval for new starters.

Fixed Asset Accounting/Asset Planning

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.

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.

Ad hoc Training

We provided training to the committee on the role of Internal Audit and the responsibilities of the Audit and Risk Committee in monitoring this function. In addition, we provided training on "Fraud Awareness".

CIPFA – Audit Committee Updates

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

Internal Audit Plan 2020/21

We submitted the Internal Audit annual plan for 2020/21 to the committee for approval at the July 2020 meeting.

Internal Audit Annual Report 2019/20

We presented the Internal Audit annual report for 2019/20 to the committee for comment and approval at the July 2020 meeting.

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.

5 Service quality questionnaire (SQQ) feedback

Overall Satisfaction with Audit Services	Average Score
	4.6

Scores range between 1 = Poor and 5 = very good. We have a target of achieving an average score of **4 = good**.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY Item 6

AUDIT AND RISK COMMITTEE

22 March 2021

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.**

2.1 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 July 2020 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.

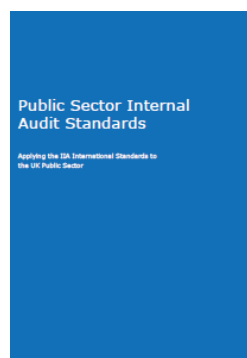
Core Principles for the Professional Practice of Internal Auditing

- 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 have 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 Strategic Enabler - Finance and Resources, 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 Strategic Enabler - Finance and Resources 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 Strategic Enabler - Finance and Resources, 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

22 MARCH 2021

1. **INTERNAL AUDIT PLAN – 2021/22**

Report of the Audit Services Manager [Sandwell MBC].

RECOMMENDED

THAT the Internal Audit Plan for 2021/22 be approved.

2. **PURPOSE OF REPORT.**

2.1 This report is submitted for member comment and approval.

3. **BACKGROUND**

3.1 The attached report details the proposed Internal Audit Plan for 2021/22, with an indicative plan covering the period 2022/23 to 2023/24.

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 2021/22 and indicative plan for 2022/23 to 2023/24.

Peter Farrow
Audit Services Manager, Sandwell MBC

Internal Audit Plan 2021/22



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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.
- Mandatory areas, such as the key financial systems work we do to, where appropriate, support 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 2021/22 audit plan

Identify the areas where assurance will be provided in 2021/22. 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.

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 Committee

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

Internal audit

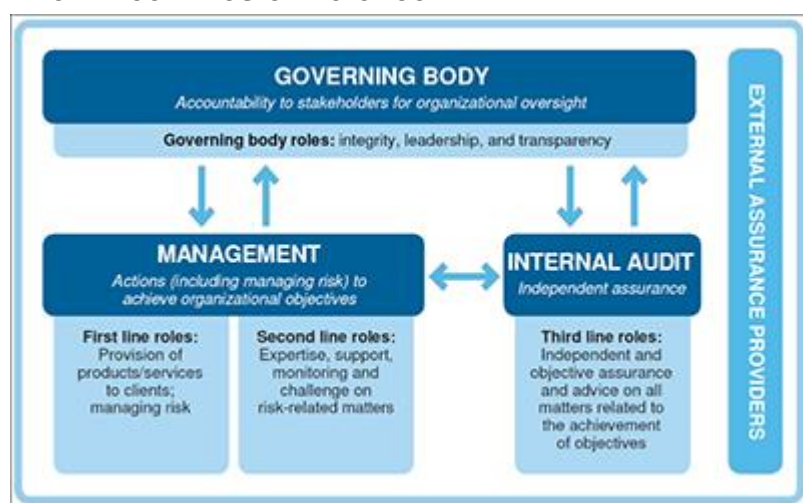
Definition of internal auditing

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.

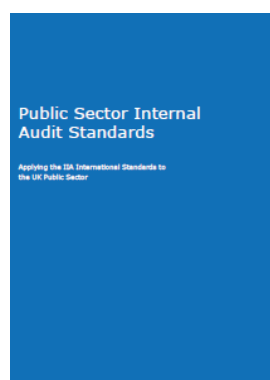
Assurance

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 the 'third line of defence' 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.

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 are required to review annually the risk management and governance processes within the Authority. We also need to review on a cyclical basis, the operation of internal control systems 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 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 a comprehensive 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 2021/22 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:

- | | |
|---|---------------------------------------|
| • | Safer and healthier communities. |
| • | Stronger business communities. |
| • | Dealing effectively with emergencies. |

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.
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 7.1	The Fire Authority is unable to provide and maintain an effective ICT provision to support the delivery of core functions, resulting in significant disruption 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,

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	substantial fines and external scrutiny.
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.

These risks are then used to drive a substantial 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.

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 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?
--

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.

9 Internal Audit Plan for the period 1 April 2021 to 31 March 2022

Auditable Area	Purpose	Risk Category	Estimated Days
Strategic Enabler Strategy			
Risk Management	A review to ensure the Authority is adequately identifying, assessing and managing the risks it faces in achieving its objectives. (The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Authority's risk management arrangements.)	High	10
Governance	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. (The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Authority's governance arrangements.)	High	10
Strategic Enabler Health, Safety and Wellbeing, Workforce Planning			
Workforce Planning	A review of the workforce planning processes and to provide assurance on how well they are embedded within the authority. (Linked to risk CR2 2.2)	Medium	10
Strategic Enabler Digital and Data			
IT	To provide advice and guidance on the implementation of the new Oracle Fusion system relating to the control environment and risk mitigation. (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

[ILO: UNCLASSIFIED]

Auditable Area	Purpose	Risk Category	Estimated Days
Strategic Enabler Finance and Resources			
Key Financial System Reviews are undertaken in liaison with the Authority's external auditors where appropriate, to help support them in the work they do. All such reviews are deemed high risk by their very nature.			
Payroll /Pensions	A review of the key financial controls relating to the administration of the Payroll System. (Linked to risk CR8 8.2)	High	15
Pension Certification	A review of the entries on the annual pension statement to confirm the accuracy of the employee and employer contributions calculated in respect of contributors to the fund. (Linked to risk CR8 8.2)	High	3
Accounts Receivable	A review of the key financial controls relating to invoicing and collection of debts. (Linked to risk CR8 8.2)	High	10
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	10
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	10
Budgetary Control	A review of the key financial controls relating to Budgetary Control. (Linked to risk CR8 8.2)	High	15
Environmental Protection Targets	A review of the progress made towards implementing an Environmental Management System or the equivalent strategies put in place to further advance the Authority's environmental initiatives. (Linked to risk CR2 2.3)	Medium	10
Counter Fraud (Demonstrating a pro-active approach to countering	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	-	10

[ILO: UNCLASSIFIED]

Auditable Area	Purpose	Risk Category	Estimated Days
fraud and corruption is a key element of the requirements of the external auditors.)	<p>the course of the next 12 months officers of the Counter Fraud Unit will liaise with key 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 Committee (to include where appropriate, a Committee skills audit and self-assessment workshop).	-	14
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>	-	11
Total			185

[ILO: UNCLASSIFIED]

Indicative Future Internal Audit Plan

Auditable Areas:	Risk	22/23	23/24
Strategic Enabler of Strategy			
Risk Management	High	✓	✓
Governance	High	✓	✓
Strategic Enabler Response			
Fire Stations – Management of Fuel	Medium		✓
Strategic Enabler Health, Safety and Wellbeing, Workforce Planning			
Absence Management	Medium		✓
Workforce Planning	Medium		
Strategic Enabler Organisational Preparedness			
Business Continuity Plan	Medium		✓
Strategic Enabler Community Risk Management			
Partnerships	Medium	✓	
Strategic Enabler ICT			
IT	High	✓	✓
Freedom of Information	Medium	✓	
Data Protection	High	✓	✓
Strategic Enabler Finance and Resources			
Payroll/Pensions (KFS)	High	✓	✓
Pension Certification	High	✓	✓
Accounts Receivable (KFS)	High	✓	✓
Accounts Payable (KFS)	High	✓	✓
Fixed Asset Accounting/Asset Planning (KFS)	High	✓	✓
Budgetary Control (KFS)	High	✓	✓
Environmental Protection Targets	Medium		
Counter Fraud	-	✓	✓
National Fraud Initiative	-	✓	✓
Other			
Contingency	-	✓	✓
Management	-	✓	✓
Follow Up	-	✓	✓
Total		185	185

[ILO: UNCLASSIFIED]

Pension Board

09 December 2020 at 10.30 hrs by digital Meeting

Attendance: Alan Tranter, Employee Representative & Chair
Wendy Browning Sampson, Employer Representative
Julie Felton, Employer Representative
Kal Shoker, Employer Representative
Paul Gwynn, Pensions Adviser
Observer: Clair Alcock and Claire Hey (LGA)

1. Apologies

Apologies were received from Neil Chamberlain (Chair of Pension Board), Karen Gowreesunker (Clerk to WMFRA), Adam Harper (Employee Representative) and Councillor Catherine Miks (Chair of Audit and Risk Committee).

