

West Midlands Fire and Rescue Authority

Audit and Risk Committee

You are summoned to attend the meeting of Audit and Risk Committee to be held on Monday, 25 March 2019 at 12:30

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

for the purpose of transacting the following business:

Agenda – Public Session

- | | | |
|----|-----------------------------------------------------------------|----------------------|
| 1 | To receive apologies for absence (if any) | |
| 2 | Declarations of interests | |
| 3 | Minutes of the Audit and Risk Committee held 14 January 2019 | 5 - 10 |
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| 5 | WMFS Internal Audit Plan 2019-20 | 19 - 36 |
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| 7 | Corporate Risk Update | 57 - 86 |
| 8 | Informing the Audit Risk Assessment WMFRA 2018-19 | 87 - 110 |
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| 10 | Audit and Risk Workplan 2018-2019 | 127 -
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| 11 | Update on Topical, Legal and Regulatory Issues (Verbal Report). | |

Agenda – Private Session

12 Firefighters Scheme Advisory Board Employers Survey

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

13 CIPFA Audit and Risk Committee Update

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14 Members Private Meeting with Internal Audit

Distribution:

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

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

Minutes of the Audit and Risk Committee

14 January 2019
at Fire Service Headquarters, Vauxhall Road,
Birmingham B7 4HW

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

Apology: DCFO Phil Hales, Peter Farrow – Internal Auditor,
Richard Percival, Grant Thornton

1/19 **Declarations of Interest in contracts or other matters**

There were no declarations of interest.

2/19 **Minutes of the Audit and Risk Committee held on 12 November 2018**

The Minutes of the Audit and Risk Committee held on
12 November 2018 were received.

3/19 **Internal Audit Progress Report**

The Committee noted the Internal Audit Progress Report
and any issues arising from internal audit work undertaken
so far in the current year.

The Accounts Payable and Accounts Receivable Audits had
been completed and no issues of significance were
identified.

The Fixed Asset Accounting Audit and Payroll Audit had
started and would be completed before the year end.
Councillor Craddock stated that the outcome of the Audits
were an indication of the good quality of the accounts and
were a credit to the Treasurer and his team.

4/19 **Internal Audit Charter – Annual Review 2019**

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 January 2018. The Internal Audit Charter was introduced in 2014 and was based on the national model for local government organisations.

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.

The Committee agreed that the Internal Audit Charter was fit for purpose.

5/19 **Audit Committee Update for West Midlands Fire and Rescue Authority**

The Committee noted the Audit and Risk Committee Update from the external Auditor (Grant Thornton).

The timetable of Audit Deliverables for 2018/19 was provided including planned dates and status.

The draft Audit Plan would be presented to the Audit and Risk Committee at their meeting scheduled for the 25 March 2019.

The External Auditors were due to be on site for the remainder of the week for testing and another interim visit was scheduled for week commencing 18 February 2019.

The Chair was interested in the findings of the report of HMICFRS's first independent inspection into Fire and Rescue Services for 12 years.

The Treasurer confirmed that the West Midlands Fire Service would be included in the second tranche and the Committee looked forward to receiving the results.

6/19 **Minutes of the Pensions Boards held on 27 September and 12 December 2018**

The Committee received the Minutes of the Pension Board meetings held on the 27 September and 12 December 2018. The minutes were for information and to provide assurance of recent changes and transparency going forwards.

The Independent Chair of the Pensions Board attended the meeting and informed the Committee that the Pension Board had been in place for four years. Mr Neil Chamberlain, Director of Commercial Services at West Midlands Police, stated that he had been the Independent Chair for 18 months. The Service had a reciprocal arrangement with the West Midlands Police in respect of their Pension Board.

The role of the Pension Board is to provide assurance to the Audit and Risk Committee, as the Scheme Manager, that the Pension Scheme is being properly administered.

The Board had recently amended its Terms of Reference and had increased the number of employee and employer representatives from 2 to 3 each and increased the number of meetings to take place on a quarterly basis rather than six monthly. This would enable the Pension Board to be more effective and resilient.

The increase in meetings would provide three meetings where standard items would be discussed and a fourth meeting where pension training would be provided. This would ensure that members of the Board are up to date with current developments.

Clair Alcock, LGA Pension Advisor, had attended the Pension Board held on the 12 December 2018 and Malcolm Eastwood, the Chair of the Strategic Advisory Board had confirmed his attendance at the Pension Board scheduled for the 4 March 2019.

The Chair of the Pension Board confirmed that there were now 3 Employer and 3 Employee Representatives together with the Chair.

It was noted that the Payroll and Pension Manager attended every meeting and provided an update. He had recently updated the Board on the number of members opting In and Out of the Scheme.

It was confirmed that pension membership drops outs were endemic in the Public Sector but new entrants to the Fire Service were provided with information about the benefits of the pension scheme and the importance of having a pension.

The Chair confirmed that Members of the Fire Brigades Union sit on the Pension Board and encourage members to remain within the Scheme.

The Committee noted that the Fire Brigades Union had been successful in their case in respect of the transitional regulations and the protections in place. The knock-on effects would need to be fully understood, however, the Treasurer confirmed that the Home Office and government were considering their position and whether to counter appeal the decision.

The implications were yet to be determined and through the Audit and Risk Committee, the Payroll Manager would provide information when available.

The Chair of the Pensions Board confirmed that the Service had met the deadline for the HMRC reconciliations.

The Treasurer confirmed that there were currently no financial implications for the Authority regarding pensions if the governance transfer to the West Midlands Combined Authority took place on the 1st April 2019.

It was confirmed that the Deputy Chief Fire Officer would be providing a briefing note to the Authority following the request made about the Pension Appeal heard by the Appointments, Standards and Appeals Committee. This issue had arisen during the approval of the Appointments, Standards and Appeals Committee minutes at the Authority meeting held on 19 November 2018.

The Chair of the Pension Board was currently conducting a Skills Audit and would be addressing the training needs of members of the Board. Any training would also be open to the Members of the Authority.

The Committee thanked the Chair of the Pension Board for his update.

7/19 **Audit and Risk Workplan**

The Committee noted its Workplan for 2018/19.

The Workplan would be amended to indicate that the Internal Audit Plan 2019/2020 would be discussed at the meeting scheduled for 25 March 2019.

The Committee would continue in its current format until any transfer of governance was confirmed.

8/19 **Update on Topical, Legal or Regulatory Issues**

The Treasurer informed the Committee that the Order to transfer governance from the West Midlands Fire and Rescue Authority to the West Midlands Combined Authority had been amended by the Home Office/parliamentary lawyers. The amended Order was not supported locally and so there was now a pause in the transfer arrangements. Lead Members had been informed of the decision.

