

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, 03 June 2019 at 12:30

at Fire Service HQ, 99 Vauxhall Road, Nechells, Birmingham B7 4HW

for the purpose of transacting the following business:

Agenda – Public Session

- | | | |
|----|--|----------------|
| 1 | To receive apologies for absence (if any) | |
| 2 | Declarations of interests | |
| 3 | Minutes of the Audit and Risk Committee held on 25 March 2019 | 3 - 14 |
| 4 | Governance Statement 2018-19 | 15 - 24 |
| 5 | Monitoring Policies on Raising Concerns at Work - Whistleblowing Standing Order 2/20 and Regulation of Investigatory Powers Act 2000 | 25 - 42 |
| 6 | Internal Audit Annual Report 2018.19 | 43 - 56 |
| 7 | Audit Committee Annual Report 2018.19 | 57 - 68 |
| 8 | Audit Committee Update from External Auditors
Verbal Update | |
| 9 | Update on Topical, Legal and Regulatory Issues (Verbal Report). | |
| 10 | Audit and Risk Workplan 2018-2019 | 69 - 74 |

Agenda – Private Session

11 CIPFA Audit Committee Update Issue 28 March 2019

- 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.

12 Private Meeting with External Auditors
Grant Thornton

13 Workshop for Members on Statement of Accounts 2018/19
Treasurer

Distribution:

Stephen Craddock - Member, Jasbinder Dehar - Member, Zafar Iqbal - Member, Kerry Jenkins - Vice Chair, Catherine Miks - Chairman

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

25 March 2019
at Fire Service Headquarters, Vauxhall Road,
Birmingham B7 4HW

Present: Councillors Miks (Chair), Iqbal, Jenkins, Craddock
Dehar and Mr Ager (Independent)

Apology: Richard Percival, Grant Thornton

As well as the Members of the Committee the following officers
attended the meeting:

Javed Aktar, Grant Thornton
Peter Farrow, Audit Manager
John Matthews, Internal Audit
Phil Hales, Deputy Chief Fire Officer
Mike Griffiths, Treasurer

10/19 **Declarations of Interest**

There were no declarations of interest.

11/19 **Minutes of the Audit and Risk Committee held on 14
January 2019**

The minutes of the Audit and Risk Committee held on 14
January 2019 were received.

12/19 **Audit and Risk Committee Terms of Reference**

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

The Terms of Reference were last reviewed in March 2018 and were subject to their annual review to ensure that they remained relevant and fit for purpose.

Following a review, the Terms of Reference had been updated in order to incorporate new additions to the model terms of reference provided by CIPFA in the latest 2018 edition of the Practical Guidance for Local Authority Audit Committees in the following areas:

- To review the governance and assurance arrangements for significant partnerships or collaborations
- To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
- To provide free and unfettered access to the audit and risk committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.
- To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- To publish an annual report on the work of the Committee.

In response to a Member's enquiry about the West Midlands Combined Authority (WMCA) Audit and Risk Committee, the Auditor confirmed that the WMCA Terms of Reference mirrored the Terms of Reference and would be very similar to the CIPFA guidance.

It was also confirmed that a number of discussions had taken place regarding the role of a WMCA Audit Sub Committee, but this had not yet been decided or fully resolved.

Resolved that the revised Audit and Risk Committee Terms of Reference be approved.

13/19 **WMFS Internal Audit Plan 2019/20**

The report presented detailed the proposed Internal Audit Plan for 2019/20, with an indicative plan covering the period 2020/21 to 2021/22.

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

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

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

It was confirmed that Sandwell Metropolitan Borough Council continued to provide this service using the CIPFA methodology, the risk register, meetings with officers and historic knowledge to produce the list of Auditable Areas. This is known as the audit universe. Each auditable area is scored High, Medium or Low. The high risk areas will be audited annually, medium risks will be visited once in a three-year cycle. A watching brief will remain on the low risks.

The Auditor confirmed that the Internal Audit Plan was still required for 2019/20 until further clarity was received in respect of the Combined Authority and the Authority would be continuing with what we know at the current time

The Combined Authority would also have an audit plan. In future there maybe two plans or one overarching plan. The Deputy Chief Fire Officer explained that there would be a transition period and all Committees would be affected.

This would be discussed by the Governance and Transformation Committee and the governance project, but in the meantime the Authority would continue to work under the current arrangements.

This could be seen as duplication but there was a potential risk that the arrangements would not change so it was best to continue. Once the transfer had been approved, a decision would be made on the best way forward.

The Treasurer confirmed there would be a requirement to continue in the initial stages and wherever possible service delivery would carry on and any risks identified as part of the audit work would be required by the Combined Authority and over the next twelve months, the issues and risk would be tied together.

Resolved that the Internal Audit Plan 2019/20 be approved.

14/19 **Audit Plan 2018-19**

The Audit Plan 2018/19 had set out the audit work that Grant Thornton proposed to undertake and the key deadlines and milestones associated with the delivery of this work. The plan had been developed using a risk-based approach and considers the risks relevant to both the audit of accounting statements and the value for money conclusion.

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

The National Audit Office (NAO) had issued its guidance for auditors on value for money work for 2018/19. The guidance stated that for local government bodies' auditors are required

to give a conclusion on whether the Authority had proper arrangements in place.

The guidance identified one single criterion for auditors to evaluate:

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

For 2018/19 the Authority was required to prepare the accounting statements by 30 June 2019 and to submit the audited 2018/19 accounts to the Audit Committee for approval by no later than 31 July 2019. The plan had set out the key phases and activities for the delivery of the audit work. All reports arising from this audit work were to be discussed and agreed with appropriate officers prior to submission to Members.

The Auditor explained that the Audit Plan was an historical looking document and discussions had taken place on the Value for Money conclusion and financial sustainability with the finance team and management.

One Member enquired about financial planning and the risks associated with the use of general balances to prop up the budget of the Authority and the emerging risks of increased employer's pension contributions and the impending court of appeal judgement on pensions. It was questioned whether, following the £3.8m worth of savings required to balance the budget, if the Auditor would find the Authority to be considered a going concern.

The Auditor stated that Grant Thornton would continue to have discussions with management and the Audit Findings Report would be submitted in July 2019.

It was also confirmed that the £1.5m from general balances in the revised 2018/19 budget would only be known following the closedown of accounts at the end of March and when the Audit is undertaken.

Resolved that the Audit Plan 2018/19 be approved

Cllr Iqbal left the meeting at this point.

15/19 **Corporate Risk Update**

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

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

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

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

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

4 (high). The impact was a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 4 (high).

To ensure that Members are kept informed of corporate risk matters a Corporate Risk Assurance Map Summary for Quarter 3 2018/18 (Appendix 1) and the Position Statement for Quarter 3 2018/19 (Appendix 2) were included.

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

- The strategic objectives and performance indicators relevant to the risk.
- The risk scores.
- A description of events that could lead the corporate risk being realised.
- The control measures in place designed to reduce the likelihood of risk realisation or its impact should the risk be realised.
- Additional control measures currently implemented to further reduce the likelihood or impact.
- Control owners who are responsible for the implementation, maintenance and review of individual control measures.

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

Owners would have confirmed the progress in implementing such controls.

It was noted that during the previous six months (Quarter 2 2018/19 and Quarter 3 2018/19) there had been no increase or decrease in any of the risk scores.

During the six months (Quarter 4 2017/18 and Quarter 1 2018/19) there had been an increase in the risk scores for Corporate Risk 9 Business Development, 9.1 and 9.2. These two risks had materialised and Officers were unable to provide assurance for these risks.

The DCFO explained that the Overall Confidence level of the Business Development Risk had changed from Green and Amber as set out in Appendix 1.

It was noted that following the change in the Authority's strategy, the Business Development Risk had been given an amber rating as business development had been put on hold whilst Officers assessed and reviewed the next steps to generate income and to look at alternatives.

Alternative funding, social value, commercial opportunities, sponsorship and new opportunities to raise funds would be considered.

The timeline of governance change had moved due to the delay in the parliamentary process in the laying of the Order. Officers would see the impact on the Authority over the next few months.

In response to a Member's enquiry, the DCFO stated the current ICT system was generally resilient. One or two vulnerabilities had been identified during a recent independent assessment by a local company, Aristi. The issues identified had been caused by poor house-keeping and had been rectified. Following business decisions and strategies, a number of changes would be made in the following months.

The Oracle system, that provides a number of applications including the people management system, would be moving to a new system. Officers were looking at providing a balance between the usability and accessibility of systems.

An automatic protective marking system was also being introduced to comply with GDPR.

The DCFO explained there had been a lot of issues with the Emergency Services Network (ESN) and Emergency Services Mobile Communications Projects (ESMCP).

Airwave would be extended as it was required to maintain national security.

Vehicle Radios would not be switched until the ESN was available. The public accounts committee are scrutinising the system, there is no assurance but nationally the project is said to be going ahead.

ESMCP was progressing with:

- Regional programme board
- National Board
- Police and Ambulance

The Service would not be switching off its current system until the new product was considered to be reliable and would continue to operate on the national system.

ESMCP had been paired back to just a communication tool but there were still challenges

Resolved that the Corporate Risk Assurance Map Summary (Quarter 3 2018/19) be approved and the Position Statement (Quarter 3 2018/19) be noted.

16/19 Informing the Audit Risk Assessment WMFRA 2018/19

To ensure that Audit Committee members continue to remain informed upon audit matters, the external auditor had submitted the report 'Informing with Audit Risk Assessment

WMFRA 2018/19. It was the intention of the external auditor to provide an update at all Audit and Risk Committee meetings.

The document provides the Audit and Risk Committee with an update on Grant Thornton's progress in delivering their responsibilities and includes:

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

17/19 **Audit Progress Report and Sector Update**

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

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

The external auditor was happy with the progress made. Risk and Value for Money audits had been scoped into the Plan the External Audit was planned for June 2019 and the final accounts would be signed off at the July 2019 Audit and Risk Committee.