Neil Chamberlain withdrew on the day of the meeting due to urgent professional business. The Board unanimously agreed Alan Tranter be substitute Chair on the rotation between employer and employee representatives in accordance with the Terms of Reference for the Board.

2. LGA Update Training session

The Board received a regulatory update presented by Clair Alcock of the Local Government Association (LGA), who was accompanied by colleague Claire Hey as an Observer to proceedings.

The presentation encompassed an overview of four items, namely:

1. Age Discrimination/Immediate Detriment
2. Matthews (Special Members Second Options Exercise)
3. Pensionable Pay
4. Ill-Health

Regarding item 1, Wendy Browning-Sampson enquired if administrative requirements would substantially increase to manage the process. Clair Alcock confirmed there would be significant cost incurred to both Pension Scheme administrators and Scheme Managers (Fire and Rescue Authority); these will include systems and infrastructure development to support implementation. The Chair enquired if West Midlands Fire Service (WMFS) Payroll and Pensions Team were prepared for the additional work and associated costs. Paul Gwynn confirmed budgetary provision for both staff and software.

Regarding item 3, Wendy Browning-Sampson enquired if Covid-19 activity was outside of role for pensionable pay. Clair Alcock stated that scheme rules would have to be consulted to ascertain if an extraordinary event applied and how conducted to determine if covered. However, the additional activities identified within the Tripartite Agreement are subject to pensionable pay.

The presentation is appended to the minutes.

Upon conclusion of the presentation, Clair Alcock and Claire Hey remained in attendance of the meeting.

3. **Minutes of Pension Board 11 September 2020**

The Board resolved the minutes of the meeting held on 11 September 2020 be approved as a correct record of proceedings.

The Chair requested it be noted the Board meeting today was the alternative date sourced to enable the LGA Update Training session and replaced the original scheduled date of 11 December 2020. This was seconded by Kal Shoker.

4. **McCloud Sargeant consultation (Fire)(July 2020)**

Paul Gwynn provided an update on actions undertaken since the recent release of the consultation document. He confirmed a consultation response had been submitted, having been approved by the Scheme Manager at its Audit and Risk Committee on 07 December 2020. The response from Government is anticipated during January 2021.

The Chair thanked Paul Gwynn and the WMFS Payroll and Pensions Team for their work on developing a response to the consultation and their advice to pension scheme members on Remedy.

Paul Gwynn also reported that in addition to Remedy, a further two reports had been discussed by the Scheme Manager at its Audit and Risk Committee in recent months. These related to Fire Safety Officer Pensionable Pay for which approval was agreed and Reinstatement of a Widows Pension which was declined. All reports and the associated minutes are available on the WMFS Committee Management Information System via the WMFS website.

The Chair requested the role and support of the Scheme Manager to the Pension Board and its business be acknowledged in the minutes of this meeting.

The Chair enquired of the numbers of age related and ill health retirements by pension scheme. Paul Gwynn responded that numbers of the former were in line with the forecasted profile of the Service, whilst the latter numbered one since the last Board meeting.

5. **Risk Register**

The Chair thanked Wendy Browning-Sampson for her presentational update of the register since the last meeting. He suggested it provided a structure upon which to review the content of the register and subsequently develop a format that enabled more active response to current items

and the inclusion of emerging items. The Board agreed Alan Tranter, Wendy Browning-Sampson, Julie Felton and Kal Shoker liaise prior to the next meeting to discuss process and format for a revised risk register.

6. **Recruitment of Board Members 2021**

Wendy Browning-Sampson reaffirmed details of discussion reported in minutes. The recruitment process and its timeline would be confirmed in early 2021. The Chair sought guidance from Clair Alcock on the opportunity to extend the period of all current Members; based upon the knowledge gained and performance in role during the past year and the preference for consistency in both membership and debate given the extended period that Remedy will progress. Clair Alcock stated it should be feasible to cover the Remedy, however it would need approval of the Scheme Manager.

The Board unanimously agreed the value to progressing discussion on the option of maintaining existing Board membership, providing the Scheme Manager and Pension Scheme members were agreeable. Wendy Browning-Sampson was requested to develop a proposal for further discussion with all stakeholders.

7. **Meeting schedule 2021**

The Board agreed the schedule for meetings remain quarterly. During 2021 it will meet in March, June, September and November. The Chair requested Strategic Hub progress dates upon the availability of Neil Chamberlain and Adam Harper.

The Terms of Reference for the Board determine the first meeting of each year includes a review of the process for managing its business. The Board agreed this will be included to the agenda for the March 2021 meeting.

8. **FPS Bulletin 37 & 38**

Paul Gwynn reported the items for specific note for Members. These were the Home Office Immediate Detriment note (Bulletin 37) and covered in this meeting;

Restrictions of Exit Payments in Public Sector (Bulletin 38), which should be monitored but is not an issue for WMFS and; Pensions Dashboard, which is not presently used or endorsed by WMFS (Bulletin 38).

Bulletin 39 had been received since the agenda for the meeting had been released. The Chair requested any items to note also be covered. Paul Gwynn referenced Medical Appeals, where a change of provider had occurred; Qualified Injury Covid-19, which has been turned down nationally, and; The Pension Regulator Annual Report, for which return submission deadline was itemised.

9. **Any other Business**

There were no items of any other business raised.

The Chair thanked Clair Alcock and Claire Hey for their contribution to meeting and Board Members for their commitment and contribution across the year. It was acknowledged the relationship between the LGA and WMFS was positive and based upon mutual respect.

The Board meeting ended at 13.20 hrs.

Phil Fellows Strategic Hub 0121 380 7617 Email: Philip.fellows@wmfs.net
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LPB training 2020

Using governance to support the scheme manager

December 2020

Complexity

SAB [report](#)

73% administrators believe the scheme to be complex or very complex

66% of FRAs find decision making difficult

61% of members who responded only partly or don't understand their benefits.

TPR Survey

84% of responses believe the complexity of the scheme is a barrier to improvement



Age Discrimination / Immediate Detriment

Matthews (Special Members Second Options Exercise)

Pensionable Pay

Ill-Health

Government Direction on Remedy

1. How should the transitional provisions be made lawful going forward?
2. How do you compensate members who have been subject to those provisions since 1st April 2015

[Dedicated age discrimination page](http://www.fpsregs.org) on www.fpsregs.org

Written Statement – [HCWS187](#)