The Home Office changes significantly compromised the Order and a further report would be submitted to the Fire Authority on 18 February 2019.

The Chair requested that the information sent to Lead Members be circulated to all Members of the Authority.

The meeting finished at 1311 hours.

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

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 4

AUDIT AND RISK COMMITTEE

25 MARCH 2019

1. AUDIT AND RISK 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 and Risk 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 2018 and are now subject to their annual review in order to ensure that they remain relevant and fit for purpose.

3.2 The terms of reference have been updated in order to incorporate new additions to the model terms of reference provided by CIPFA in the latest 2018 edition of their Practical Guidance for Local Authority Audit Committees, in the following areas:

- To review the governance and assurance arrangements for significant partnerships or collaborations.
- To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.

- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.
- To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- To publish an annual report on the work of the Committee.

Where not already in place, and where appropriate, these additions will be incorporated into the work of the Committee.

4. **EQUALITY IMPACT ASSESSMENT**

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

5. **LEGAL IMPLICATIONS**

The Fire Authority is not obliged by law to appoint an Audit and Risk 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 and Risk Committee – Terms of Reference

Statement of purpose

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

Governance, Risk and Control

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

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

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

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

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

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

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

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

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

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

Internal Audit

To approve the internal audit charter.

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

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

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

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

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

- Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work;
- Regular reports on the results of the quality assurance and improvement programme;

- Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the annual governance statement.

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

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

To consider summaries of specific internal audit reports as requested.

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

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

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

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

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

External Audit (Grant Thornton)

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

To consider specific reports as agreed with the external auditor.

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

To commission work from internal and external audit.

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

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

Financial Reporting

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

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

Accountability arrangements

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

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

effectiveness of the Committee in meeting its purpose.

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

Pension Board

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

To submit its minutes and Annual Report to the Authority.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 5

AUDIT AND RISK COMMITTEE

25 MARCH 2019

1. INTERNAL AUDIT PLAN – 2019/20

Report of the Audit Services Manager [Sandwell MBC].

RECOMMENDED

THAT the Internal Audit Plan for 2019/20 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 2019/20, with an indicative plan covering the period 2020/21 to 2021/22.
- 3.2 The Internal Audit Plan is a fluid plan which may be updated periodically to reflect changes in the risks faced by the Authority. During the period covered by the plan, the priority and frequency of audit work may be subject to amendment in order to recognise alterations in the assessment of assurance need/risk analysis, caused by changes within the Authority and the requirements of the Audit and Risk Committee and senior managers.
- 3.3 During the year regular meetings will be held with senior managers and the external auditors to review the plan and discuss the scope, nature and timescales of planned reviews. Any key changes to the plan will be brought before the Audit and Risk Committee for approval.

4. EQUALITY IMPACT ASSESSMENT

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

5. **LEGAL IMPLICATIONS**

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

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

Internal Audit Plan 2019/20 and indicative plan for 2020/21 to 2021/22.

The contact for this report is Mr Peter Farrow, Audit Services Manager.

Peter Farrow
Audit Services Manager, Sandwell MBC

Internal Audit Plan 2019/20



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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 2019/20 audit plan

Identify the areas where assurance will be provided in 2019/20. 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

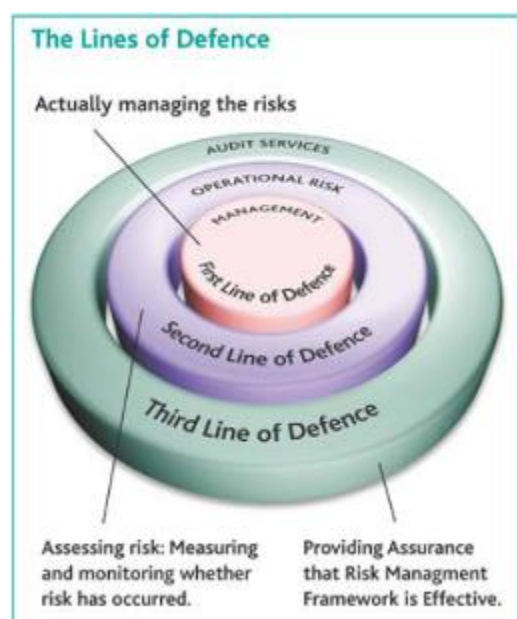
Definition of internal auditing

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 2019/20 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 support the delivery of core functions, resulting in significant disruption to the

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7.1	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 2019 to 31 March 2020

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
Strategic Enabler of Community Risk Management			
Partnerships	A review of the strategic management (governance, reporting, risk management) of key partnerships, with particular emphasis on monitoring and measurement of outcomes. (Linked to risk CR3 3.2)	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
Freedom of Information	A review to ensure that the Authority has acknowledged the transparency code and have formally agreed to adhere to the reporting requirements. (Linked to risk CR7 7.2)	Medium	10

(WMFS – OFFICIAL – PUBLIC)

Auditable Area	Purpose	Risk Category	Estimated Days
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
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
Counter Fraud (Demonstrating a pro-active approach to countering fraud and corruption is a key element of the requirements of the external auditors.)	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 of fraudulent activity, money laundering, explore hosting a raising fraud awareness seminar and benchmarking against recognised best practice.	-	10

(WMFS – OFFICIAL – PUBLIC)

Auditable Area	Purpose	Risk Category	Estimated Days
	(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	20/21	21/22
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 AND RISK COMMITTEE

25 MARCH 2019

1. **AUDIT PLAN 2018/19**

Joint report of the Chief Fire Officer and Treasurer

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 2018/19.

2. **PURPOSE OF REPORT**

The purpose of the report is to seek Committee approval of Grant Thornton's Audit Plan. The plan (attached as an Appendix) 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 2018/19 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) has issued guidance for auditors on value for money work for 2018/19. 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 2018/19 the Authority is required to prepare the accounting statements by 30 June 2019 and to submit the audited 2018/19 accounts to the Audit and Risk Committee for approval by no later than 31 July 2019. 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 the Audit and Risk 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 2018/19 is £29,750.

BACKGROUND PAPERS

None.

