

West Midlands Fire and Rescue Authority

Audit Committee

**You are summoned to attend the meeting of Audit Committee to be held on
Monday, 26 March 2018 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 Committee held on 15.1.18 | 3 - 6 |
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Distribution:

Adam Aston - Member, Mohammed Idrees - Member, Robert Sealey - Member, Paul Singh - Member, Tersaim Singh - Chairman, Fiona Williams - Member

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

Minutes of the Audit Committee

15 January 2018
at Fire Service Headquarters, Vauxhall Road, Birmingham B7 4HW

Present: Councillors T Singh (Chair), Cartwright, Idrees, Sealey, P Singh, Williams and Mr Ager (Independent)

Apology: Councillor Aston

1/18 **Declarations of Interest in contracts or other matters**

There were no declarations of interest.

2/18 **Minutes of the Audit Committee held on 19 December 2017**

Resolved that the minutes of the meeting held on the 19 December 2017 be approved as a correct record.

3/18 **Internal Audit Charter 2018**

The Committee reviewed the Internal Audit Charter and noted that there had been no changes made to the Internal Audit Charter since the last annual review in February 2017. The Internal Audit Charter was introduced in 2014 and was based on the national model for local government organisations.

In response to a Member's question about the General Data Protection Regulation (GDPR), it was confirmed that the Fire Authority are responsible for this area. The Authority will be adding processes to meet the legislation and it will form part of this year's Audit Plan, when the Auditor will be conducting a risk based assessment of requirements and expectations.

The Treasurer confirmed that this also featured as part of the Auditor's Update and arrangements were in place to ensure that the organisation was well positioned to meet the legislation.

4/18 **Audit Committee Update**

The Auditor updated the Committee on the progress made to date in respect of the Financial Statement Audit, Value for Money and meetings and events.

In respect of the Financial Statements Audit, an interim audit would commence in January and initial testing would take place in February and March 2018. Any significant findings would be reported to the next meeting of the Audit Committee and the Auditor was confident that the work would be completed in early June to meet the end of July deadline. The Auditor was confident that this deadline would be met as it had been met in 2017.

It was confirmed that the Deputy Treasurer would be attending one of the two Chief Accountant Workshops being run by Grant Thornton in Birmingham on the 7 and 28 February 2018.

The Update provided the Committee with a summary of emerging national issues and developments. The Committee noted:

- DCLG Publication – Independent Review of Building Regulations and Fire Safety: interim report

Dame Judith Hackitt's interim report had been published on 18 December 2017 and the work had found that the current regulatory system for ensuring fire safety in high-rise and complex buildings is not fit for purpose. The National Fire Chief's Council had welcomed the findings of the report and the interim recommendations clarified their concerns in the areas of clarity of guidance, competence, timing, procedures to hand over safety information and Fire Risk Assessments and the lack of qualifications.

A final report would be published in Spring 2018.

- Grant Thornton Publication – Combined Authorities: Signs of Success

The four key findings from the report were:

- To reduce Institutional blurring
 - Add value through targeted investment and strategic co-ordination
 - There was no one single checklist or set of criteria
 - Creation of a balanced set of benchmarks
-
- Commercial Healthcheck
 - Overview of General Data Protection Regulation (GDPR)

- CIPFA Publications:
 - The Guide to Local Government Finance
 - An introductory guide to local government finance 2017
 - Pooled Budgets and the Better Care Fund: A practical Guide for Local Authorities and Health Bodies 2017
- DCLG Consultation on proposed changes to the prudential framework of capital finance

Member's commented on the risks to tenants in Birmingham where a number of high rise residential buildings were being built and the impact this would have on the Fire Service. The Treasurer agreed to forward the details of the planning applications to the protection officers, but stated that some of the applications may have come through prior to the incident at Grenfell Tower. The Treasurer also stated that any building should not rely on one fire prevention measure and should not be considered in isolation.

5/18 **Internal Audit Progress Report**

The Committee noted the Internal Auditor's regular Progress Report on the 2017/18 Audit Plan. The Committee were pleased to receive the outcomes of the audits that had been undertaken so far and noted the other audits to be completed by the end of the financial year.

It was noted that the Management of Fuel audit report was still in draft form. Three issues had been identified and the Auditor was awaiting feedback from management, although one Member thought that the contents of the report were an improvement on the 2016/17 audit.

6/18 **Audit Committee - Self-assessment Evaluating the Effectiveness**

The Committee had completed the CIPFA recommended self-assessment and Member's knowledge and skills framework and felt they had a good knowledge of Audit Committee member requirement and appropriate skills. The Committee were now required to complete stage three of their self-assessment of good practice and effectiveness exercise.

The Committee were requested to return Appendix A of the report to Julie.Connor@wmfs.net in the Strategic Hub by end of January 2018. Members were requested to leave blank any answers of which they were unsure and the outcome of the Evaluation would be reported to the next Audit Committee in March 2018.

7/18 **Audit Committee Work Programme 2017/18**

The Committee noted its Work Programme for the remainder of 2018.

8/18 **Update on Topical, Legal and Regulatory Issues (Verbal Report)**

The Treasurer stated that a response to the Consultation on the Provisional Financial Settlement was due to be returned on Tuesday 16 January 2018 and Members were reminded to respond by the close of Monday 15 January 2018.

The Internal Auditor stated that details of an Audit Committee Forum taking place at Wolverhampton Art Gallery on the morning of Thursday 15 March 2018 would be circulated to Members of the Audit Committee.

The meeting finished at 1221 hours.

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WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

26 MARCH 2018

1. **AUDIT COMMITTEE TERMS OF REFERENCE**

Report of the Audit Services Manager (Sandwell MBC).

THAT the existing terms of reference for the Committee be reviewed and approved.

2. **PURPOSE OF REPORT.**

This report is submitted for member comment and approval.

3. **BACKGROUND**

3.1 The terms of reference for the Audit Committee reflect CIPFA's position statement "Audit Committees in Local Authorities". This statement emphasises the importance of audit committees being in place in all principal local authorities and recognises that audit committees are a key component of good governance. They were last reviewed in March 2017 and are now subject to their annual review in order to ensure that they remain relevant and fit for purpose.

3.2 There have been no changes since they were last reviewed.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to and/or do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The Fire Authority is not obliged by law to appoint an Audit Committee, but this course of action has been taken in line with guidance from CIPFA.

6. **FINANCIAL IMPLICATIONS**

Implementation of the recommendation will be undertaken within existing resources.

BACKGROUND PAPERS

None

Peter Farrow
Audit Services Manager, Sandwell MBC

Audit Committee – Terms of Reference

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.

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 support the development of effective communication with the head of internal audit.

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.

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.

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 COMMITTEE

26 MARCH 2018

1. **INTERNAL AUDIT PLAN – 2018/19**

Report of the Audit Services Manager [Sandwell MBC].

RECOMMENDED

THAT the Internal Audit Plan 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 proposed Internal Audit Plan for 2018/19, with an indicative plan covering the period 2019/20 to 2020/21.

3.2 The Internal Audit Plan is a fluid plan which may be updated periodically to reflect changes in the risks faced by the Authority. During the period covered by the plan, the priority and frequency of audit work may be subject to amendment in order to recognise alterations in the assessment of assurance need/risk analysis, caused by changes within the Authority and the requirements of the Audit Committee and senior managers.

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

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to and/or do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The Accounts and Audit Regulations Act states that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

Internal Audit Plan 2018/19 and indicative plan for 2019/20 to 2020/21.

Peter Farrow
Audit Services Manager, Sandwell MBC

Internal Audit Plan 2018/19



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A quick guide to the audit planning process

Step 1 – audit universe/auditable areas and the Authority's objectives

Identify the audit universe (i.e. a list of areas that may require auditing) using a variety of methods:

- Areas of risk identified by the Authority as having the potential to impact upon its ability to deliver its objectives and its statutory responsibilities, captured through a strategic risk register.
- Mandatory areas, such as the key financial systems work we do to, where appropriate, support the work of the external auditors, grant claim certification etc.
- Areas where we use auditor's knowledge, management requests and past experience etc.



Step 2 – ranking

Score each auditable area as high, medium or low risk using the CIPFA scoring methodology: materiality/business impact/audit experience/risk/potential for fraud.



Step 3 – the 2018/19 audit plan

Identify the areas where assurance will be provided in 2018/19. High risk areas will generally be audited annually, while medium risks may be visited once in a three-year cycle. A watching brief will remain on the low risks.

Glossary of terms

Governance

The arrangements in place to ensure that the Authority fulfils its overall purpose, achieves its intended outcomes for citizens and service users and operates in an economical, effective, efficient and ethical manner.

Control environment

This comprises the systems of governance, risk management and internal control. The key elements include:

- establishing and monitoring the achievement of the Authority's objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded
- ensuring the economical, effective and efficient use of resources and for securing continuous improvement
- the financial management of the Authority and the reporting of financial management; and
- the performance management of the Authority and the reporting of performance management

System of internal control

The totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.

Risk management

A logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating the risks associated with any activity, function or process in a way that will enable the organisation to minimise losses and maximise opportunities.

Risk based audit

An audit that:

- identifies and records the objectives, risks and controls
- establishes the extent to which the objectives of the system are consistent with higher-level corporate objectives
- evaluates the controls in principle to decide whether or not they are appropriate and can be reasonably relied upon to achieve their purpose, addressing the organisation's risks
- identifies any instances of over and under control and provides management with a clear articulation of residual risks where existing controls are inadequate
- determines an appropriate strategy to test the effectiveness of controls i.e. through compliance and/or substantive testing; and
- arrives at conclusions and produces a report, leading to management actions as necessary and providing an opinion on the effectiveness of the control environment

Audit Committee

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

Internal audit

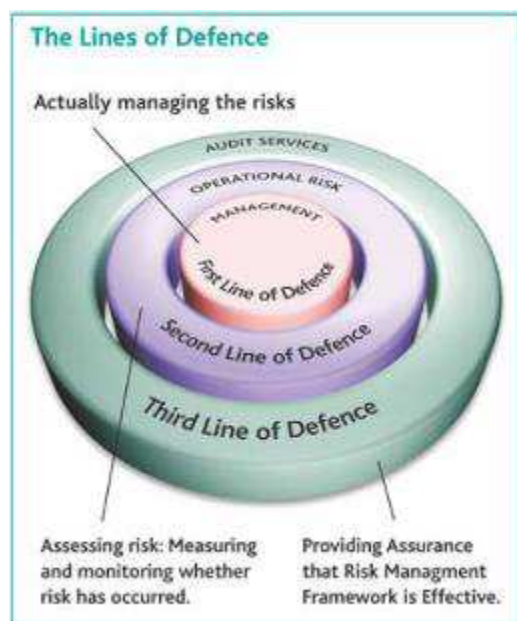
Definition of internal auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Assurance

A confident assertion, based on sufficient, relevant and reliable evidence, that something is satisfactory, with the aim of giving comfort to the recipient. The basis of the assurance will be set out and it may be qualified if full comfort cannot be given. The Head of Audit may be unable to give an assurance if arrangements are unsatisfactory. Assurance can come from a variety of sources and internal audit can be seen as the 'third line of defence' with the first line being the Authority's policies, processes and controls and the second being managers' own checks of this first line.

The Three Lines of Defence



Internal Audit standards



The Internal Audit team comply with the standards as laid out in the Public Sector Internal Audit Standards that came into effect on 1 April 2013.

1 Introduction

The purpose of internal audit is to provide the Authority with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Authority's agreed objectives. To provide this opinion, we are required to review annually the risk management and governance processes within the Authority. We also need to review on a cyclical basis, the operation of internal control systems within the Authority. Internal audit is not a substitute for effective internal control. The proper role of internal audit is to contribute to internal control by examining, evaluating and reporting to management on its adequacy and effectiveness.

There is a statutory requirement for internal audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the 'Public Sector Internal Audit Standards'. The Authority has an internal audit charter which was approved by the Audit Committee and defines the activity, purpose, authority and responsibility of internal audit, and establishes its position within the Authority. This document sits alongside the charter, and helps determine how the internal audit service will be developed.

The purpose of this document is to provide the Authority with an internal audit plan based upon an assessment of the Authority's audit needs. The assessment of assurance need exercise is undertaken to identify the systems of control and determine the frequency of audit coverage. The assessment will be used to direct internal audit resources to those aspects of the Authority which are assessed as generating the greatest risk to the achievement of its objectives.

2 Assessing the effectiveness of risk management and governance

The effectiveness of risk management and governance will be reviewed annually, to gather evidence to support our opinion to the Authority. This opinion is reflected in the general level of assurance given in our annual report and within separate reports covering risk management and governance. This review will cover the elements of the risk analysis which we regard as essential for annual review to provide a positive, reasonable assurance to the Authority.

3 Assessing the effectiveness of the system of control

To be adequate and effective, management should:

•	establish and monitor the achievement of the Authority's objectives and facilitate policy and decision making
•	identify, assess and manage the risks to achieving the Authority's objectives
•	ensure the economical, effective and efficient use of resources
•	ensure compliance with established policies, procedures, laws and regulations
•	safeguard the Authority's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
•	ensure the integrity and reliability of information, accounts and data

These objectives are achieved by the implementation of effective management processes and through the operation of a sound system of internal control. The annual reviews of risk management and governance will cover the control environment and risk assessment elements, at a high level.

The internal audit plan contained within this report is our assessment of the audit work required to measure, evaluate and report on the effectiveness of risk management, governance and internal control.

4 Assessment of assurance need methodology

Internal audit should encompass the whole internal control system and not be limited only to financial control systems, the scope of internal audit work should reflect the core objectives of the Authority and the key risks that it faces. As such, each audit cycle starts with a comprehensive analysis of the whole system of internal control that ensures the achievements of the Authority's objectives.

Activities that contribute significantly to the Authority's internal control system and to the risks it faces, may not have an intrinsic financial value necessarily. Therefore, our approach seeks not to try and measure the level of risk in activities, but to assign a relative risk value. The purpose of this approach is to enable the delivery of assurance to the Authority over the reliability of its system of control in an effective and efficient manner.

We have undertaken the assessment using the following process:

- We identified the core objectives of the Authority and, where available, the specific key risks associated with the achievement of those objectives.
- We then identified the auditable areas that impact significantly on the achievement of the control objectives.
- We assigned risk values to the auditable areas, based on the evidence we obtained.

The plan is drawn out of the assessment of audit need. The proposed internal audit plan covering the period 2018/19 is detailed towards the back of this document.

5 The assessment of internal audit assurance needs

Identifying the Authority's objectives and the associated risks

The Authority's objectives are as follows:

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

The key risks to the Authority in meeting these objectives, as identified through its risk management process, at the time this plan was prepared, were:

Risk Ref	Risk
CR1 1.1	Public Service Reform enables new duties and/or major changes to the governance, structure, role or activities of the fire and rescue service requiring major re-organisation, resulting in an inability to deliver against organisational strategy and planned community outcomes.
CR1 1.2	The Fire Authority is unable to positively position itself within public service reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.
CR2 2.1	The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.
CR2 2.2	The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage.
CR2 2.3	The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage.
CR3 3.1	The Fire Authority is unable to engage with the most vulnerable members of the community and reduce community risk resulting in increased fire and non-fire related incidents, fatalities and injuries.
CR3 3.2	The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.
CR4 4.1	The Fire Authority is unable to effectively discharge its duties under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non-domestic fire safety standards; reduced confidence and credibility; and increased litigation and reputational damage.
CR4 4.2	The Fire Authority is unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively, so increasing community risk; reducing confidence and credibility; and increasing reputational damage.
CR5 5.1	The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.
CR6 6.1	The Fire Authority is unable to provide business continuity arrangements, to maintain delivery of core functions, as a result of extensive disruption to normal working arrangements, including national and international deployments, significant and major events, resulting in increased community risk; reduced confidence; increased reputational damage; and external scrutiny.
CR7	The Fire Authority is unable to provide and maintain an effective ICT provision to

7.1	support the delivery of core functions, resulting in significant disruption to the organisation's functionality, reduced confidence, credibility, reputational damage and external scrutiny.
CR7 7.2	The Fire Authority is unable to provide effective management and security of organisational information and documentation including the receipt, storage, sharing and transfer of information and data, resulting in reputational damage, litigation, substantial fines and external scrutiny.
CR8 8.1	The Fire Authority is unable to deliver its statutory responsibilities, predominantly through the Service Delivery Model, due to insufficient funds, resulting in external scrutiny and intervention; reduced confidence and credibility; and increased reputational damage.
CR8 8.2	The Fire Authority is unable to deliver effective financial management arrangements, due to misuse of funds, resulting in external scrutiny, intervention and litigation.
CR9 9.1	The Fire Authority is unable to create, grow and sustain appropriate flexible funding opportunities and meet financial targets, through the delivery of these opportunities via the Service Delivery Model. This will result in a budget shortfall impacting upon our ability to maintain the Service Delivery Model and delivery of core services.
CR9 9.2	The Fire Authority is unable to meet contractually binding arrangements for the provision of commissioned and/or paid services resulting in litigation; reduced confidence and credibility; and increased reputational damage.

These risks are then used to drive a substantial part of the internal audit plan.

Identifying the “audit universe”

The audit universe describes all the systems, functions, operations and activities undertaken by the Authority. Given that the key risk to the Authority is that it fails to achieve its objectives, we have identified the audit universe by determining which systems and operations impact upon the achievement of these objectives in section 3 above. These auditable areas include the control processes put in place to address the key risks.

Assessing the risk of auditable areas

Risk management is the process of identifying risks, evaluating their probability and potential consequences and determining the most effective methods of controlling or responding to them. The aim of risk management is to contribute to continued service improvement through improved risk taking activities, reducing the frequency of loss events occurring, and minimising the consequences if they do occur.

There are a number of key factors for assessing the degree of risk within the auditable area. These have been used in our calculation for each auditable area and are based on the following factors:

- Risk
- Business impact
- Materiality
- Audit experience

- Potential for fraud and error

Deriving the level of risk from the risk values

In this model, the overall scores are translated into an assessment of risk. The risk ratings used are high, medium or low to establish the frequency of coverage of internal audit.

6 Developing an internal audit plan

The internal audit plan is based on management's risk priorities, as set out in the Authority's own risk analysis/assessment. The plan has been designed to, wherever possible, cover the key risks identified by this risk analysis.