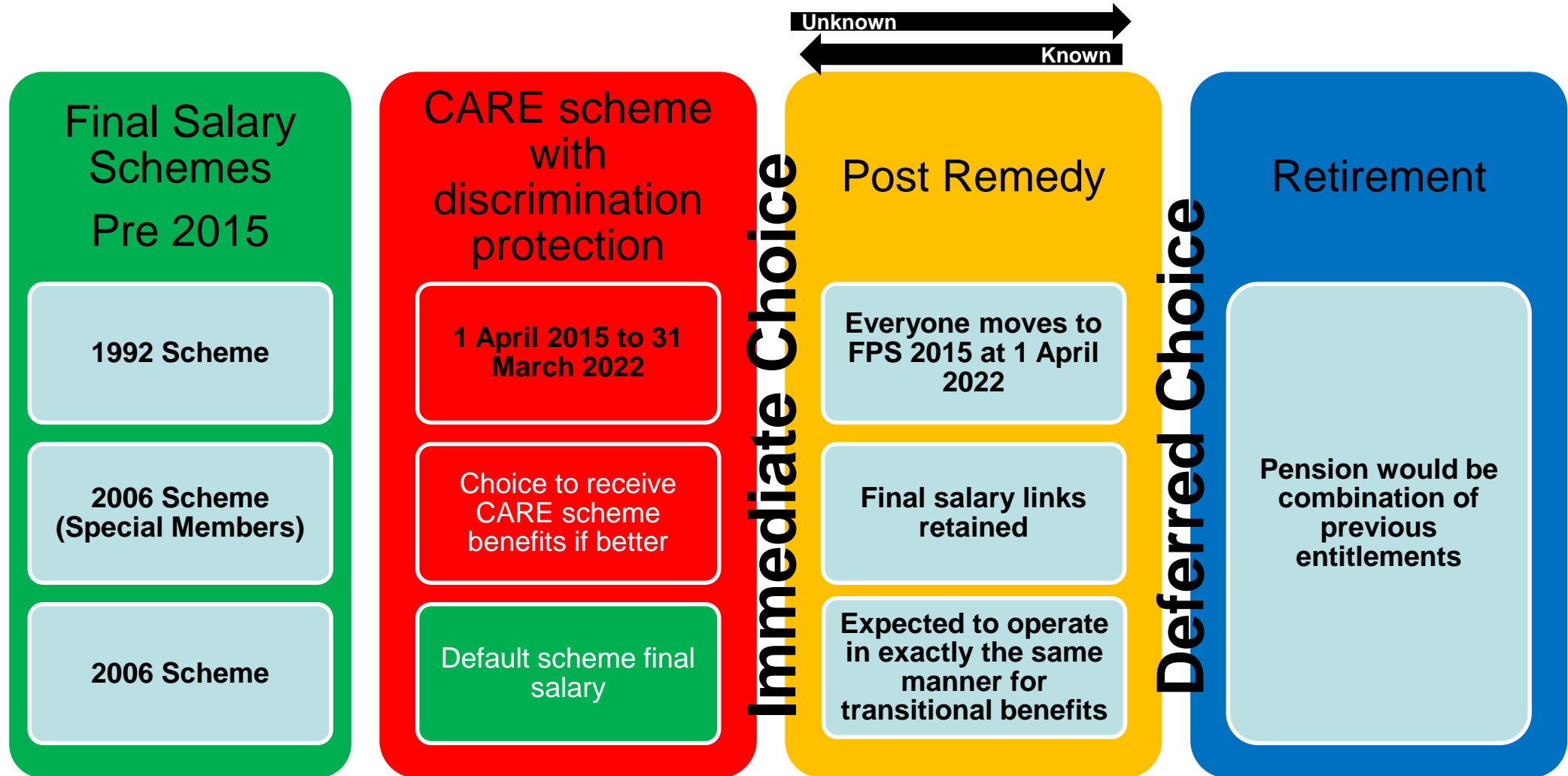
- The government is developing proposals to address the unlawful age discrimination identified by the Court of Appeal in the 2015 reforms to the Judicial and Firefighters' pension schemes.
- On 15 July 2019, the government announced it would take steps to **remove this discrimination retrospectively** (HCWS1725). It confirmed that this would apply to pension scheme members with relevant service across all those public service pension schemes that were introduced in 2014 and 2015, regardless of whether individuals had made a claim. This is a complex undertaking, and it is important to get it right.
- Since February 2020 relevant pension schemes have been conducting technical discussions with member and employer representatives to seek initial views on the government's high-level proposals for removing the discrimination.
- I am grateful for the constructive engagement of trade unions, staff associations, public service employers and other stakeholders in these discussions. The government is considering the initial views of stakeholders and continuing to work through the details of the technical design elements of the proposals. Detailed proposals will be published later in the year and will be subject to public consultation. The government will welcome views on these proposals.
- For the avoidance of doubt, **members of public service pension schemes with relevant service will not need to make a claim** in order for the eventual changes to apply to them.
- I would like to reassure members that their pension entitlements are safe. The proposals the government is considering would allow relevant members to **make a choice** as to whether they accrued service in the legacy or reformed schemes for periods of relevant service, **depending on what is better for them**. The government will provide more detail later in the year, but if an individual's pension circumstances change as a result, the government may also need to consider whether previous tax years back to 2015-16 should be re-opened in relation to their pension.
- The government will also set out its proposal to **remove the discrimination for future service** in the forthcoming consultation.
- In January 2019, the government announced a pause to the cost control mechanism in public service pension schemes, due to uncertainty about benefit entitlements arising from the McCloud judgment. Alongside its proposals for addressing discrimination, the government will also provide an update on the cost control mechanism.

Consultation launched 16 July 2020

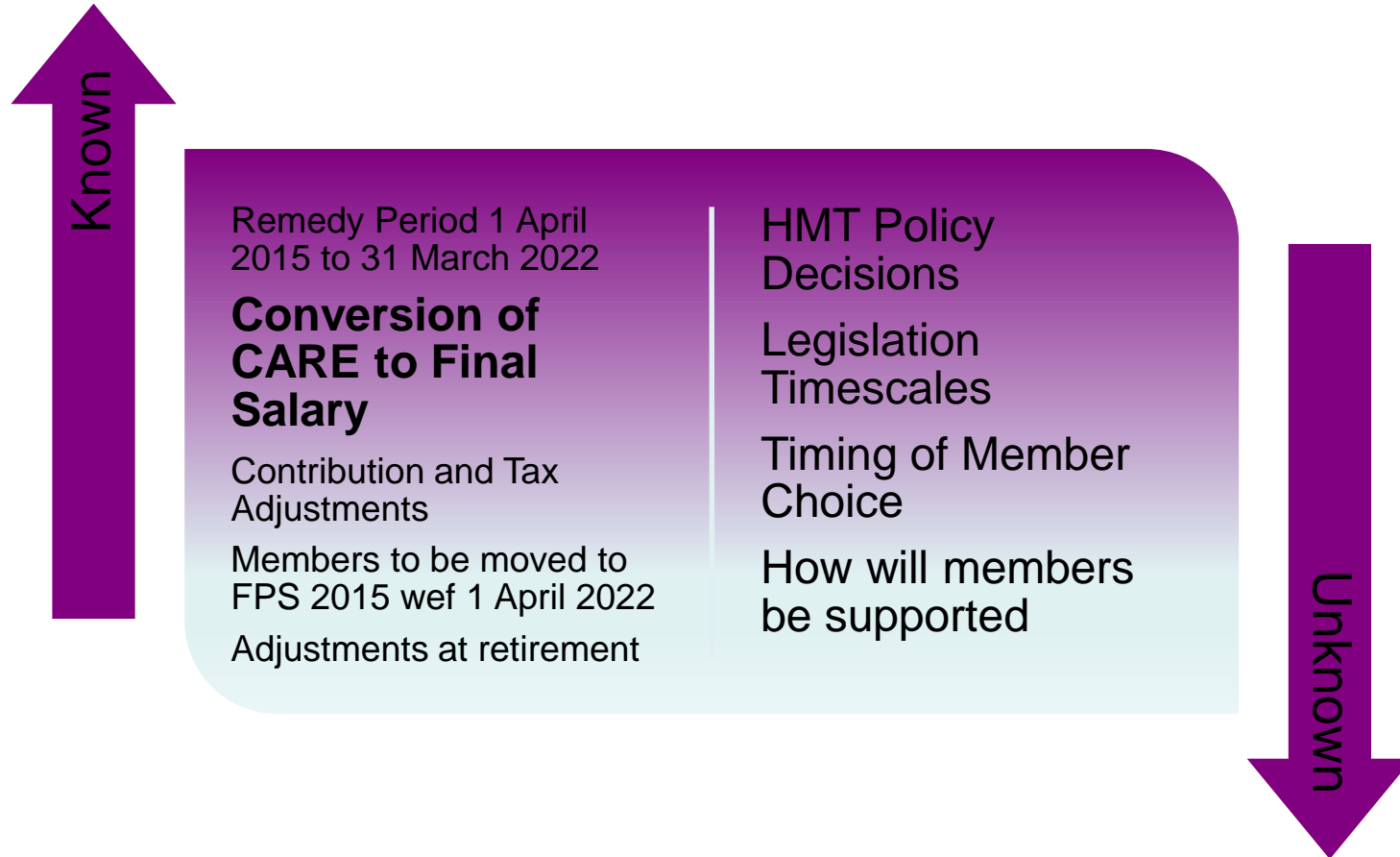
The formal HMT consultation was published on 16 July 2020 with a closing date of 11 October 2020. The paused employer cost-cap process will also resume. The consultation and associated documents are available below.