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

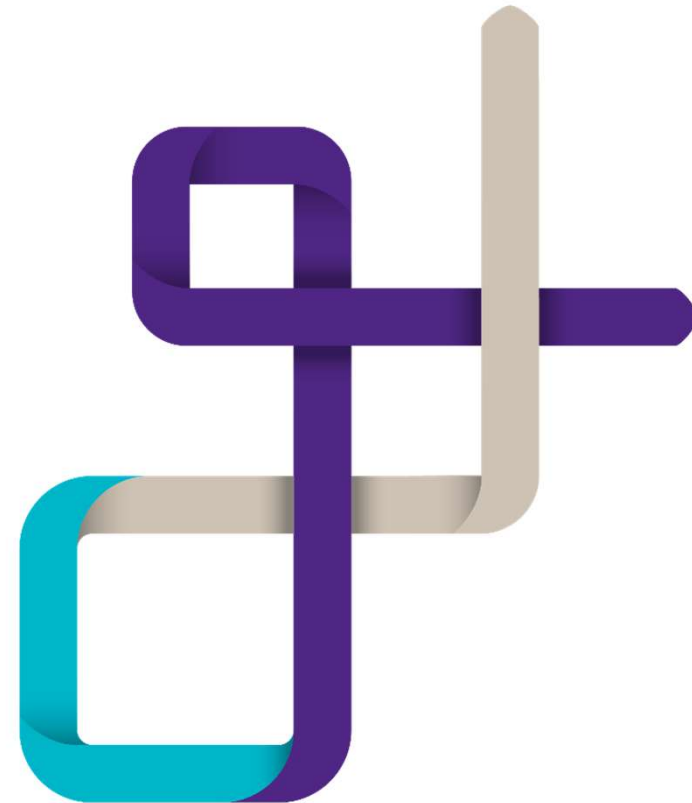
PHIL LOACH
CHIEF FIRE OFFICER

MIKE GRIFFITHS
TREASURER

External Audit Plan

Year ending 31 March 2019

West Midlands Fire & Rescue Authority
March 2019



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 all 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 out 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 :

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit & Risk 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 & Risk 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. We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

Significant risks`

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- The revenue cycle includes fraudulent transactions. This risk has been rebutted, please consideration of this risk.
- Management override of controls per ISA 240. see page 5 for our
- Actuarial valuation of pension liability.

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.

Materiality

We have determined planning materiality to be £2.488 million (PY £2.255 million) for the Authority, which equates to 2% of your prior year 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 £0.124 million (PY £0.113 million).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- Financial Sustainability.

Audit logistics

Our interim visits took place in January and February and our final visit will take place in June. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £29,750 (PY: £38,636) for the Authority, subject to the Authority meeting our requirements set out on page 11.

Independence

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.

Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. West Midlands Fire and Rescue Authority's net revenue budget for 2018/19 is £95m, comprising mainly of core funding from the Government (£53m) and precepts collected through Council Tax (£41m). As part of the four year funding settlement, WMFRA's core funding reduces by £9.895 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.

At a national level, the government continues its negotiation with the EU over Brexit, and future arrangements remain clouded in uncertainty (update as appropriate). The Authority will need to ensure that it is prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.

Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

We do not expect these changes to have a significant impact on the Authority, however WMFRA will need to have considered these changes to understand their effect on the Authority.

Financial Planning

The Authority will deliver a balanced budget for 2018/19 however this will require the use of £1.5 million of general reserves. The Authority's reserves have reduced from £9.2m in 2016/17 to £6.9m at the start of 2019-20. It is anticipated that £1.1 million of General Reserves will be utilised in 2019/20 and a further £0.75 million used in 2020/21, reducing general reserves to £5 million.

The 2019/20 budget requires savings of £3.8m to be made in order to achieve a balanced budget.

Looking forward, there are significant new risks emerging which will require the Authority to find further efficiency savings which include the impact of:

- FFPS – Employers Contributions – potential additional costs of £5.3 million per annum assuming no government funding.
- FFPS – Court of Appeal judgement – potential additional costs of £1.5m per annum.

Our response

- 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 material uncertainty about the going concern of the Authority and will review related disclosures in the financial statements.

- We will keep you informed of changes to the financial reporting requirements for 2018/19 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 2018/19 CIPFA Code.

- We will assess how the Authority has responded to these challenges in terms of its plans for future years.
- We will consider whether your financial position leads to material uncertainty about the going concern of the Authority and will review related disclosures in the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>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>	<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	<p>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.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£1,600 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.

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 Report in July 2019.

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 read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- 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 legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- 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 Authority'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

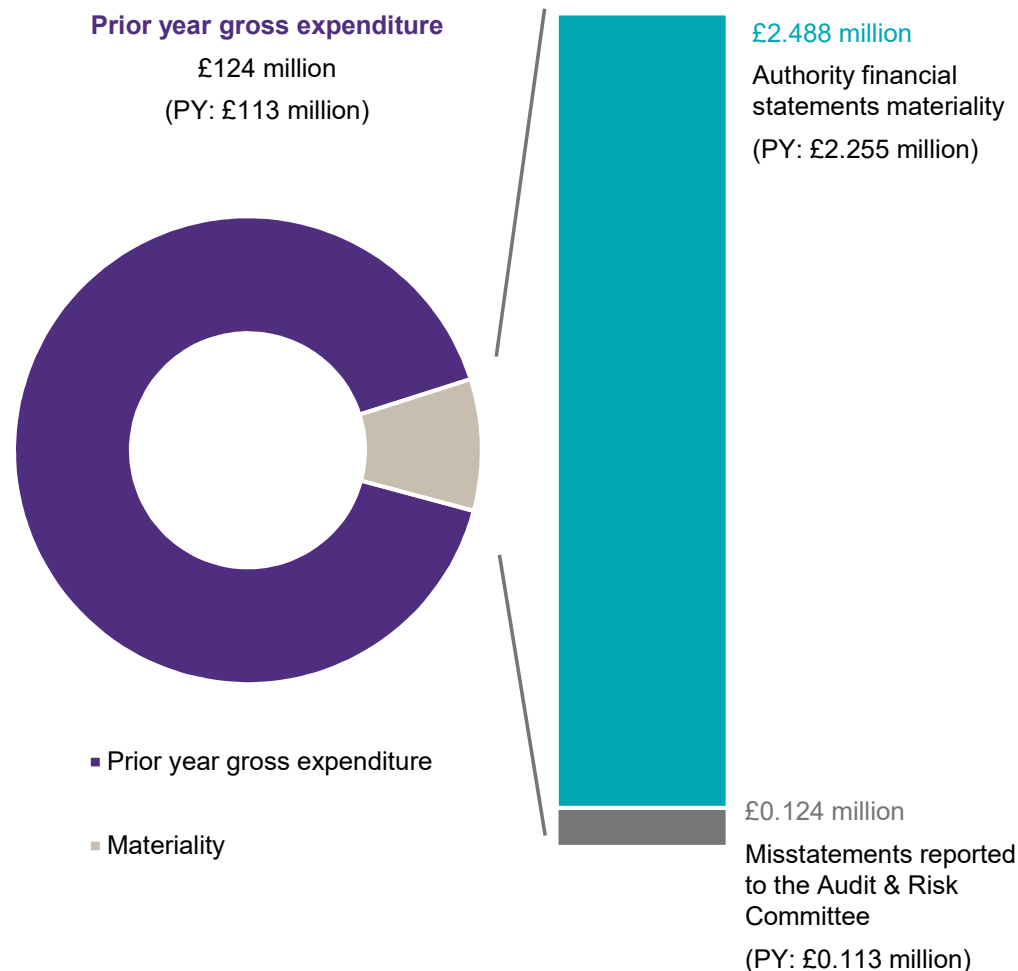
We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £2.488 million (PY £2.255 million) for the Authority, which equates to 2% of your prior year gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £100k for senior officer remuneration.