The level of risk, and other possible sources of assurance, will always determine the frequency by which auditable areas will be subject to audit. This ensures that key risk areas are looked at on a frequent basis. The aim of this approach is to ensure the maximum level of assurance can be provided with the minimum level of audit coverage.

During the period covered by this plan, the priority and frequency of audit work will be subject to amendment to recognise changes in the risk profile of the Authority.

Auditor's judgement has been applied in assessing the number of days required for each audit identified in the strategic cycle.

The assessment of assurance need's purpose is to:

- determine priorities and establish the most cost-effective means of achieving audit objectives; and
- assist in the direction and control of all audit work

This approach builds upon and supersedes previous internal audit plans.

Included within the plan, in addition to audit days for field assignments are:

- a contingency allocation, which will be utilised when the need arises, for example, special projects, investigations, advice and assistance, unplanned and ad-hoc work as and when requested. This element has been calculated on the basis of past experience
- a follow-up allocation, which will be utilised to assess the degree of implementation achieved in relation to recommendations agreed by management during the prior year; and
- an audit management allocation, which is used for management, quality control, client and external audit liaison and for preparation for, and attendance at various meetings including the Audit Committee etc.

7 Considerations required of the Audit Committee and Senior Management

Are the objectives and key risks identified consistent with those recognised by the Authority?

Does the audit universe identified include all those systems which would be expected to be subject to internal audit?

Are the risk scores applied to the audit universe reasonable and reflect the service as it is recognised by the Authority?

Does the Internal Audit Plan cover the key risks as they are recognised?

Is the allocation of audit resource accepted, and agreed as appropriate, given the level of risk identified?

8 Information to support the Internal Audit Plan

Resources required

It is envisaged that 185 audit days will be required for delivery of the first year of the strategy.

Communication of results

The outcome of internal audit reviews is communicated by way of a written report on each assignment undertaken. However, should a serious matter come to light, this will be reported to the appropriate level of management without delay.

Staffing

Where appropriate, audit staff are either professionally qualified, or sponsored to undertake relevant professional qualifications. All staff are subject to an appraisal programme, which leads to an identification of training needs. In this way, we ensure that staff are suitably skilled to deliver the internal audit service. This includes the delivery of specialist skills which are provided by staff within the service with the relevant knowledge, skills and experience.

Quality assurance

The internal audit service will adhere to the Public Sector Internal Audit Standards.

9 Internal Audit Plan for the period 1 April 2018 to 31 March 2019

Auditable Area	Purpose	Risk Category	Estimated Days
Strategic Enabler of Strategic Hub			
Risk Management	A review to ensure the Authority is adequately identifying, assessing and managing the risks it faces in achieving its objectives. (The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Authority's risk management arrangements.)	High	10
Governance	An annual review of aspects of the Authority's governance arrangements. This audit will evaluate the design, implementation and effectiveness of its ethics-related objectives, programmes and activities. (The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Authority's governance arrangements.)	High	10
Performance Management	A review to assess the degree of alignment of the performance management/monitoring processes with finance and other resources. (Linked to risk CR8 8.2)	Medium	10
Strategic Enabler ICT			
IT	A continuous programme of IT auditing and providing ongoing advice and assistance on IT related controls. This will include focussing upon areas such as information security standards, IT policies, data sharing, cyber security and use of the internet. (Linked to risk CR7 7.1)	High	12
Data Protection	A review of the Authority's monitoring of adherence to the requirements of the General Data Protection Regulations. (Linked to risk CR7 7.2)	High	15

Auditable Area	Purpose	Risk Category	Estimated Days
Strategic Enabler Finance and Resources			
Key Financial System Reviews are undertaken in liaison with the Authority's external auditors where appropriate, to help support them in the work they do. All such reviews are deemed high risk by their very nature.			
Payroll /Pensions	A review of the key financial controls relating to the administration of the Payroll System. (Linked to risk CR8 8.2)	High	15
Pension Certification	A review of the entries on the annual pension statement to confirm the accuracy of the employee and employer contributions calculated in respect of contributors to the fund. (Linked to risk CR8 8.2)	High	3
Accounts Receivable	A review of the key financial controls relating to invoicing and collection of debts. (Linked to risk CR8 8.2)	High	10
Accounts Payable	A review of the key financial controls relating to the ordering and payment of goods and services. (Linked to risk CR8 8.2)	High	10
Fixed Asset Accounting/Asset Planning	A review of the key financial controls relating to the accurate recording of fixed assets, including assessing the impact of potential asset sales and valuation reductions. (Linked to risk CR8 8.2)	High	10
Budgetary Control	A review of the key financial controls relating to Budgetary Control. (Linked to risk CR8 8.2)	High	15
Procurement	A review of procurement and contract compliance with Standing Orders. (Linked to risk CR8 8.2)	Medium	10
Counter Fraud (Demonstrating a pro-active approach to countering	A range of pro-active fraud activities will be undertaken including maintenance of a fraud risk register, targeted pro-active testing of areas within the Authority open to the potential	-	10

Ref. AU/AC206031813

[ILO: UNCLASSIFIED]

Auditable Area	Purpose	Risk Category	Estimated Days
fraud and corruption is a key element of the requirements of the external auditors.)	of fraudulent activity, money laundering, explore hosting a raising fraud awareness seminar and benchmarking against recognised best practice. (Linked to risk CR8 8.2)		
National Fraud Initiative	We will lead on the Authority's NFI requirements. We will work with the Cabinet Office to ensure that the Authority continues to meet all its responsibilities. (It is a requirement that this exercise is undertaken.)	-	10
Other			
Contingency	Special projects, investigations, advice and assistance and ad-hoc work as requested.	-	10
Management	An allocation of time for the management of the internal audit service. To include meeting any training requirements of the Authority or Members and for preparation for, and attendance at, various meetings including the Audit Committee (to include where appropriate, a Committee skills audit and self-assessment workshop).	-	14
Follow up	A follow up of the key audit recommendations made during the previous year. (The Head of Internal Audit is required to obtain assurances that previously agreed actions have been implemented.)	-	11
Total			185

Indicative Future Internal Audit Plan

Appendix B

Auditable Areas:	Risk	19/20	20/21
Strategic Enabler of Strategic Hub			
Risk Management	High	✓	✓
Governance	High	✓	✓
Strategic Enabler Response			
Fire Stations – Management of Fuel	Medium		✓
Strategic Enabler People Support Services			
Absence Management	Medium		✓
Environmental Protection Targets	Medium		✓
Workforce Planning	Medium		✓
Strategic Enabler Organisational Preparedness			
Business Continuity Plan	Medium	✓	
Strategic Enabler Community Risk Management			
Partnerships	Medium	✓	
Strategic Enabler ICT			
IT	High	✓	✓
Freedom of Information	Medium	✓	
Data Protection	High	✓	✓
Strategic Enabler Finance and Resources			
Payroll/Pensions (KFS)	High	✓	✓
Pension Certification	High	✓	✓
Accounts Receivable (KFS)	High	✓	✓
Accounts Payable (KFS)	High	✓	✓
Fixed Asset Accounting/Asset Planning (KFS)	High	✓	✓
Budgetary Control (KFS)	High	✓	✓
Counter Fraud	-	✓	✓
National Fraud Initiative	-	✓	✓
Other			
Contingency	-	✓	✓
Management	-	✓	✓
Follow Up	-	✓	✓
Total		185	185

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

26 MARCH 2018

1. **AUDIT PLAN 2017/18**

Report of the Chief Fire Officer.

RECOMMENDED

THAT the Committee approve Grant Thornton's Audit Plan to enable the delivery of the audit of financial statements and the value for money conclusion 2017/18.

2. **PURPOSE OF REPORT**

The purpose of the report is to seek Committee approval of Grant Thornton's Audit Plan. The plan (attached in Appendix 1) sets out the audit work Grant Thornton will undertake in respect of the audit of the Authority's financial statements and the delivery of its value for money conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

3. **BACKGROUND**

- 3.1 The Audit Plan 2017/18 sets out the audit work that Grant Thornton propose to undertake and the key deadlines and milestones associated with the delivery of this work. The plan has 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.
- 3.2 The Code requires Grant Thornton to consider whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place.

The guidance identifies 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”.

- 3.3 For 2017/18 the Authority is required to prepare the accounting statements by 30 June 2018 and to submit the audited 2017/18 accounts to the Audit Committee for approval by no later than 31 July 2018. The plan sets out the key phases and activities for the delivery of the audit work. All reports arising from this audit work will be discussed and agreed with appropriate officers prior to submission to Members.
- 3.4 Representatives from Grant Thornton will be in attendance at Audit Committee.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required as the matters contained in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The production of the Audit Plan complies with the statutory requirements set out within the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office.

6. **FINANCIAL IMPLICATIONS**

The scale fee for undertaking West Midlands Fire and Rescue Authority's external audit work for 2017/18 is £38,636.

BACKGROUND PAPERS

None.

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

PHIL LOACH
CHIEF FIRE OFFICER

External Audit Plan

Year ending 31 March 2018

West Midlands Fire & Rescue Authority
March 2018



Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of West Midlands Fire & Rescue Authority ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of West Midlands Fire & Rescue Authority. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- financial statements (including the Annual Governance Statement) that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

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

Significant risks	<p>Those risks requiring specific audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:</p> <ul style="list-style-type: none">• The revenue cycle includes fraudulent transactions. This risk has been rebutted, please see page 5 for our consideration of this risk.• Management override of controls per ISA 240.• Actuarial valuation of pension liability. <p>We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.</p>
Materiality	<p>We have determined planning materiality to be £2.255m (PY £2.260m), which equates to 2% of your forecast gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £113k (PY £113k).</p>
Value for Money arrangements	<p>Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risk:</p> <ul style="list-style-type: none">• Governance arrangements in light of the ongoing consultation to join West Midlands Combined Authority.
Audit logistics	<p>Our interim visit will be split and will take place in February and March and our final visit will take place in June. Our key deliverables are this Audit Plan and our Audit Findings Report.</p> <p>Our fee for the audit will be no less than £38,636 (PY: £38,636) for the Authority.</p>
Independence	<p>We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements</p>

Deep business understanding

Changes to service delivery		Changes to financial reporting requirements	Key challenges
<div> <div> Bluelight collaboration <p>The provisions of the Policing and Crime Act 2017 came into effect on 3 April 2017. These provisions included:</p> <ul style="list-style-type: none"> introducing the duty to collaborate on all three emergency services; enabling PCCs to take on FRA functions where a local case is made; and enabling PCC representation on a Fire Authority with voting rights where the Fire Authority agrees <p>These provisions are expected to change the structure and legal status of many police bodies and fire and rescue authorities.</p> </div> <div> IRMP and Service transformation plans <p>The Government is continuing to push forward with its Fire reform agenda. A number of Fire & Rescue Authorities across the country are undergoing service transformations of varying degrees. In addition there are a number of inquiries ongoing into the Grenfell Tower fire that could lead to changes in practices and working arrangements.</p> <p>In accordance with its planning framework, the Fire Service has reviewed its three- year corporate strategy- The Plan. Following a review of the risk analysis, there has not been any significant change to risk and as such the priorities and outcomes remain appropriate for the Authority.</p> </div> </div>		<div> <div> Accounts and Audit Regulations 2015 (the Regulations) <p>The Ministry of Housing, Communities & Local Government is currently undertaking a review of the Regulations, which may be subject to change. The date for any proposed changes has yet to be confirmed, so it is not yet clear or whether they will apply to the 2017/18 financial statements.</p> <p>Under the 2015 Regulations local authorities are required to publish their accounts along with the auditors opinion by 31 July 2018.</p> </div> <div> Changes to the CIPFA 2017/18 Accounting Code <p>CIPFA have introduced minor changes to the 2017/18 Code which:</p> <ul style="list-style-type: none"> introduce key reporting principles for the Narrative Report; clarify the reporting requirements for accounting policies and going concern reporting; and update the relevant sections regarding reporting requirements for Leases, Service Concession arrangements and Financial Instruments. </div> </div>	<div> <div> Financial pressures <p>WMFRA's net Revenue budget for 2017/18 is £95m. This mainly relates to firefighting and rescue operations, and community fire safety work. The majority of planned expenditure is for employee costs. The £95 million comprises core funding from the Government (£53 million) and precepts collected through Council Tax (£42 million).</p> <p>As part of the four year funding settlement, WMFRA's core funding reduces by £9.919 million, (16% of the 2015/16 core funding) over the four year period to 2019/20. The Fire Authority therefore has to manage its pay and other cost pressures within this reducing funding base.</p> </div> <div> Fire Service Inspectorate <p>As part of its Fire Reform agenda the Government has expanded the remit of the existing Police inspectorate to cover the role of Fire services. The newly established HMICFRS will undertake inspections of Fire services going forward and has recently announced its first three pilot sites; Suffolk, Staffordshire and West Yorkshire. These pilot inspections will take place in Spring 2018 following which HMICFRS will assess and report on the efficiency and effectiveness of all 45 fire and rescue services in England.</p> <p>Wendy Williams was appointed as HM Inspector of Fire and Rescue Services for the Western Region in July 2017.</p> </div> </div>

Our response
<div> <ul style="list-style-type: none"> We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion. We will consider whether your financial position leads to uncertainty about the going concern assumption and will review any related disclosures in the financial statements. We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions and invitations to our technical update workshops. As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2017/18 CIPFA Code. </div>

Significant risks identified

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgmental matters. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including West Midlands Fire & Rescue Authority, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for West Midlands Fire & Rescue Authority.</p>
Management over-ride of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. Management over-ride of controls is a risk requiring special audit consideration.	<p>We will:</p> <ul style="list-style-type: none"> • gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness • obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness • evaluate the rationale for any changes in accounting policies or significant unusual transactions.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of pension fund net liability	<p>The Local Government Pension Scheme (LGPS) pension net liability as reflected in the balance sheet, and asset and liability information disclosed in the notes to the accounts, represent significant estimates in the financial statements.</p> <p>The Firefighters Pension schemes pension fund liability as reflected in the balance sheet and notes to the accounts represent significant estimates in the financial statements.</p> <p>These estimates by their nature are subject to significant estimation uncertainty, being sensitive to small adjustments in the assumptions used.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none">• Identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement• Evaluate the competence, expertise and objectivity of the [actuary/actuaries] who carried out your pension fund valuation. We will gain an understanding of the basis on which the [valuation/valuations] is carried out.• Undertake procedures to confirm the reasonableness of the actuarial assumptions made.• Check the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

Reasonably possible risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Employee remuneration	<p>Payroll expenditure represents a significant percentage of the Authority's operating expenses.</p> <p>As the payroll expenditure comes from a number of individual transactions there is a risk that payroll expenditure in the accounts could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention</p>	<p>We will</p> <ul style="list-style-type: none"> • evaluate the Authority's accounting policy for recognition of payroll expenditure for appropriateness. • gain an understanding of the Authority's system for accounting for payroll expenditure and evaluate the design of the associated controls. • obtain year-end payroll reconciliation and ensure amount in accounts can be reconciled to ledger and through to payroll reports. • agree payroll related accruals, (eg unpaid leave accrual) to supporting documents and review any estimates for reasonableness.
Operating expenses	<p>Non-pay expenses on other goods and services represents a material part of the Authority's operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.</p> <p>We identified completeness of non- pay expenses as a risk requiring particular audit attention:</p>	<p>We will</p> <ul style="list-style-type: none"> • evaluate the Authority's accounting policy for recognition of non-pay expenditure for appropriateness. • gain an understanding of the Authority's system for accounting for non-pay expenditure and evaluate the design of the associated controls. • obtain a listing from the cash book or equivalent of non-pay payments made in April, take a sample using the non-statistical sample size calculator and ensure that they have been charged to the appropriate year.