Document	Doc type	Date
Public Service Pensions Consultation and Update: written statement HCWS380	(HTML)	16 July 2020
Public Service Pensions Consultation	(PDF, 74 pages, 851kb)	16 July 2020
Public Service Pensions Consultation - questions	(PDF, 2 pages, 97.7kb)	16 July 2020
Public Service Pensions leaflet	(PDF, 3 pages, 63.1kb)	16 July 2020
Public Service Pensions Equality Impact Assessment	(PDF, 38 pages, 378kb)	16 July 2020
Update on Cost Control Element of the 2016 Valuations	(PDF, 2 pages, 95.8kb)	16 July 2020
Home Office McCloud - Sargeant consultation FAQs	(PDF, 5 pages, 215kb)	16 July 2020
GAD technical bulletin - Public Service Pensions update	(PDF, 3 pages, 376kb)	July 2020
Home Office immediate detriment note	(PDF, 6 pages, 830kb)	21 August 2020
Stakeholder information note on HMT consultation proposals	(PDF, 8 pages, 240kb)	1 October 2020
LGA response to the HMT consultation on changes to the transitional arrangements of the 2015 Public Service Pension Schemes.	(PDF, 23 pages, 285kb)	9 October 2020
SAB England response to the HMT consultation on changes to the transitional arrangements of the 2015 Public Service Pension Schemes.	(PDF, 65 pages, 741kb)	9 October 2020
SAB Wales response to the HMT consultation on changes to the transitional arrangements of the 2015 Public Service Pension Schemes.	(PDF, 9 pages, 425kb)	9 October 2020
SAB Scotland response to the HMT consultation on changes to the transitional arrangements of the 2015 Public Service Pension Schemes.	(PDF, 11 pages, 274kb)	9 October 2020

<http://www.fpsregs.org/index.php/legal-landscape/age-discrimination-remedy-sargeant>

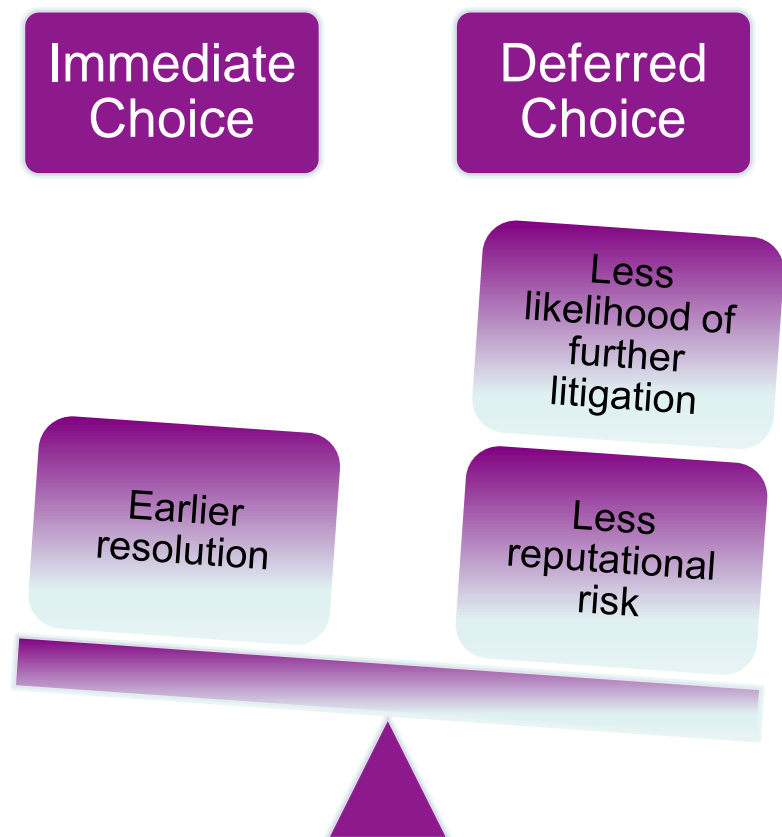


Moving Forward

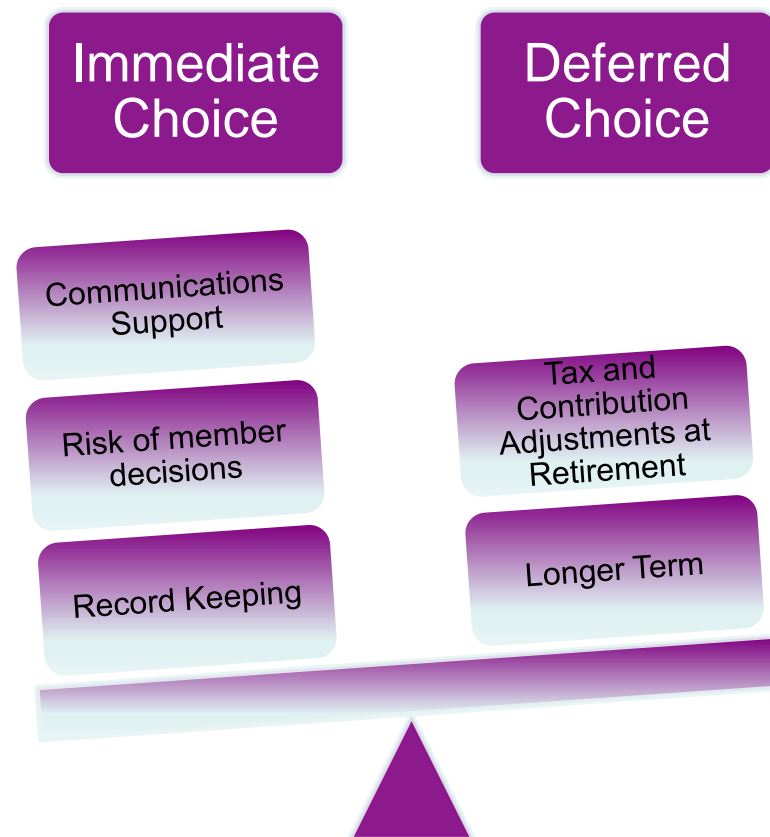


Pros and Cons of either approach

Pros



Cons



SAB Preference for DCU



Mitigates risk



Proposed defaults for FPS 2006 to default to FPS 2015 for remedy period.



Possible opportunity for members to make indicative choice

Immediate Detriment

- [Note](#) issued by Home Office on 21 August
- [Information note](#) issued by LGA
- Issues raised by the note that FRAs will need to consider.
 1. Legal Status and Powers to apply
 2. Technical issues not resolved by guidance

Matthews



Special Members of FPS 2006



Case raised by O'Brien that service should be bought back to start date of employment.



Likely second options exercise



Scope still being considered by legal parties

Pensionable Pay decision making

- It is a matter for each FRA to determine what is and isn't pensionable taking into account their contractual arrangements, the regulations and all relevant case law.
- When making any pensionable pay decision, the reasoning for that decision and what case law has been considered should be documented

Blackburne Principles

Case Law

- [Kent and Medway Towns Fire Authority v Pensions Ombudsman and anor, \[2001\] OPLR 357](#)
- [Norman v Cheshire Fire & Rescue Service, \[2011\] EWHC 3305 \(QB\)](#)
- [Booth v MWWFRA \[2019\] EWHC 790](#)

Payment should be calculated in accordance with a firefighter's ordinary rate of pay.

Payment must be 'pay' for work done under the contract of employment.

Payment must be regular in nature, i.e. should be pay to which the firefighter is entitled at the rate applicable to rank / role.

It must not be one-off, as a result of an extraordinary event.

It must have something of a permanent nature.

Why is it not clear?

- The Firefighters Pension Scheme 1992 requires pay to be determined in relation to the 'performance of the duties of the role'. Under case law (Blackburne) there has to be an '**element of permanency**'.
- The Firefighters Pension Scheme 2006 and the Firefighters Pension Scheme 2015, which are virtually identical, requires pay to be determined in relation to the performance of the duties of the role but in addition the the regulations specifically exclude an '**allowance or emoluments paid on a temporary basis**'.

Dedicated area for resources

Resources

Guides, workshop slides, and other communications are listed in the table below. While some documents are archived and no longer endorsed by the LGA or the Home Office, they continue to provide useful historical background.

Document	Description	Date of issue
Pensionable pay resource factsheet (PDF, 3 pages, 285kb)	Factsheet reinforcing basic principles that should be taken into account when making pensionable pay decisions and highlighting guidance and resources available to assist decision makers	July 2020
Pensionable pay workshop 2019 (PDF, 87 pages, 3,084kb)	Presentation slides from the event held at 18 Smith Square on 18 July 2019	July 2019
Pensionable pay factsheet (Booth v MAWW) (PDF, 9 pages, 611kb)	Guidance to FRAs on the Booth v MAWW High Court judgment concerning the treatment of four specific elements of pay as pensionable or otherwise	May 2019
FPS - pensionable pay update (PDF, 15 pages, 293kb)	AGM 2018 update from Weightmans	September 2018
Pensionable pay workshop 2016 (PDF, 67 pages, 3,051kb)	Presentation slides from the event held at 18 Smith Square on 20 July 2016	July 2016
FPC10(2): Consultation response (PDF, 5 pages, 31kb)	Firefighters' Pension Committee response to consultation on treatment of pay for pension purposes	March 2010
FPSC 11/2009: Definition of pensionable pay (PDF, 8 pages, 312kb)	FPSC circular setting out concerns about the treatment of pay for pension purposes and inviting comments on options for amending pension arrangements	December 2009
FPC09(4): Pensionability of emoluments and allowances (PDF, 8 pages, 50kb)	Firefighters' Pension Committee paper seeking comments on proposals for dealing with the pensionability of allowances paid to members of the FPS	May 2009
Rule G1: Pensionable pay and average pensionable pay (PDF, 8 pages, 64kb)	CLG archive commentary on Rule G1 of FPS 1992	June 2008

Regulations

The consolidated regulations for each scheme relating to pensionable and final pay are listed below.