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 & Risk 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 & Risk 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 £0.124 million (PY £0.113 million).

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 & Risk Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

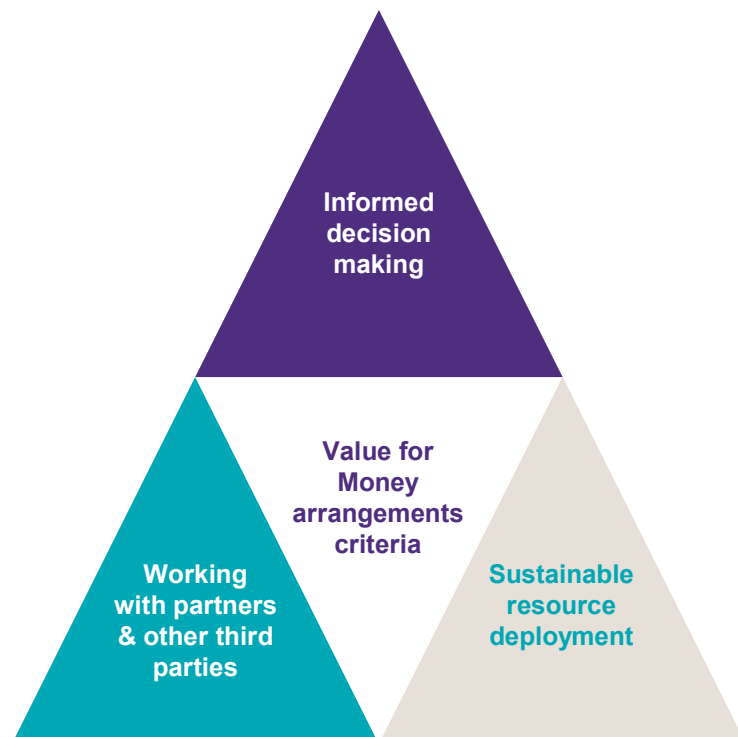
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work 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 to secure value for money.

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



Financial Sustainability

The Authority is forecasting that it will deliver the budget for 2018/19 however this will require the use of £1.5 million of general reserves. The Authority's reserves have reduced from £9.2million in 2016/17 to £6.9 million at the start of 2019/20. It is anticipated that £1.1 million of General Reserves will be utilised in 2019/20 and a further £0.75 million used in 2020/21, reducing general reserves to £5 million.

The 2019/20 budget requires savings of £3.8 million to be made in order to achieve the budget.

Looking forward, there are significant new risks emerging which will require the Authority to find further efficiency savings which include the impact of:

- FFPS – Employers Contributions – potential additional costs of £5.3 million per annum assuming no government funding.
- FFPS – Court of Appeal judgement – potential additional costs of £1.5m per annum.

We will:

- assess how the Authority has responded to these challenges in terms of its plans for future years.
- consider whether your financial position leads to material uncertainty about the going concern of the Authority and will review related disclosures in the financial statements.

Audit logistics, team & fees



Richard Percival, Engagement Lead

Richard's role will be to lead our relationship with you and be a key contact for the Chief Fire Officer, Treasure and the Audit & Risk Committee. Richard will take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Trust as well as ensuring that Grant Thornton's full service offering is at your disposal.



Javed Akhtar, Audit Manager

Javed's role will be to manage the delivery of a high quality audit, meeting the highest professional standards and adding value to the Trust.



Steph Quartermaine, Assistant Manager

Steph's role will be to be the day to day contact for the Authority's finance staff, will take responsibility for ensuring there is effective communication and understanding by finance of audit arrangements. Steph will focus on the technical matters raised by you throughout the audit

Audit fees

The planned audit fees are £29,750 (PY: £38,636) for the financial statements audit completed under the Code, which are inline with the scale fee published by PSAA. 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 31 July audit timeframe

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

The Authority successfully met the early close deadline for 2017/18 and again 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 10). 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.

We confirm that we have implemented policies and procedures to meet the requirements of 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 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. No other services were identified.

Appendices

A. Audit Approach

Audit approach

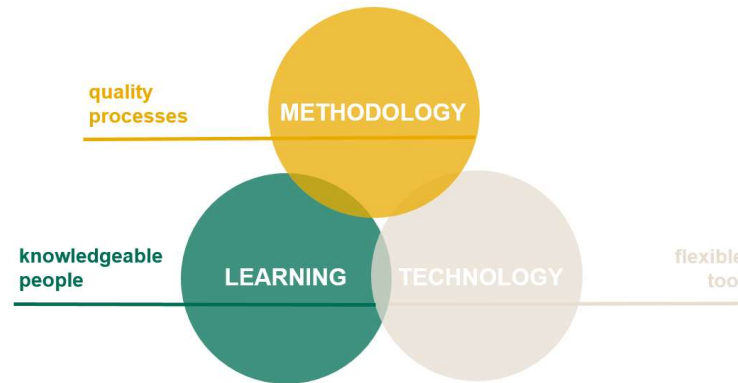
Use of audit, data interrogation and analytics software

LEAP



Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- A cloud-based industry-leading audit tool developed in partnership with Microsoft



IDEA



- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

Appian



Business process management

- Clear timeline for account review:
 - disclosure dealing
 - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on

Inflo



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST & SHARE

- Communicate & transfer documents securely
- Extract data directly from client systems
- Work flow assignment & progress monitoring



ASSESS & SCOPE

- Compare balances & visualise trends
- Understand trends and perform more granular risk assessment



VERIFY & REVIEW

- Automate sampling requests
- Download automated work papers



INTERROGATE & EVALUATE

- Analyse 100% of transactions quickly & easily
- Identify high risk transactions for investigation & testing
- Provide client reports & relevant benchmarking KPIs



FOCUS & ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 7

AUDIT & RISK COMMITTEE

25 MARCH 2019

1. CORPORATE RISK UPDATE

Report of the Chief Fire Officer.

RECOMMENDED

THAT Audit and Risk Committee approve the Corporate Risk Assurance Map Summary (Quarter 3, 2018/19, Appendix 1) and note the Position Statement (Quarter 3, 2018/19, 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 2018/19 and Quarter 3 2018/19.

