

Minutes of the Audit Committee

**18 January 2016 at 12.30 pm
at Fire Service Headquarters, Vauxhall Road, Birmingham B7 4HW**

Present: Councillor T. Singh (Chair);
Councillors Aston, Miks, Sealey, P. Singh
Mr Ager (Independent Member).

Apology: Councillor Quinnen

Observer: Councillor M Mottram

1/16 **Minutes**

Resolved that the minutes of the meeting held on 9 November 2015, be approved as a correct record.

Cllr Sealey asked for his apologies to be recorded for the meeting as they had not been passed on.

2/16 **Corporate Risk Quarter 2 Update 2015/16**

The Committee received the Corporate Risk Assurance Map Summary.

The Deputy Chief Fire Officer referred the Audit Committee to the position Statement shown at Appendix 2 to the report. The statement requires risk owners to provide the level of risk owner confidence in the effectiveness of the Service's risk management and control environment. The level of risk owner confidence remains high, with the following confidence opinions being awarded.

Of the 11 risks, 7 of the overall confidence ratings were green, 4 were amber and there were no red ratings.

In respect of Risk 4, a Partnerships Review was undertaken by the Scrutiny Committee and action plan for improvement was approved by the Executive Committee on 14 December 2015. The Direction of Travel for this risk has increased from 2 to 3 but the overall rating remains the same.

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It was noted that the score would change as the improvement work is undertaken.

Appendix 1, Risks 1 and 5 were shown as red. This was as a result of the national Pensions Dispute. Positive engagement had taken place, however, because of internal changes with staffing this had caused the risk to remain as red.

The Pensions Dispute was still ongoing but following a legal challenge from the Fire Brigades Unions in respect of age discrimination, the Authority had been advised that an outcome from the High Court would not be available until 2017 and no further action would be taken until the ruling was issued. Officers would continue to monitor the position and would report back to a future meeting of the Audit Committee.

At the time that the report was prepared, the Authority had not received its Provisional Financial Settlement and the risk score of Risk 8 was based on a deficit of £14m. The risk would now be reviewed in line with the outcome of the settlement.

Consultation was taking place with the Unions on the Review of Fire Control. The owners of Risks 6 and 11 would be required to reflect on the consultation and look at risk scores and would be required to be more assertive about the possible risks in the assurance map.

The Independent Member stated that following the Policy Planning Forum held prior to the Audit Committee on 18 January, 2016 he felt there were strategic emerging risks that needed to be considered in respect of the Police and Crime Commissioner (PCC) and the Combined Authority (CA).

The Independent Member also expressed concern that Partnerships and Commissioning were being treated similarly. He said that there is a distinct difference, Commissioning is a more commercially focussed and should not be confused with Partnerships.

The Deputy Chief Fire Officer (DCFO) felt that was a valid point. He explained that the recent review of the Strategic Enabling Team provided an opportunity to update and refresh risk owners and the changes should address this point. The DCFO accepted that the Authority could be challenged in respect of its Partnerships and Commissioning activity and there were a number of emerging risks.

The DCFO stated that the CA was taking up some time of both officers and Members, but this work would not stop the Service in delivering its service to the community. The DCFO felt the Service would still be able to

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deliver its service to the community irrespective of change of governance arrangements. However, he would take on board the Independent Member's views and would feedback the comments to officers.

Resolved that the Corporate Risk Assurance Map Summary be approved and that the Position Statement be noted.

3/16

Audit Committee Update for West Midlands Fire and Rescue Authority

The Committee noted the contents of the Audit Committee Update. The Update provided the Audit Committee with a report on progress of the external auditors in delivering their responsibilities. The Update also included a summary of emerging national issues and developments that may be relevant to the Fire and Rescue Authority.

A detailed 2015/16 Accounts Audit Plan is in progress and a report would be presented to the next Audit Committee.

The Interim Accounts Audit is in progress and the External Auditor would continue to carry out testing, and work closely with the Internal Auditor in relation to risk, work on the financial statements and fraud.

The 2015/16 Final Account Audit would take place in the Summer months and would include:

- audit of the 2015/16 financial statements
- proposed opinion of the Fire Authority's Accounts
- proposed value for Money Conclusion

The Value for Money (VFM) conclusion was in progress and the sub-criteria to be used would be:

Informed decision making – where the Review of Control and Staffing issues would be considered.

Sustainable resource deployment – The External Auditor would discuss the use of budgetary Resources with the Strategic Enabler for Finance and Resources.

Working with partners and other third parties. This was very important in light of closer working with PCC and CA.

The External Auditor would ensure that the Authority moved forward in a positive manner.

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The Annual Audit Letter would be produced in October 2016.

The Committee's attention was brought to a link to a document entitled: Knowing the Ropes – Audit Committee Effectiveness Review

An electronic link to the document was provided and it was explained that the document provided an insight into the ways in which audit committees could create an effective role within an organisation's governance structure and understand how they are perceived more widely.

Grant Thornton and the Centre for Public Scrutiny had produced a document entitled "Supporting Members in Governance". It was agreed that a copy of the document would be circulated to Members of the Audit Committee.

4/16 Internal Audit Progress Report

The Committee noted a report which detailed the progress made against the delivery of the 2015/16 Internal Audit Plan. The information contained within the report included a summary of work completed and in progress as at 30 November 2015.

It was noted that the Key Financial Systems were well controlled and provided substantial assurance and a final report would be completed by March/April 2016.

5/16 Internal Audit Charter – Annual Review

The Committee were advised that the Accounts and Audit (England) Regulations 2011 required authorities to conduct a review of the effectiveness of internal audit at least once a year.

The Committee agreed that the existing Internal Audit Charter be subject to its next annual review in January 2015.

6/16 CIPFA Audit Committee Update No 18

The Committee received the CIPFA Audit Committee Update No. 18. The update was published three times a year, the latest edition focused on Self-Assessment and Improving Effectiveness of an Audit Committee, the Appointment and Procurement of External Auditors and a Regular Briefing on current issues.

The update provided a list of workshops and training events for Audit Committee Members.

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The Internal Auditor drew the Committee's attention to the section entitled Appointment and Procurement of External Auditors. The provisions of the Local Audit and Accountability Act 2014 would soon come into force. Current contracts would continue to be managed by the Public Sector Audit Appointments Ltd. However, new auditors would need to be appointed by 2018/19 and an external auditor must be appointed by the end of December 2017.

It was recommended that evaluations of options should start soon to allow time to plan procurement. Consideration should be given to a joint procurement with other Services either Regionally or with the CA. It was noted that a sector led body could be appointed by the Secretary of State.

The Committee were advised to consider the options over the next 18 – 24 months to see what was available.

Members of the Audit Committee were asked to return their Self-Assessment Review to the Clerk prior to the next meeting in order that the Assessment can be undertaken. Members were advised to leave any areas they were not aware of blank.

7/16 Audit Committee Work Programme 2015/16

The Committee noted its Work Programme 2015/16. The Chair indicated that he and another member of the Committee would not be available for the meeting scheduled on 21 March 2016 and requested that the meeting be moved to the 11 April 2016 following the Fire Authority meeting.

The change of date was approved by the members of the Audit Committee.

8/16 Update on Topical, Legal and Regulatory Issues

Audit Committee Members were reminded of the free development session being provided by Price Waterhouse Cooper on 4 February 2016. The Chair of the Audit Committee requested a place be booked on his behalf.

(The meeting ended at 1256 pm)

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