Rule	Description	Scheme
G1	Pensionable pay (PDF, 5 pages, 210kb)	FPS 1992
Part 11, Chapter 1, Rule 1 & 2	Pensionable pay and final pensionable pay (PDF, 4 pages, 182kb)	FPS 2006
17	Pensionable pay (PDF, 1 page, 171kb)	FPS 2015

Ombudsman determinations

The Pensions Ombudsman (TPO) determinations with specific reference to pensionable pay have been collated below.

Reference	Determination	Date	Scheme
PO-21552	(PDF, 10 pages, 2,580kb) Not upheld	20/11/2019	FPS 1992
PO-14863	(PDF, 16 pages, 5,280kb) Partly upheld	02/10/2018	FPS 1992
PO-15584	(PDF, 12 pages, 272kb) Upheld	22/02/2018	FPS 2006
PO-11867	(PDF, 5 pages, 189kb) Not upheld	11/01/2017	FPS 1992
PO-3511	(PDF, 24 pages, 165kb) Not upheld	13/08/2014	FPS 2006
PO-120	(PDF, 14 pages, 193kb) Not upheld	17/01/2014	FPS 1992
PO-2023	(PDF, 4 pages, 135kb) Not upheld, appeal dismissed	04/10/2013	FPS 1992
N01150	(PDF, 8 pages, 165kb) Not upheld	08/03/2006	FPS 1992
K00521	(PDF, 6 pages, 100kb) Upheld	22/03/2001	FPS 1992

Ill-Health

- Ill-health is a combination of pension and workforce practice
- There are three stages to actioning medical retirement, these are;
 1. Employment Law considerations, and consideration of re-deployment opportunities, this is traditionally managed by HR.
 2. IQMP opinion
 3. Retirement and Termination and calculation of benefits

Two Tiers of Ill-Health

Lower Tier

The firefighter must be **permanently incapable** of performing the role of firefighter

References to permanency mean to Normal Retirement Age

- 1.FPS 1992 = 55
- 2.FPS 2006 Special = 55
- 3.FPS 2006 & FPS 2015 = 60

Higher Tier

The Firefighter must be incapable of performing regular employment

Regular Employment: means employment for at least 30 hours a week on average over a period of not less than 12 consecutive months.

IQMP assessment criteria

- 1.FPS 1992 At date of assessment
- 2.FPS 2006 & FPS 2015 permanently incapable of regular employment until normal pension age = 60

Common cause of IDRPs

- Using the wrong IQMP form
- Not considering redeployment until after the IQMP decision
- Not scrutinising the IQMP decision properly

Governance

Assurance rather than
reassurance

- **Reassurance:** when someone you trust tells you that all is well
- **Assurance:** when someone you trust tells you what's happening; shows you the evidence; encourages questions and constructive challenge; and allows you to judge for yourself if everything's fine

Understand the risks

To be informed and knowledgeable

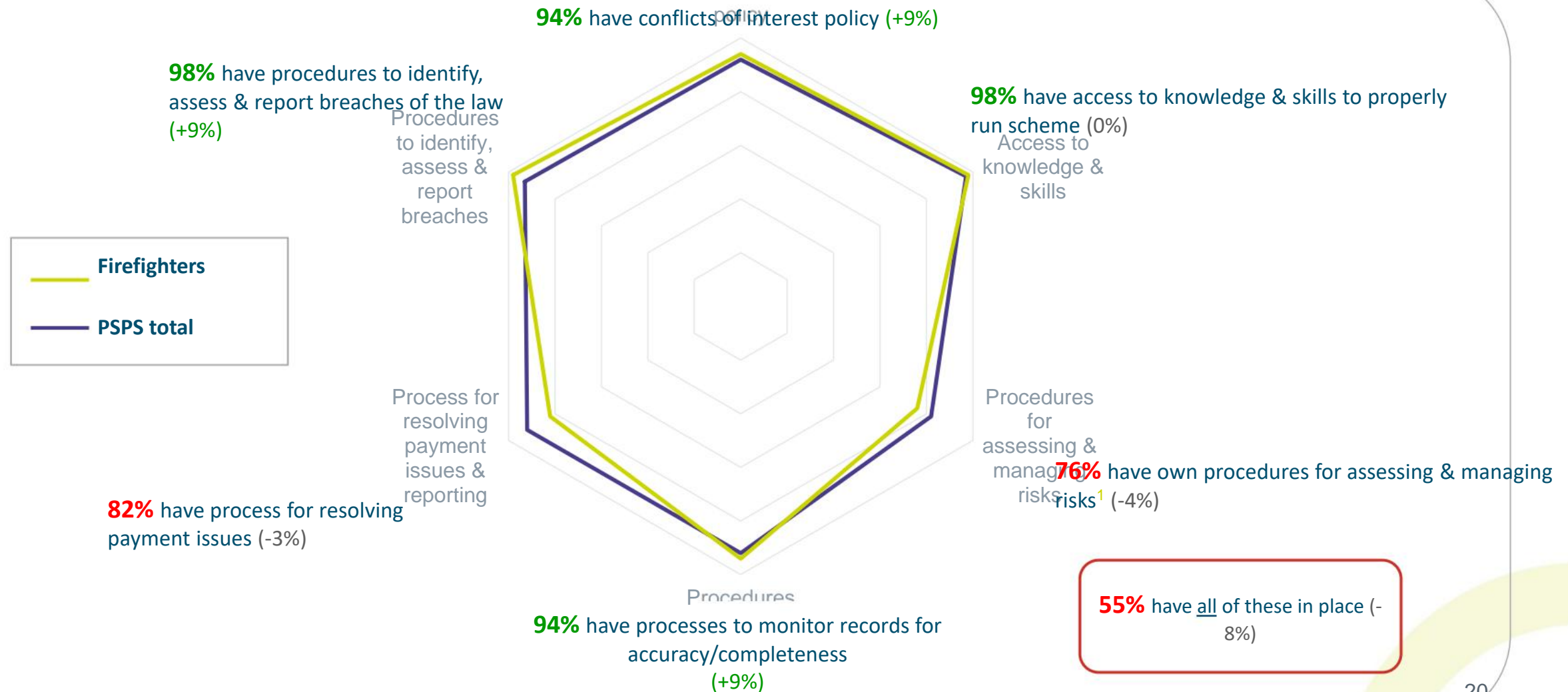
Understand the data

Collect the right money at the right time

What to do when something goes wrong

Act without conflict

Key Features



TPR Governance and Administration Survey Results

[TPR Governance and Administration survey.](#)

The McCloud judgment was identified as a top barrier (51 per cent) to improving governance and administration.

The Firefighters' scheme was more likely to cite time issues (22 %) and resource issues (16 %) as a barrier to automating the scheme processes.

More complaints entered the IDRPs system than other schemes, but fewer were upheld. Ill-health eligibility was the most common type of complaint.

Complexity of the scheme was the most commonly identified barrier for the Firefighters' schemes (84 per cent).

The Firefighters' Scheme was noted to have the highest proportion of annual benefit statements delivered in line with statutory deadlines (67 per cent)



Code of Practice 14

- **Governing your scheme**

1. Knowledge and Understanding
2. Conflicts of Interest and Representation
3. Publishing Information about managing schemes

- **Managing Risks**

4. Internal Controls

- **Administration**

5. Scheme Record-keeping
6. Maintaining Contributions
7. Providing Information to Members

- **Resolving Disputes**

8. Internal Dispute Resolution
9. Reporting Breaches of Law

<u>Understand Risk</u>	<u>Informed and Knowledgeable</u>	<u>Understand the Data</u>	<u>Collect the money at the right time</u>	<u>What to do when something goes wrong</u>	<u>No Conflicts of Interest</u>
4. <u>Internal Controls</u>	1. <u>Knowledge and Understanding</u>	3. <u>Publishing information about schemes</u>	6. <u>Maintaining Contributions</u>	9. <u>Reporting Breaches of Law</u>	2. <u>Conflicts of Interest and Representation</u>
	7. <u>Providing information to members</u>	5. <u>Scheme Record Keeping</u>			
	8. <u>Internal Dispute Resolution</u>				

What are the risks?