3. BACKGROUND

- 3.1 This report includes the Corporate Risk Assurance Map Summary and the Position Statement for Quarter 3 2018/19. 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 Service's risk management strategy, the Corporate Risk Assurance Map Summary is submitted for approval by the Audit and Risk 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 2018/19 (Appendix 1) and the Position Statement for Quarter 3 2018/19 (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 4 2017/18 and Quarter 1 2018/19) there has been an increase in the risk scores for Corporate Risk 9, Business Development, 9.1 and 9.2. These two risks have materialised and so Officers are unable to provide assurance for these risks.

3.11 The Position Statement attached as Appendix 2 provides 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 2018/19 and Quarter 3 2018/19).

- Corporate Risks 1.1, 1.2, 2.3, 4.1, 5.1, 5.2, 8.1 and 8.2 have been awarded a green confidence (substantial) opinion, which is the highest level that can be awarded.
- Corporate Risks 2.1, 2.2, 3.1, 3.2, 6.1, 7.1 and 7.2 have been awarded an amber (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.

Position Statement Summary

- 3.14 **Corporate Risk 1 – External (Political and Legislative) Environment** The timeline of governance change has changed due to the delay in the parliamentary process in the laying of the Order. The joint project team between West Midlands Combined Authority (WMCA) and West Midlands Fire Service (WMFS) maintains monthly meetings to enable progress of financial, human resource and communication work streams.
- 3.15 **Corporate Risk 2 – People** The risk owner is confident that positive progress is being made in relation to the delivery of several elements of the collection agreements to include, the review of the Health and Safety Framework and the Employee Relations Framework.
- 3.16 **Corporate Risk 3 – Prevention** In relation to the “health” related questions within the Safe and Well visit, a compromised position has been reached with the FBU whereby information will be gathered for all questions. In cases where Firefighters are uncomfortable asking specific questions, the householder will be asked to complete an online form to provide the relevant information.
- 3.17 **Corporate Risk 4 – Protection** Positive progress continues with the development of the Risk Identification and Data Gathering Engine and enhancements to enriching the data sets that inform premise risk scores within the risk scheduler. Fire Safety Officers continue to identify and adopt high risk premises for pre-planned audits from the Risk Identification Data Gathering Engine minimal viable product.
- 3.18 **Corporate Risk 5 – Response** The risk score was increased in this area at the end of Quarter 2 as a result of the requirement to reduce resource availability as a financial

control measure to meet the £750k deficit within the Financial Efficiency Plan following the withdrawal from the Falls Response activity.

- 3.19 **Corporate Risk 6 – Business Continuity and Preparedness** Guidance and technical notes on how to prepare for Brexit if there is no deal have been published by the Department for Exiting the European Union. The West Midlands Local Resilience Forum Risk Assessment Working Group have been tasked with assessing the potential impact of the Brexit and carry out regular multi-agency meetings to share information and make appropriate arrangements going forward.
- 3.20 **Corporate Risk 7 – Information, Communications and Technology** Work is taking place with external companies and peers in following national guidance with regard to the recent increase in cyber security threats. In addition, there has been an increase in the level of in-house expertise in relation to systems and information security.
- 3.21 **Corporate Risk 8 – Finance and Assets** With the removal of the New Entrant contracts it was recognised that this would have a significant impact of the Services ability to generate Alternative Funding and achieve the full level of staff savings reflected within the Financial Efficiency Plan. At the Authority meeting held on 17 September 2018, Members supported a reduced level of Voluntary Additional Shifts to make savings of £750k in 2018/19.
- 3.22 **Corporate Risk 9 – Business Development** At the February Authority meeting a revised strategy will be presented, if this is agreed there will no longer be a requirement to achieve flexible funding targets through business development and this risk will be removed.

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

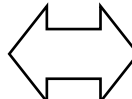
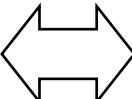
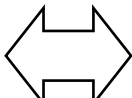
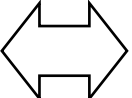
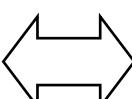
Corporate Risk Update to Audit Committee,
Audit Committee Report, 25 July 2016

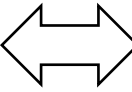
Delivery of The Plan 2018-21
Executive Committee Report, 6 June 2018

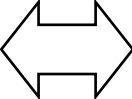
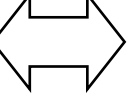
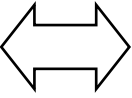
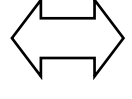
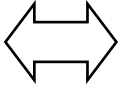
The contact for this report is Deputy Chief Fire Officer, Philip Hales,
telephone number 0121 380 6004.

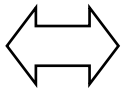
PHIL LOACH
CHIEF FIRE OFFICER

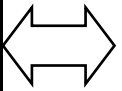
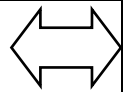
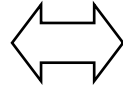
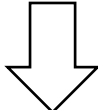
Corporate Risk Assurance Map - Summary - Qtr 3 2018/19

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	3	9
CR2	People	SE People - Sarah Warnes (2.3 - Steve Vincent)					
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.				3	3	9
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.				2	2	4
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No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
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.				2	4	8
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	3	9
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
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No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
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	1	4
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.				2	2	4

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. Although the timeline for laying of the Order has now changed this is due to delays in the parliamentary process and a date for laying within January 2019 is now expected. This should not impact on the overall transfer month of April 2019.</p> <p>The joint implementation project team between West Midlands Combined Authority (WMCA) and West Midlands Fire Service (WMFS) maintains monthly meeting to enable progress of financial, human resource and communication work streams. The approach to Transfer of Undertakings Protection of Employment (TUPE) is well planned and engagement is taking place with Representative Bodies.</p> <p>Constitutional details around key roles and responsibilities and a decision-making framework as well as the role of the Mayoral Fire Committee is being worked upon for approval via the WMCA in February 2019. This will enable an effective and robust approach to governance and decision making in the new arrangements.</p> <p>The benefits that will be delivered as an outcome of this governance change will reform the governance structure for the service and present opportunities to work collaboratively, in the delivery of services to local communities through working with other public services to target vulnerable communities. These benefits are intended to ensure the Service can continue in its delivery of the Authority's approved Strategy and Integrated Risk Management Plan (IRMP) and as such planned community outcomes. The change in governance and the ongoing work to review the Authority's strategy will mean a change to The Plan for 2019-2022. Consideration of this revision this year and for future years will be undertaken by the Fire Authority in the February 2019 Authority meeting. The decisions taken throughout these meetings have the potential to impact on effective management of this risk. Whilst the environment around this risk is changing and there are changes to control measures to manage this, the risk scores</p>
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	remain the same as no impact to the legislative duties of the Service have been realised and are now more limited through public service reform.
Changes to control measures	Control measures have been updated to reflect the status but remain the same. As cited above the decision taken by the Executive Committee on the 6 June will impact on the future transformation of the Service and public service reform when transferred into the WMCA. Whilst it will not prevent the delivery of legislative services there will be an impact on how these services can be delivered within increased financial pressures. The strategy to address this will be reported into Fire Authority on the 18 th February 2019
Assurance updates	The approaches and relationships needed to manage this risk effectively continue to be in place and are well established. The recent strategic changes now need to be managed through to February 2019 (Budget and Strategy setting) to understand the impacts and early recognition of emerging threats.