18/19 **Audit and Risk Committee Workplan**

The Committee noted the Work Programme for the remainder of 2019. It was noted that the meeting to sign off the accounts on the 22 July 2019 would now be held on the 15 July 2019.

19/19 Update on Topical, Legal and Regulatory Issues

The Deputy Chief Fire Officer informed the Committee of the National review of employer's pension contributions. This year the budgeted figure for WMFS had amounted to £5.3m. In 2019/20, the Home Office agreed to pay £4.9m resulting in a £400,000 increase in employers' costs for the Authority.

Nationally the anticipated increase in employers pension costs had been calculated at £108m but that figure had subsequently been revised to circa £130m.

The Treasury had initially agreed to fund all but £10m of the employers' pension increase, but there was now an additional funding gap and the impact on WMFS was an increase of approximately £900,000 and officers were trying to clarify the position.

Each Fire Service in the country will be in a broadly similar position with London Fire Brigade facing an increase of circa £5m.

This information had been received after the Authority had set its budget.

The Home Office were working with the Treasury to provide additional grant funding in 2019/20 to meet the overall national increase.

20/19 Firefighters Scheme Advisory Board Employers Survey

The Audit and Risk Committee noted the Authority's response to the Firefighters' Scheme Advisory Board Employer's Survey.

21/19 CIPFA Audit and Risk Committee Update

CIPFA had continued to develop a series of briefing papers to support public sector audit committee members and to provide a practical resource for those who support audit committees. The update was published approximately three times a year. Each one included a main feature, together with pointers to new developments or guidance that audit committee members may need to be aware of. The focus for this edition was on the Audit Committees Role in Risk Management and a Briefing on Current Issues. Issue 27 Update was noted by the Committee.

The Internal Auditor highlighted

- CIPFA training opportunities during 2019
- the increase in the number of qualified conclusions on the value for money arrangements
- Police, fire and other bodies had a 3% percentage of bodies qualified
- Local Authority Governance
- Local Government Ethical Standards report from the Committee on Standards in Public Life

22/19 **Members Private Meeting with Internal Audit**

Members of the Audit Committee met privately with the Internal Auditor.

The meeting finished at 1320 hours.

Julie Connor Strategic Hub 0121 380 6906 Julie.Connor@wmfs.net

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

Item 4

3 JUNE 2019

1. GOVERNANCE STATEMENT 2018/19

Joint report of the Chief Fire Officer, Treasurer and Monitoring Officer.

RECOMMENDED

THAT the Committee approves the Governance Statement for 2018/19.

2. PURPOSE OF REPORT

This report is submitted to Members to seek comments and consideration of the Governance Statement for 2018/19.

3. BACKGROUND

- 3.1 West Midlands Fire and Rescue Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 3.2 In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs, which includes arrangements for the management of risk.
- 3.3 Every Local Authority has to produce a Governance Statement (see attached Appendix) with its Statement of Accounts, which are due to be made available at the end of June 2019.
- 3.4 The Governance Statement is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only

provide reasonable and not absolute assurance of effectiveness. The Governance Statement is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 3.5 The Statement is signed by the Chairman of the Authority and the Chief Fire Officer who have a responsibility to ensure that the document is supported by reliable evidence and accurately reflects the Authority's internal control environment. The Governance Statement has operated throughout the year ended 31st March 2019 and up to date of the approval of the annual report and accounts.

4. **EQUALITY IMPACT ASSESSMENT**

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

5. **LEGAL IMPLICATIONS**

The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. As part of this it has to produce a Governance Statement.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

None.

The contact officer for this report is Deputy Chief Fire Officer Philip Hales, 0121 380 6907.

PHIL LOACH	MIKE GRIFFITHS	SATINDER SAHOTA
CHIEF FIRE OFFICER	TREASURER	MONITORING OFFICER

ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

- 1.1 West Midlands Fire and Rescue Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this duty, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.
- 1.3 The Authority has complied with the code of corporate governance which is consistent with the principles of the revised CIPFA/SOLACE Framework 2016 published by CIPFA in association with the International Federation of Accountants (IFAC) – Delivering Good Governance in Local Government. The Authority has also complied with the requirements of CIPFA's statement on the role of the Chief Financial Officer in Local Government. This Annual Governance Statement explains how the Authority has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6 which require the Authority to prepare an Annual Governance Statement.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place for the year ended 31st March 2019 and up to the date of the approval of the annual report and statement of accounts.

3. The Governance Framework

The key elements of the systems and processes that comprise the Authority's governance arrangements include the following:-

- 3.1 The Authority has produced a Corporate Strategy setting out its objectives and there is regular performance monitoring in which achievement of the Authority's objectives is measured and monitored.
- 3.2 The Authority has established clear channels of communication with the community and stakeholders regarding the production of the Annual Report and consultation on the key priorities of the Service. This also encourages open communication.
- 3.3 The Authority facilitates policy and decision-making via regular Policy Planning Forums and Authority and Executive Committee meetings. An Audit and Risk Committee provides independent assurance to the Authority on risk management and internal control and the effectiveness of the arrangements the Authority has for these matters. The constitution of the Committees including the terms of reference is reviewed annually and available on the Internet.
- 3.4 The Authority ensures compliance with established strategies, procedures, laws and regulations – including risk management. The Authority also maintains and reviews regularly its code of conduct and whistle blowing policy. There is a comprehensive induction programme in place and information regarding strategies and procedures are held on the intranet, which continues to be developed. The Authority has a strong Internal Audit function and established protocols for working with External Audit.
- 3.5 West Midlands Fire and Rescue Authority will continue to enhance and strengthen its internal control environment through the review of current policies and procedures.
- 3.6 The Authority has corporate risk management arrangements in place which are supported by an approved Risk Management Strategy enabling Managers and other senior officers to identify, assess and prioritise risks within their own work areas which impact on the ability of the Authority and its services to meet objectives. To consider the effectiveness of the Authority's risk management arrangements is a specific term of reference for the Audit and Risk Committee and risk management is a specific responsibility of both the Chairman and Vice Chairman.
- 3.7 The Authority's Corporate Risk Register identifies the principal risks to the achievement of the Authority's objectives and assesses the nature and extent of those risks (through assessment of likelihood and impact). The Register identifies risk owners whose responsibility includes the identification of controls and actions to manage them efficiently, effectively and economically.

- 3.8 The Authority ensures the economical, effective and efficient use of resources, and secures continuous improvement in the way in which its functions are exercised, by having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty. The Authority plans its spending on an established planning cycle for policy development, budget setting and performance management through the business planning process. This ensures that resources are aligned to priorities and secures best value from the resources that are available.
- 3.9 The Chief Financial Officer is a key member of the leadership team, helping to develop and implement the Authority's strategy. The Authority's financial system is an ORACLE based general ledger and management information system, which integrates the general ledger function with those of budgetary control and payments. Financial Regulations and Contract Procedure Rules are approved and regularly reviewed by the Authority. A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way, and corrective action initiated.
- 3.10 The Authority's performance management and reporting of performance management continues to be improved with a more focused Corporate Strategy, the setting of priorities and is supported by regular performance monitoring. Corporate performance is reported on a quarterly basis and this process provides officers and Members with the opportunity to share knowledge and understanding about key performance issues affecting services.
- 3.11 The Authority within its committee framework has an Appointments, Standards and Appeals Committee to promote high ethical standards amongst Members. This Committee leads on developing policies and procedures to accompany the Code of Conduct for Members and is responsible for local assessment and review of complaints about members' conduct. The Authority also has a Scrutiny Committee which undertakes performance management functions and informs policy development.
- 3.12 The Fire and Rescue National Framework for England sets out a requirement for Fire and Rescue Authorities to publish 'Statements of Assurance'. Specifically, Fire and Rescue Authorities must provide assurance on financial, governance and operational matters and show how they have had due regard to the expectations set out in their integrated risk management plan and the requirements included in this Framework. The Authority has approved the Statement of Assurance which is available on the Service's website.

4. Review of Effectiveness

4.1 The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the statutory officers and principal managers of the Authority who have responsibility for the development and maintenance of the governance environment, the internal audit annual report and comments made by the external auditors in their annual audit letter and other reports.

4.2 Section unit business plans contain a variety of performance indicators and targets that are regularly reviewed.

4.3 The Authority's political governance arrangements, which are appropriately reviewed by officers, set out the responsibilities of both Members and senior managers. In particular the Authority has identified the following statutory post holders:-

- Chief Fire Officer
- Treasurer
- Monitoring Officer

In addition to the statutory posts, the post of Clerk to the Authority has been maintained.

4.4 The arrangements for the provision of internal audit are contained within the Authority's Financial Regulations. The Treasurer is responsible for ensuring that there is an adequate and effective system of internal audit of the Authority's accounting and other systems of internal control as required by the Accounts and Audit Regulations 2015. The internal audit provision operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government. The Authority's Audit Plan is prioritised by a combination of the key internal controls, assessment and review on the basis of risk and the Authority's corporate governance arrangements, including risk management. The work is further supplemented by reviews around the main financial systems, scheduled visits to Authority establishments and fraud investigations. Internal Audit leads on promoting a counter-fraud culture within the Authority.

4.5 The resulting Audit Plan is discussed and agreed with officers of the Strategic Enabling Team and the Audit and Risk Committee and shared with the Authority's external auditor. Meetings between the internal and external auditor ensure that duplication of effort is avoided. All Authority Audit reports include an assessment of the adequacy of internal control and prioritised action plans to address any areas needing improvement.