Reasonably possible risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Firefighters pension schemes	<p>The Authority administers the firefighters pension schemes, with the Firefighters Pension Fund Account being included in the financial statements.</p> <p>We identified completeness and accuracy of pension benefits payable as a risk requiring particular audit attention.</p>	<p>We will</p> <ul style="list-style-type: none">• gain an understanding of the Authority's systems for calculating, accounting for and monitoring pension benefit payments and evaluate the design of the associated controls.• obtain a schedule of benefit payments by type for the period, prove the mathematical accuracy and agree totals to scheme accounting records.• analytically review the benefits paid.• devise an appropriate sampling approach and test a sample of new pension benefits coming into payment, agreeing the calculations to supporting information.• assess the number of pensioners transferring from active to deferred status and if significant, devise an appropriate sampling approach and test to supporting information.• if deaths in service or deferment, deaths in retirement or refunds to members are above a tolerable error threshold set (which is below materiality), obtain a breakdown and test either through coverage or sampling to supporting documentation.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued and consistent with our knowledge of the Authority.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under the Act and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2017/18 financial statements, consider and decide upon any objections received in relation to the 2017/18 financial statements;
 - issue of a report in the public interest; and
 - making a written recommendation to the Authority, copied to the Secretary of State.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

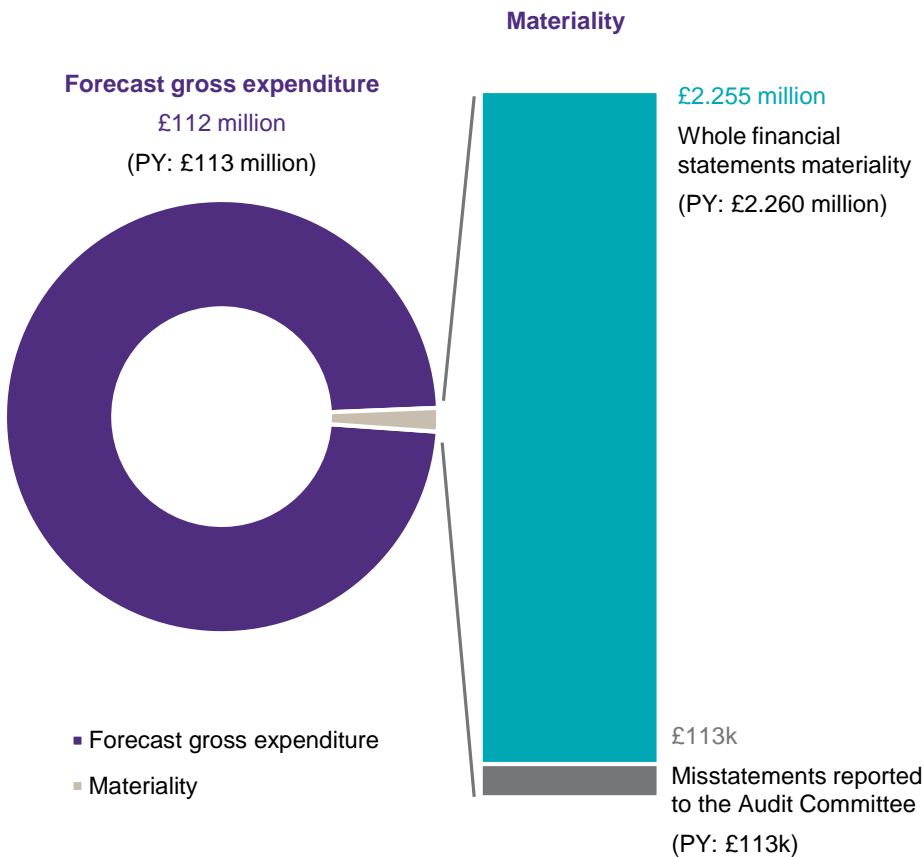
We propose to calculate financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be £2.255 million (PY £2.260 million), which equates to 2% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £113k (PY £113k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

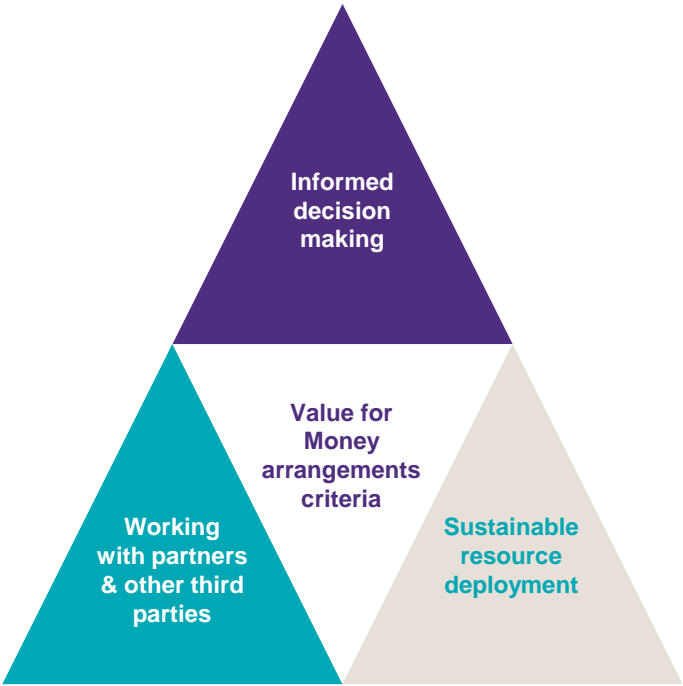
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place.

The guidance identifies 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.”

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring specific audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.



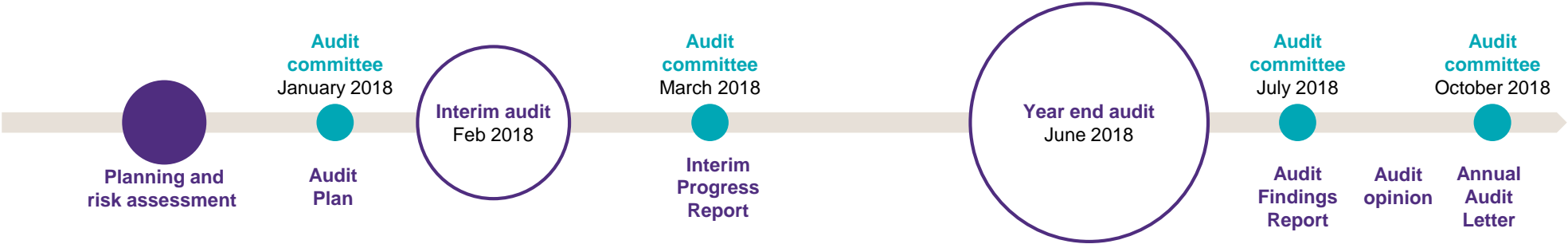
Governance

The West Midlands Fire & Rescue Authority (WMFRA) commissioned a governance review which provided recommendations for the arrangements required to allow the WMFRA to join the West Midlands Combined Authority (WMCA). The WMCA will seek approval from its seven constituent authorities to implement the recommendations from the governance review following consideration of the analysis from the public consultation and prior to submitting a report to the Secretary of State. This will take place April – May 2018. This risk represents a risk under the sub-criteria of working with partners.

We will review:

- the Authority's progress towards preparing governance arrangements to join the West Midlands Combined Authority.
- the financial strategy and assumptions relating to the Authority once it has joined the West Midlands Combined Authority, including income streams and use of reserves.

Audit logistics, team & audit fees



Richard Percival, Engagement Lead
Key contact for senior management and Audit Committee
Overall quality assurance



Emily Mayne, Audit Senior Manager
Audit planning
Resource management
Audit reporting



Steph Quartermaine, Audit Incharge
On-site audit team management
Day-to-day point of contact
Audit fieldwork

Audit fees
The planned audit fees are no less than £38,636 (PY: £38,636) for the financial statements audit. In setting your fee, we have assumed that the scope of the audit, and the Authority and its activities, do not significantly change.

Our requirements
To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the early close timeframe

Bringing forward the statutory date for publication of audited local government accounts to 31 July this year, across the whole sector, is a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts is curtailed, while, as auditors we have a shorter period to complete our work and face an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 12). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2016 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority.

Non-audit services

No non-audit services were identified]

Appendices

A. Revised ISAs

Appendix A: Revised ISAs

Detailed below is a summary of the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.

Section of the auditor's report	Description of the requirements
Conclusions relating to going concern	We will be required to conclude and report whether: <ul style="list-style-type: none">• The directors use of the going concern basis of accounting is appropriate• The directors have disclosed identified material uncertainties that may cast significant doubt about the Authority's ability to continue as a going concern.
Material uncertainty related to going concern	We will need to include a brief description of the events or conditions identified that may cast significant doubt on the Authority's ability to continue as a going concern when a material uncertainty has been identified and adequately disclosed in the financial statements. Going concern material uncertainties are no longer reported in an Emphasis of Matter section in our audit report.
Other information	We will be required to include a section on other information which includes: <ul style="list-style-type: none">• Responsibilities of management and auditors regarding other information• A statement that the opinion on the financial statements does not cover the other information unless required by law or regulation• Reporting inconsistencies or misstatements where identified
Additional responsibilities for directors and the auditor	We will be required to include the respective responsibilities for directors and us, as auditors, regarding going concern.
Format of the report	The opinion section appears first followed by the basis of opinion section.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

26 MARCH 2018

1. **CORPORATE RISK UPDATE**

Report of the Chief Fire Officer.

RECOMMENDED

THAT Audit Committee approve the Corporate Risk Assurance Map Summary (Quarter 3, 2017/18, Appendix 1) and note the Position Statement (Quarter 3, 2017/18, Appendix 2) for each risk.

2. **PURPOSE OF REPORT**

This six-monthly update is provided to ensure Members remain informed about all aspects relating to the management of the Authority's corporate risks. It covers Quarter 2 and Quarter 3 2017/18.

3. **BACKGROUND**

- 3.1 This report includes the Corporate Risk Assurance Map Summary and the Position Statement for Quarter 3. This is the combined six-monthly report as agreed by Members at the Audit Committee Meeting held on the 25 July 2016.
- 3.2 In accordance with the Services risk management strategy, the Corporate Risk Assurance Map Summary is submitted for approval by the Audit Committee, following its submission and discussion at the Corporate Performance Review Meeting.
- 3.3 Corporate risks are 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. Currently, the Service maintains 9 corporate risks,

some of which have more than one element.

- 3.4 Each corporate risk is assigned to a Risk Owner, who is a member of the Strategic Enabling Team. The Risk Owner has the overall responsibility for monitoring and reviewing the progress being made in managing the risk.
- 3.5 To enable for effective risk management, the Risk Owner will periodically undertake an assessment of each corporate risk. The frequency of this review will be based upon the estimated risk rating undertaken based on likelihood x impact. The likelihood is a measure of probability of a given risk occurring using a scale of 1 (low) to 4 (high). The impact is a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 4 (high).

LIKELIHOOD	4				
	3				
	2				
	1				
		1	2	3	4
		IMPACT			

	HIGH RISK - periodic review every 6 weeks
	MEDIUM RISK - periodic review every 3 months
	LOW RISK - periodic review every 6 months
	VERY LOW RISK - periodic review every 12 months

- 3.6 In order to ensure that Members are kept informed of corporate risk matters a Corporate Risk Assurance Map Summary for Quarter 3 2017/18 (Appendix 1) and the Position Statement for Quarter 3 2017/18 (Appendix 2) are attached.

- 3.7 In undertaking a review of corporate risks, the Risk Owner has reviewed the Corporate Risk Assurance Map. The Assurance Map provides details of:-
- The strategic objectives and performance indicators relevant to the risk.
 - The current risk scores.
 - A description of events that could lead the corporate risk to be 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.
- 3.8 As part of the review the Risk Owner has considered the risk score and rating and updated the Assurance Map. The Risk Owner has provided assurance that the control measures identified are still effective in the management of risk and identified whether any new risk events or controls have been implemented or are required.
- 3.9 Where ongoing additional controls are being implemented, Risk Owners have confirmed the progress in implementing such controls.

Increase/decrease in Overall Corporate Risk Score

- 3.10 During the six months (Quarter 2 2017/18 and Quarter 3 2017/18) there has been no increase or decrease in any of the risk scores.
- 3.11 The Position Statement attached as Appendix 2 provide the detail of the risk management activity undertaken or ongoing in respect of the Authority's 9 Corporate Risks for the six months (Quarter 2 2017/18 and Quarter 3 2017/18).

- Corporate Risks 1.1, 1.2, 2.3, 5.2, 8.1 and 8.2 have been awarded a green confidence (substantial) opinion, which is the highest level that can be awarded.
- For Corporate Risk 4.1, whilst the overall risk score remains at 6 and has been awarded a green confidence (substantial) opinion, which is the highest level that can be awarded, the likelihood score has changed from 3 to 2 and the impact score changed from 2 to 3. This change reflects the positive progress with the development of the new Risk Based Inspection Programme and enhanced identification of fire safety risk provided through integrated risk management data analysis.
- Corporate Risks 2.2, 3.1, 3.2, 5.1, 7.1, 7.2, and 9.2 have been awarded an amber (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.
- Corporate Risks 2.1, 6.1 and 9.1 have been awarded a red (high risk) confidence opinion. Work is in progress for these to be reduced.

Position Statement Summary

- 3.14 Corporate Risk 1.1 – External (Political and Legislative) Environment. The Authority's route of governance by the Mayoral, West Midlands Combined Authority has received full support of the Local Authority leaders and is now in the initial stages of public consultation which runs from the 11 January to the 8 March 2018. A negative response to the consultation has the potential to halt process locally.
- 3.15 Corporate Risk 2 – People. The business continuity arrangements remain in place to ensure the delivery of the services associated with Falls response and the wider health agenda. This is a temporary arrangement whilst the organisation considers alternative solutions to the delivery of this service. Work is continuing with the representative bodies to see solutions to ensure the sustainable delivery of the strategy through a local agreement.

- 3.16 Corporate Risk 3 – Prevention. Sandwell Metropolitan Borough Council Auditors will be auditing partnerships shortly. The feedback will shape the toolkits and feed into the Safe & Well Development project.
- 3.17 Corporate Risk 4 – Protection. The definition of fire safety risk continues to be considered within work streams of the National Fire Chiefs Council. Consideration is being given as to how fire safety risk can better influence and inform our Integrated Risk Management Plan.
- 3.18 Corporate Risk 5 – Response. The revised staffing arrangements have been in place for 12 months and have now been reviewed to ensure that the minimum numbers on duty at all times is maintained. Over the last 12 months Optimum Crewing levels were maintained for 90% of the time and a commitment has been made to understand whether this can be improved further still.
- 3.19 Corporate Risk 6 – Business Continuity & Preparedness. Changes to the current staffing arrangements may lead to alternative business continuity arrangements being put in place. This may include, changes to staffing arrangements such as Voluntary Additional Shifts, which may lead to a reduced uptake of volunteers; the use of new entrant contracts in the delivery of Falls response arrangements to move the delivery of Fall response back to operational staff.
- 3.20 Corporate Risk 7 – Information, Communications and Technology. Work is ongoing with external companies to follow national guidance about the recent increase in cyber security threats. In addition, in-house additional resource has been allocated to this work.
- 3.21 Corporate Risk 9 – Business Development. The Service is unlikely to meet the internal target of £1m of income generation by 2017/18, however, work is continuing towards the strategic target of meeting £2m by 2020. Alongside health opportunities, the Service has focused on obtaining work from commercial opportunities alongside exploring social value and sponsorship.

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 do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

There are no direct legal implications associated with the implementation of the recommendations set out in this report.

6. **FINANCIAL IMPLICATIONS**

There are no financial implications associated with the implementation of the recommendations set out in this report.

7. **ENVIRONMENTAL IMPLICATIONS**

None

BACKGROUND PAPERS





Frequency of Risk Reporting to Audit Committee, Audit Committee Report, 11 April 2016





Corporate Risk Update to Audit Committee, Audit Committee Report, 25 July 2016





The contact for this report is Deputy Chief Fire Officer, Philip Hales, telephone number 0121 380 6004.

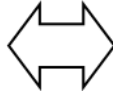
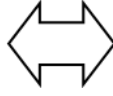
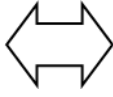


PHIL LOACH
CHIEF FIRE OFFICER

Corporate Risk Assurance Map - Summary - Qtr 3 2017/18

No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
CR1	External (Political and Legislative) Environment	SE Strategic Hub - Karen Gowreesunker					
1.1	Public Service Reform enables new duties and/or major changes to the governance, structure, role or activities of the fire and rescue service requiring major re-organisation, resulting in an inability to deliver against organisational strategy and planned community outcomes.				3	2	6
1.2	The Fire Authority is unable to positively position itself within public service reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.				3	2	6
CR2	People	SE People - Sarah Warnes					
2.1	The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.				4	3	12
2.2	The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage.				3	3	9

2.3	The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage.				2	3	6
CR3	Delivery of Services - Prevention	SE Prevention - Jason Campbell					
3.1	The Fire Authority is unable to engage with the most vulnerable members of the community and reduce community risk resulting in increased fire and non-fire related incidents, fatalities and injuries.				3	3	9
3.2	The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.				3	3	9
CR4	Delivery of Services - Protection	SE Protection - Steve Taylor					
4.1	The Fire Authority is unable to effectively discharge its duties under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non-domestic fire safety standards; reduced confidence and credibility; and increased litigation and reputational damage.				2	3	6

CR5	Delivery of Services – Response	SE Response - Simon Barry					
5.1	The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.				1	4	4
5.2	The Fire Authority is unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively, so increasing community risk; reducing confidence and credibility; and increasing reputational damage.				2	3	6
CR6	Business Continuity & Preparedness	SE Organisational Preparedness - Steve Vincent					
6.1	The Fire Authority is unable to provide business continuity arrangements, to maintain delivery of core functions, as a result of extensive disruption to normal working arrangements, including national and international deployments, significant and major events, resulting in increased community risk; reduced confidence; increased reputational damage; and external scrutiny.				3	4	12
CR7	Information, Communications and Technology	SE ICT - Jason Danbury					
7.1	The Fire Authority is unable to provide and maintain an effective ICT provision to support the delivery of core functions, resulting in significant disruption to the organisation's functionality, reduced confidence, credibility, reputational damage and external scrutiny.				2	3	6

7.2	The Fire Authority is unable to provide effective management and security of organisational information and documentation including the receipt, storage, sharing and transfer of information and data, resulting in reputational damage, litigation, substantial fines and external scrutiny.				2	3	6
CR8	Finance & Assets	SE Finance and Resources - Mike Griffiths					
8.1	The Fire Authority is unable to deliver its statutory responsibilities, predominantly through the Service Delivery Model, due to insufficient funds, resulting in external scrutiny and intervention; reduced confidence and credibility; and increased reputational damage.				3	3	9
8.2	The Fire Authority is unable to deliver effective financial management arrangements, due to misuse of funds, resulting in external scrutiny, intervention and litigation.				2	3	6
CR9	Business Development	SE Business Development - Preith Shergill					
9.1	The Fire Authority is unable to create, grow and sustain appropriate alternative funding opportunities and meet financial targets, through the delivery of these opportunities via the Service Delivery Model. This will result in a budget shortfall impacting upon our ability to maintain the Service Delivery Model and delivery of core services.				4	3	12
9.2	The Fire Authority is unable to meet contractually binding arrangements for the provision of commissioned and/or paid services resulting in litigation; reduced confidence and credibility; and increased reputational damage.				3	3	9

Individual Risk Position Statement

Corporate Risk 1 – External (Political and Legislative) Environment

Corporate Risk 1.1:

Public Service Reform enables new duties and/or major changes to the governance, structure, role or activities of the fire and rescue service requiring major re-organisation, resulting in an inability to deliver against organisational strategy and planned community outcomes.