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 remains the same as the previous quarter. The Authority and Service continues to progress effectively working with partners in collaboration through established and emerging collaborative opportunities. The withdrawal of falls response contracts has taken place with the exception of Wolverhampton which is due to end in March.</p> <p>A referral system has been put in place to ensure safe and wells can still be delivered to the users of this service. Due to the 6 June decision to withdraw New Entrant Contracts and the revision of the Strategy for 2019-2022, the impact on this change on the ability for the Service to enter into collaborative partnerships from a wider health perspective is yet to be determined. However, the ability to deliver more transformational health related services linked to causes of fire is currently limited.</p> <p>The future proposed change in governance as outlined in risk 1.1, will provide a different perspective and new opportunities to more directly create opportunities for change. These arrangements are not due to be implemented until April 2019.</p>
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Changes to control measures	Control measures for this risk are aligned to risk 1.1 Whilst control measures regarding governance change and engagement in areas of work with the WMCA are progressing, a key control measure relating to the delivery of wider health work has been changed to red for confidence and effectiveness. The ability for the service to continue to deliver these services is much reduced. This has the potential to impact on the ability of the Service to position itself favourably in the future, when seeking wider public service reform opportunities. An additional control measure has been introduced with regards to the stepped approach to the revision of the Authority's strategy. This commenced in September and will be fully realised in February 2019. The local agreement for the draft Order which will create the governance change is positive as is the Home Offices acceptance of its content and its anticipated progression into the parliamentary process.
Assurance updates	The approaches and relationships needed to manage this risk effectively continue to be in place and are well established. However, the amendment to control measure 1.2.1.8 presents a change in assurances around this risk. The recent strategic changes now need to be managed through to February 2019 (Budget and Strategy setting) to understand the impacts and early recognition of emerging threat.

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	The overall risk has remained the same this quarter at 9 (likelihood 3 x impact 3). This was following a reduction from the 1 st quarter of the year 12 (likelihood 4 x impact 3).
Changes to control measures	Good progress has been made in the delivery of several elements of the collective agreements (CA's) to include: the review of the Health and Safety Framework and the Employee Relations Framework, The snapshot review and full Cultural review. Work is now underway with all representative bodies to align these CA's to our current policies and procedures. As part of this work the Employee Relations Framework is currently undergoing a review with positive engagement and contribution from all trade unions. The framework in relation to the working arrangements for the joint working party, joint

	<p>consultative committee and the joint consultative panel are also being amended to reflect the CA's.</p> <p>The Fire Authority was presented with several proposals for the delivery of the future strategy on 17 September 2018. In considering the "in year" 2018/19 short term financial control measures it was agreed that the service would reduce the use number of voluntary additional shifts. This has now been implemented and will continue to be evaluated to ensure minimal impact on the service delivery model and staff.</p> <p>The options presented in relation to the financial efficiency plan for 2019/20 have now been developed further and more detail was provided to the Fire Authority on 19 November 2018 with a further paper being presented on 18 February 2019.</p> <p>In relation to staff feedback and communications What's Happening Visits have taken place with the strategic enabling team and middle managers to communicate these options along with information in relation to future governance and the transfer to the combined authority to seek feedback. The response has been positive to this approach. These visits will continue over quarter 3.</p> <p>Consultation and engagement through the employee relations framework continues to be positive throughout the quarter with all options being consulted on through the joint consultative committee.</p>
Assurance updates	The risk owner is confident in the progress that has been made in the last quarter and that plans are in place to maintain positive relations with representative bodies and staff. This has led to the risk score remaining the same.

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 9 due to the current position as discussed in 2.1.
Changes to control measures	The three-year staffing strategy continues to provide a strong level of forecasting for the organisation. Current recruitment and selection processes continue to ensure staffing levels are maintained to ensure the delivery of the Service Delivery

	<p>Model. In addition, the revised attraction and selection process is enabling a high level of successful candidates from underrepresented groups.</p> <p>The Competency Risk Assessment recommendations were approved for 2018/19 and have been applied for the first two quarters of the year. Improvements to the Distributed Training Model (DTM) project are progressing well. The capacity issue raised in the incident command centre regarding the ability to deliver the number of standardised assessments has been addressed and will continue to be monitored through the service delivery performance structure and the level of completed incident command standardised assessments is now at 40%. Good progress is being made in relation to all standardised assessments and will be monitored for progress as part of the quarterly performance review. Further development is being carried out on the reporting tools to ensure we are gathering the appropriate levels of intelligence in a timely manner.</p>
Assurance updates	The risk owner is assured that the current control measures ensure the delivery of the services and therefore the risk score of 9 will remain the same in this quarter.

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>The overall risk score remains the same at 6 (likelihood 2 x impact 3). This is a medium rated risk</p> <p>Further to the Health and Safety Executive inspection in September, we have now been informed there won't be a formal report. Instead, we have been invited to an "intervention and good practice feedback event" at the Scottish FRS in March 2019. The HSE will advise which area of our good practice they would like us to talk about.</p> <p>Performance against corporate indicators reflects that injuries are on target at the end of quarter 3 (actual 91 compared to target 95). In respect of RIDDOR, performance is on target at the end of quarter 3 (actual 11 compared to target 11).</p> <p>Following the positive resolution to the trade dispute, monthly Health, Safety and Wellbeing Committee meetings are now being held at Brigade level, involving the Representative</p>
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	<p>Bodies. The FBU has also been involved in joint accident investigations, as allowed for in the collective agreement.</p> <p>Health, Safety and Wellbeing is due to be considered in the HMICFRS inspection, during January 2019.</p>
Changes to control measures	The corporate risk assurance map has been updated, to reflect changes in policy reference numbers, risk owner and to check that the control measures are still valid.
Assurance updates	Control measures have been reviewed January 2019.