- 4.6 The Authority's review of the effectiveness of the system of internal control is informed by:-
- The work undertaken by Internal Audit during the year;
 - The work undertaken by the external auditor reported in their annual audit;
 - Other work undertaken by independent inspection bodies.
- 4.7 From the work undertaken by Internal Audit in 2018/2019 the Internal Audit has given a 'reasonable assurance' that the Authority has adequate and effective governance, risk management and internal control processes. This represents an unqualified opinion and the highest level of assurance available to Audit Services. In giving this opinion it is recognised that assurance can never be absolute. The most that internal audit can provide is reasonable assurance that there are no major weaknesses in the Authority's governance, risk management and control processes.
- 4.8 The Authority is able to confirm that its financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- 4.9 Audit Services have reported and advised on the implications of the result of the review of effectiveness of the governance framework by the sources noted above and that the arrangements continue to be regarded as fit for purpose in accordance with the Authority's governance framework. The areas to be specifically addressed are outlined in 5.5.

5. Significant governance arrangements within the Authority

- 5.1 West Midlands Fire & Rescue Authority has a legal duty to provide an efficient, safe and effective fire and rescue service. The key priorities are:-
- Prevention – Safer and healthier communities
 - Protection – stronger business communities
 - Response – dealing effectively with emergencies
- 5.2 These form the basis of the Authority's Corporate Strategy known as The Plan 2018-2021 which sets out the outcomes and priorities based on the Community Safety Strategy. The five-minute attendance standard lies at the heart of the Service Delivery Model. The model shows how staff provide the core prevention, protection and response services to make the West Midlands safer, stronger and healthier.
- 5.3 Grant Thornton, the Authority's External Auditors, published the Audit Findings Report for its 2017/2018 audit work which reported an unqualified opinion on the financial statements. It also issued an unqualified value for money conclusion stating that the Authority had proper arrangements in all significant respects to ensure it delivered value for money in the use of resources.

5.4 Based on audit work undertaken during the year an Annual Internal Audit Report was presented to the Audit and Risk Committee on 3 June 2019, Audit work which was completed in 2018/2019 included:-

- Risk Management
- Fixed Asset Accounting
- Accounts Receivable
- Accounts Payable
- Budgetary Control
- Payroll
- Governance
- Data Protection / IT
- Performance Management
- Procurement

5.5 As a result of these audits the following was identified as the main issue:-

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 one issue of significance, which is 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.

5.6 The main issue outlined above, together with any other issues highlighted in the Annual Internal Audit Report have been raised with relevant managers and actions have been taken to achieve improvements.

5.7 As part of the Finance Settlement for 2016/17, an offer was made for a multiyear funding settlement. Any Authority wishing to take up the four year funding settlement to 2019/20 was required to set out their proposals in an Efficiency Plan to qualify for the four year settlement from April 2016. The Authority considered and approved the Efficiency Plan which was submitted to the Home Office. In February 2019, the Secretary of State for Ministry of Housing, Communities and Local Government confirmed the Authority's funding settlement for 2019/20. The core funding reduction of approximately £1m in 2019/2020 is broadly in line with the provisional four-year settlement.

5.8 2019/20 is the final year of the four-year settlement. In the Secretary of State for MHCLG settlement announcement, there was no indication of further funding levels beyond 2019/20. In planning for 2020/21 onwards, a reduction of 2% has been assumed to the overall core funding. It should be noted that this is a very provisional figure and there is the potential for the scale of reductions to be of a greater magnitude than this base assumption. Every 1% reduction in core funding represents a loss of circa £0.5m funding for the Authority.

- 5.9 With the anticipation of cuts to government funding continuing into future years, the Authority faces considerable financial pressures which could result in difficulties to deliver an efficient and effective service, which in turn would increase the risk to the communities of the West Midlands. A key aim for the Authority is to therefore identify and deliver further Service efficiencies to ensure the ongoing stability of the Authority's financial position.

6. Certification

- 6.1 To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.

John Edwards
Chairman

Phil Loach
Chief Fire Officer

Item 5

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

3 JUNE 2019

1. MONITORING POLICIES ON RAISING CONCERNS AT WORK – WHISTLE BLOWING STANDING ORDER 2/20 AND REGULATION OF INVESTIGATORY POWERS ACT 2000

Joint report of the Chief Fire Officer and the Monitoring Officer.

RECOMMENDED

- 1.1 THAT the Audit and Risk Committee notes that there have been no allegations of whistle blowing reported through the Whistle Blowing Policy (SO 2/20).
- 1.2 There have been no requests to enact the Regulation of Investigatory Powers Act 2000 in West Midlands Fire Service in the last year up to 31 March 2019.
- 1.3 THAT the Audit and Risk Committee notes the content of the Whistle Blowing Standing Order 2/20 (attached as Appendix 1) and the Management of Information Framework, Standing Order 1/5, Appendix 4, (attached as Appendix 2).

2. PURPOSE OF REPORT

- 2.1 There are no cases to report.
- 2.2 This report is submitted to inform the Committee of the monitoring of the referrals under the Whistle Blowing Standing Order 2/20 (attached as Appendix 1) and the use of the Regulation of Investigatory Powers Act under the Management of Information, Standing Order 1/5, Appendix 4, (attached as Appendix 2).

3. BACKGROUND

Whistle Blowing

- 3.1 Whistle Blowing Standing Order was consulted on 8th August 2018

Ref. AU/AC/12105194

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with minor amendments and then published 6th December 2018.

- 3.2 In relation to Whistle Blowing; in May 1996 the Committee on Standards in Public Life stated that “All organisations face the risk of things going wrong or of unknowingly harbouring malpractice. Encouraging a culture of openness within an organisation will help: prevention is better than cure.”
- 3.3 The Public Interest Disclosure Act 1998 sets out a framework for public interest whistle blowing which protects workers from reprisal because they have raised concern about malpractice. Only a disclosure that relates to one of the broad categories of malpractice can qualify for protection under the Act. These include concerns about actual or apprehended breaches of civil, criminal, regulatory or administrative law; miscarriages of justice; dangers to health, safety and the environment and the cover up of any such malpractice. Case law continues to develop this area of law.
- 3.4 In addition to employees, the Act covers for example, workers, contractors, trainees, agency staff. This list is not exhaustive.
- 3.5 To be protected, the person blowing the whistle must believe that their disclosure is “in the public interest”, i.e. disclosure is made in the reasonable belief that there is an issue such as wrongdoing in public office or something that presents a risk to the public that warrants disclosure.
- 3.6 The Committee should note that there have been NO allegations of whistleblowing raised by an employee over the last twelve months using the Whistle Blowing Policy up to 31 March 2019.

3.7 **Data Protection**

Data Protection Framework sits as Appendix 4 within the Management of Information Standing Order 1/5 (attached as Appendix 2).

3.8 **Regulation of Investigatory Powers**

The Regulation of Investigatory Powers Act 2000 (RIPA) provides a framework for control and supervision of investigatory powers exercised by public bodies, including local authorities, in order to

balance the need to protect privacy of individuals with the need to protect others, particularly in light of the Human Rights Act 1998.

- 3.9 The Committee should note that the Service has not approved any surveillance under RIPA legislation in the last twelve months up to 31 March 2019.
- 3.10 The West Midlands Fire Service will continue to raise awareness through training on the Whistle Blowing Policy, Management of Information and RIPA to all of our partners.

4. **EQUALITY IMPACT ASSESSMENT**

As part of the review and consultation process consideration is given to whether an IEIA is required, and therefore on this occasion this was not a requirement.

5. **LEGAL IMPLICATIONS**

- 5.1 Data Protection: depending on the level and or seriousness of a breach of the Data Protection Act 2018 and incoming Data Protection Bill 2018, there are various levels of prosecution ranging from enforcement notices, financial penalties and in extreme cases custodial sentences.
- 5.2 RIPA: if surveillance operations are not carried out in accordance with the safeguards as laid down in RIPA, the evidence obtained may not be admissible in legal proceedings and the Service may be subject of a claim on infringing the human rights of the person under surveillance.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications arising from this report.

BACKGROUND PAPERS

The Public Interest Disclosure Act 1998 (PIDA)

The contact name for this report is Phil Hales, Deputy Chief Fire Officer, telephone number 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER

SATINDER SAHOTA
MONITORING OFFICER TO THE
AUTHORITY

Appendix 1

WEST MIDLANDS FIRE SERVICE

02/20 WHISTLE BLOWING POLICY

Overview of Amendments

1 STRATEGY

Following the Public Interest Disclosure Act (PIDA), which came into force in July 1999 (updated on 1st May 2013 GOV.UK), legal protection is now provided to employees who raise concerns about suspected dangerous or illegal activity that they are aware of through their work. The common term for voicing such concerns is 'whistle blowing'. West Midlands Fire Service (WMFS) wishes to create an open and honest culture with its statutory obligations, detailed in the Act, and ethical standards, detailed in its Core Values. Details on our core values can be found in the Equality & Diversity Policy

2 PURPOSE

The Public Interest Disclosure Act 1998 makes sure that employees, contractors providing services, most agency workers, home workers and trainees on vocational and work experience schemes are legally protected in raising concerns responsibly.

External contractors may encounter wrongdoing that affects WMFS. Therefore, this whistle blowing policy is also open to employees of our contractors.

Whistle blowing is when an employee reports suspected wrongdoing at work. Officially this is called 'making a disclosure in the public interest'

3 RESPONSIBILITIES

3.1 Employee Responsibilities

A whistle blower is an employee, you! You report certain types of wrongdoing. This will usually be something you've seen at work - though not always.

The wrongdoing you disclose must be in the public interest. This means it must affect others, e.g. the general public.

As a whistle blower you're protected by law - you shouldn't be treated unfairly or lose your job because you 'blow the whistle'.

You can raise your concern at any time about an incident that happened in the past, is happening now, or you believe will happen in the near future.

Employees are often the first to realise that there may be something seriously wrong with the organisation that employs them. They may be able to alert the organisation early on to things like fraud, negligence, bribery and health and safety risks. However, they may not express their concerns, because they feel that speaking up would be disloyal to their colleagues or to the organisation. They may also fear harassment or victimisation. In these circumstances they may feel it easier to ignore the concern rather than report what may be no more than a suspicion of malpractice.