Emerging Issues	<p>The overall risk score of 6 (likelihood 3 x Impact 2) and risk rating of 'low' is maintained against this corporate risk. The likelihood of governance change is high as this is our chosen path, however the delivery of core and statutory services and impact on public safety as is provided now is unlikely to change. With a change in governance enabled through devolution and a move towards the Mayoral West Midlands Combined Authority opportunities will exist in the wider delivery of services to local communities and the sustainability of the service delivery model. The outcomes of the Future Governance Working Group and public consultation provide a critical evidence base to support the Authority's direction of Mayoral West Midlands Combined Authority governance. This route for governance has received full approval of the Authority and support of Local Authority leaders and is now in the initial stages of public consultation which runs from 11th Jan to 8 March 2018. Discussions with Home Office indicate support for this reform but is dependent on wider devolution timetables and Brexit causing delay in the consideration of proposals. This is due to progressing our route via the Cities and Devolution Act to Mayoral West Midlands Combined Authority rather than via the constructs of the Policing and Crime Act.</p> <p>The consultation is being promoted across the West Midlands using a variety of platforms and forums. The outcomes of the consultation will determine in part the progression of the next steps to this change project.</p> <p>A negative response to the consultation has the potential to halt progress locally but this will be better determined once we have progress further into the consultation timeline.</p> <p>Our approach to delivering new business in support of flexible funding opportunities is an area which requires continual focus to support public service reform and the wider delivery of services to support our Service Delivery Model and ultimately our efficiency plan.</p>
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	<p>Collaboration is a critical consideration amongst public service reform and in the developing governance journey.</p> <p>Positive progress to date and strong external relationships, commissioning, discussions around collaboration, delivery of key workstreams within the Combined Authority, still maintain the impact of change on the delivery of our wider strategy as low.</p>
Changes to control measures	<p>A number of the control measures have been positively updated to reflect ongoing assurance activity. Recent progress in relation to moving the future governance route along remains positive and aligned to the predicted timeline. Member engagement is positive as updates are a constant feature of Policy Planning Forum.</p> <p>Staff engagement has been increased to support understanding and public consultation, with regular engagement through JCC with representative bodies. Staff engagement is an area that is becoming more focused as public consultation has taken off.</p> <p>Whilst the route of governance pursued by the Authority causes some conflict with HO policy and PCC direction, it is clear that the role of the PCC will come under the same/similar governance arrangements by 2020. The emergence of the second devolution agreement begins to present wider possibilities for engaging in areas which support our strategy and wider public service priorities.</p> <p>The overall confidence of this control measure remains as Amber as the timeline for this change to commence prior to 2020 is a critical success factor in the sustainable delivery of our strategy and staff engagement continues to need to enable understanding to support the current and future phases of governance change.</p>
Assurance updates	<p>The Risk Owner is confident that the approaches and relationships are in place to enable for the continued positive engagement of key stakeholders in being able to influence the PSR agenda locally and nationally.</p> <p>This is enabled through direct contact locally with both Chief Executives and political leaders and developing our position with the Mayor. Nationally this is enabled through working with and influencing the National Fire Chiefs Council, the Home Office, Department of Communities and Local Government,</p>

	<p>Local Government Association as to fire sector change within the wider public sector.</p> <p>The emerging organisational approach to project management enable the wider consideration of risks to support this risk.</p> <p>This risk has been in place for 9 months now and is being managed effectively, confidence in the strength of control measures will be monitored and evaluated as we move forward.</p>
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Corporate Risk 1.2:

The Fire Authority is unable to positively position itself within public service reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.

Emerging Issues	<p>The overall risk score of 6 (likelihood 2 x Impact 3) and risk rating of 'low' is set against this corporate risk. The Authority and Service has positioned itself successfully at this current time in securing Observer status on the West Midlands Combined Authority, leading the Multiple Complex Needs work stream and through the Chief Fire Officer taking on the Chief Executive role for Public Service Reform.</p> <p>The Authority has successfully developed new areas of commissioned 'health' work with regards to falls response and hospital discharge, supporting priorities of Local authorities, NHS as well as the Service priorities.</p> <p>Current national pay negotiations with respect to delivering aspects of health work, has resulted in the implementation of local business continuity plans for the short term. This is being achieved with no negative impact to the delivery of services, but is not considered a longer term plan. Current business continuity arrangements cited in risk 6.1 are in place to ensure delivery of these arrangements whilst an approach to a local agreement is being determined (risk 2.1).</p> <p>These issues continue to exist from the previous quarter and are also applicable to risk 9. Heightened sensitivities around communications and relationships within risk 2 may impact on the performance of this risk if delivery of commissioned services are impacted further.</p> <p>Continuing relationships at a local level seek to strengthen the role of West Midlands Fire Service in the delivery of wider, joined up services across the West Midlands.</p>
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Changes to control measures	<p>As with risk 1.1 the overall confidence in the authority's relationship and engagement with the Mayor, West Midlands Combined Authority, Police and Crime Commissioner and other key stakeholders has been rated as amber given the route to future governance. This takes into considered the heightened areas within risk 2.1 and slow progress with developing new Police/Fire collaborations.</p> <p>Engagement with the Police and Crime Commissioner is of prime importance around collaboration and governance. The PCCs acceptance onto the Fire Authority has yet to be established in terms of membership and actual attendance.</p> <p>Supported through a solid evidence base the progressive route for future governance supports aims to support the delivery of services and future strategy of the Authority, as well as the wider priorities of the West Midlands.</p> <p>Continued and established engagement with the Mayor focusing on governance, Public Service reform and Multiple Complex Needs and wider opportunities provides a positive indicator regarding the position of West Midlands Fire Service within public service reform.</p> <p>Control measures with regards to the progress of future governance change are positive and need to be constantly reviewed in line with progress in risks 2 and 6.</p>
Assurance updates	<p>The risk owner is confident that the current controls in place provide sufficient assurance at this point in time.</p> <p>The developing approach to project management enables early consideration of control measures and project risks to support early development of mitigations.</p> <p>As stated with risk 1.1 this risk has now been in place for over 9 months and is being managed effectively. Confidence in the strength of control measures will be monitored and evaluated as we move forward</p>

Corporate Risk 2 - People

Corporate Risk 2.1:

The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.

Emerging Issues	<p>The overall risk remains at the increased level of 12 (likelihood 4 x Impact 3) as a consequence the risk rating is now high. This is due to the ongoing position regarding the withdraw of support for the National Joint Council (NJC) trials.</p>
Changes to control measures	<p>Consultation</p> <p>We continue to work with the rep bodies through the employee relations framework regarding consultation across a range of areas.</p> <p>The withdraw from the NJC trials commenced on 18 October 2017. As a result of this the local FBU have instructed their members to withdraw from the delivery of non-emergency falls response service, back home safe and well and elements of the safe and well visit.</p> <p>Business Continuity (BC) remains in place and is currently being delivered outside of the service delivery model. Regarding the risk assessment the likelihood is high and the impact remains at 3 due to the BC arrangements being in place which will ensure the delivery of the services associated with Falls response and the wider health agenda. The BC will remain in place in the short term whilst the organisation take in to consideration the national outcomes, alternative solutions to the delivery of the wider health work. Therefore, the impact is temporary and is not foreseen to be permanent or long term.</p> <p>In enabling the sustainable delivery of our services a key area of our workforce reform programme is broadening the role of a firefighter through new contracts. This is being achieved through new contracts being issued to new entrance.</p> <p>We continue to work with the representative bodies to seek shared solutions to ensure the sustainable delivery of the strategy through a local agreement.</p> <p>There remains a heightened level of sensitivities regarding local representative communications and relationships. The Strategic Enabler People continues to engage with the representative bodies regarding ensuring the sustainable delivery of the agreed strategy. Organisational communication is being delivered through the communication strategy.</p> <p>We continue to enable delivery the Employee Relations framework and actively support early discussions and seek views to enhance decision making regarding future planning and emerging change programmes within the organisation.</p>

	<p>Further engagement is planned for the trade unions, managers and business partners to work across stations to assist staff to understand how the employee framework is used to enable joint decision making and the importance of early engagement.</p> <p>Early consultation through the employee framework continues to support a positive working environment.</p> <p>Communication and engagement with staff continues through timely engagement regarding the BCP what's happening visits and middle manager's webinars and line manager engagement.</p>
Assurance updates	Based on the re-assessment of risk and the BC as a control measure the risk owner remains confident that the frameworks and procedures are in place to maintain meaningful engagement within the organisation. As the risk, remains high this will be reviewed every 6 weeks outside of any significant events.

Corporate Risk 2.2:

The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage.

Emerging Issues	The overall risk score is 3 (likelihood) x 3 (impact) total 9. The risk score remains at the increased level of 9 due to the current position as discussed in 2.1. The organisation continues to be confident in the business continuity arrangements for the delivery of Falls Response.
Changes to control measures	<p>Workforce planning</p> <p>As part of the workforce planning and succession planning strategy, guidance to support managers through the business partners continues to be provided.</p> <p>The three-year staffing strategy continues to provide a strong level of forecasting for the organisation.</p> <p>As part of the workforce reform programme recruitment and selection for 2017/18 continues with the introduction of 48 new entrance. Organisational learning will be taken from this to further enhance our approach to attraction, selection and development strategy. Recruitment forecasting for 2019 have been at 96, we are on target to deliver this number of new entrants.</p> <p>The delivery of our wider health work to include non-emergency falls response and back home safe and wells</p>

	<p>continue be delivered through a dedicated team of support and service delivery staff.</p> <p>The Competency Risk Assessment process continues and recommendations for 2018/19 will be provided.</p> <p>The risk areas identified in the previous quarter are being progressed through the Distributed Training Model project. This also includes seeking improvements in relation to systems and resourcing within the current structure and arrangements. The outcomes of the DTM project are also working towards providing assurance in relation to the inspectorate and inspection to ensure we achieve good/outstanding.</p> <p>We continue to review our approach to the recruitment and selection framework and progression. This will enable individuals to have an improved understanding regarding progression and development that is based on their natural performance within the workplace, feedback and development.</p> <p>Attendance management remains a focus for the business partners who continue to work with managers to reduce the long term sick and those on restricted duties (RD). There is the continued focus on the ridership factor. The attendance management policy has been reviewed with the agreement to align the trigger points to support the target of reaching a ridership factor of 12.5.</p>
Assurance updates	<p>The Risk Owner has ensured that control owners have provided assurance for the controls and in particular the delivery of the BCP for Falls Response and ridership factor and progress in relation to the improvements to the DTM.</p> <p>Further work will be carried out to mitigate the risks identified through the project environment.</p>

Corporate Risk 2.3:

The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage.

Emerging Issues	<p>Overall score remains likelihood 2 (likelihood) x 3 (impact) = 6 amber. Although the Safety Health & Wellbeing is performing well the focus will continue on two type of injuries – slip trips and falls and manual handling.</p>
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Changes to control measures	There are no changes to the control measures. The Safety Health and Wellbeing team continue to provide a collaborative and co-ordinated approach to delivering messages across the organisation.
Assurance updates	<p>There continues to be good performance around key health, safety and environment performance indicators.</p> <p>The clinical governance framework continues to be implemented with a number of considerations being actioned through the strategic governance group.</p> <p>Ongoing improvements are being delivered through the Falls response improvement team with regards to providing appropriate levels of support and Wellbeing for crews attending Telecare, Falls response – a number of recommendations have been identified and will be developed and implemented. This is being managed through the Strategic Enabler Prevention.</p> <p>Review of Safety, Health and Wellbeing performance across the organisation remains positive and continues to be a focus.</p> <p>This enables the organisation to provide a high level of confidence as to the overall collective strength of the control environment.</p>

Corporate Risk 3 – Delivery of Services - Prevention

Corporate Risk 3.1:

The Fire Authority is unable to engage with the most vulnerable members of the community and reduce community risk resulting in increased fire and non-fire related incidents, fatalities and injuries.

Emerging Issues	<p>The risk score associated with this risk remains unchanged.</p> <p>We are now preparing for the internal audit of partnerships, expected to take place in Q3, delayed by Sandwell Auditors this will now take place in Q4. The feedback from the review will further shape the toolkits and where appropriate will feed into the Safe & Well Development project.</p> <p>Following the Q1 dip in Safe & Well referral % from partners, the partnerships team has created a Safe & Well toolkit and has spent Q2 of this financial year visiting each watch to discuss the toolkit and support the improvement of referrals from partners. This has proved to be effective with an increase in the Partnership referrals for both Q2 and Q3. This continued</p>
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	supply is now being converted into delivery of Safe and Well visits through a combined effort with Fire Control. There is a strong commitment for performance improvement in this area with the necessity for each resource to be delivering 2 Safe and Well visits during each 24 hour period.
Changes to control measures	Currently there is no change to the control measures for managing corporate risk. The downturn in partnership referrals in Q1 has been rectified in this quarter and the direction of travel continues to be positive.
Assurance updates	Governance assurance will be provided as part of the Sandwell partnerships audit. This has been delayed by Sandwell and will now take place in Q4.

Corporate Risk 3.2:

The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.

Emerging Issues	The risk score associated with this risk remains unchanged at $3 \times 3 = 9$.
Changes to control measures	There is no change to the control measures for managing corporate risk in relation to partnership arrangements. Progress against the actions in 3.1 above will be monitored to identify the impact on this area of risk.
Assurance updates	The Scrutiny Committee report provides for a level 3 independent assurance of the control environment and this is reflected on the assurance map.

Corporate Risk 4 – Delivery of Services – Protection

Corporate Risk 4.1:

The Fire Authority is unable to effectively discharge its duties under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non-domestic fire safety standards; reduced confidence and credibility; and increased litigation and reputational damage.

Emerging Issues	Whilst the overall risk score remains at 6 – medium, the likelihood and impact scores have been amended to reflect
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	<p>positive progress with the development of the new Risk Based Inspection Programme and enhanced identification of fire safety risk provided through integrated risk management data analysis.</p> <p>The likelihood score has changed from 3 to 2 and the impact score from 2 to 3 = 6 medium.</p> <p>The programme of work to address the areas of consideration identified within the Organisational Assurance report into the effectiveness of our current Risk Based Inspection Programme (ILAP) (as reported in last quarters submission) continues to be developed. The programme of work is being managed within a project management methodology and is currently on target for completion within scheduled milestones.</p> <p>To inform the risk based inspection programme that is being developed a clear definition of life risk will be required to ensure that high risk premises are accurately identified within the inspection scheduler to inform the effective deployment of Protection resources to reducing risk and vulnerability.</p> <p>Notifications of aluminium cladding material failures or buildings with registering concerns of risks associated with aluminium cladding within the West Midlands has reduced significantly following the Grenfell Tower incident in London.</p>
Changes to control measures	<p>There are no changes to control measures in relation to the control of this risk.</p> <p>Protection teams continue to utilise Command Risk Profiles refined by the IRM team and professional judgement as a control measure to inform and deliver an audit schedule whilst the revised risk based inspection programme is being developed. This interim control measure provides a level of assurance that the Protection function is operating within the requirements as set out in the National Framework and Regulator's Code.</p> <p>The definition of fire safety risk continues to be considered within work streams of the National Fire Chiefs Council. Consideration is also being afforded within our project management methodology as to how fire safety risk can better influence and inform our Integrated Risk Management Plan. In the absence of a consistent national definition being confirmed local integrated Risk Management have provided an intelligent led approach to identifying high fire safety risks.</p> <p>Protection officers continue to prioritise notifications of buildings with suspected or confirmed aluminium cladding</p>

	<p>materials to ensure compliance with fire safety legislation to ensure public safety and enhance public confidence. All residential high rise buildings have been audited with on ongoing audit schedule being progressed with the Birmingham Local Authority Area.</p> <p>The residential high rise Site Specific Risk Information programme has been completed thereby providing assurance that risk information has been collected by service delivery staff to support firefighter safety and an effective operational response should it be required.</p>
Assurance updates	Level 1 – assurance is provided by the control owner and is verified by the risk owner.

Corporate Risk 5 – Delivery of Services - Response

Corporate Risk 5.1:

The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.

Emerging Issues	<ul style="list-style-type: none"> Continuation of payment of unbudgeted disturbance allowance which has a financial impact Evidence of a need to increase the amount of training and development being completed
Changes to control measures	<p>Ongoing monitoring of appliance availability demonstrates that we continue to operate at record high levels of circa 99%. This is supported through the use of pre-planned Voluntary Additional Shifts which include an unbudgeted disturbance allowance.</p> <p>Ridership factor continues to make progress towards the target reduction of 12.5 by the end of the financial year with the current position being 13</p> <p>Introduction of a training schedule that will support crews in accessing training assets and increasing the regularity of realistic training has been developed and will be launched on 12th February</p>
Assurance updates	Assurance is provided to QPR on a quarterly basis

Corporate Risk 5.2:

The Fire Authority is unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively, so increasing community risk; reducing confidence and credibility; and increasing reputational damage.

Emerging Issues	<p>The revised staffing arrangements have been in place for circa 12 months and have now been reviewed to ensure we maintain the minimum numbers on duty at all times.</p> <p>Over the last 12 months Optimum Crewing levels were maintained for 90% of the time which is good and we have made a commitment to understand whether this can be improved further still.</p> <p>We have entered into a further resilience arrangement with Thames Valley Fire Control which will be additional to current arrangements. This has been done on the basis that we work together to provide a digital/technological fall back arrangement which is an enhancement when compared against the current manual/paper based system.</p>
Changes to control measures	<p>There is no change to the control measures associated with the effective management of this risk</p>
Assurance updates	<p>Level 2 assurance is provided through the Fire Control Governance Board which is responsible for strategic direction and decision making.</p>

Corporate Risk 6 – Business Continuity & Preparedness**Corporate Risk 6.1:**

The Fire Authority is unable to provide business continuity arrangements, to maintain delivery of core functions, as a result of extensive disruption to normal working arrangements, including national and international deployments, significant and major events, resulting in increased community risk; reduced confidence; increased reputational damage; and external scrutiny.