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>With the resolution around the trade dispute conversations have progressed with the FBU in relation to the “health” related questions within the Safe and Well visit. Jason Campbell presented a paper at September 2018 Joint Consultative Committee clearly stating the WMFS position that all staff should ask all questions at every visit to ensure equity of delivery and management of risk (via Prevention) in line with the IRMP.</p> <p>Following consultation, a compromised position has been reached with the FBU whereby information will be gathered for all questions. In cases where Firefighters are uncomfortable asking specific questions, the householder will be asked to complete an online form to provide the relevant information. This IT solution is currently being developed as part of the introduction of Tymly currently being piloted in Black Country South, with the view to eventually rolling it out across the brigade.</p>
Changes to control measures	No changes are required as this solution provides an adequate platform for WMFS to manage risk (via Prevention) in line with the IRMP.
Assurance updates	None in this quarter. Performance will be monitored via PIM.

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	<p>We have been successful in creating two-way referral pathways with health and social care partners whereby we are notified of an increased fire risk and we refer to health, mental health and social care services.</p> <p>In this quarter, we are working to cleanse our partnerships data base to ensure we have an effective record of true partnerships in relation to Safe and Well referrals. Analysis has been supplied to all commands identifying the true level of partnership activity as a guide for the cleansing process. This has already resulted in a small reduction in the percentage of referrals from partners during Q3, with a greater reduction expected in Q4.</p>
Changes to control measures	No changes are required for this quarter however, subject to the position following the data cleanse this will be reviewed.
Assurance updates	None in this quarter. Performance is being monitored via PIM.

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	<p>The overall risk score remains at 6 – likelihood score remains at 2 and the impact score remains at 3.</p> <p>The Risk Identification and Data Gathering Engine that forms the Protection Risk Based Inspection Programme remains as a functional minimal viable product. Development from a tested and working minimal viable product continues to be developed. and managed to a fully completed product within a project management methodology.</p> <p>Meeting statutory 15 day building regulation consultation timescales continues to be challenging for the Planning and Building Regulation Applications team due to continued high demand and complexity of applications.</p>
Changes to control measures	There are no changes to control measures in relation to the control of this risk.

	<p>Positive progress continues with the development of the Risk Identification and Data Gathering Engine and enhancements to enriching the data sets that inform premise risk scores within the risk scheduler. Fire Safety Officers continue to identify and adopt high risk premises for pre-planned audits from the Risk Identification Data Gathering Engine minimal viable product. Fire Safety Officers continue to support enhancements to the end user experience of the minimal viable product through routine application of the Risk Based Inspection Programme.</p> <p>Phase 2 of the development from a minimal viable product to full completion of the Risk Identification Data Gathering Engine has now been scoped for final development and a schedule of system requirements are in the process of being confirmed for completion by ICT. Final system requirements and key milestones will be captured within the project timeline.</p> <p>The flexible resourcing of the Planning and Building Regulations Protection team has enabled performance improvements in meeting stipulated timescales for statutory building regulation consultations to continue. Current achievement of 98% of consultations being achieved within the 15 day timescales despite a number of large and complex applications being received.</p> <p>Achievement of statutory consultations being processed within stipulated timescales continue to be monitored under routine performance management arrangements.</p> <p>Additional investment for Protection resources has been agreed by the Fire Authority November 2018. Additional resources will be assigned to the Planning and Building Applications team to ensure the continued discharge of statutory responsibilities in regards to building regulation consultations. The selection process for the additional Protection resources is scheduled to commence January 2019.</p> <p>Following recruitment of a Primary Authority and Fire Engineer Manager and two qualified Fire Engineers from within existing Protection resources, the impact of the loss of the previous 3 Fire Engineers reported within Quarter 2 has been assessed. The replacement Fire Engineers are now responsible for delivery of the Primary Authority Scheme and supporting the Planning and Building Regulations Applications team in discharging statutory consultations for applications incorporating fire engineered solutions. Statutory responsibilities continue to take priority over potential commercial opportunities appropriate for Fire Engineer engagement.</p>
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	Protection officers continue to prioritise notifications of buildings with suspected or confirmed aluminum cladding materials to ensure public safety and enhance public confidence.
Assurance updates	Level 1 – assurance is provided by the control owner and is verified by the risk owners.

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	The overall risk score remains unchanged
Changes to control measures	<p>The risk score was increased in this area at the end of Q2 as a result of the requirement to reduce resource availability as a financial control measure to meet the £750k deficient within the Financial Efficiency Plan following withdrawal from Falls Response activity.</p> <p>As a consequence, the 3 2nd PRL are currently planned to be crewed with 4 personnel (previously 5) and there are the equivalent of 4 core BRVs unavailable during each 24-hour period. This has resulted in fleet availability reducing from a figure of circa 99% to one closer to 95%. This has increased risk as a result of additional demand on PRLS, potentially increased time to ensure a safe system of work is in place and a reduction in prevention and protection activities.</p>
Assurance updates	Level 1 assurance provided by risk owner

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 overall risk score remains unchanged.</p> <p>Since the relocation of the Fire Control has gone live there has been a Safety Critical Notice issued by the FBU who have raised concerns about the evacuation procedure and security arrangements. These concerns will be addressed in a</p>	
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	<p>response to the Safety Critical Notice and logged at the Health and Safety Committee.</p> <p>The Warwickshire Collaboration Programme Board decision to explore the option of delivery of a single control room for Warwickshire, West Midlands and Staffordshire from WMFS Headquarters continues to develop with ongoing support provided at Programme Board in December 2018 and a final officer decision being taken at 1st March 2019 prior to seeking approval through both Authorities Governance structures.</p>	
Changes to control measures	<p>Continuous improvements to Fire Control business continuity arrangements are contained within the fire control 3PT project.</p> <p>A revised fire alarm and evacuation procedure has been implemented and tested within the new fire control area. An ongoing programme of testing and familiarisation will continue until each watch has completed 4 evacuation exercises. The testing to date has not highlighted any significant concerns that have resulted in any changes to the approach.</p>	
Assurance updates	Level 1 assurance provided by the risk owner	