The procedures in this order give ways for individuals to raise concerns and receive feedback on any action taken. It makes sure that individuals receive a response and know how to pursue concerns if they are not happy with the response. It gives reassurance that individuals will be protected from possible reprisals or victimisation if they believe they have made a disclosure.

You're protected by law if you report any of the following:

- a criminal offence, eg fraud
- someone's health and safety is in danger

Ref. AU/AC/12105194

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This is marked Official - WMFS Public. It is your personal responsibility to ensure it is distributed to the appropriate people only.

- risk or actual damage to the environment
- a miscarriage of justice
- the company is breaking the law, eg doesn't have the right insurance
- you believe someone is covering up wrongdoing

Complaints that don't count as whistleblowing

Personal grievances (eg bullying, harassment, discrimination) aren't covered by whistleblowing law, unless your particular case is in the public interest. Report these under our Grievance Policy 2/2

3.2 Management Responsibilities

The action taken by the Service will depend on the nature of the concern. The matters raised may be investigated internally by an appropriately experienced officer knowledgeable in the area concerned, for example, audit, Line Manager or HR Practitioner.

Alternatively, through the disciplinary process, the matter may be referred to the police, the external auditor or may be the subject of an independent enquiry.

In order to protect individuals and the Service, and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations that fall within the scope of specific procedures, for example, unfair discrimination issues, will normally be referred for consideration under those procedures. Some concerns may be resolved by agreed action without the need for investigation. Members of the SET can seek guidance from the Strategic Enabler - People at any stage in the investigation.

Within 10 working days of a concern being raised, the individual with whom the concern was raised will write to the complainant:

- acknowledging that the concern has been received;
- indicating how the matter is to be dealt with;
- giving an estimate of how long it will take to provide a final response;
- telling the complainant whether any initial enquiries have been made;
- supplying the complainant with information on staff support mechanisms; and
- telling the complainant whether further investigations will take place and if not why not.

The amount of contact between the officer(s) considering the issues will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from the complainant in a discreet manner.

When any meeting is arranged, the complainant will have the right to be accompanied by a representative body or a work colleague. The meeting can be held off site if requested.

West Midlands Fire Service will take steps to minimise any difficulties, which may be experienced as a result of raising a concern and provide any appropriate support. For instance, if required to give evidence in disciplinary or criminal proceedings, the Service will advise the complainant of the procedure and give reasonable support. Subject to legal constraints, complainant will receive information about the outcomes of investigations.

Upon completion of the investigation, all documents will be forwarded to the Strategic Enabler People.

3.3 Responsible Officer

The Strategic Enabler - People has overall responsibility for the maintenance and operation of this policy. This officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger the complainant's confidentiality) and will report as necessary to the Service and Fire Authority.

4 PROCEDURES

4.1 How to raise a concern

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If the matter relates to any fraudulent or corrupt activity, concerns should be raised in accordance with procedures detailed in the 0122 Anti-Fraud Corruption and Bribery Policy.

If the complainant wishes to raise or discuss any issues which might fall into the above category then the complainant should contact a member of Strategic Enabling Team (SET), the Treasurer or the Clerk to the Fire Authority, who will be required by WMFS to treat the matter in confidence.

Where possible, the complainant should raise their complaint in writing setting out the background and history of the concern giving names, dates and places where possible and the reason why the complainant is particularly concerned about the situation. If the complainant does not feel able to put the concern in writing, then the complainant can discuss the concerns verbally with a member of the SET, or the Treasurer/ 151 Officer or the Clerk to the Fire Authority.

The earlier that the complainant can express the concern and the more detail that can be provided, the easier it will be for the Service to take appropriate and necessary action. Remember:

- the complainant must disclose the information
- the complainant must believe it to be substantially true
- the complainant must not act maliciously or make false allegations
- the complainant must not seek any personal gain

At this stage the complainant will not be expected to prove the allegation, but will need to demonstrate to the person contacted that there are sufficient grounds for reasonable suspicion or concern.

The complainant may invite a member of the trade union representative body or a work colleague to be present during any meetings or interviews in connection with the concerns raised.

Where a concern relates to a Brigade Manager or SET Manager, then either the Strategic Enabler People (as Responsible Officer), or Deputy Chief Fire Officer or Chief Fire Officer, as appropriate, should be contacted in the first instance. Satinder Sahota as the Monitoring Officer role for the Fire Authority. The Monitoring Officer may be contacted via email Satinder.sahota@wmfs.net.

The Treasurer to the Fire Authority may be contacted on 0121 380 6919. The Clerk to the Fire Authority may be contacted on 0121 380 6678. Address for the Treasurer and the Clerk to the Fire Authority is: West Midlands Fire Service, 99 Vauxhall Road, Birmingham, B7 4HW.

4.2 Confidentiality

All concerns will be treated in confidence and every effort will be made not to reveal the identity of the complainant. However, it is likely that further investigation will be necessary and the complainant may be required to attend a disciplinary or investigative hearing as a witness at the appropriate time. An employee raises a concern confidentially if they give their name only on condition that it is not revealed without their consent. A concern is raised anonymously if the employee does not give their name.

4.3 Harassment or Victimisation

West Midlands Fire Service recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Service will not tolerate harassment or victimisation and will take action to protect the complainant when a concern is raised.

4.4 Untrue Allegations

If the complainant makes an allegation, but it is not confirmed by the investigation, no action will be taken against the complainant. If however the complainant makes an allegation which, upon full investigation, is found to have been malicious or vexatious, disciplinary action will be considered and the protection of the PIDA will be lost.

4.5 Anonymous Allegations

This policy encourages the complainant to put their name to the concerns. Concerns expressed anonymously are much less powerful, but will be considered at the discretion of the Strategic Enabler - People.

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In exercising this discretion the factors to be taken into account would include the:

- seriousness of the issues raised;
- credibility of the concern; and
- likelihood of confirming the allegation from attributable sources and information provided.

4.6 How the matter can be taken further

This policy is intended to provide the complainant with an avenue to raise concerns within the Service. We hope the complainant will be satisfied with the response. If not, the complainant must indicate this to the Strategic Enabler - People or the Treasurer or Clerk or Monitoring Officer to the Fire Authority.

Legal advice may be sought on any concerns about malpractice. If the employee feels it is right to take the matter outside the Service, the following are possible contacts:

- The complainant's recognised trade union
- Citizens Advice Bureau
- A solicitor
- The Police
- Relevant professional bodies or regulatory organisations, such as Ombudsmen.

Public Concern at Work (www.pcaw.co.uk) is a charity that offers free advice to people concerned about danger or malpractice in the workplace, but who are unsure whether, or how, to raise the matter.

5 CROSS REFERENCES

This Policy makes reference to and complements issues contained in other Policies, namely:

0122 Anti-Fraud Corruption and Bribery Policy

0201 Disciplinary Procedure

0217 Dignity at Work

6 KEY CONSULTTEES

Minor changes only have been made to this Order and consultation was not necessary.

7 EQUALITY IMPACT ASSESSMENTS

The initial Equality Impact Assessment raised no issues so a full impact assessment was not required.

8 OWNERSHIP

This Policy did not require Authority or SET approval.

9 RESPONSIBILITY AND REVIEW/AMENDMENT DETAILS

9.1 Responsible Strategic Enabler Team Member/Department

Strategic Enabler People/People Support Services

9.2 Created/fully reviewed/amended

This Policy has been reviewed, amended by People Support Service July 2018

Appendix 2

Appendix 4

DATA PROTECTION ACT 2018

1. Procedures

West Midlands Fire Service fully endorse and adhere to the principles of the Data Protection Act 2018 which incorporates the European Union General Data Protection Regulations (EU GDPR).

The Service regards the lawful and correct treatment of personal information as very important to successful service delivery and to maintain confidence between service users, employees including temporary staff, volunteers and those communities we serve. The Service is committed to respecting all rights of those individuals whose personal data it processes and will ensure personal information will be treated lawfully and correctly in accordance with the legislation. It will adopt best practice as designated by the Information Commissioner's Office where possible.

The Information Commissioner's Office is the data protection regulator and supervisory body for the United Kingdom. Its responsibility is to publish guidance and enforce compliance with the Data Protection Act 2018, Freedom of Information Act 2000, Environmental Information Regulations 2004 and the Privacy and Electronic Communications Regulations 2003.

The Service has defined a number of distinctive roles to manage data protection.

Role Title	Position in the Organisation
Data Protection Officer	Data and Governance Manager
Information Asset Owner (IAO)	SET member from each function responsible for data management within their respective function. Also to be the liaison point for the Data Protection Officer.
Data User	All those that handle data. All individuals have a responsibility to protect the data they use.

Each employee or potential data user will be given such information, instructions and training as is necessary in order to ensure that they are aware of their contractual responsibilities in relation to personal data and so that they are aware that they can, in some cases, be held personally responsible if any personal data is improperly disclosed, destroyed or obtained.

The Data Protection Officer has responsibility to co-ordinate the Service's response to the Data Protection Act 2018 and the Freedom of Information Act 2000, to ensure that the provisions of the legislation are met.

The IAO will have overall responsibility for the personal data kept within their particular department to ensure that such data is maintained in accordance with the principles of the Data Protection Act 2018. This does not absolve Data Users from their responsibility of ensuring that personal data is maintained in accordance with these principles.

1.1 Scope of personal data

Definition of Personal data or information

Is any information held electronically (including all emails) or manually – which relates to a **living** individual who can be identified:

- From the information

- From the information combined with other information which is in the possession of the Service or is likely to come in to the possession of the Service
- Includes any intentions or opinions the Service may have towards the individual

Special Category data

The Data Protection Act 2018 defines special category personal information as information related to:

- Racial or ethnic origin
- Political opinions
- Religious or other similar beliefs
- Membership of trade unions
- Physical or mental health or condition
- Sexual life
- Convictions, proceedings and criminal acts
- Genetics and biometrics

1.2 Employee Personal records

All information held on a Personal Record File (PRF) will be maintained with a high level of confidentiality and only disclosed to those individuals who reasonably require it as part of their duties.