Emerging Issues	<p>Health Services Overview</p> <p>The national stance from the Fire Brigades Union (FBU) has meant the withdrawal of support of health services, as a consequence, business continuity arrangements have been implemented. Initial evaluation demonstrates Business Continuity Plan (BCP) arrangements are working. There are on-going plans to support these arrangements in the long-term</p>
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	<p>to ensure we are meeting our contractual/community expectations.</p> <p>This national stance may also impact upon wider health services as new contractual arrangements may be put in place to support flexible funding through the Business Development Team. This will bring additional contractual requirements which will require continuity arrangements to be put in place. Through close working with the Business Development Team, these challenges will be managed effectively.</p> <p>Falls Response Staffing</p> <p>Business Continuity arrangements are currently in place to maintain the Falls Response service. Transitional arrangements are being considered to transfer to business as usual.</p> <p>Emerging Considerations</p> <p>Changes to the current staffing arrangements may lead to alternative business continuity arrangements being put in place. This may include:</p> <ul style="list-style-type: none"> • Changes to staffing arrangements such as Voluntary Additional Shifts (VAS) which may lead to a reduced uptake of volunteers. • The use of new entrant contracts in the delivery of Falls Response • Arrangements to move the delivery of Falls Response back to operational staff. <p>These staffing issues are being monitored and appropriate business continuity arrangements will be put in place as necessary.</p>
Changes to control measures	<p>The overall risk score has remained the same. The risk score is: x 4 (likelihood) x 3 (impact) = 12 (High).</p>
Assurance updates	<p>Strategic Business Continuity Plans</p> <p>Severe Weather Review</p> <p>Following Storm Caroline in December which brought snow to the West Midlands, a review has been undertaken of arrangements in place. Feedback has been gathered from across the organisation, including; Fire Control, Flexi Duty Officers, Incident Room Managers and Communications. This, alongside a review of resilience arrangements will be informing the updated severe weather Business Continuity Plan. West Midlands Fire Service are also attending a multi-agency debrief for the period of severe weather and this will also help develop multi-agency resilience arrangements.</p> <p>Multi agency Cyber Exercise</p>

	<p>A multi-agency cyber exercise has taken place to test the impact of a cyber-attack across the West Midlands. The aim of the exercise was to contribute to the development of a cyber resilience strategy within West Midlands Conurbation Local Resilience Forum, to enable an appropriate, cohesive and effective response to cyber emergencies. The exercise report is due to be published and West Midlands Fire Service will implement actions as appropriate.</p> <p>Multi-agency flood plan review Department for Environment, Food and Rural Affairs (Defra), supported by the Environment Agency, will be taking forward a review of multi-agency flood plans (MAFPs) produced by Local Resilience Forums (LRFs) in England. West Midlands Fire Service are supporting this review, with a draft due to be developed by February. This will strengthen the multi-agency response to a following event in the West Midlands.</p> <p>Multi-agency exercises Two multi-agency exercises have taken place to test two upper tier (Control of Major Accident Hazard) COMAH sites in line with legislation. These exercises focussed on tactical multi-agency response and used the events control suite facility to simulate a realistic response.</p> <p>Headquarters and Station Business Continuity Station Business Continuity Plans have been transferred into a new template following user engagement and feedback. These plans contain additional information such as site layout plans and snow clearing plans. Training has been taking place on station to embed BC with crews. The Emergency Planning team has begun booking meetings with departments in our Headquarters building to update the Business Impact Analysis' and Business Continuity Plans for each department.</p> <p>Incident Room Managers A review has recently taken place in relation to the Incident Room Manager function, to ensure the team are able to deal with additional roles, such as supporting National Fire Chief Council work streams.</p> <p>Resilience Direct West Midlands Fire Service currently chairs a multi-agency Resilience Direct mapping group to develop responders mapping capability in relation to increasing situational awareness and supporting incidents.</p> <p>Threat Level Response Plan The threat level response plan has been reviewed and training sessions with West Midlands Police Counter Terrorism Unit</p>
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	have taken place with support staff, Fire Control and operational staff.
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Corporate Risk 7 – Information, Communications and Technology

Corporate Risk 7.1:

The Fire Authority is unable to provide and maintain an effective ICT provision to support the delivery of core functions, resulting in significant disruption to the organisation's functionality, reduced confidence, credibility, reputational damage and external scrutiny.

Emerging Issues	<p>The overall risk score is 6. The risk continues to be medium. The risk level has reduced over the quarter based on the implementation of Office 365. Third party consultation was used to expedite the project. However, this needs to be balanced against the uplift in malicious cyber-attacks being experienced.</p> <p>This suite of O365 products will enable secure accessibility to ICT functionality from a wider range of devices and locations including ones not provided by the organisation. The majority of organisational data will be held in cloud storage thus reducing the reliance on in-house processes, procedures and infrastructure to access and maintain data. The data migration part of this project is complete thus reducing the risk level. The reliance upon the in-house data centre has reduced significantly.</p> <p>We are working with external companies and peers in following national guidance with regard the recent increase in cyber security threat. We are also bolstering the level of in-house expertise in relation to systems and information security and have allocated additional resource to achieve this.</p> <p>Transfer of organisational responsibility from Department of Communities and Local Government to the Home office may change information security requirements but these are still unconfirmed.</p>
Changes to control measures	<p>The implementation of Office 365 reduced the impact significantly of the loss of an on-premises data centre.</p> <p>Work is ongoing to establish accreditation for Code of Connection (CoCo) to the Emergency Services Network (ESN) and the Public Services Network (PSN).</p>

	Ensuring that Home Office and NFCC requirements around cyber security threats are met.
Assurance updates	The overall risk confidence opinion is amber.

Corporate Risk 7.2:

The Fire Authority is unable to provide effective management and security of organisational information and documentation including the receipt, storage, sharing and transfer of information and data, resulting in reputational damage, litigation, substantial fines and external scrutiny.

Emerging Issues	<p>The overall risk score remains at 6. The risk continues to be medium. The risk level may reduce further over the next few quarters as the Management of Information Framework is embedded and improved.</p> <p>The implementation of the European Union General Data Protection Regulations (EU GDPR) may increase the risk level once there is further clarity about the work required to meet the deadline of 25th May 2018.</p>
Changes to control measures	<p>Advice and guidance about information security has been published to all employees and will be embedded further by the rollout of bespoke training packages to measure organisational understanding.</p> <p>Automated tools for marking documents and managing requests will replace the existing processes and provide better assurance by auditing compliance with the Management of Information framework.</p> <p>Resource has been allocated and a project plan is in place to implement the requirements of the EU GDPR. Officers are working collaboratively through National Fire Chief's Council (NFCC) workstreams to ensure 25th May 2018 deadline is met.</p>
Assurance updates	The overall risk confidence opinion is amber.

Corporate Risk 8.1:

The Fire Authority is unable to deliver its statutory responsibilities, predominantly through the Service Delivery Model, due to insufficient funds, resulting in external scrutiny and intervention; reduced confidence and credibility; and increased reputational damage.

Emerging Issues	<p>The risk score remains at 3 (Likelihood) x 3 (Impact) = 9. The overall risk level is Medium.</p> <p>In February 2016, The Government communicated the Authority's Core Funding settlement. In setting out a provisional 4-year settlement (2016/17 to 2019/20), confirmation was received that the core funding reduction would be circa £10 Million by 2019/20. This level of reduction presents a significant challenge to the Service in terms of maintaining the Service Delivery Model whilst setting a balanced budget. In planning for significant funding reductions, the Service has set out an Efficiency Plan, which was considered and approved by the Fire Authority on 19th September 2016 and submitted to the Home Office by 14th October 2016.</p> <p>The Finance Settlement for the period 2017/18 to 2019/20 received in February 2017 was broadly in line with the figures used as the basis for the Efficiency Plan. However, given the ongoing changes to the staffing arrangements which have not been fully embedded (£4 million of the Efficiency Plan) combined with the commissioning target of £2 million as part of the Efficiency Plan, which has not been fully achieved at this stage, plus the increasing pressure on being able to restrain public sector pay increase to 1%, the Risk Owner considers the likelihood score of 3 should remain unchanged at this stage.</p>
Changes to control measures	<p>The Authority continues to manage its budget and accounts in such a way that has enabled for an unqualified financial opinion and value for money conclusion to be provided by the external auditors. This has been confirmed to the Authority and provides a substantial independent assurance as to the quality of the financial management arrangements.</p>
Assurance updates	<p>The work and associated reports of the external auditor provides assurance against a number of controls in place to manage against the realisation of risk on the assurance map.</p> <p>Level 1 assurance has been provided across the majority of the control environment with most controls measures being awarded at substantial (green) rating in terms of their effectiveness in managing risk triggers and are supported by a number of level 3 assurances. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required.</p>

	The Risk Owner therefore has provided for a substantial (Green) confidence opinion as to the collective strength of the control environment in managing this particular risk.
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Corporate Risk 8.2:

The Fire Authority is unable to deliver effective financial management arrangements, due to misuse of funds, resulting in external scrutiny, intervention and litigation.

Emerging Issues	The risk score is 2 (Likelihood) x 3 (Impact) = 6. The overall risk level is Medium.
Changes to control measures	There is no change to the control measures associated with the effective management of this risk
Assurance updates	<p>The work and associated reports of the Internal Auditor and External Auditor provides assurance against a number of controls in place to manage against the realisation of risk on the assurance map.</p> <p>Level 1 assurance has been provided across the majority of the control environment with most controls measures being awarded at substantial (green) rating in terms of their effectiveness in managing risk triggers and are supported by a number of level 3 assurances. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required.</p> <p>The Risk Owner therefore has provided for a substantial (Green) confidence opinion as to the collective strength of the control environment in managing this particular risk</p>

Corporate Risk 9 – Business Development

Corporate Risk 9.1:

The Fire Authority is unable to create, grow and sustain appropriate flexible funding opportunities and meet financial targets, through the delivery of these opportunities via the Service Delivery Model. This will result in a budget shortfall impacting upon our ability to maintain the Service Delivery Model and delivery of core services.

Emerging Issues	
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	<p>The Service is unlikely to meet the internal target of £1m of income generation for 2017/2018. However, we continue to work towards our strategic target of meeting £2m by 20/20.</p> <p>Whilst commissioners and Service users are highly praising towards the Business continuity arrangements; these have a cost implication. The Service is currently exploring how to deliver these services within the SDM including through the use of new recruits and local agreement. However, it is also fair to say that the current workforce reform issues may have impacted new opportunities to come to fruition due to the awareness of these issues.</p> <p>Alongside our health offer, the Service has focused on growing our work within the commercial opportunities alongside exploring social value and sponsorship.</p> <p>There has been good evidence of significant commercial opportunities such as through Training and Fire Safety. However, there are issues of delivering these through existing capacity. There may also be workforce reform issues that emerge here.</p> <p>The Service is exploring the viability and feasibility of enabling these alternative funding opportunities to be realised through proposals of different ways of delivery.</p> <p>The service is working on developing a few commercial partnerships that also include looking at potentially increasing our social value. These are new projects and we will have better understanding of their potential by end of Q2 2018.</p> <p>We are aware that the confidence within our brand is through our firefighters and their reach within our communities. As the industrial relations issues become more transparent, it is unlikely that organisations within different markets will have the same confidence to invest with WMFS. WMFS has proactively engaged in the media to influence partner, stakeholder and public perceptions. This will further be consolidated and managed through a marketing strategy to support the work of creating funding opportunities.</p> <p>Due to the many dependencies: work force reform, BCA and target deficit. The overall risk score has remained the same. The risk score is: x 3 (likelihood) x 4 (impact) = 12 (High).</p>
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Changes to control measures	The control measures effectiveness section has been updated to reflect the current position of each measure. These predominantly range between medium and low risk.
Assurance updates	<p>SET members and the BD team are working to develop internal frameworks and systems to ensure governance and risk management alongside a co-ordinated approach to dealing with new alternative funding opportunities. Whilst also working to diversify our work from just health to other commissioning opportunities, commercial streams and Sponsorship.</p> <p>Business systems to ensure strategic alignment, capacity, resources and IRMP is undertaken with each opportunity that is pursued with relevant engagement with SET and internal and external stakeholders as required.</p> <p>Project has enabled more assurance of an evidence-based approach and support with collaborative working through enabling teams to share information, progress and delivering outcomes. It has also highlighted issues such opportunities that are being missed such due to cultural change; capacity or reform which enables learning.</p> <p>The development of the marketing strategy for organisational BD opportunities needs further discussions around possible barriers and risks to realising and delivery of such services.</p> <p>The business partner approach continuing to be established; this will be shared with the wider organisation, through the internal marketing plan.</p>

Corporate Risk 9.2:

The Fire Authority is unable to meet contractually binding arrangements for the provision of commissioned and/or paid services resulting in litigation; reduced confidence and credibility; and increased reputational damage.

Emerging Issues	<p>Withdrawal for support of Health trials by the FBU continues. The Business Continuity Arrangements (BCA) that were put in place continue to deliver services; however this is not sustainable and we are now seeking options to transfer this back into the SDM through new recruits and ideally through a local agreement.</p>
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	<p>The local agreement represents a way forward to improved employee relations and a holistic delivery model; although it is likely that in the short term we will need to explore different options. However, as these employee relations are resolved the Service intends to use new recruits within wider contracts to deliver these services,</p>
Changes to control measures	<p>The overall risk level remains at 9,</p> <p>As the Service have a strategy to move from BCA to new recruits whilst exploring other more sustainable options; the risk remains at 9.</p> <p>Likelihood 3 x Impact 3 = 9</p>
Assurance updates	<p>National support for Emergency Medical Response (EMR) has been withdrawn by FBU. As detailed in CR 6 above, the Business Continuity Plans, which had been developed in the last quarter to anticipate a withdrawal of support from the FBU, have now been fully implemented using layered control measures to maintain contractual commitments. This is having a significant short term financial impact, to continue the delivery of contractual commitments.</p> <p>Changes to new entrant firefighter's contracts should address this and allow Falls Response contracts to be delivered through the SDM again.</p> <p>Commissioners have been updated with regards to current Business Continuity Arrangements.</p>

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

26 MARCH 2018

1. **COMMUNICATION WITH THE AUDIT COMMITTEE FOR WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

Report of the Chief Fire Officer.

RECOMMENDED

THAT the Committee note the content of the Communication with Audit Committee attached as Appendix 1.

2. **PURPOSE OF REPORT**

The Communication is provided to keep Audit Committee Members informed upon the progress of the external auditor (Grant Thornton UK LLP) in delivering their responsibilities.

3. **BACKGROUND**

3.1 In order to ensure that Audit Committee members continue to remain informed upon audit matters, the external auditor has provided a communication with the Audit Committee report. It is the intention of the external auditor to provide an update at all Audit Committee meetings.

3.2 The communication provides the Audit Committee with a report 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.

- 3.3 Representatives from Grant Thornton will be in attendance at the meeting to discuss the report with Members.

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 a policy change.

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

None.

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

PHIL LOACH
CHIEF FIRE OFFICER

Communication with the Audit Committee

West Midlands Fire & Rescue Authority

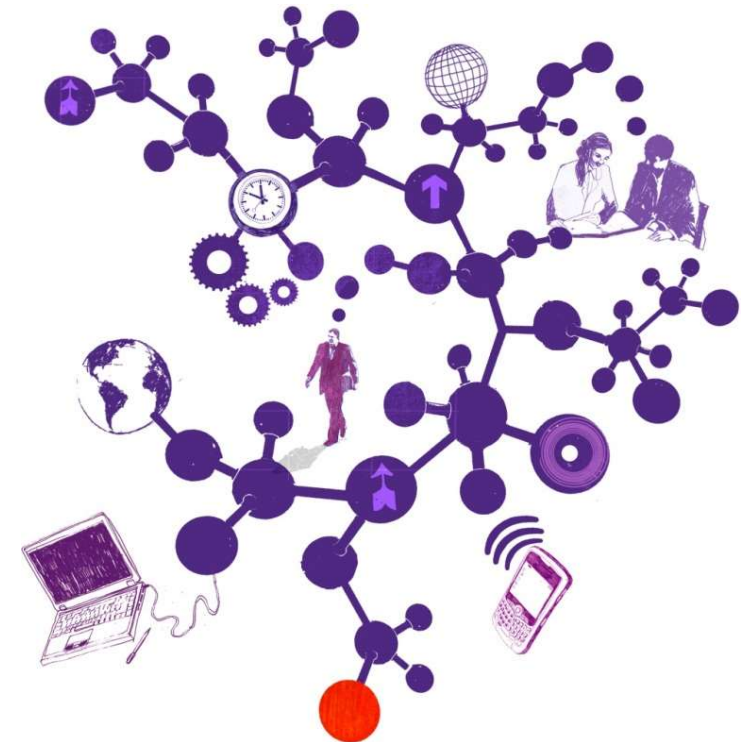
Year ended 31 March 2018

March 2018

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Purpose

The purpose of this report is to contribute towards the effective two-way communication between auditors and the Authority's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK&I) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit Committee's oversight of the following areas:

- Fraud
- Laws and Regulations
- Going Concern
- Related parties
- Accounting estimates

This report includes a series of questions on each of these areas and the response we have received from the Authority's management. We ask the Audit Committee to consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

Fraud

Issue

Matters in relation to fraud

ISA(UK&I)240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls. As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud
- process for identifying and responding to risks of fraud, including any identified specific risks
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the Authority's management.