Risk

- **At the 2019 survey 76% of Firefighters' Pension Schemes reported to have documented procedures for assessing and managing risk**
- **The TPR research report 2018 commented that Fire schemes were less likely to have risk management processes than other schemes.**
- **Is the risk register relevant and regularly assessed?**
- **The TPR survey shows those without risk registers record lower performance.**

Risk registers vs performance

	Risk register	No risk register
Have a documented policy to manage pension board members' conflicts of interest	95%	86%
Have a register of pension board members' interests	95%	86%
Held at least 4 board meetings in last 12 months	36%	0%
Evaluate knowledge, understanding and skills of the board at least annually	90%	57%
Have a succession plan for members of the pension board	55%	14%
Have documented procedures for assessing and managing risk	86%	14%
Reviewed exposure to new/existing risks at any board meetings (1+) in last 12 months	100%	57%
Completed a data review in last 12 months	90%	71%
Identified any issues in latest data review	85%	40%

Age Discrimination: Deferred Choice Underpin



Risk considered the biggest factor in supporting DCU



Resources available to support immediate choice both at officer FRA level and administration



Risk about the levels of technology and information available to support decision making



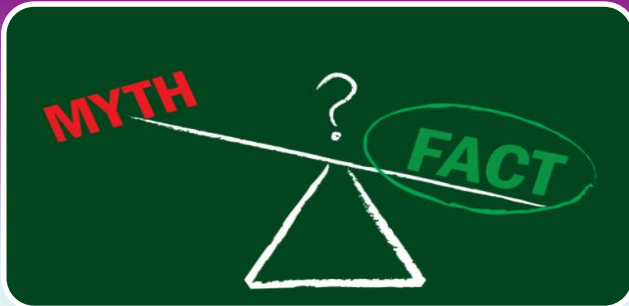
Risk of knowledge being available



Risk of members making wrong decisions



Member Decisions



Overcoming
myths



Social
media
'facts'



Missing
Information

Risk of Choice

Choice has been historically hard to implement and invariably led to challenge across Fire and Police.

61% of members who responded to [SAB Fire \(England\) review](#) in 2019 only partly or don't understand their benefits.



[PO-16555](#)

- 2006 options exercise
- Option to move to 2006 thereby claiming partners pension was not exercised
- Members unmarried partner was left without a pension



[PO-23014](#)

- Uprating of widows pension (pre 1972)
- No record found of election to pay for a full half rate pension
- Query raised 40 years after the event!



[PO-22496](#)

- Special member FPS 2006 options exercise
- Deadline missed by member, options window closed by statute

Risk of undocumented / inconsistent decision making

**T
A
X**

Pensionable Pay

Eligibility

FRA decision making

IDRPs

**Flexibility
Savings
Operational
People
Risk v demand**

Abatement

Re-employment

Dual contracts

Ill-Health

Who is the risk register for?

- It is the Local Pension Board's statutory responsibility to assist the scheme manager in ensuring compliance, therefore the responsibility for risk sits with the **scheme manager**, and it is for the board to ensure there is suitable mitigation of risk in the form of a risk register and procedures.

How do you manage and recognise risk?

- How does your scheme make decisions
- Do you know where to get advice?
- How do you assess risk?
- Key personnel
- Administrator resilience
- What Internal Controls are there?
- Are the [stakeholder relationships](#) at the right level
- How do you monitor [IDRPs](#) [[SAB IDRPs Paper](#)]

Known areas of risk

Compliance	Two Pensions Scheme Sanction Charge Pensionable Pay
Cost of rectifying mistakes	From FRA Operating account Regulations do not give guidance on correcting errors Reputational
Legal Cases	Age Discrimination Retained Firefighters access to the scheme prior to July 2000
Breaches	Record vs Report
Capacity	Administrator Key person risk

To be informed and knowledgeable

Skills and Knowledge

- No change between 2018 & 2019, 98% of Firefighters' Pension Schemes report to have procedures to enable access to all the knowledge, understanding and skills necessary to properly run the scheme.
- However when asked what was a main barrier to improvement,



35% cited a lack of resources or time



31% cited training and retention of staff and knowledge

TPR Assessment Tool

Results

Using this report

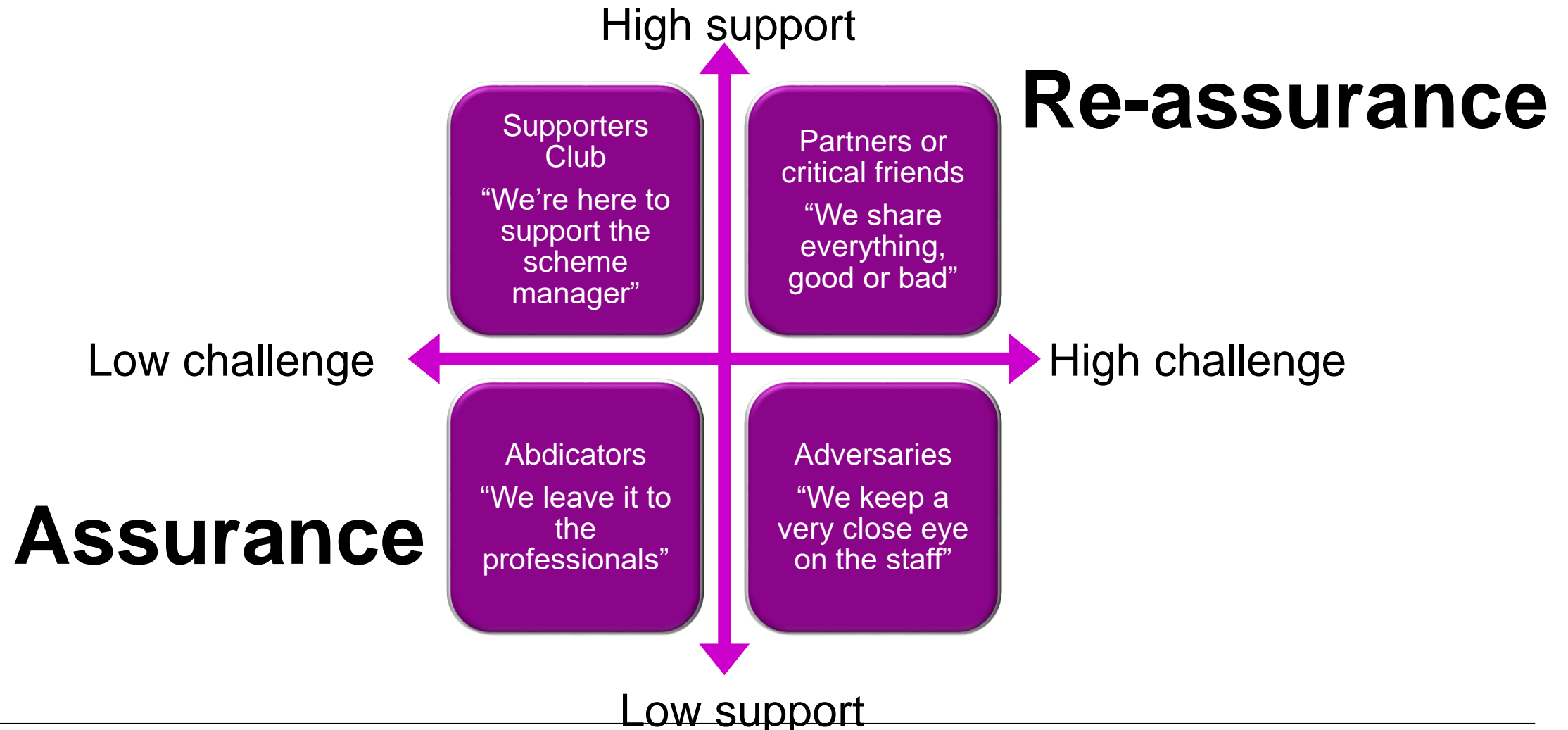
In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR's 2015 survey into the Governance and Administration of Public Service Schemes.