Files that are maintained locally or within the Occupational Health Unit will comply with the same level of confidentiality.

Information held on a Personal Record File will not be kept for longer than is absolutely necessary and documents will be removed and destroyed in a timely manner following the period agreed below.

1.2.1 Computerised Personal Record File

It is the policy of West Midlands Fire Service that one primary Personal Record File will be maintained for each employee. The information in this file will relate to the individual only and will be maintained by People Support Services (PSS) and the employee in accordance with the Data Protection Act 2018.

Section 3.14.2 details the information that can be held in the Computerised Personal Record File.

1.2.2 Local Personal Record File

It is acknowledged that in order to manage locally, certain items of personal information must be retained locally on station or within sections; these include performance, attendance management, training information and Permits to Work. These files must be maintained in accordance with the Data Protection Act 2018.

A Personal Record File can be maintained at the location of the individual but must only contain the items of information as listed in Section 4.2

These files should be sent back to PSS when the employee ceases employment. If an employee moves temporarily for more than 4 weeks or permanently to another location the file should be forwarded to the other locations clearly marked confidential and addressed to the new line manager. Any movement of files must be conducted under confidential cover in sealed envelopes, with the delivery and receipt recorded.

All information must be kept securely and in confidence.

1.3 Employee Access

1.3.1 Personal record file

All employees under the terms of the Data Protection Act 2018 are entitled to know what personal information the organisation holds about them and how it is being processed..

Every employee has the ability to view and print their electronic personal information file. If inaccurate information is found on the system and the employee does not have the access to amend it, details should be forwarded to the PSS who will make the amendments on their behalf.

Requests to access personal information (including personal record files and occupational health files) that the organisation might hold should be made to the Data Protection Officer at Fire Service Headquarters. If the information contains data about any third parties then the information will be released if it is reasonable to do so in line with the legislation, redacted i.e. personal data removed or a summary of the information provided. The Data Protection Act 2018 gives employees an entitlement to information and not documents

- If the employee wishes a third party to have access to their information, for example, a legal or trade union representative, this must be included in the request. Representatives will not be given access to an individual's personal file independently without the explicit written consent of the employee concerned.

If line managers wish to access employees' Personal Record File, the procedure described above must be followed where a reason must be provided for needing to view the file.

1.4 Requests for information

Requests for information in whatever form, for example, paper records, computer records, tapes, and so on, should be forwarded through to the Data Protection Officer.

If a request for information is received in a department, section or on a station it must be date stamped and forwarded immediately for the attention of the Data Protection Officer, Data Management Section, marked 'Confidential - Data Protection Request'. If possible, the request should be sent by e-mail.

The Data Protection Officer will be responsible for recording the request, obtaining the information from the relevant department, charging any appropriate fees and ensuring that the request is answered within the timescale. The timescale for response to requests for information is 30 days.

Requests for the disclosure of personal data related to the 'Transfer of Undertakings (Protection of Employment) Regulations' (TUPE) 2006 are the responsibility of PSS department. These need to be in line with TUPE and Data Protection Act 2018 requirements.

The Data Protection Officer will liaise with the department or station concerned for assistance in providing the information requested. It is imperative that information is provided in a timely manner to ensure that the specified timescales are met.

Requests are sometimes received either in writing or via telephone from third parties to release personal information about employees, in all cases written permission of the individual must be given before this information is released, exception to this will be in certain circumstances where requests are made by statutory bodies for information.

1.4.1 Requests for incident information

The Service receives enquiries from solicitors, loss adjusters, insurance companies and other interested parties for details of fires and other Fire Service activities. The intentions of the enquirer are often unknown or liable to change at a later date.

The Service is not entitled to release information about a data subject to any third party without the data subject's consent; there are a few exceptions, for example, data requested by the police to assist them with criminal investigations. Fire Service reports, in particular the Incident Recording System (IRS) Fire Report, contain information about persons involved in incidents and are therefore not to be released by fire stations.

All such requests must be submitted in writing by the party wishing to obtain the information. This is to be forwarded to the Central Administration team at e-mail address InformationDisclosure@wmfs.net. A fee will usually be charged for this information.

1.4.2 Requests for the release of information for legal proceedings

When the Fire Service is involved in legal proceedings, the Civil Procedure Rules require that all relevant documents shall be disclosed to the other parties involved. This includes all documents which are, **or have been** in the possession, custody or power of the relevant party and which relate to any matter in question between the parties.

A request for such documentation will usually be made by the PSS Section to the relevant section, department or station. This request includes **all** relevant documents, including original or rough notes, and whether they are supportive or potentially damaging, so a thorough search must be made.

In general terms, it is likely that all available documentation is disclosable and therefore, personnel should forward all documents, which will be considered by the Service's advisors before disclosure.

If original documents are forwarded, copies should be taken and preserved by the forwarding party. Where copies of documents are forwarded, care must be taken to ensure the best possible quality copy is obtained.

Stringent time limits are imposed for disclosure of documentation. Hence it is vital that all documents are forwarded, as soon as possible after the request has been made.

As all relevant documentation should be disclosed, it is not possible to provide a definitive list. However, for the purposes of this order, examples include: **all** paper records, written or printed, reports – including IRS and narratives (where provided), internal and external memoranda, accounts, invoices and contracts, any information held on computer or other mode of electronic storage, for example, e-mails, CD-ROM, diagrams, plans, maps, photographs and videos.

It should be noted that the marking of any disclosable document 'confidential' or 'personal' does not necessarily preclude disclosure in respect of legal proceedings.

The requirements of this standing order emphasise the importance of maintaining comprehensive and accurate filing systems, as the implications of non-disclosure of relevant documents are far reaching.

1.4.3 Requests and exchange of information with the police about employees

On occasions, the Service maybe contacted by police officers, who have either requested personal information about employees, or have notified the Service that employees have been arrested or involved in incidents to which the police have been called. The Fire Service is not a 'notifiable occupation' for disclosing convictions of persons for certain employers.

Therefore, the following procedure will be adopted upon receipt of such requests from the police, or where information is received about individual employees:

- Where the police request information from a station, the officer in charge should only confirm whether or not an individual is employed at the station
- Any requests for further information about employees should be refused and the requesting police officer referred to the duty principal command officer via Fire Control. The Service will then only release personal details where a serious crime is being investigated or where a warrant has been issued
- Information will only be released after receipt of the police force's standard disclosure form
- Employees are obliged to notify the Service if they have been charged with a criminal offence, (senior officers do not visit police stations if informed by the police that an individual has been detained or questioned whilst off duty). The Service does provide welfare support should individuals require it; this should be discussed with the Line Manager
- Personnel who are being questioned or detained by the Police and who would be unable to report for duty as a result, should request the police to contact Fire Control and inform the duty officer that they will be unable to attend for duty. The duty principal command officer will then be informed and will take appropriate action
- Requests from the police for copies of recordings from Fire Control will be managed and actioned by Fire Control. The procedure is detailed in Fire Control

1.5 Data Protection Breaches

It is important to understand if personal data is not handled correctly, there must be processes in place to contain and recover, assess the ongoing risk, notify appropriate parties of the breach and evaluate and respond to the data protection breach.

These are some examples of security incidents that may lead to the loss or compromise of personal data;

- Loss or theft of data or equipment on which data is stored;
- Inappropriate access controls allowing unauthorized use;
- Equipment failure;
- Human error;
- Unforeseen circumstances such as a fire or flood;
- Hacking attack;
- 'Blagging' offences where information is obtained by deceiving the organisation who holds it

The above are examples of events that may lead to a data protection breach but if you are unsure then please seek further advice from the Data Protection Officer.

1.5.1 Data Protection Breach Process

If you are involved in an incident as defined in the examples above or determined by the Data Protection Officer as a data protection breach, then you must:

1. Contact the ICT Service Desk on 0121 380 6666 to record the event as a data protection breach.
2. The ICT Service Desk will liaise with the Data Protection Officer to determine the course of action to manage the incident.
3. The SIRO and relevant SET members will be notified of incident via an initial report.
4. The Data Protection Officer will manage the incident to conclusion and ensure that a log of the incident and all actions taken is maintained to identify trends or areas of weakness.
5. Post incident, an investigation will be instigated and the outcomes will be reported to the SIRO and members of SET.

Management reports on data breaches will be sent out periodically to the SIRO and SET to ensure management are aware of potential risks to the authority.

2. Principles of the Data Protection Act 2018

There are 7 key principles under the Data Protection Act 2018

2.1 Principle 1 -processing should be lawful, fair and in a transparent manner fair processing

Personal data shall be processed fairly, lawfully and transparently, in particular, shall not be processed unless one condition of Article 6 of the EU GDPR is met:

Article 6 gives the following conditions for processing personal data:

- The data subject has given their **consent** to the processing;
- The processing is necessary for the performance of **a contract** to which the data subject is party (the employment contract), or for taking steps to enter into such a contract;

- The Data Controller has to process the information in order to comply with non-contractual **legal obligations** (such as Fire Services Act 2004);
- The processing is necessary to **protect the vital interests** of the data subject;
- The processing is necessary for tasks in the **public interest or the exercise of authority vested in WMFS**
- The processing is necessary for the purposes of **legitimate interests** pursued by WMFS

In the case of special category data, this includes; race, ethnic origin, political belief, religion, trade union membership, genetics, biometrics, health, sex life or sexual orientation, processing is permitted only where Article 6 conditions for processing personal data exists **and** a further condition specified in Article 9 of GDPR is met.