Fraud risk assessment

Question	Management response
<p>Has the Authority assessed the risk of material misstatement in the financial statements due to fraud? What are the results of this process?</p>	<p>Although there is an on-going risk of fraud being committed against the Authority, arrangements are in place to both prevent and detect fraud. These include work carried out by Internal Audit on overall fraud risk areas. However, the risk of material misstatement of the accounts due to undetected fraud is considered to be low.</p>
<p>What processes does the Authority have in place to identify and respond to risks of fraud?</p>	<p>The Authority has a Counter Fraud and Corruption Policy in place. This is also supported by a Whistleblowing Policy which includes a confidential reporting framework. Internal Audit include fraud risks in their planning process and act as an effective internal control against fraud. Regular reports are made to Audit Committee. In addition, the Authority receives advice from the Fraud Team at Sandwell Metropolitan Borough Council.</p>
<p>Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?</p>	<p>Evidence published by the National Fraud Authority amongst others, suggests that fraud is committed in all organisations to varying degrees, so it is likely that some fraud is occurring at West Midlands Fire & Rescue Authority. The Internal Audit plan incorporates consideration of potential fraud. In addition to this management is expected to identify and record fraud risks where necessary on the corporate risk register. No instances of fraud have been detected in 2017/18</p>
<p>Are internal controls, including segregation of duties, in place and operating effectively? If not, where are the risk areas and what mitigating actions have been taken?</p>	<p>Yes – there is an adequate process in place for reviewing the system of internal control via the work of Internal Audit. Internal Audit include fraud risks in their planning process and act as an effective internal control against fraud.</p>
<p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>None known. Head of Internal Audit Opinion in 2016/17 did not highlight any weaknesses in this area.</p>
<p>Are there any areas where there is a potential for misreporting override of controls or inappropriate influence over the financial reporting process?</p>	<p>None known. Head of Internal Audit Opinion in 2016/17 did not highlight any weaknesses in this area.</p>

Fraud risk assessment

Question	Management response
<p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud?</p> <p>What arrangements are in place to report fraud issues and risks to the Audit Committee?</p>	<p>Internal Audit provide the Audit Committee with updates of their work on fraud prevention and detection, including any significant identified frauds and the action taken.</p>
<p>How does the Authority communicate and encourage ethical behaviour of its staff and contractors?</p>	<p>There is an Employee Code of Conduct and Financial Regulations. Staff are regularly reminded of these.</p>
<p>How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?</p>	<p>There is a Counter Fraud and Corruption Policy and a Whistleblowing procedure in place which explain the procedures to follow. No significant issues have been reported under the Bribery Act. No whistleblowing disclosures have been made in 2017/18.</p>
<p>Are you aware of any related party relationships or transactions that could give rise to risks of fraud?</p>	<p>The 2016/17 financial statement disclosure of related party transactions does not identify potential fraud risk. Members and officers are required to make full disclosure of any relationships that impact on their roles. Members are required to declare any relevant interests at Authority and Committee meetings.</p>
<p>Are you aware of any instances of actual, suspected or alleged, fraud, either within the Authority as a whole or within specific departments since 1 April 2017?</p>	<p>There are no known instances of fraud that have been identified during the year.</p>

Laws and regulations

Issue
<p>Matters in relation to laws and regulations</p> <p>ISA(UK&I)250 requires us to consider the impact of laws and regulations in an audit of the financial statements.</p> <p>Management, with the oversight of the Audit Committee, is responsible for ensuring that the Authority's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.</p> <p>As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.</p> <p>Risk assessment questions have been set out below together with responses from management.</p>

Impact of Laws and Regulations

Question	Management response
<p>What arrangements does the Authority have in place to prevent and detect non-compliance with laws and regulations?</p>	<p>The Monitoring Officer is responsible for ensuring the Authority is compliant with laws and regulations. These responsibilities cover:</p> <ul style="list-style-type: none"> •complying with the law of the land (including any relevant Codes of Conduct); •complying with any General Guidance issued, from time to time, by the Standards Committee and / or advice of the Monitoring Officer; •making lawful and proportionate decisions; and •generally, not taking action that would bring the Authority, their offices or professions into disrepute. <p>This officer has access to all Authority Committee reports. The Monitoring Officer raises awareness on legal requirements at meeting where needed. In addition in terms of any specific legal issues the Monitoring Officer would get involved at an early stage. Further information on how the Monitoring Officer carries out these responsibilities are detailed in the Constitution.</p> <p>The Strategic Enabler of Finance & Resources, the Authority's s151 officer is responsible for preparing the accounting statements in accordance with relevant legal and regulatory requirements.</p> <p>The Senior Financial Accountant also attends the West Midlands Support Group for Financial Matters to exchange information, share best practice and discuss the implementation of relevant changes. This is supplemented by the annual technical accounting workshops run by CIPFA.</p>
<p>How does management gain assurance that all relevant laws and regulations have been complied with?</p>	<p>See response above</p>
<p>How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>See response above.</p>
<p>Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2017, or earlier with an on-going impact on the 2017/18 financial statements?</p>	<p>None noted.</p>

Impact of Laws and Regulations

Question	Management response
What arrangements does the Authority have in place to identify, evaluate and account for litigation or claims?	The Strategic Enabler of Finance & Resources is advised of any outstanding litigation claims that would have a material impact on the accounts.
Is there any actual or potential litigation or claims that would affect the financial statements?	None noted.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None noted.

Going concern

Issue

Matters in relation to going concern

ISA(UK&I)570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements. Under this assumption entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

The code of practice on local authority accounting requires an authority's financial statements to be prepared on a going concern basis. Although the Authority is not subject to the same future trading uncertainties as private sector entities, consideration of the key features of the going concern provides an indication of the Authority's financial resilience.

As auditor, we are responsible for considering the appropriateness of use of the going concern assumption in preparing the financial statements and to consider whether there are material uncertainties about the Authority's ability to continue as a going concern that need to be disclosed in the financial statements. We discuss the going concern assumption with management and review the Authority's financial and operating performance.

Going concern considerations have been set out below and management has provided its response.

Going concern considerations

Question	Management response
Does the Authority have procedures in place to assess the Authority's ability to continue as a going concern?	The Authority's latest Medium Term Financial Strategy indicates a balanced position in year with an efficiency plan to meet the indicated provisional reduction in core funding from 2016/17 – 2019/20. However, the Authority has appropriate levels of reserves to support these deficits in the short term. This strategy, as well as the in year budget (2017/18) reflects government changes in terms of core funding and the financial settlement. The 2018/19 budget will be approved by the Authority on 19/02/2018.
Is management aware of the existence of other events or conditions that may cast doubt on the Authority's ability to continue as a going concern?	The Authority has developed and approved a 2018/19 Budget and a Medium Term Financial Strategy which set out the financial challenges facing the Authority in the short to medium term and the action necessary to ensure that the Authority is able to continue to maintain a sustainable financial position.
Are arrangements in place to report the going concern assessment to the Audit Committee?	The Strategic Enabler of Finance and Resources has presented details of the 2018/19 budget and underlying assumptions to members. No significant issues were raised which cast doubt on the assumptions made. Members recognise that the Authority is facing a challenging financial position in the medium term, however in the short term the efficiency plan proposals and level of accumulated reserves are sufficient to ensure the delivery of priorities.
Are the financial assumptions (eg future levels of income and expenditure) consistent with the Authority's Business Plan and the financial information provided to the Authority throughout the year?	The Medium Term Financial Strategy sets out detailed assumptions and makes clear reference to the Authority Plan as the basis for the financial considerations in setting the medium term budget. The Financial Plan has been prepared by appropriately qualified and experienced staff in consultation with Service Managers. The financial assumptions are therefore consistent with the Authority Plan.
Are the implications of statutory or policy changes appropriately reflected in the Business Plan, financial forecasts and report on going concern?	The Authority's latest Medium Term Financial Strategy and 2018/19 Budget reflect government changes in terms of the indicated reduction in core funding and the financial settlement.

Going concern considerations

Question	Management response
<p>Have there been any significant issues raised with the Audit Committee during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control).</p>	<p>The Strategic Enabler of Finance and Resources presented details of the 2018/19 budget on 19/02/2017. No significant issues were raised which cast doubt on the assumptions made. Members recognise that the Authority is facing a challenging financial position in the medium term, however in the short term the efficiency plan proposals and level of accumulated reserves are sufficient to ensure delivery of priorities.</p>
<p>Does a review of available financial information identify any adverse financial indicators including negative cash flow? If so, what action is being taken to improve financial performance?</p>	<p>Review of the latest detailed financial information presented to Authority members (as at January 2018) did not highlight any adverse financial indicators which required specific action. A Treasury Management Strategy is approved by the Authority as part of the budget setting report.</p>
<p>Does the Authority have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Authority's objectives? If not, what action is being taken to obtain those skills?</p>	<p>It is considered that the Authority has the appropriate skills and expertise within its Senior Management Team to enable it to address the financial challenges faced in the medium term. Succession planning is in place for any changes planned for 2018/19.</p>

Related Parties

Issue

Matters in relation to Related Parties

For local government bodies the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires compliance with IAS24: related party disclosures. The Code identifies the following as related parties:

- Subsidiaries;
- Associates;
- Joint ventures;
- An entity that has an interest in the authority that gives it significant influence;
- Key management personnel and close family members; and
- Pension fund for the benefit of employees.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Authority's perspective but material from a related party viewpoint then the Authority must disclose it.

ISA (UK&I) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. I will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties Assessment

Question	Management response
Who are the Authority's related parties?	<p>The Authority has a number of related parties in which there is a material impact to the financial statements via virtue of whether the Authority might have:</p> <ul style="list-style-type: none"> • the potential either to be controlled or influenced by the party or • the potential to exert control or influence over the party (as defined by guidance in the Code). <p>The Authority discloses its related parties under the following headings:</p> <ol style="list-style-type: none"> 1. Central Government (Non Domestic Rates income) – central government has control influence over the Authority as the Authority needs to act in accordance with its statutory responsibilities. 2. West Midland Local Authorities (Council Tax income) – these parties are subject to common control by central government and thus might be empowered to transact on non-commercial terms. <p>There are processes in place to identify related party transactions with Members and Officers – Certain Members and Officers may have controlling influence or related interests with other of the Authority's related party organisations, such that they may be in a position to significantly influence the policies of the Authority. In 2016/17 there were no such related parties identified.</p>
What are the controls in place to identify, account for, and disclose, related party transactions and relationships?	<p>A number of arrangements are in place for identifying the nature of a related party and reported value including:</p> <ul style="list-style-type: none"> • Maintenance of a Register of interests for Members, a register for pecuniary interests in contracts for Officers and Senior Managers requiring disclosure of related party transactions. • Annual return from senior managers/officers requiring confirmation that they have read and understood the declaration requirements and stating details of any known related party interests. • Annual return from Members stating details of any known related party interests. • Review of in-year income and expenditure transactions with known identified related parties from prior year or known history. • Review of related information with subsidiaries, companies and joint ventures, e.g. accounts. • Review of the accounts payable system and identification of amounts paid to assisted or voluntary organisations.

Accounting Estimates

Issue

Matters in relation to Accounting Estimates

Local authorities need to apply appropriate estimates in the preparation of their financial statements. ISA (UK&I) 540 sets out requirements for auditing accounting estimates. The objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how the Authority identifies the transactions, events and conditions that may give rise to the need for an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that the Authority is using as part of its accounts preparation; these are detailed in appendix 1 to this report.

The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

Appendix 1: Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in-year?
Valuation of property plant and equipment	<p>Valuations are made by the appointed Valuer (Wilkes, Head and Eve Chartered Surveyors and Town Planners) in line with RICS guidance on the basis of 5 year valuations with interim reviews.</p> <p>The Authority are having a full valuation in 2017/18 following the change in estimation technique for specialised assets which was introduced in 2012/13.</p>	Senior Financial Accountant notifies the Valuer of the program of rolling valuations or of any conditions that warrant an interim re-valuation.	Valuer used for PPE valuations.	Valuations are made inline with RICS guidance - reliance on expert.	No
Impairment of property plant and equipment	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.	Valuer used for PPE valuations.	Valuations are made inline with RICS guidance - reliance on expert.	No

Appendix 1: Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in-year?
Depreciation of property plant and equipment	<p>The following asset categories have general asset lives:</p> <ul style="list-style-type: none"> •Operational Vehicles - straight line over 10 years. •Ancillary Vehicles - straight line over 5 years. •Equipment - straight line over 5 years. <p>Depreciation is provided for all fixed assets with a finite life on a straight line basis. Asset lives for buildings are obtained from the Valuer.</p> <p>Freehold land is not depreciated.</p> <p>No depreciation is accounted for in the year of acquisition but is accounted for in the year of disposal.</p>	Consistent asset lives applied to each asset category.	Valuer used for PPE and estimated remaining useful life assessments.	The method makes some generalisations. For example, buildings tend to have a useful life of 50 years. Although in specific examples based upon a valuation review, a new building can have a life as short as 25 years or as long as 70 years depending on the construction materials used. This life would be recorded in accordance with the local qualified RICS or CIB Member.	No
Provision for irrecoverable debts	A provision is estimated using a proportion basis of an aged debt listing.	Members of the finance team calculate the provisions from the aged debt listing based upon prior experience.	No	<p>A consistent proportion of the aged debt listing is applied after any specific debts have been provided for where circumstances of certainty are known.</p> <p>The proportion is based upon the type of debt and historic payment pattern.</p>	No

Appendix 1: Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in-year?
Provision for liabilities	<p>Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement. by a transfer of economic benefits or service potential, and a reliable estimate can be made of the value.</p> <p>Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.</p>	Charged in the year that the Authority becomes aware of the obligation. A calculation is made by the Senior members of the finance team based upon information from third parties, e.g. insurers, solicitors.	No	Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received by the Authority.	No
Measurement of Financial Instruments	The Authority values financial instruments at fair value based upon current conditions and Senior Finance team judgement.	An estimate is made by senior members of the finance team.	No	The Authority does not have many balances which are required to be disclosed as a financial instrument. Considered straight forward with a low degree of estimation required.	No

Appendix 1: Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in-year?
Accruals	The Finance Team collate accruals of income and expenditure from sales ledger, purchase ledger and budget information. Activity is accounted for in the financial year that it takes place, not when the money is paid or received in line with the accounting policies.	Sales ledger, purchase ledger and management accounts information is assessed by the Finance Team.	No	Accruals for income and expenditure have been principally based on known values. Where estimates have to be made these are based upon the latest available information.	No
Finance leases	Fixed assets recognised under finance leases are accounted for using the policies applied generally to Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.	Finance review contracts and payments to ensure the lease is categorised correctly.	No	Accounting entries are based upon schedules setting out the costs over the life of the agreement, based upon the initial lease as a legally binding document. These are reviewed each year and applied over the life of the asset.	No
Non adjusting events – events after the Balance Sheet date	The Strategic Enabler of Finance & Resources makes the assessment. If the event is indicative of conditions that arose after the balance sheet date then this is an un-adjusting event which is disclosed as a note to the accounts identifying the nature of the event and where possible estimates of the financial effect.	The Strategic Enabler of Finance & Resources liaises with the Senior Team and considers all known information.	No, unless the specific un-adjusting event requires additional expertise.	This would be considered individually for each case.	No

Appendix 1: Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in-year?
Pensions – defined benefit pension amounts and disclosures (LGPS, Uniformed Schemes 1992, 2006 & 2015)	<p>The Authority is an admitted body to the Local Government Pension Scheme (LGPS).</p> <p>The Uniformed Schemes are unfunded and are administered by the Authority based upon guidance from DCLG.</p> <p>Information is passed from the Authority to the Actuaries upon which they base their assessment for the estimate.</p>	The Actuary reports are reviewed by Finance Staff for reasonableness.	Yes – the Actuary for the LGPS and the Uniformed Schemes.	<p>Reliance upon another auditor – PwC for their work on the Actuary of the LGPS through their audit of the Wolverhampton City Council.</p> <p>Reliance upon the expertise of the Actuary of the Uniformed Pension Schemes.</p>	No



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WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

26 MARCH 2018

1. **INTERNAL AUDIT – PROGRESS REPORT**

Report of the Audit Services Manager [Sandwell MBC].

RECOMMENDED THAT;

the Internal Audit Progress Report be noted.

2. **PURPOSE OF REPORT.**

To ask the Committee to note the issues raised from the work undertaken by Internal Audit so far in the current financial year.

3. **BACKGROUND**

The Internal Audit Progress Report contains details of the matters arising from internal audit work undertaken so far in the current year. The purpose of the report is to bring the Committee up to date with the progress made against the delivery of the 2017/18 Internal Audit Plan. The information included in the progress report will feed into, and inform, the overall opinion in the Internal Audit Annual Report issued at the year end.

It summarises the audit work undertaken in a tabular format, and includes:

- the areas subject to review (Auditable Area).
- the level of risk to the Authority assigned to each auditable area (high, medium or low).
- the number and type of recommendations made as a result of each audit review.
- the number of recommendations accepted by management.
- the level of assurance given to each system under review.
- details of any key issues arising from the above.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to and/or do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The Accounts and Audit Regulations Act states that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

None

Peter Farrow
Audit Services Manager, Sandwell MBC

Internal Audit Progress Report @ 28 February 2018 Audit Committee – 26 March 2018



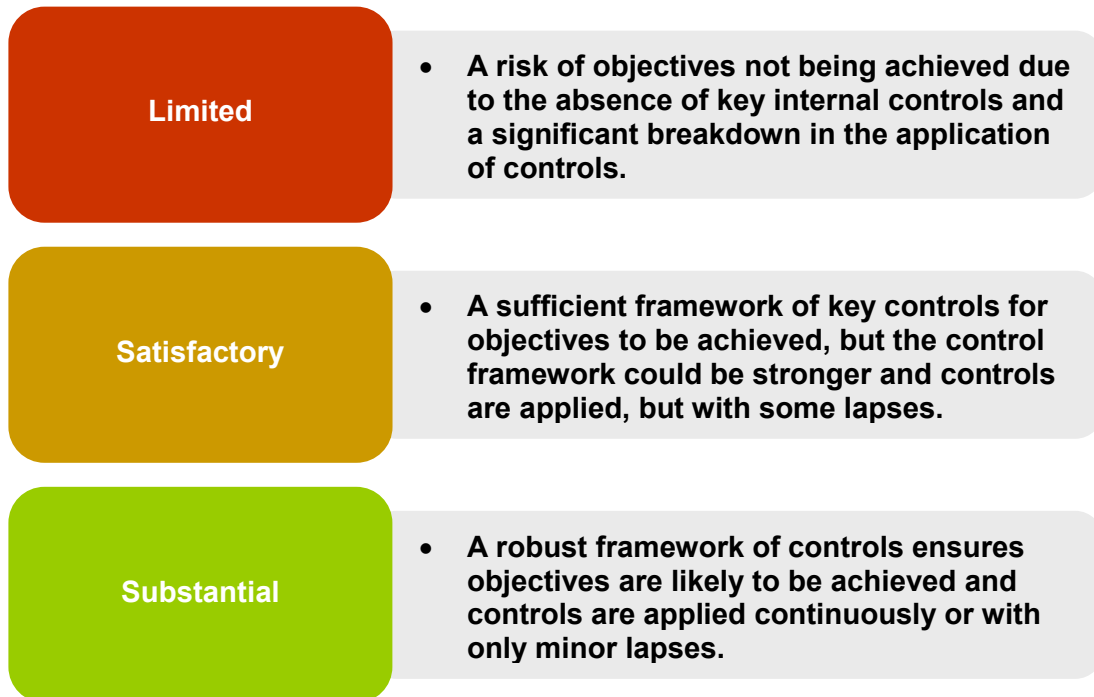
1. Introduction
2. Summary of work completed and in progress
3. Issues arising
4. Other activities
5. Service quality questionnaire feedback

1 Introduction

The purpose of this report is to bring the Audit Committee up to date with the progress made against the delivery of the 2017/18 Internal Audit Plan.

The information included in this progress report will feed into, and inform our overall opinion in our Internal Audit Annual Report issued at the year end.

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



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

Priority rating for issues identified		
Fundamental action is imperative to ensure that the objectives for the area under review are met.	Significant requires action to avoid exposure to significant risks in achieving the objectives for the area under review.	Merits attention action is advised to enhance risk mitigation, or control and operational efficiency.