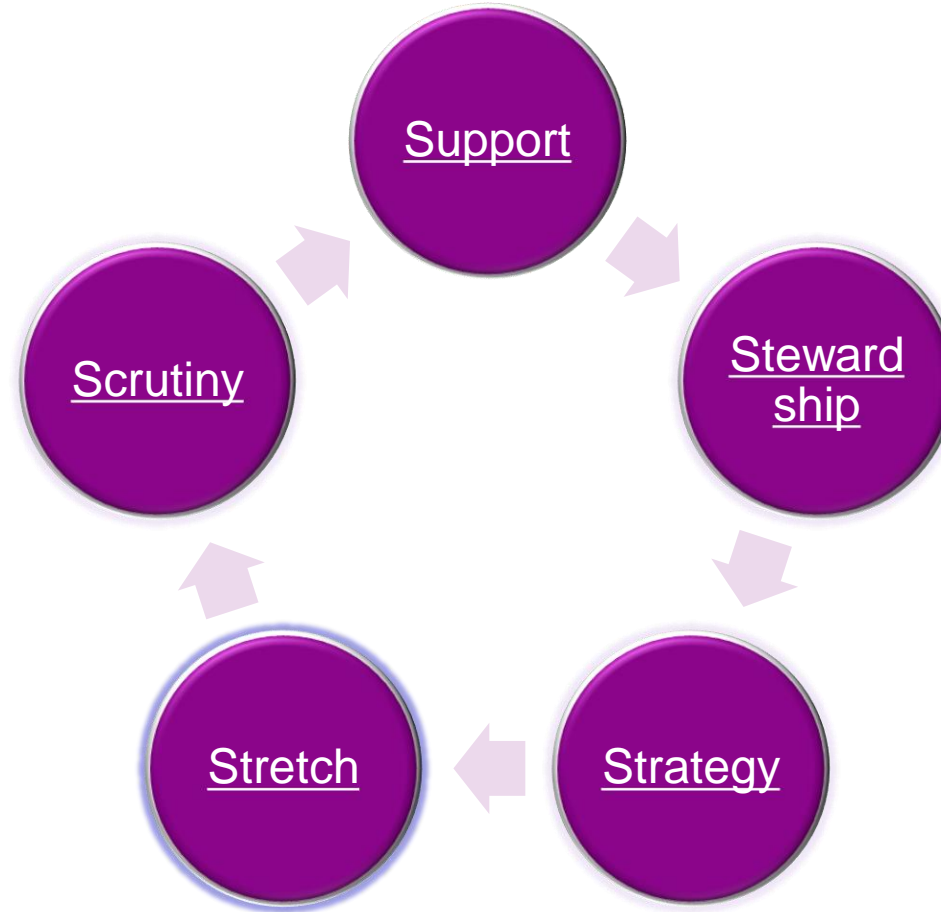
A summary of your results



Getting where you want to be...



Encourages questions and constructive challenge



Support

- To encourage, a critical friend asks;
 - Have you got what you need to do that?
 - We ought to celebrate that?
 - Encourages questions and constructive challenge

Six core principles

1. Assess and mitigate your risks
2. Encourage knowledge and skills
3. Know your data
4. Collect the right money at the right time
5. Record and report when something goes wrong
6. Act without conflict

Stewardship

- To protect and conserve their assets; a critical friend acting to guard access to knowledge and a good name says;
 - How can we preserve that knowledge so that we can still learn from it in five years time?
 - If a resource was removed would a risk be introduced?
 - How would we cope if.....
 - What do we expect

Six core principles

1. Assess and mitigate your risks
2. Encourage knowledge and skills
3. Know your data
4. Collect the right money at the right time
5. Record and report when something goes wrong
6. Act without conflict

Strategy

- Before making big decisions, critical friends listen to what others have to say, consult experts and their stakeholders, and then say;
 - Where could we be in five years time?
 - What do we want to achieve?
 - What are other people doing?
 - Where can we gain access to resource / knowledge

Six core principles

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Stretch

- To challenge and improve an organisation, critical friends say;
 - How can we improve?
 - Why are we doing ...
 - What best practice is there?
 - Have we thought of doing it differently?

Six core principles

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Scrutiny

- Critical friends that are scrutinising or examining processes say;
 - What alternatives did you consider and why?
 - What regulations or case-law did you use to make your decision and why?
 - Have you followed guidance
 - What is someone else doing?

Six core principles

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Understand the data

Firefighter Pension Schemes

FPS 1992	FPS 2006 (Standard Members)	FPS 2006 (Special Members)	FPS 2015	Compensation Scheme	Remedy
Protected standard members	Protected standard members	Protected special members	2015 only	Benefits based on service	Pay
	Protected retained members	Special Members (Pre 2000)	1992 transitional	Protections for retained firefighters with a qualifying injury before 1 st April 2014	Contributions
			2006 standard transitional		Service
			2006 standard retained transitional		Final salary
			2006 special transitional members		Opt-outs

What priority do you put on data?

- **94% of Firefighters' Pension Schemes reported to have a process to monitor membership types on an ongoing basis to ensure they are complete and accurate, an increase of 9% in the year**
- **However, the mean per cent of employers that provided timely, accurate and complete data fell for the Firefighters' scheme, which is a disappointing for a single employer scheme.**
- **76% submitted data monthly and electronically, albeit it was noted this had risen since 2018.**
- **What processes do you have in place to improve data?**

Remedy Data

Pay Data

- CARE Pay for current protected members
- Final Salary Pay for Remedy Period
 - Include any temporary promotion not pensionable in FPS 2015
- For retained this will be actual pay and full time equivalent pay to establish service records

Service Records

- Final Salary Service Record will need re-creating
 - Maternity Leave
 - Paternity Leave
 - Parental Leave
 - Authorised Absence
- Have contributions been repaid to establish service?
- Changes to hours are recorded

Final Salary

- Would entitlement to two pensions have been established by a drop in pay?
- Temporary Promotion in FPS 2015 would be treated as APB in Final salary if appropriate discretion is in place
- CPD payments in FPS 2015 will need to be treated as APB in final salary scheme

Opt-Outs

- Dependent on consultation decision
- Eligibility Criteria needs to be established
- Data needed
- Collate all opt-outs from 1 April 2014
- Establish reason for opt-out, ie auto-enrolment

Is data as expected

- Data held securely on software
 - Reporting available on expected fields
 - Employer data such as retained firefighter employment records
- Data provided on time and accurate to administrators?
- Processes to ensure the administrator is aware of entitlement
 - Drop in Pay
 - Additional Pension Benefits

Data Scoring

Measuring

- Do your processes work?
- Do you know what should be provided (link back to knowledge?)
- What are the effects
- How is your score measured and reported
- What is your action plan

Weighting

- Developed guidance to measure effectiveness of processes across 4 categories
 1. Data as expected
 2. Consistency
 3. Validation
 4. Specific Processes

[Weighting template](#)

Are you dashboard ready?

- A platform to allow savers to view all their pension pots through a single portal.
- DWP have [consulted](#) on dashboards. To be compulsory but public sector expected not to join for 3 / 4 years.
- LGA [response](#) to consultation
- [Pension dashboard call for input](#)
- Further information can be found on <https://pensionsdashboardproject.uk/>



Collect the right money at the right time!

Contribution Payments

- **82% of Firefighters' Pension Schemes reported to have a process for resolving contribution payment issues**
- Surely as a single employer there are no issues....

Business as usual



- **Resources**

[Contributions Holiday](#)

[Pensionable Pay](#)

[Special members](#)

[Additional Pension Benefits \(APBs\)](#)

The level of ill-health charge for FPS 2015 continues to be set at the rate that operates for 1992 and 2006 schemes as per [finance guidance](#). Four times final salary for higher tier and two times for lower tier. [[Bulletin 9](#)]

Calculation of correct APB rate as per circular [FPSC 2/2008](#)

Does your discretion policy require the paying of employer contributions for different types of absence

Employer Ill-health contributions, do you know what's payable

Processes for contribution holiday

Monitoring FPS 2006 special members by direct debit

Retrospection of pensionable pay decisions

Tapering

Remedy Contributions



- Contribution Holiday
 - + Returned to legacy scheme and would have been entitled to contribution holiday under legacy scheme rules
 - Treated as reformed scheme for remedy period, contribution holiday period would need repaying.