Article 9 gives the following conditions for processing personal data:

- (a) the data subject has given explicit consent to the processing of those personal data for one or more specified purposes;
- (b) processing is necessary for the purposes of carrying out the obligations and exercising specific rights of the controller or of the data subject in the field of employment and social security and social protection law;
- (c) processing is necessary to protect the vital interests of the data subject or of another where the data subject is physically or legally incapable of giving consent;
- (d) processing is carried out in the course of its legitimate activities with appropriate safeguards by a foundation, association or any other not-for-profit body with a political, philosophical, religious or trade union aim;
- (e) processing relates to personal data which are manifestly made public by the data subject;
- (f) processing is necessary for the establishment, exercise or defence of legal claims or whenever courts are acting in their judicial capacity;
- (g) processing is necessary for reasons of substantial public interest;
- (h) processing is necessary for the purposes of preventive or occupational medicine, for the assessment of the working capacity of the employee, medical diagnosis, the provision of health or social care or treatment or the management of health or social care systems and services or pursuant to contract with a health professional;
- (i) processing is necessary for reasons of public interest in the area of public health, such as protecting against serious cross-border threats to health or ensuring high standards of quality and safety of health care and of medicinal products or medical devices;
- (j) processing is necessary for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes;

It is difficult to envisage any activity which does not include processing and a Privacy Impact Assessment (PIA) should be completed when embarking on projects and/or activities that may involve processing personal data.

See Appendix 8

The processing of data for the purposes of carrying out of 'directed' and intrusive covert surveillance; the use of covert human intelligence sources; the interception of communications; and the acquisition and disclosure of communications data is covered under the Regulation of Investigatory Powers Act 2000 (RIPA).

See Appendix 9

2.2 Principle 2 - Collected for specified, explicit and legitimate purposes

Personal data should only be used for the purpose for which it was originally collected

2.3 Principle 3 – Data minimisation

Ref. AU/AC/12105194

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The amount of personal data should be adequate, relevant and limited to what is necessary for the purpose it is held;

2.4 Principle 4 - Data accuracy

Personal data shall be accurate and kept up to date. Reasonable steps must be taken to ensure that any personal data that is inaccurate is erased or rectified without delay.

2.5 Principle 5 – Storage limitation

Personal data kept in a form where a data subject is identifiable shall not be kept for longer than is necessary for that purpose or purposes. Data that is out of date or no longer necessary must be properly destroyed or deleted.

2.6 Principle 6 – Technical and Organisational measures in the security and management of data

Personal data should be processed in a manner that ensures appropriate security. Technical and organisational measures shall be taken against unauthorized or unlawful processing of personal data and against accidental loss of, destruction of, or damage to personal data.

2.7 Principle 7 – Accountability

WMFS must be responsible for and be able to demonstrate compliance with the other 6 principles.

2.8 Employee Personal Information

Personal information can be obtained from a number of sources, from the employee themselves, from the circumstances of their employment for example, salary information, from their progression through the organisation or from development, training and assessment situations.

This information then allows the organisation to plan and formulate policies and strategies and, in some instances, to conform to legislative requirements. Planning, policy and strategy formulation depends on information which is effective and accurate and will enable the organisation to recruit, train and develop employees to their full potential, to be as effective as possible within the organisation and to provide good service to our community.

It is the intention of the Service to hold information electronically where possible, in preference for paper based records.

3. Personal Record File contents

3.1 Computerised Personal Record File

A computerised Personal Record File will hold the following information:

Type of information	Content	Purpose		Duration held	
Employment	Original application form Employment references Qualification certificates Contract of employment (inc. relevant role profile)		Recruitment Recruitment Recruitment Emergency contacts Career		Minimum duration life of employment and 6 years after.

	<p>Next of kin information</p> <p>Details of promotion, and successful applications</p> <p>Transfers, successful requests and requests refused</p>		<p>progression</p> <p>Equality and Diversity monitoring</p>		
Attendance	<p>Sickness record, PR25, Doctor's certificates</p> <p>Exemptions granted</p> <p>Correspondence issued under the Attendance Management Policy</p> <p>Copies of injury reports</p> <p>Attendance record cards</p> <p>Maternity leave applications</p> <p>Applications for special leave</p> <p>Parental leave applications</p> <p>Paternity leave applications</p> <p>Adoption leave applications</p> <p>PR12 Injury Report Forms</p>	<p>Sickness payments</p> <p>Management of attendance</p> <p>Maternity payments</p> <p>Management of attendance and appropriate payments</p> <p>Accident information</p>		Minimum duration life of employment and 6 years after.	
Training	<p>Training courses nominations and results of attendance</p> <p>Examination results</p> <p>Application for post entry training</p> <p>Qualification certificates</p>	<p>Job competency and development</p> <p>Development</p> <p>Requirement of post entry training funding</p> <p>Development</p>		Minimum duration life of employment and 6 years after.	

Performance	Assessments/ advice/monitoring of performance IPDR form	Management of performance Personal development and review	Minimum duration life of employment and 6 years after		
Awards/ Achievements		Letters of thanks Achievements Letters of commendation	Personal achievement	Minimum duration life of employment and 6 years after	
Discipline	Records of any disciplinary action taken, and associated papers where necessary	Management of discipline	Minimum duration life of employment and 6 years after		
General Correspondence	General correspondence that does not fall within any of the categories above.	For example 'Request for reference'	Minimum duration life of employment and 6 years after		

3.2 Local Personal Record File

A Personal Record File maintained at the location of the individual must only contain the following items of information:

Section	Content	Purpose	Duration held
Training records	Permit to work	Job competency and development	Duration of employment
Performance	Assessments or warnings on performance IPDR	Management of Performance Personal development and review	Until end of warning of monitoring or improvement (then sent to PSS for PRF held for duration of employment) Duration of employment
Attendance Management Information	Absence data	Monitoring	Duration of employment?

4. Data Subject Rights

Data subjects have the right to be informed about the collection and use of their personal data. Data subjects can be employees (including temporary and volunteers), partners and those communities we serve,

The rights that are applicable to all data subjects under DPA are as follows:

- Right to be informed that processing is being undertaken

This is achieved by issuing privacy notices at the point of collecting personal data

- Right to access personal data (requests)

There are processes in place to ensure requests are responded to promptly.

- Right to rectify, block or erase data

This is a limited right as some personal data has to be maintained in line with other legislation e.g. pension regulations so may not be erased on request

- Right to restrict processing of the data

This is a limited right as some personal data has to be processed in line with other legislation e.g. payment of council tax so cannot be restricted for this purpose

- Right to object to processing

This is a limited right as some personal data has to be processed in line with other legislation e.g. financial regulations to calculate taxation so objection cannot be acted upon in some instances

- Rights in relation to automated decision making including profiling

Processes have been identified within the organization and mechanisms put in place to verify the results and provide a simple explanation for the rationale behind the decision:

- Right to data portability

This gives individuals the right to receive personal data they have provided to a controller in a structured, commonly used and machine readable format. It also gives them the right to request that a controller transmits this data directly to another controller. This is applicable in situations such as entering into a contract such as changing banking providers but is not applicable to processing paper files;

- Right to claim compensation for certain breaches of the Act

WEST MIDLANDS FIRE AND RESCUE AUTHORITY Item 6

AUDIT AND RISK COMMITTEE

3 JUNE 2019

1. **ANNUAL INTERNAL AUDIT REPORT – 2018/19**

Report of the Audit Services Manager.

RECOMMENDED

THAT the Annual Internal Audit report for 2018/19 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 work of the internal audit service undertaken in 2018/19. It provides an opinion on the adequacy and effectiveness of the Authority's governance, risk management and internal control processes.

3.2 The contents of the report also provide one element of the evidence that is required to underpin the Authority's Governance Statement.

3.3 It summarises the audit work undertaken during the year in a tabular format, this includes:

- the areas subject to review during the year (Auditable Area)
- the level of risk to the Authority assigned to each auditable area (high, medium or low)
- the number of recommendations made as a result of each audit review
- details of any other work undertaken outside of the original plan

Finally, it provides a summary of the key control issues that arose during the year.

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.

7. **BACKGROUND PAPERS**

Annual Internal Audit Report 2018/19.

Peter Farrow
Audit Services Manager, Sandwell MBC

Annual Internal Audit Report 2018/19

**Audit and Risk Committee
3 June 2019**



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4	Summary of Work Undertaken and Key Issues Arising	9

1 Introduction

- 1.1 Our internal audit work for the period from 1 April 2018 to 31 March 2019 was carried out in accordance with the approved internal audit plan. The plan was constructed in such a way as to allow us to make a statement on the adequacy and effectiveness of the Authority's governance, risk management and control processes.

In this way, our annual report provides one element of the evidence that underpins the Governance Statement the Authority is required to make within its annual financial statements. This is only one aspect of the assurances available to the Authority as to the adequacy of governance, risk management and control processes. Other sources of assurance on which the Authority may rely could include:

- The work of the External Auditors (currently Grant Thornton)
- The result of any quality accreditation
- The outcome of visits by HMRC
- Other pieces of consultancy or third-party work designed to alert the Authority to areas of improvement
- Other external review agencies

- 1.2 The definition of internal audit, as described in the Public Sector Internal Audit Standards, is set out below:

"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."

Overall Assurance

- 1.3 As the providers of internal audit, we are required to provide the Authority with an opinion on the adequacy and effectiveness of the governance, risk management and control processes. In giving our opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is reasonable assurance that there are no major weaknesses in the Authority's governance, risk management and control processes. In assessing the level of assurance to be given, we have considered:
- All audits undertaken for the year ended 31 March 2019;
 - Any follow-up action taken in respect of audits from previous periods;
 - Any fundamental or significant recommendations not accepted by management and the consequent risks;
 - Any limitations which may have been placed on the scope of internal audit; and
 - The extent to which any resource constraints may impinge on the ability to meet the full audit needs of the Authority.

2 Internal Audit Opinion

- 2.1 We have conducted our audits in accordance with the Public Sector Internal Audit Standards. Within the context of the parameters set out in paragraph 1.3 above, our opinion is as follows:
- 2.2 Based on the work undertaken during the year and the implementation by management of the recommendations made, Internal Audit can provide ***reasonable assurance** that the Fire Authority has an adequate and effective framework of governance, risk management and control.