[ILO: UNCLASSIFIED]

2 Summary of work completed and in progress @ 28 February 2018

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Completed:							
Risk Management*	High	-	-	-	-	-	Substantial
Fixed Asset Accounting*	KFS	-	-	-	-	-	Substantial
Fire Stations – Management of Fuel*	Medium	-	3	2	5	draft	Satisfactory
Accounts Receivable	KFS	-	1	-	1	1	Substantial
Partnerships	Medium	-	2	2	3	draft	Satisfactory
Accounts Payable	KFS	-	-	-	-	-	Substantial
In progress:							
IT	High						
Payroll	KFS						
Pension Certification	High						
Absence Management	Medium						
Environmental Protection Targets	Medium						

[ILO: UNCLASSIFIED]

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Governance	High						
Budgetary Control	KFS						
Follow up of significant issues identified during 2016/17 audit reviews	High						

Key: KFS = Key Financial System

* = Reported upon in previous report

[ILO: UNCLASSIFIED]

3 Issues arising

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. We identified one issue of significance relating to:

- appropriate checks were being undertaken by the authority to confirm the validity of write-offs, but the authority's constitution states that only the Treasurer has the delegated authority to approve debt write-offs. Currently, this approval is not being formally provided.

Partnerships

A review was undertaken to provide assurance that partnership agreements had been properly established and that effective governance and monitoring arrangements were in place to ensure that expected outcomes were achieved. We identified two issues of significance relating to:

- the "Partnerships Governance Arrangements and Framework" document, which details the key processes to be followed in setting up a partnership, states that the Partnerships Team will undertake quality assurance checks and provide assurance that:
 - each partnership agreement has clearly defined roles and responsibilities and strong governance arrangements in place.
 - effective partnership monitoring arrangements are in operation.

These quality assurance checks had yet to commence. As such, there was a risk that the initial momentum generated by the Partnership Team could stall, resulting in a lack of consistency in approach by partnership facilitators and learning opportunities missed. Thus, undermining a key goal of the authority of establishing effective partnership arrangements.

- it is a policy of the authority, that as part of the governance and planning of all partnership arrangements and partnership activity, that as a minimum an Initial Equality Impact Assessment (IEIA) is undertaken. However, IEIAs were not being completed and the authority could therefore, be in breach of the Equality Act 2010. This could expose the authority to the risk of enforcement action being taken by the Equality and Human Rights Commission or result in a legal challenge.

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. No issues of significance were identified.

4 Other activities

CIPFA – Audit Committee Updates

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

Audit Committee – Terms of Reference

We submitted the Audit Committee Terms of Reference for annual review at the March 2017 meeting of the Audit Committee.

Internal Audit Plan 2017/18

We submitted the Internal Audit annual plan for 2017/18 to the committee for approval at the March 2017 meeting.

Internal Audit Annual Report 2016/17

We presented the Internal Audit annual report for 2016/17 to the committee for comment and approval at the June 2017 meeting.

Audit Committee Annual Report

Assistance was provided in the preparation of the Annual Report of the Chair, on the work of the Audit 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.

5 Service quality questionnaire feedback

Overall Satisfaction with Audit Services	Average Score
	No SQQs received to date

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

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

26 MARCH 2018

1. **AUDIT COMMITTEE UPDATE FOR WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

Joint report of the Chief Fire Officer and Treasurer.

RECOMMENDED

THAT the Committee note the content of the Audit Committee Update attached as an Appendix.

2. **PURPOSE OF REPORT**

This update is provided to keep Audit Committee Members informed of the progress of the external auditor (Grant Thornton UK LLP) in delivering their responsibilities.

3. **BACKGROUND**

- 3.1 In order to ensure that Audit Committee Members continue to remain informed on audit matters, the external auditor has provided an Audit Committee Update report. It is the intention of the external auditor to provide an update at all Audit Committee meetings.
- 3.2 The update provides the Audit Committee with a report on Grant Thornton's progress in delivering their responsibilities as the Authority's external auditors.
- 3.3 Representatives from Grant Thornton will be in attendance at the meeting to discuss the reports with Members.

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 a policy change.

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

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, telephone number 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER

MIKE GRIFFITHS
TREASURER

Audit Progress Report and Sector Update

West Midlands Fire and Rescue Authority
Year ending 31 March 2018

March 2018



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Introduction



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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a Fire and Rescue Authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

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

Progress to date

Financial Statements Audit

We have started planning for the 2017/18 financial statements audit and will issue a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2017/18 financial statements.

We commenced our interim audit in February 2018, with a second visit scheduled for March 2018. Our interim fieldwork visit includes:

- Updated review of the Authority's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing.

The statutory deadline for the issue of the 2017/18 opinion is brought forward by two months to 31 July 2018. We are discussing our plan and timetable with officers.

The final accounts audit is due to begin at the end of May with findings reported to you in the Audit Findings Report by the earlier deadline of July 2018.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

We will make our initial risk assessment to determine our approach in January 2018 and report this to you in our Audit Plan.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2018.

Other areas

Meetings

We met with Finance Officers in November as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also meet with your Chief Fire Officer to discuss the Authority's strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Audit Deliverables

2017/18 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2017/18.	April 2017	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2017-18 financial statements.	January 2018	Complete
Interim Audit Findings We will report to you the significant findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2018	In progress
Audit Findings Report The Audit Findings Report will be reported to the July Audit Committee.	July 2018	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2018	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	September 2018	Not yet due

Sector Update

Local government finances are at a tipping point. Local Government bodies are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Labour commits to installing sprinkler systems in all new schools.

Labour says it would close a loophole in current legislation that allows a significant proportion of schools not to install sprinklers as figures show less than one in three have them fitted.

A Labour government would ensure all new schools have sprinkler systems in place as fresh figures show less than one in three schools built or refurbished by central government since 2010 have them installed.

Party officials told *The Independent* that, if elected, Labour would remove a “loophole” in the existing legislation, which they claim allows a significant proportion of schools not to fit sprinklers.

The announcement comes after new figures were disclosed by schools minister Nick Gibb in a response to a written parliamentary question in the Commons this month.

Mr Gibb said that since 2010, of the 260 schools commissioned by the Department for Education (DfE) under phase one of the Priority School Building Programme, 74 (28 per cent) have, or are planned to have, sprinkler systems.

It means the vast majority (72 per cent) of the schools on programme – aiming to rebuild and refurbish schools buildings in the worst conditions across the country – will not have sprinklers in place. The Government hoped that most of the schools would open by the end of 2017.

Sprinklers are currently mandatory in schools in Scotland and Wales, but not in England and Northern Ireland – despite a warning from fire chiefs last year that the Government risks “playing with children’s lives” and called for all new and refurbished schools to have them installed.

Earlier this month, unions also lashed out a decision to rebuild Selsey Academy in West Sussex without sprinklers after the building was almost completely destroyed by a fire in 2016. The Fire Brigades Union said it was “incomprehensible” and said the government was “shockingly cavalier” in its attitude towards fire safety.

Angela Rayner, the Shadow Education Secretary, told *The Independent* that a Labour government would provide £14bn that was needed to bring schools up to a “good standard”.

A DfE spokesperson said: “Schools have a range of fire protection measures and new schools undergo an additional check while being designed. Where sprinklers are deemed necessary to keep children safe, they must be installed.

“Since the Grenfell tragedy we have contacted all bodies responsible for safety in schools and instructed them to carry out checks to identify buildings that may require further investigation.

“We are working closely with the two schools where ACM classing of potential concern has been identified so that the necessary remedial action is taken.”

The DfE added that all new school buildings must be signed off by an independent inspector to certify that they meet the requirements and designed to protect occupants and allow them to escape in the event of a fire.

Existing regulations contain the presumption that new schools should have sprinklers fitted except in cases where buildings are considered to be “low-risk”. Labour says it will alter this to ensure that new-builds must have systems installed.

Fire safety standards need 'immediate' overhaul.

An urgent overhaul of the UK's safety regime is needed as dangerous products continue to cause thousands of potentially deadly fires in homes, according to a consumer watchdog.

In January 2018, the Government launched a new Office for Product Safety and Standards, but it has yet to reveal any plans.

Which? said the response to remove faulty white goods is falling short – with malfunctioning kitchen appliances causing nearly 16,000 fires across the UK since April, 2012.

The consumer group has given ministers 90 days to publish an action plan to set out the “true scale” of product safety risks in the UK as well as the “immediate steps” it will take to prevent further fires.

Faulty goods cause more than 60 fires a week. Washing machines and tumble dryers are the most high-risk, causing 35% of fires between April, 2014 and March, 2016.

Peter Vicary-Smith, of Which? said: “It’s shocking that there are more than 60 house fires every week in the UK because of faulty appliances.

“People will undoubtedly be worried to hear our findings that some of the most common household appliances represent a disproportionate risk of causing a fire due to being faulty.”

Chair of the Business, Energy and Industrial Strategy Committee Rachel Reeves MP said : “While we welcomed the decision to establish an Office for Product Safety and Standards, we agree the Government must make sure it has real teeth and ensure it leads to more people registering their products, a better recall regime and ultimately a reduction in the number of fires that blight so many homes and put lives at risk.”

More information on the Office for Product Safety and Standards can be found here:

<https://www.gov.uk/government/news/government-launches-new-office-for-product-safety-and-standards>

Public Sector Audit Appointments: Report on the results of auditors' work 2016/17

This is the third report on the results of auditors' work at local government bodies published by PSAA. It summarises the results of auditors' work at 497 principal bodies and 9,752 small bodies for 2016/17. The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers.

The timeliness and quality of financial reporting for 2016/17, as reported by auditors, remained broadly consistent with the previous year for both principal and small bodies. Compared with 2015/16, the number of principal bodies that received an unqualified audit opinion by 31 July showed an encouraging increase. 83 principal bodies (17 per cent) received an unqualified opinion on their accounts by the end of July compared with 49 (10 per cent) for 2015/16. These bodies appear to be well positioned to meet the earlier statutory accounts publication timetable that will apply for 2017/18 accounts.

Less positively, the proportion of principal bodies where the auditor was unable to issue the opinion by 30 September increased compared to 2015/16. Auditors at 92 per cent of councils (331 out of 357) were able to issue the opinion on the accounts by 30 September 2017, compared to 96 per cent for the previous year. This is a disappointing development in the context of the challenging new reporting timetable from 2017/18. All police bodies, 29 out of 30 fire and rescue authorities and all other local government bodies received their audit opinions by 30 September 2017.

The number of qualified conclusions on value for money arrangements has remained relatively constant at 7 per cent (30 councils, 2 fire and rescue authorities and 1 other local government body) compared to 8 per cent for 2015/16. The most common reasons for auditors issuing non-standard conclusions on the 2016/17 accounts were:

- the impact of issues identified in the reports of statutory inspectorates;
- corporate governance issues; and
- financial sustainability.

The latest results of auditors' work on the financial year to 31 March 2017 show a solid position for the majority of principal local government bodies. Generally, high standards of financial reporting are being maintained despite the financial and service delivery challenges currently facing local government.



Changes to the prudential framework of capital finance

The Ministry of Housing Communities and Local Government has updated the Local Authority Investments Guidance and the Minimum Revenue following its publication of consultation responses on 2 February 2018.

A total of 213 consultation responses were received by the MHCLG by the 22 December 2017 deadline from across local government. Following consideration of the responses the Government has:

- made some technical changes to the Investments Guidance and MRP Guidance
- amended proposals relating to useful economic lives of assets
- implemented the Investments Guidance for 2018-19, but allowed flexibility on when the additional disclosure first need to be presented to full Council
- deferred implementation of MRP Guidance to 2019-20 apart from the guidance “Changing methods for calculating MRP”, which applies from 1 April 2018.

Key changes are noted below.

Statutory Guidance on Local Authority Investments

Transparency and democratic accountability – the revised guidance retains the requirement for an Investment Strategy to be prepared at least annually and introduces some additional disclosures to improve transparency. However, as the changes to the CIPFA Prudential Code include a new requirement for local authorities to prepare a Capital Strategy, the revised guidance allows the matters required to be disclosed in the Investment Strategy to be disclosed in the Capital Strategy.

Principle of contribution – the consultation sought views on the introduction of a new principle requiring local authorities to disclose the contribution that non-core investments make towards core functions. Authorities’ core objectives include ‘service delivery objectives and/or placemaking role.’ This clarification has been made to recognise the fact that local authorities have a key role in facilitating the long term regeneration and economic growth of their local areas and that they may want to hold long term investments to facilitate this.

Introduction of a concept of proportionality – the Government is concerned that some local authorities may become overly dependent on commercial income as a source of revenue for delivering statutory services. The consultation sought views on requiring local authorities to disclose their dependence on commercial income to deliver statutory services and the amount of borrowing that has been committed to generate that income. A majority of respondents supported the introduction of a concept of proportionality, recognising the importance that local authorities make decisions based on an understanding of the overall risk that they face.

Borrowing in advance of need – by bringing non-financial investments (held primarily or partially to generate a profit) within the scope of the Investments Guidance, the consultation proposals made it clear that borrowing to fund acquisition of non-financial assets solely to generate a profit is not prudential. The Investment Guidance requires local authorities who have borrowed in advance of need solely to generate a profit to explain why they have chosen to disregard statutory guidance. It is also important to note that nothing in the Investment Guidance or the Prudential Code overrides statute, and local authorities will still need to consider whether any novel transaction is lawful by reference to legislation.

Minimum Revenue Provision Guidance

The consultation sought views on proposals to update the guidance relating to MRP to ensure local authorities are making prudent provision for the repayment of debt.

Meaning of a charge to the revenue account – the Government does not believe that crediting the revenue account is either prudent or within the spirit of the approach set out in the relevant Regulations. For this reason a charge to the account should not be a negative charge.

Impact of changing methods of calculating MRP – the Government does not expect any local authority to recalculate MRP charged in prior years due to the proposed changes in methodology.

Introduction of a maximum economic life of assets – the consultation sought views on setting a maximum useful economic life of 50 years for freehold land and 40 years for other assets. The MRP Guidance will set a maximum life of 50 years, but allow local authorities to exceed this where the related debt is PFI debt with a longer term than 50 years, or where a local authority has an opinion from an appropriately qualified person that an operational asset will deliver benefits for more than 50 years.



Changes to capital finance framework

Challenge question:

Has your Strategic Enabler for Finance and Resources briefed members on the impact of the changes to the prudential framework of capital finance?

CIPFA publications - The Prudential Code for Capital Finance in Local Authorities (2017 Edition)

CIPFA have published an updated 'Prudential Code for Capital Finance in Local Authorities'. Key developments include the introduction of more contextual reporting through the requirement to produce a capital strategy along with streamlined indicators.

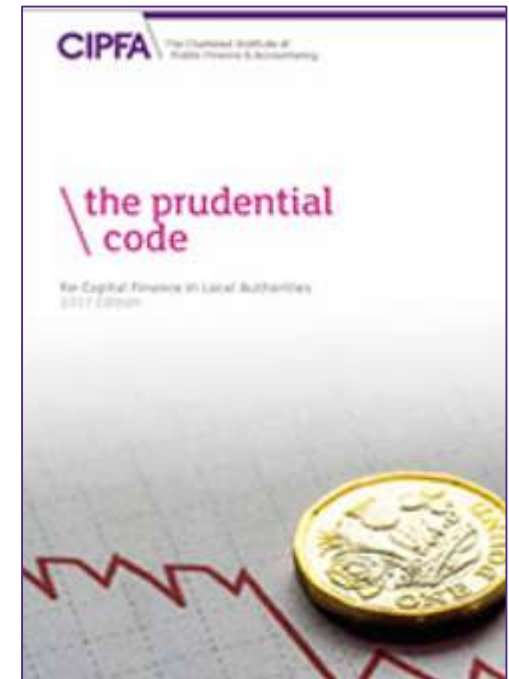
The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within this clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable.

Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003, in Scotland under Part 7 of the Local Government in Scotland Act 2003, and in Northern Ireland under Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

Since the Prudential Code was last updated in 2011, the landscape for public service delivery has changed significantly following the sustained period of reduced public spending and the developing localism agenda. It reflects the increasing diversity in the sector and new structures, whilst providing for streamlined reporting and indicators to encourage better understanding of local circumstances and improve decision making.

The introduction of a capital strategy allows individual local authorities to give greater weight to local circumstances and explain their approach to borrowing and investment.

The Code is available in hard copy and online.



CIPFA Publication

Challenge question:

Has your Strategic Enabler for Finance and Resources briefed members on the impact of the changes to the prudential code?



Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

CIPFA website link

<http://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2017-edition-book>

PSAA website links

<https://www.psaa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

MHCLG website links

<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

26 MARCH 2018

1. **CIPFA AUDIT COMMITTEE UPDATE NO. 24**

Report of the Audit Services Manager [Sandwell MBC].

RECOMMENDED

That the Audit Committee notes issue 24 of CIPFA's Audit Committee Update.

2. **PURPOSE OF REPORT.**

To ask the Committee to note the publication and contents of issue 24 of CIPFA's Audit Committee Update.

3. **BACKGROUND**

CIPFA continue 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 is published approximately three times a year. Each one includes a main feature, together with pointers to new developments or guidance that audit committee members may need to be aware of. The focus for the latest edition is on the Audit Committees Role in Risk Management and a Briefing on Current Issues.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to and/or do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The Accounts and Audit Regulations Act states that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

CIPFA Audit Committee Update – Issue 24

Peter Farrow
Audit Services Manager, Sandwell MBC

CIPFA Better Governance Forum

Audit Committee Update

Helping Audit Committees to Be Effective

Issue 24

The Audit Committee Role in Risk Management

Regular Briefing on Current Issues

February 2018

Introduction

Dear audit committee member,

This is the 24th issue of Audit Committee Update and our main focus this time is on the contribution the audit committee can make to supporting good risk management practice.

Risk forms a key part of an audit committee's terms of reference. It is an agenda item in its own right with committees typically reviewing risk registers or receiving an annual assessment of the risk management arrangements. Risk also underpins much of the work of internal audit, with a risk-based plan and annual assurances on the management of risk. Evaluation of future risks also supports the development of an action plan for the annual governance statement.

The remainder of this issue focuses on keeping you up to date with new developments with our regular briefing and links to relevant reports and guidance.

Overall I hope you will find this issue interesting, informative and helpful in your work on the committee.