Balancing contributions between FPS 1992 and FPS 2015

Refund contributions between FPS 2006 and FPS 2015

Additional contributions for Temporary Promotion to be treated as APB under FPS 1992 & FPS 2006

Additional balancing payments for CPD as an APB in FPS 1992 & FPS 2006

Adjustment +/- for contribution holiday

What happens when it goes wrong

Breaches

- **98% of Firefighters' Pension Schemes reported to have procedures to identify, assess and report breaches of the law, this has risen from 36% in 2015.**
- The TPR administration and governance survey results showed that in 2018 only 2% of an identified 17% recorded breaches of law were reported as material.
- [FPS AGM TPR breaches presentation](#)

Reporting Breaches

Reporting a breach

- Reports should be in writing and should include:
 - a high level summary of the issue
 - why it has occurred
 - whether a third party (e.g. an employer) is involved
 - how many members and what kinds of members are affected
 - the action being taken to address the issue
 - when the breach will be rectified
 - how effects on members minimized
 - how future breaches of this type will be prevented
- Breaches can be reported online, and you can call our customer service team



Breach Assessment

Firefighters' Pensions England
Scheme Advisory Board
Incident: incidents@firepensions.co.uk

Breach Assessment Template
Date of assessment: _____
(Enter text about date of assessment and who assessment panel is)

Introduction
(Brief introduction to the breach being assessed)

Identified
(How did you know the breach was identified? For example it might be:
 • Tracked from agency
 • Reported from call handlers / technical staff
 • Informed by scheme manager / Pensions administrator
 • Something else)

Assessment
(Using the 100 additional comments on the four areas and score red, amber or green)

	Score	Effect	Reaction	Wider implications
Red				
Amber				
Green				

Action
(Enter text about what the course of action is in response to the breach, including any timescales)

History / Frequency
(Enter text about whether this is a breach that has occurred before and with what frequency)

Decision
 Report as material breach: ☐
 Recorded as breach: ☐

Assessed by: _____
Date of assessment: _____

Board Review:
 Tabled at Board Meeting: _____
 Agreed by board: _____

Breach Assessment Template

What can go wrong

- Two pension entitlements
- Failure to provide timely, accurate or complete data
- Systems or process failure
- Failure to maintain records or rectify errors
- Failure to communicate

To act without conflict

Conflict of Interest

- **94% of Firefighters' Pension Schemes reported to have a policy to manage board members conflicts of interest, this has risen from 79% in 2015.**
- The scheme manager must ensure there is no conflict of interest upon appointment and manage any potential conflict of interest that may arise.
- Conflict does not arise by virtue of membership of the scheme or any connected scheme, but means a financial or other interest likely to prejudice the person's exercise of functions as a member of the board.

Conflict of Interest

- Identify
- Monitor
- Manage

Remember

1. Assess and mitigate your risks
2. Encourage knowledge and skills
3. Know your data
4. Collect the right money at the right time
5. Record and report when something goes wrong
6. Act without conflict

Any questions



Disclaimer

- **The information contained in these slides are the authors interpretation of the current regulations.**
- **Readers should take their own legal advice on the interpretation of any particular piece of legislation.**
- **No responsibility whatsoever will be assumed by LGA or their partners for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information contained in these slides.**

Thank you for listening!

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www.fpsboard.org & www.fpsregs.org

WEST MIDLANDS FIRE AND RESCUE AUTHORITY**AUDIT AND RISK COMMITTEE****WORK PROGRAMME 2020/21**

Date of Meeting	Item	Responsible Officer	Completed
2020			
27 July 2020	Audit Plan 2019/20	Grant Thornton	27.07.20
	Informing the Audit Risk 2019/20	Grant Thornton	27.07.20
	Statement of Accounts 2019/20 (Draft Unaudited Approval)	Treasurer	27.07.20
	Treasury Management Annual Report 2019/20	Treasurer	27.07.20
	Governance Statement 2019/20	Treasurer	27.07.20
	Internal Audit Plan 2020/21	Audit Manager	27.07.20
	Internal Audit Annual Report 2019/20	Audit Manager	27.07.20
	Minutes of the Audit and Risk Committee held on 1 June 2020	Democratic Officer	27.07.20
	Training Requirements of Audit and Risk Members	Democratic Officer	27.07.20

(Official – WMFS – Public)

	Audit and Risk Committee Draft Work Plan 2020/21	Democratic Officer	Carried forward
26 Oct 2020	Terms of Reference of Audit and Risk Committee	Democratic Officer	26.10.20
	Treasury Management Mid-Year Report 2020/21	Treasurer	26.10.20
	Audit Progress & Sector Update	Grant Thornton	26.10.20
	Internal Audit Progress Report	Audit Manager	26.10.20
	Re-instatement of Pension Decision	Treasurer	26.10.20
	Remedy Report – McCloud/Sargeant	Treasurer	26.10.20
	Minutes of the Audit and Risk Committee held on 27 July 2020	Democratic Officer	26.10.20
	Audit and Risk Committee Draft Work Plan 2020/21	Democratic Officer	Carried forward
5 Oct 2020 [Authority]	Audit Findings Report 2019/20 Statement of Accounts 2019/20-(to approve)	Grant Thornton Treasurer	

7 Dec 2020	Minutes of the Audit and Risk Committee held on 26 October 2020	Democratic Officer	07.12.20
	Audit Progress & Sector Update	Grant Thornton	07.12.20 (verbal update)
	Internal Audit Progress Report	Audit Manager	Carried forward
	Corporate Risk Update Q1 & Q2 2020/21	ACFO Strategic Enabler (Enabling Services)	07.12.20
	Annual SIRO report	ACFO Strategic Enabler (Enabling Services)	07.12.20
	Remedy Report – McCloud/Sargeant	Treasurer	07.12.20
	Audit and Risk Committee Draft Work Plan 2020/21	Democratic Officer	07.12.20
	Pension Board Minutes 14 May 2020	Democratic Officer	07.12.20
	Pension Board Minutes 30 July 2020	Democratic Officer	07.12.20
	Pension Board Minutes 11 September 2020	Democratic Officer	07.12.20

(Official – WMFS – Public)

	Fraud Awareness Training (tbc)	Phil Tromans John Matthews	Deferred until 2021/22.
14 December 2020 (Authority)	Minutes of the Audit and Risk Committee held on 26 October	Democratic Officer	

2021			
15 February 2021 (Authority)	Minutes of the Audit & Risk Committee held on 7 December 2020 (tbc)	Democratic Officer	
22 March 2021	Minutes of the Audit and Risk Committee held on 7 December 2020	Democratic Officer	
	Internal Audit Progress Report	Audit Manager	
	Audit Progress & Sector Update	Grant Thornton	
	Internal Audit Plan 2021/22	Audit Manager	
	Audit Plan 2021/22	Grant Thornton	
	Internal Audit Charter – Annual Review	Audit Manager	
	Informing the Audit Risk Assessment – West Midlands Fire and Rescue Authority 2021/22	Grant Thornton	

(Official – WMFS – Public)

	<p>Minutes of the Pensions Board held on 09 December 2020</p> <p>Audit and Risk Committee Work Plan</p> <p><i>Committee Members' Private meeting with Internal Auditors (to follow Committee)</i></p>	<p>Democratic Officer</p> <p>Democratic Officer</p> <p><i>Audit Manager</i></p>	
7 June 2021	<p>Annual Internal Audit Report 2020/21</p> <p>Governance Statement 2020/21</p> <p>Monitoring Policies and RIPA (Annual Whistleblowing Report)</p> <p>Corporate Risk Update Q3 & Q4 2020/21</p> <p>Annual Report of the Audit and Risk Committee 2020/21 for approval</p> <p>Audit Progress & Sector Update</p> <p>Internal Audit Progress Report</p>	<p>Audit Manager</p> <p>Treasurer</p> <p>Monitoring Officer/ACFO Strategic Enabler (Enabling Services)</p> <p>ACFO Strategic Enabler (Enabling Services)</p> <p>Chair</p> <p>Grant Thornton</p> <p>Audit Manager</p>	

(Official – WMFS – Public)

	<p>Minutes of the Audit and Risk Committee held on 23 March 2020</p> <p>Minutes of the Pensions Board (tbc)</p> <p>Annual Report of the Pension Board 2020/21</p> <p>Audit and Risk Committee Work Plan-2020/21</p> <p><i>Committee Members' Private meeting with External Auditors</i></p> <p><i>Workshop for Members on Statement of Accounts 2020/21</i></p>	<p>Democratic Officer</p> <p>Democratic Officer</p> <p>Chair, Pensions Board</p> <p>Democratic Officer</p> <p><i>Grant Thornton</i></p> <p><i>Treasurer</i></p>	
21 June 2021 [Authority]	<p>Governance Statement 2020/21</p> <p>Minutes of the Audit and Risk Committee held on 22 March 2020 & 7 June 2020</p> <p>Annual Report of the Audit and Risk Committee 2020/21</p>	<p>Treasurer</p> <p>Democratic Officer</p> <p>Chair</p>	

<p>26 July 2021 (Audit and Risk Committee 2021/22)</p>	<p>Audit Findings 2020/21</p> <p>Statement of Accounts 2020/21 (Approval)</p> <p>Treasury Management Annual Report 2020/21</p> <p>Audit and Risk Committee Draft Work Plan 2021/22</p> <p>Minutes of the Pension Board (tbc)</p>	<p>Grant Thornton</p> <p>Treasurer</p> <p>Treasurer</p> <p>Democratic Officer</p> <p>Democratic Officer</p>
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