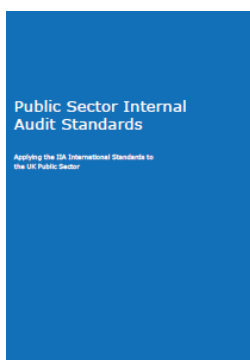
*We are pleased to report that this is an unqualified opinion and the highest level of assurance available to Audit Services. As stated in paragraph 1.3 "In giving our opinion it should be noted that assurance can never be absolute. The most that internal audit can provide is reasonable assurance that there are no major weaknesses in the Authority's governance, risk management and control processes".

Factors Influencing the Opinion and Issues Relevant to the Statement on Internal Control

- 2.3 In reaching this opinion, the following factors were taken into consideration:
- The need for management to plan appropriate and timely action to implement both our and the External Auditor's recommendations.
 - Key areas of significance, identified as a result of our audit work performed in year, are detailed in the Appendix to this report.
- 2.4 The overall opinion can be used by the Authority in the preparation of the Governance Statement.
- 2.5 Internal audit activity is organisationally independent and further details behind the framework within which internal audit operates, can be found in the internal audit charter.

3 Performance of the Audit Service

Compliance with the Public Sector Internal Audit Standards



During the year we complied with the Public Sector Internal Audit Standards, which specify rules of conduct for objectivity, due professional care and confidentiality.

Customer Satisfaction

Customer satisfaction questionnaires are issued for all audits. From the responses returned, the average scores were as follows:

Question	2018/19
Usefulness of audit	4.4
Value of recommendations	4.5
Usefulness of initial discussions	4.4
Fulfilment of scope & objectives	4.6
Clarity of report	4.7
Accuracy of findings	4.6
Presentation of report	4.5
Time span of audit	4.3
Timeliness of audit report	4.3
Consultation on findings/recommendations	4.7
Helpfulness of auditors	4.6
Overall Satisfaction with Audit Services	4.5

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

Quality Assurance and Improvement Programme

Sandwell Audit Services have a Quality Assurance and Improvement Programme. During the year, the internal audit activity has followed this programme and there have been no significant areas of non-conformance or deviations from the standards as set out in the Public Sector Internal Audit Standards.

Staff are recruited, trained and provided with opportunities for continuing professional development. Staff are also supported to undertake relevant professional qualifications. All staff are subject to a formal staff appraisal process, 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.

Advice and assistance

Finally, throughout the year we provide ongoing advice and assistance to all areas of the Authority on internal control and related issues, including on the development of an assurance framework.

4 Summary of Work Completed to inform the 2018/19 Internal Audit Opinion

A detailed written report and action plan is prepared and issued for every internal audit review. The responsible officer will be asked to respond to the report by completing and returning the action plan. This response must show what actions have been taken or are planned in relation to each recommendation. If the recommendation is not accepted, this must also be stated. Audit Services are responsible for assessing whether the managers response is adequate.

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

	Level	System Adequacy	Control Application
(positive opinions)	Substantial Assurance	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
	Satisfactory Assurance	Sufficient framework of key controls for objectives to be achieved, but control framework could be stronger.	Controls are applied, but with some lapses.
(negative opinion)	Limited Assurance	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

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

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 advised to enhance control or improve operational efficiency.

During the year we made the following number of recommendations:

	2017/18	2018/19
Fundamental	1	0
Significant	8	1
Merits attention	6	1
Total	15	2

The following appendices/tables below list all the reports issued by internal audit during 2018/19, alongside their original Assessment of Assurance Need (AAN) risk score, the number and type of recommendations made, whether those recommendations have been accepted and an overall level of assurance for each review.

Summary of Internal Audit Work Completed for the 2018/19 Internal Audit Opinion

Auditable Area	AAN Rating	Recommendations					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Risk Management	High					*	
Fixed Asset Accounting	KFS	0	0	0	0	0	Substantial
Accounts Receivable	KFS	0	0	0	0	0	Substantial
Accounts Payable	KFS	0	0	0	0	0	Substantial
Budgetary Control	KFS	0	0	0	0	0	Substantial
Payroll	KFS	0	1	1	2	draft	Substantial
Governance	High					*	
Data Protection/IT	High					*	
Performance Management	Medium	0	0	0	0	0	Substantial
Procurement	Medium	0	0	0	0	0	Substantial
TOTAL		0	1	1	2		

Key	
KFS	Key Financial System (reviewed in line with External Audit requirements). Generally, this is also a high-risk review.
*	These reviews are in progress, to date no issues have arisen that would impact upon our annual audit opinion given in paragraph 2.2.

[ILO: UNCLASSIFIED]

Key issues arising during the year

The following is a brief overview of the key issues identified during the year.

Risk Management

An audit of the risk management processes was undertaken to review the management of risk by the authority and to provide assurance that there is a clear understanding of how risk is to be managed and that risks are identified, recorded and effectively managed.

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.

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.

Budgetary Control

A review of the budgetary control system was undertaken to ensure the Fire Service had established its budget and was managing it appropriately. Our review covered controls over monitoring, reporting, changes to budgets and the process to link budgets to medium and long-term plans.

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 one issue of significance, which is 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.

Governance

This audit was undertaken to evaluate the design, implementation and effectiveness of the ethics-related objectives, programmes and activities of the Authority, by providing assurance that the Authority demonstrates the values of good governance through upholding high standards of conduct and behaviour, makes informed and transparent decisions which are subject to effective scrutiny and management of risk.

Data Protection/IT

The purpose of this review is to provide assurance that the Authority has in place effective processes and procedures to ensure compliance with General Data Protection Regulations (GDPR).

Procurement

A review of the procurement process was undertaken to provide assurance over the control of non-contract spend within the authority. No issues of significance were identified.

Performance Management

A review was undertaken to provide assurance on the adequacy and application of the performance management system within the authority, by ensuring that appropriate targets were being set, appropriately reported upon, monitored and challenged. No issues of significance were identified.

Other areas of assistance provided

CIPFA – Audit Committee Updates

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

Audit and Risk Committee – Terms of Reference

We submitted the Audit and Risk Committee Terms of Reference for annual review at the March 2019 meeting of the Audit and Risk Committee.

Internal Audit Plan 2019/20

We submitted the Internal Audit annual plan for 2019/20 to the committee for approval at the March 2019 meeting.

Internal Audit Annual Report 2017/18

We presented the Internal Audit annual report for 2017/18 to the committee for comment and approval at the June 2018 meeting.

Audit and Risk Committee Annual Report

We provided assistance in the preparation of the Annual Report of the Chair, on the work of the Audit and Risk Committee.

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.

Ad hoc Training

We provided training to the committee on the operation of an effective Audit Committee, in accordance with the guidance issued by CIPFA in its publication "Audit Committees – Practical Guidance for Local Authorities and Police (2018 Edition)". In addition, we provided training on "Fraud Awareness". Both took place at the meeting held in November 2018.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 7

AUDIT AND RISK COMMITTEE

3 JUNE 2019

1. **ANNUAL REPORT OF THE AUDIT AND RISK COMMITTEE
2018/19**

Report of the Chair of the Audit Committee.

RECOMMENDED

That the Committee gives consideration to the content and format of its Annual Report 2018/19 for submission to the next full meeting of the Authority.

2. **PURPOSE OF REPORT**

This report is submitted to members to seek approval to the Annual Report of the Audit Committee 2018/2019.

3. **BACKGROUND**

- 3.1 In order for the Authority to be fully effective in comprehending and assessing the control environment within which West Midlands Fire Service operates, the Audit and Risk Committee present an annual report of its activities to the Authority.
- 3.2 A draft Annual Report for 2018/19 has been prepared by the Chair of the Audit and Risk Committee and is attached for comments by the Committee in preparation for submission of the report to the next Authority meeting.

4. **EQUALITY IMPACT ASSESSMENT**

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

5. **LEGAL IMPLICATIONS**

The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

6. **FINANCIAL 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”.

BACKGROUND PAPERS

Annual Report of the Audit and Risk Committee 2018/19.

Chair of the Audit Committee

Annual Report of the Audit and Risk Committee 2018/19

1. Background

The Audit and Risk Committee was established by the Fire Authority in January 2008. Its purpose is to provide:

- independent assurance on the adequacy of the risk management framework and the associated control environment,
- independent scrutiny of the authority’s financial and non-financial performance to the extent that it affects the authority’s exposure to risk and weakens the control environment, and to
- oversee the financial reporting process.

The key benefits of the Committee can be seen as:

- increasing public confidence in the objectivity and fairness of financial and other reporting.
- reinforcing the importance and independence of internal and external audit and similar review processes.
- providing additional assurance through a process of independent review.
- raising awareness of the need for internal control and the implementation of audit recommendations.

The Terms of Reference for the Committee can be found at Appendix A of this report.

2. Meetings

During 2018/19 the Audit and Risk Committee met on the following dates:

- | |
|--------------------|
| • 23 July 2018 |
| • 4 September 2018 |
| • 12 November 2018 |
| • 14 January 2019 |
| • 25 March 2019 |

	23/07/18	04/09/18	12/11/18	14/01/19	25/03/19
Councillor Miks	✓	A	✓	✓	✓
Councillor Jenkins	✓	✓	✓	✓	✓
Councillor Craddock	✓	A	✓	✓	✓
Councillor Dehar	✓	✓	✓	✓	✓
Councillor Iqbal	✓	✓	A	✓	✓
Mr M Ager	✓	✓	✓	✓	✓

✓ – in attendance

A – sent apologies

4. The Committee's business

During the year the Committee conducted the following business:

Governance Statement – 2017/18
 Corporate Risk – Regular Updates
 Audit Committee Annual Report – 2017/18
 Audit Committee – Terms of Reference Review
 Audit Committee Work Programme
 Statement of Accounts 2017/18

CIPFA Audit Committee Updates
 Updates on Topical, Legal and Regulatory Issues
 Treasury Management Annual Report – 2017/18 (and Mid-Year Review)

External Audit Plan 2018/19
 External Audit Findings Report
 External Audit – Annual Audit Letter 2017/18
 External Audit – Audit Committee Update
 External Audit – Communication with the Audit Committee

Internal Audit Annual Report – 2017/18
 Internal Audit Progress Reports
 Internal Audit Charter – Annual Review
 Internal Audit Plan – 2018/19

The Pension Regulator – Scheme Return
 Pension Board Amended Terms of Reference
 Minutes of the Pension Board

5. Conclusion

The Committee was able to confirm:

- That the system of internal control, governance and risk management in the Fire Authority was adequate in identifying risks and allowing the Fire Authority to understand the appropriate management of these risks.
- That there were no areas of significant duplication or omission in the systems of internal control, governance and risk management that had come to the Committee's attention and had not been adequately resolved.