Best wishes

Diana Melville

CIPFA Better Governance Forum

Sharing this Document

Audit Committee Update is provided to subscribers of the Better Governance Forum for use within their organisations. Please feel free to circulate it widely to your organisation's audit committee members and colleagues. It can also be placed on an intranet. It should not be shared with audit committee members of organisations that do not subscribe to the Better Governance Forum or disseminated more widely without CIPFA's permission.

Audit Committee Update is covered by CIPFA's copyright and so should not be published on the internet without CIPFA's permission. This includes the public agendas of audit committees.

Receive our Briefings Directly

This briefing will be sent to the main contact of organisations that subscribe to the CIPFA Better Governance Forum with a request that it be sent to all audit committee members.

If you have an organisational email address (for example jsmith@mycouncil.gov.uk) then you will also be able to register on our website and download any of our guides and briefings directly. To register now, please visit www.cipfa.org/Register.

Support for audit committees

Links to all CIPFA resources, guidance and training details can be accessed by a dedicated page on the [CIPFA website](#).

Previous Issues of Audit Committee Update

You can download all the previous issues from the CIPFA Better Governance Forum website. Click on the links below to find what you need.

Principal Content	Link
Issues from 2010 and 2011– the content in these issues has been replaced by more recent issues	
Issues from 2012	
Assurance Planning, Risk Outlook for 2012, Government Response to the Future of Local Audit Consultation	Issue 7
Commissioning, Procurement and Contracting Risks	Issue 8
Reviewing Assurance over Value for Money	Issue 9
Issues from 2013	
Public Sector Internal Audit Standards and Updates to Guidance on Annual Governance Statements	Issue 10
Local Audit and Accountability Bill, the Implications for Audit Committees Update of CIPFA's Guidance on Audit Committees	Issue 11
Reviewing Internal Audit Quality, New CIPFA Publication, Audit Committees Practical Guidance for Local Authorities and Police, Regular Briefing on Current Issues	Issue 12
Issues from 2014	
Reviewing the Audit Plan, Update on the Local Audit and Accountability Act, Briefing on Topical Governance Issues	Issue 13
External Audit Quality and Independence, Government Consultation on Local Audit Regulations, CIPFA's Consultation on a new Counter Fraud Code, Regular Briefing on Current Issues	Issue 14
CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, The Audit Committee Role in Countering Fraud, Regular Briefing on Current Developments	Issue 15

Issues from 2015	
What Makes a Good Audit Committee Chair? Governance Developments in 2015	Issue 16
The Audit Committee Role in Reviewing the Financial Statements, Regular Briefing on Current Developments	Issue 17
Self-assessment and Improving Effectiveness, Appointment and Procurement of External Auditors, Regular Briefing on Current Issues	Issue 18
Issues from 2016	
Good Governance in Local Government – 2016 Framework, Appointing Local Auditors, Regular Briefing on Current Issues	Issue 19
CIPFA Survey on Audit Committees 2016, Regular Briefing on Current Issues	Issue 20
The Audit Committee and Internal Audit Quality, Briefing on Topical Issues	Issue 21
Issues from 2017	
Developing an Effective Annual Governance Statement, Regular Briefing on Current Developments, Audit Committee Training	Issue 22
2017 edition of the Public Sector Internal Audit Standards, Understanding the Risks and Opportunities from Brexit, Recent Developments and Resources	Issue 23

Workshops and Training for Audit Committee Members in 2018 from CIPFA

Introduction to Police Audit Committees

This event is particularly suitable for new members of Police joint audit committees. It includes an overview of the roles, responsibilities and core functions of the committee, together with sessions on working with the internal and external auditors.

3 May London

Introduction to the Knowledge and Skills of Local Authority Audit Committees

This event features key areas that are core to the work of the committee: risk management, governance and assurance.

20 September London

Developments day for police audit committees

These events are suitable for members of the joint audit committees supporting police and crime commissioners and chief constables. These events are run in conjunction with CIPFA's Police Network and feature topical developments and briefings.

19 September 2018, York

20 September 2018, London

Development day for local authority audit committees

The workshop is suitable for audit committee members or those working with the audit committee in local government. It will cover an update on new developments and legislation relevant to the audit committee role.

5 December 2018 London, further dates and locations in January and February 2019.

CIPFA events information and dates are available on the website: www.cipfa.org/Events.

In-house training and facilitation

In-house audit committee training and guidance tailored to your needs is available. Options include:

- key roles and responsibilities of the committee
- effective chairing and support for the committee
- working with internal and external auditors
- public sector internal audit standards
- corporate governance
- strategic risk management
- value for money
- fraud risks and counter fraud arrangements
- reviewing the financial statements
- assurance arrangements
- improving impact and effectiveness.

For further details contact our [in-house training team](#) for more information or call 020 7543 5600.

The Audit Committee Role in Risk Management

This article will outline the key role an audit committee should play in supporting and reviewing risk management in its organisation. The article will outline first of all what risk management is all about and then consider the audit committee role. It will end with some key questions that audit committees might like to consider.

What is risk management and why is it important to the organisation?

The British Standard ISO 31000:2009 defines risk management as 'coordinated activities to direct and control an organisation with regard to risk'. Risk is simply defined as the 'effect of uncertainty on objectives'.

Effective risk management has a number of benefits to an organisation and is now seen as a key tool across public and private sectors. Management of risk enables an organisation to:

- increase the likelihood of achieving objectives
- improve governance and accountability
- support better decision making
- comply with legal and regulatory requirements
- improve operational effectiveness and efficiency.

These benefits demonstrate that risk management isn't just about dealing with problems better; it is also an aid to improvement. As well as identifying risks an organisation is encouraged to identify opportunities.

How does risk management link to internal control and governance?

The importance of risk management in supporting good governance is clearly set out in the principles of the [International Framework: Good Governance in the Public Sector](#) and [Delivering Good Governance in Local Government: Framework](#). One of the seven principles is 'Managing risks and performance through robust internal control and strong public financial management'. The frameworks both emphasise the importance of risk management for the successful delivery of services and achieving outcomes.

The internal controls of an organisation should be influenced by the risks. An effective control will manage an identified risk, perhaps by reducing the likelihood of the risk happening, or minimising the impact if it did. When controls are reviewed their success in managing those risks should be considered. Sometimes controls are put in place to manage risks but continue to operate even though the risk has changed or other controls now address the risk. This can lead to inefficiency or ineffective control.

What is the typical role for the audit committee?

The precise roles and responsibilities towards risk management will vary according to the terms of reference. [CIPFA's Position Statement on Audit Committees in Local Authorities and Police](#) identifies the following core functions:

- ensuring there is assurance over the governance of risk and top level ownership and accountability
- keeping up to date with the organisation's risk profile and the effectiveness of risk management actions
- monitoring the effectiveness of risk management arrangements and supporting the development of good risk management practice.

The ways that an audit committee fulfils these functions are likely to include:

- oversight of the risk management function and its effectiveness. For example, the committee could consider whether there is top level support for risk management from the leadership team and the committee could review assessments of risk management or the results of benchmarking.
- reviewing risk management annual plans, annual reports and the assessment of risk maturity of the organisation
- commenting on changes to the risk management policies of the organisation
- understanding the key risks facing the organisation, by reviewing risk registers or receiving briefings on key risk areas.

As well as supporting effective risk management, knowledge of the organisation's key risks helps the committee discharge its other responsibilities such as reviewing the internal audit plan or reviewing the annual governance statement.

How can the audit committee support and encourage the effectiveness of risk management?

This is a valuable role for the committee. Good understanding among audit committee members of what risk management can and should be doing will help to raise the profile of risk management across the organisation. By monitoring the performance of risk management and any obstacles to improvement, the audit committee can help to ensure the adoption of good practice across the organisation.

When the audit committee reviews the organisation's key risks it may want to seek assurance that the actions being undertaken are having an effect. If there are concerns about critical risks then questions from the audit committee can help to ensure that the appropriate action is taken.

Understanding the organisation's key risks and the overall risk profile can help the audit committee take a more co-ordinated approach to its assurance statements. This can help those working in risk management too. For example, the committee can consider what assurance it receives about the major risk areas.

Some audit committees undertake regular 'deep dives' examining a major service or risk area in detail. With the responsible service director they review the objectives, risks, challenges and opportunities for that service. The committee then considers the available assurances on that area. Such an approach helps to build a mature understanding of the risk and control issues in an operational area, enabling the committee to consider internal audit reports and risk registers with more knowledge.

Assurance on risk management

To fulfil its terms of reference and to support the annual governance statement, the audit committee should seek assurances on the adequacy and effectiveness of risk management. The audit committee might receive some assurances from the risk management function directly such as the examples below:

- self-assessment using a risk maturity model
- participation in risk management benchmarking
- in-house survey or feedback.

The audit committee should also receive independent assurance. Internal audit is required to deliver an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. As a result, internal audit will carry out assurance work on risk management to support the head of internal audit's opinion. The audit committee should seek to understand the audit engagements planned for the year and subsequently review the conclusions and recommendations arising from the audit.

Risk management beyond the organisational boundaries

Increasingly public bodies work collaboratively with other organisations and may also develop a range of governance structures for the delivery of services, for example shared services and trading companies. Even a short-term informal partnership might mean changes to the usual decision-making and risk management processes. It is an important role for the audit committee to maintain oversight of the governance and risk management arrangements that are put in place for the development and implementation of such arrangements.

Strategic risk management provides the audit committee with the opportunity to influence and support good governance in the organisation. Robust support from the audit committee for the risk management process is an important factor in ensuring that the organisation is able to identify, manage and account for its risks.

Key Questions to ask:

1. How consistently is the risk management policy applied across the organisation? What is being done to address any weak areas?
2. Has the risk maturity of our organisation been assessed? In what areas have we improved in the last year and what still needs to be done?
3. What are the major risks facing the organisation?
4. How effectively are risks being managed in a particular area? For example, a major project, change programme or key strategic service.
5. How do we get our assurance about the management of risks and how does this link to the annual governance statement?

Diana Melville

Governance Advisor

CIPFA Better Governance Forum

Recent Developments You May Need to Know About

Regulations and consultations

Treasury Management Code of Practice and the Prudential Code

Those audit committees that have taken on the responsibility for the scrutiny of treasury management should be aware of the new codes issued by CIPFA in December 2017. While the treasury management code is applicable to all public sector organisations, local authorities in England, Scotland and Wales are required to 'have regard' to the codes.

[Treasury Management in the Public Services](#)

The objectives of the Prudential Code are to provide a framework to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable.

[The Prudential Code for Capital Finance in Local Authorities](#)

Ethical standards in local government

The Committee on Standards in Public Life has issued a consultation on whether the current ethical standards arrangements are conducive to high standards of conduct in local government. The consultation invites submissions from local authorities, members, officials and members of the public. The closing date is 18 May 2018. [Local government ethical standards](#)

Reports, recommendations and guidance

CIPFA Position Statement on Audit Committees in Local Authorities and Police

CIPFA has updated its position statement and supporting guidance for audit committees. The new edition will be published soon and will align with the guidance the Home Office is planning to provide on audit committee arrangements when a police and crime commissioner takes on the responsibilities of a fire and rescue authority. As a result the publication is being delayed until the Home Office issues its own statutory guidance. Full details of the publication are available from [CIPFA publications](#).

CIPFA briefing on 2016 annual governance statements

CIPFA reviewed statements published in 2017 which were the first to be made under the 2016 edition of *Delivering Good Governance in Local Government: Framework*. The briefing identifies the features of an effective statement and shares examples.

Further details of what the audit committee should look for in an annual governance statement are available in [Issue 22](#) of Audit Committee Update. [CIPFA Briefing](#)

Report on the Results of Auditors' Work 2016/17

Public Sector Audit Appointments (PSAA) has published reports summarising the outcome of external audits in the health and local government sectors in England for 2016/17. The reports cover the timeliness and quality of financial reporting and auditors' local value for money work. Key findings include the following:

- auditors at 92% of councils and 100% of police bodies were able to issue the opinion on the accounts by 30 September 2017
- there were no qualified opinions on the accounts issued to date to principal bodies
- 7% received a qualified conclusion on value for money
- a handful of accounts had still not been signed off as at December 2017.

Key findings in relation to health include:

- 99% of NHS trusts and 100% of clinical commissioning groups (CCGs) had their audit opinion issued by the deadline
- no trust or CCG received a qualified opinion on the accounts
- 19% of trusts and 4% of CCGs received an adverse opinion on value for money.

[Report on the Results of Auditors' Work 2016/17: Local Government and Health Bodies](#)

Local Government Financial Reporting 2016-17

The Wales Audit Office issued unqualified audit opinions on 39 out of 41 financial statements by 30 September 2017, with two remaining unresolved. Overall quality of financial statements has improved but there remains scope for improvement. [Local Government Financial Reporting 2016-17](#)

Local Government in Scotland: Financial Overview 2016/17

The report from the Accounts Commission finds that Scottish councils are showing increasing signs of financial stress. All councils received an unqualified audit opinion on their 2016/17 accounts but auditors found that in several councils financial management could be improved. [Audit Scotland](#)

CIPFA Fraud and Corruption Tracker

In 2017 CIPFA undertook a survey of levels of fraud and corruption detected across local authorities. The results of the survey provide a valuable insight into current levels of detected fraud and corruption and can be downloaded from the CIPFA Counter Fraud Centre. [2017 Report](#)

Effectiveness of Local Authority Overview and Scrutiny Committees

A report from the Communities and Local Government select committee has been published following their inquiry into scrutiny arrangements. The report does not address audit committees but some of the challenges facing scrutiny committees in the report may also apply to audit committees. When reviewing the adequacy of governance for the annual governance statement the report may highlight areas for improvement. [Select committee report](#)

Local Public Accounts Committees

The Centre for Public Scrutiny has issued a [discussion document](#) outlining the role that local public accounts committees could play in enhancing local accountability for value for money. The Centre is seeking responses by 23 March.

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WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE WORK PROGRAMME 2017/18

Date of Meeting	Item	Responsible Officer	Completed
2017			
24 July	Audit Findings 2016/17 Statement of Accounts 2016/17 (Approval) Treasury Management Annual Report 2016/17 Minutes of the Audit Committee held on 12 June 2017 Audit Committee Draft Work Plan 2017/18	Grant Thornton Grant Thornton Treasurer Democratic Officer Democratic Officer	
4 September	Corporate Risk Six Monthly Report Audit Committee Update Minutes of the Audit Committee held on 24 July 2017 Minutes of the Pension Board held on 20 July 2017 Work Programme 2017/18	Director of Service Support Grant Thornton Democratic Officer Democratic Officer	

(Official – WMFS – Public)

18 September [Authority]	Audit Findings 2016/17 Statement of Accounts 2016/17 (note)	Grant Thornton Treasurer	
13 November	Treasury Management – Mid year review 2017/18 Briefing on ESMCP Annual Audit Letter 2016/17 Audit Committee Update Internal Audit Progress Report Assessment of Good Practice and Effectiveness Pensionability of Temporary Allowance – Flexibility Allowance (Falls Response) The Pension Regulator - Scheme Returns 31 March 2017 - Firefighter Pension Schemes Minutes of the Audit Committee held on 4 September 2017 Audit Committee Work Plan	Treasurer DCFO Grant Thornton Grant Thornton Audit Manager Audit Manager DCFO DCFO Democratic Officer Democratic Officer	
19 December	Minutes of the Audit Committee held on 13 November 2017 Decision on Qualifying Injury	 DCFO	

(Official – WMFS – Public)

2018			
15 January 2018	Minutes of the Audit Committee held on 19 December 2017	Democratic Officer	
	Internal Audit Progress Report	Audit Manager	
	Internal Audit Charter – Annual Review	Audit Manager	
	Audit Committee Update	Grant Thornton	
	Assessment of Good Practice and Effectiveness	Audit Manager	
	Audit Committee Work Plan	Democratic Officer	
26 March 2018	Audit Committee Update	Grant Thornton	
	Communication with the Audit Committee for WMFRA	Grant Thornton	
	Audit Plan 2017/18	Grant Thornton	
	Internal Audit Plan 2017/18	Audit Manager	
	Audit Committee Terms of Reference	Audit Manager	
	External Audit Work Programme and Scale of Fees	Director of Service Support	
	Corporate Risk Report Six Monthly Update	Director of Service Support	

(Official – WMFS – Public)

	<p>Minutes of the Pensions Board held on 19 February 2018</p> <p>Minutes of the Audit Committee held on 15 January 2018</p> <p>Audit Committee Work Plan</p> <p><i>Committee Members' Private meeting with Internal Auditors (to follow Committee)</i></p>	<p>Pensions Board Representative</p> <p>Democratic Officer</p> <p>Democratic Officer</p> <p><i>Audit Manager</i></p>	
4 June 2018	<p>Annual Internal Audit Report 2017/18</p> <p>Governance Statement 2017/18</p> <p>Monitoring Policies and RIPA (Annual Whistleblowing Report)</p> <p>Annual Report of the Audit Committee for approval</p> <p>Audit Committee – Verbal Update</p> <p>Minutes of the Audit Committee held on 26 March 2018</p> <p>Audit Committee Work Plan</p> <p><i>Committee Members' Private meeting with External Auditors</i></p> <p><i>Workshop for Members on Statement of Accounts 2017/18</i></p>	<p>Audit Manager</p> <p>Treasurer Monitoring Officer/Director of Service Support Chair</p> <p>Grant Thornton</p> <p>Democratic Officer Democratic Officer</p> <p><i>Grant Thornton</i></p> <p><i>Treasurer</i></p>	

(Official – WMFS – Public)

25 June 2018 [Authority]	<p>Governance Statement 2017/2018</p> <p>Audit Committee – Terms of Reference, Annual Review (will now be reported to the Authority's AGM)</p> <p>Annual Report of the Audit Committee 2017/18</p>	<p>Treasurer</p> <p>Audit Manager</p> <p>Chair</p>	

23 July 2018 (Audit Committee 2018/19)	<p>Audit Findings 2017/18</p> <p>Statement of Accounts 2017/18 (Approval)</p> <p>Treasury Management Annual Report 2017/18</p> <p>Audit Committee Draft Work Plan 2018/19</p>	<p>Grant Thornton</p> <p>Grant Thornton</p> <p>Treasurer</p> <p>Democratic Officer</p>
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