6. Sources of assurance

The Committee gained assurance in order to produce the above conclusion, from the following sources:

The work of Internal Audit

The Internal Auditors gave the following opinion in their Annual Report for 2018/19:

*Based on the work undertaken during the year and the implementation by management of the recommendations made, Internal Audit can provide *reasonable assurance that the Fire Authority has adequate and effective governance, risk management and internal control processes. *We are pleased to report that this is an unqualified opinion and the highest level of assurance available to Audit Services. In giving our opinion it should be noted that assurance can never be absolute. The most that internal audit can provide is reasonable assurance that there are no major weaknesses in the Authority's governance, risk management and control processes".*

The work of the External Auditors

During the year the external auditors (Grant Thornton) reported back to the Audit Committee on a number of occasions as detailed in section 4 above. No issues of any significant concern had been raised prior to the preparation of this report.

The Governance Statement

The Governance Statement operated throughout the year ended 31 March 2019 and up to the date of the approval of the annual report and accounts. The systems to ensure the management of the risks have been shown to be sound.

Risk Management

The Committee regularly receives and reviews the Fire Authority's Corporate Risk Register, and assesses the assurance provided in order to demonstrate how risks are being mitigated.

7. The Committee's main achievements

The Committee believes its key achievements during the year were:

- Continuing to build a good working relationship with the Authority's external auditors Grant Thornton.
- Receiving and reviewing a number of useful sector updates from the external auditors.
- Reviewing the Committee's Terms of Reference and the Internal Audit Charter in order to ensure they remain fit for purpose.
- Providing additional assurance through a process of on-going independent review.
- Raising the profile of internal control issues across the Authority and of the need to ensure that audit recommendations are implemented.
- Regular consideration and review of the Authority's Risk Register and accompanying assurances.
- Building the skills and knowledge of Committee members through regular technical updates and the consideration of related guidance issued by CIPFA.
- The continued presence of an independent member in order to broaden the Committee's experience and independent view point.
- A key role in overseeing the work of the Pensions Board

Terms of Reference for the Committee

Terms of Reference were reviewed in order to ensure that they remained fit for purpose, and that they reflected guidance provided in the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees – Practical Guidance for Local Authorities 2013 Edition:

Statement of purpose

Our Audit Committee is a key component of the Authority's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit Committee is to provide independent assurance to the Members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk and Control

To review the Authority's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.

To review the annual governance statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

To consider the Authority's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

To consider the Authority's framework of assurance and ensure that it adequately addresses the risks and priorities of the Authority.

To monitor the effective development and operation of risk management in the Authority.

To monitor progress in addressing risk-related issues reported to the Committee.

To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

To review the assessment of fraud risks and potential harm to the Authority from fraud and corruption.

To monitor the counter-fraud strategy, actions and resources.

To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

To approve the internal audit charter.

To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

To approve risk based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

To approve significant interim changes to the risk-based internal audit plan and resource requirements.

To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

- Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work;
- Regular reports on the results of the quality assurance and improvement programme;
- Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the annual governance statement.

To consider the head of internal audit's annual report:

- The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the quality assurance and improvement programme that supports the statement - these will indicate the reliability of the conclusions of internal audit.
- The opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control together with the summary of the work supporting the opinion - these will assist the committee in reviewing the annual governance statement.

To consider summaries of specific internal audit reports as requested.

To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To contribute to the quality assurance and improvement programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

To consider a report on the effectiveness of internal audit to support the annual governance statement, where required to do so by the Accounts and Audit Regulations.

To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.

To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External Audit (Grant Thornton)

To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

To consider specific reports as agreed with the external auditor.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from internal and external audit.

To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.

Financial Reporting

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Authority.

To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to full Authority on a regular basis on the Committee's performance in relation to the terms of reference, and the effectiveness of the Committee in meeting its purpose.

To publish an annual report on the work of the Committee.

Pension Board

To have delegated responsibility as Scheme Manager for making decisions in the management and administration of the firefighters' pension schemes. The pensions board assists the Audit Committee in the role as Scheme Manager to secure compliance with regulations relating to Governance and Administration.

To submit its minutes and Annual Report to the Authority.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

WORK PROGRAMME 2018/19

Date of Meeting	Item	Responsible Officer	Completed
2018			
23 July	<p>Audit Findings 2017/18</p> <p>Statement of Accounts 2017/18 (Approval)</p> <p>Treasury Management Annual Report 2017/18</p> <p>Minutes of the Audit Committee held on 4 June 2018</p> <p>Audit and Risk Committee Draft Work Plan 2018/19</p>	<p>Grant Thornton</p> <p>Grant Thornton</p> <p>Treasurer</p> <p>Democratic Officer</p> <p>Democratic Officer</p>	
4 September	<p>Corporate Risk Six Monthly Report</p> <p>Annual Audit Letter 2017/18</p> <p>Audit and Risk Committee Update</p>	<p>Director of Service Support</p> <p>Grant Thornton</p> <p>Grant Thornton</p>	

(Official – WMFS – Public)

	Minutes of the Audit and Risk Committee held on 23 July 2018	Democratic Officer	
17 September [Authority]	Audit Findings 2017/18 Statement of Accounts 2017/18 (note)	Grant Thornton Treasurer	
12 November	Treasury Management – Mid year review 2018/19 Audit and Risk Committee Update Internal Audit Progress Report Minutes of the Audit and Risk Committee held on 4 September 2018 Audit Committee Work Plan Minutes of the Pension Board held on 27 September 2018 Fraud Awareness Training Audit Overview	Treasurer Grant Thornton Audit Manager Democratic Officer Democratic Officer Phil Tromans John Matthews	

2019			
14 January	<p>Minutes of the Audit and Risk Committee held on 12 November 2018</p> <p>Internal Audit Progress Report</p> <p>Internal Audit Charter – Annual Review</p> <p>Audit and Risk Committee Update</p> <p>Audit and Risk Committee Work Plan</p> <p>Minutes of the Pension Board held on 27 September 2018</p> <p>Minutes of the Pension Board held on 12 December 2018</p>	<p>Democratic Officer</p> <p>Audit Manager</p> <p>Audit Manager</p> <p>Grant Thornton</p> <p>Democratic Officer</p> <p>Democratic Officer</p>	
25 March	<p>Audit and Risk Committee Terms of Reference</p> <p>Internal Audit Plan 2019/20</p> <p>Audit Plan 2018/19</p> <p>Corporate Risk Report Six Monthly Update</p> <p>Communication with the Audit Committee for WMFRA</p> <p>Audit and Risk Committee Update</p>	<p>Audit Manager</p> <p>Audit Manager</p> <p>Grant Thornton</p> <p>Director of Service Support</p> <p>Grant Thornton</p> <p>Grant Thornton</p>	

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	<p>Firefighters' Scheme Advisory Board Employers' Survey</p> <p>CIPFA Update 27</p> <p>Minutes of the Audit and Risk Committee held on 14 January 2019</p> <p>Audit Committee Work Plan</p> <p><i>Committee Members' Private meeting with Internal Auditors (to follow Committee)</i></p>	<p>Clerk to the Authority Audit Manager</p> <p>Democratic Officer</p> <p>Democratic Officer</p> <p><i>Audit Manager</i></p>	
3 June 2019	<p>Annual Internal Audit Report 2018/19</p> <p>Governance Statement 2018/19</p> <p>Monitoring Policies and RIPA (Annual Whistleblowing Report)</p> <p>Annual Report of the Audit Committee for approval</p> <p>Audit and Risk Committee – Verbal Update</p> <p>Minutes of the Audit and Risk Committee held on 25 March 2019</p> <p>Minutes of the Pension Board held on 4 March 2019</p>	<p>Audit Manager</p> <p>Treasurer Monitoring Officer/Director of Service Support</p> <p>Chair</p> <p>Grant Thornton</p> <p>Democratic Officer</p> <p>Member of the Pension Board</p> <p><i>Grant Thornton</i></p>	

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	<p><i>Committee Members' Private meeting with External Auditors</i></p> <p><i>Workshop for Members on Statement of Accounts 2018/19</i></p>	Treasurer	
24 June 2019 [Authority]	<p>Governance Statement 2018/2019</p> <p>Audit and Risk Committee – Terms of Reference, (will be reported to the Authority's AGM as part of the Governance of the Authority report)</p> <p>Annual Report of the Audit and Risk Committee 2018/19</p>	<p>Treasurer</p> <p>Audit Manager</p> <p>Chair</p>	
15 July 2019 (Audit Committee 2019/20)	<p>Audit Findings 2018/19</p> <p>Statement of Accounts 2018/19 (Approval)</p> <p>Treasury Management Annual Report 2018/19</p> <p>Annual Report of the Pension Board</p> <p>Minutes of the Pension Board held on 4 June 2019</p> <p>Audit and Risk Committee Draft Work Plan 2019/20</p>	<p>Grant Thornton</p> <p>Grant Thornton</p> <p>Treasurer</p> <p>Chair, Pensions Board</p> <p>Democratic Officer</p>	

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