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>Brexit</p> <p>Guidance and technical notices on how to prepare for Brexit if there is no deal have been published by the Department for Exiting the European Union. The West Midlands Local Resilience Forum Risk Assessment Working Group have been tasked with assessing the potential impact of the Brexit and carry out regular multi-agency meetings to share information and make appropriate arrangements going forward.</p> <p>West Midlands Fire Service has also considered government planning assumptions, technical notices and intelligence from partner agencies to assess the impact of Brexit and put in place appropriate mitigations. West Midlands Fire Service have</p>
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	made arrangements to take part in, and lead future multi-agency coordination groups in the lead up to 29 th March.
Changes to control measures	The risk score remains at: x 3 (likelihood) x 3 (impact) = 9 (Medium).
Assurance updates	<p>Plans and Arrangements</p> <p>The Severe weather business continuity plan has been reviewed. As part of this review, all Flexi Duty Officers been issued (if requested) snow socks for their vehicles to use when on duty.</p> <p>A review has taken place on one of the Upper Tier Control of Major Accident Hazard sites, Solvay Solutions. This review has involved multi-agency consultation and workshops to develop an exercise to validate the new plan.</p> <p>All other plans are reviewed as part of the normal emergency planning and business continuity review schedule. Following all incidents and exercises, a lessons identified log is maintained to ensure lessons identified are implemented.</p> <p>Radiation (Emergency Preparedness and Public Information) Regulations, 2001.</p> <p>The above regulations have undergone consultation and are due to be published early 2019. An initial assessment of the anticipated updated regulations does not cause any implications for West Midlands Fire Service. Another full review will be conducted when the regulations are published.</p> <p>Grenfell</p> <p>A report detailing multi-agency actions since Grenfell has been shared with the Local Resilience Forum and relevant Emergency Planning actions have been added to the 3PT project management tool, through Organisational Intelligence.</p> <p>Business Continuity</p> <p>The Emergency Planning team continue to deliver Business Continuity training and Tactical Decision Exercises to watches to ensure that Business Continuity is embedded throughout the brigade.</p> <p>Emergency Planning also attended the global business continuity institute conference in November to identify leading practice and become familiar with the updated Business Continuity Good Practice Guidelines.</p> <p>West Midlands Fire Service Emergency Planning, Data Management and ICT have taken part in a multi-agency cyber exercise led by the Ministry of Housing, Communities and</p>

	<p>Local Government as part of the National Cyber Security Programme. A report of learning identified and future areas for consideration will now be complete.</p> <p>Incident Room West Midlands Fire Service Incident Room has now been relocated within the Headquarters building and is located next to Fire Control. This will help increased situational awareness and joint working during Incident Room activations. The room also has Fire Control mobilising systems installed to improve incident room manager training and increase resilience and capacity.</p> <p>Training The Emergency Planning team, Incident room managers and other relevant staff have taken part in training from the Emergency Planning College, including Control of Major Accident Hazard, tactical emergency management and mass fatalities.</p>
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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. This suite of Office 365 products has enabled secure accessibility to ICT functionality from a wider range of devices and locations including ones not provided by the organisation. The rollout of Virtual Device Infrastructure (VDI) terminals to replace desktop computers at several organisational locations has reduced the storage of data on individual computers. This means that most 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 reliance upon the in-house data centre has reduced significantly. However, this needs to be balanced against the uplift in malicious cyber-attacks being experienced. We are working with external companies and peers in following national guidance with regard the recent increase in cyber security threat. We have also bolstered the level of in-house expertise in relation to systems and information security.</p>
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	<p>The first technical standard that will be incorporated into the Government Functional Standard for Security was published in June 2018. Baseline against current position for the organisation has identified areas to be developed.</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 has reduced the impact significantly of the loss of an on-premises data centre. Work is ongoing to establish accreditation for Code of Connection (CoCo) to the Emergency Services Network (ESN) and the Public Services Network (PSN) ensuring that Home Office and NFCC requirements around cyber security threats are met.</p> <p>Additional requirement to meet the first technical standard that will be incorporated into the Government Functional Standard for Security. Compliance with the Government Cyber Essentials standard has been achieved as directed in the technical standard and further work has been scoped.</p>
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. Post implementation of the European Union General Data Protection Regulations (EU GDPR) on 25th May 2018 there is an increased requirement for organisations to demonstrate ongoing compliance with the legislation.</p>
Changes to control measures	<p>Advice and guidance about information security has been published to all employees as well as the rollout of bespoke training packages related to EU GDPR to improve organisational understanding. Increased drive to ensure all employees have undertaken required training by December</p>

	<p>2018 as the number of reported data protection breaches has increased.</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 was allocated and a project plan was executed to implement the requirements of the EU GDPR. The post project review will identify ongoing activities to provide continued compliance and assurance.</p> <p>Officers are continuing to work collaboratively through National Fire Chief's Council (NFCC) work streams to ensure national guidance is embedded consistently.</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.</p> <p>The overall risk level is Medium</p>
Changes to control measures	<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 presented 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 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>On June 6th 2018 the Executive Committee approved the removal of New Entrant contracts to avoid industrial action by Grey Book staff. It was recognised this decision would have a significant impact on the Services ability to generate Alternative Funding and achieve the full level of staff savings reflected within the FEP. At the Authority meeting on 17th September 2018, Members supported a reduced level of Voluntary Additional Shifts to make savings of £750k in 2018/19 to offset the shortfall in the FEP. Further work was</p>

	<p>undertaken on five options presented to Members at the same Authority meeting, which were reported back to the 19th November Authority meeting. A further report is due to be presented to the Fire Authority meeting on 19th February 2019, recommending the basis of the Service changes to be made from 2019/20 to ensure the 2019/20 budget and beyond can be set in a balanced manner (i.e. to meet the FEP shortfall combined with the Protection Function approve investment of £600k [Fire Authority meeting 19th November 2018] plus any proposed support service investments to be considered at the February 2019 Fire Authority meeting)</p> <p>Thus, the Risk Owner considers the likelihood score of 3 should remain unchanged at this stage.</p>
Assurance updates	<p>The work and associated reports of the external auditor provides assurance against several controls in place to manage against the realisation of risk on the assurance map.</p> <p>Level 1 assurance has been provided across most 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 risk.</p>

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 several controls in place to manage against the realisation of risk on the assurance map.</p> <p>Level 1 assurance has been provided across most of the control environment with most controls measures being</p>

	<p>awarded at substantial (green) rating in terms of their effectiveness in managing risk triggers and are supported by several 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 risk.</p>
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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	The risk score is 4 (Likelihood) x 3 (Impact) = 4. 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	The Authority has commissioned officers to develop options to make appropriate budget reductions necessary to set a balanced budget. At the February Authority meeting the revised strategy will be presented, provided that is agreed, there will no longer be a requirement to achieve flexible funding targets through business development and this risk will be removed.

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	The risk score has reduced to 2 (Likelihood) x 2 (Impact) = 4. The overall risk level is Low.
Changes to control measures	There is no change to the control measures associated with the effective management of this risk.

Assurance updates	Work has commenced with Commissioners and Local Authorities to manage the withdrawal of the health contracts. This has been achieved for two contracts. The third and final contract will cease on the 3 April 2019.
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WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

25 MARCH 2019

1. **INFORMING THE AUDIT RISK ASSESSMENT - WEST MIDLANDS FIRE AND RESCUE AUTHORITY 2018/19**

Joint report of the Chief Fire Officer and Treasurer

RECOMMENDED

THAT the Committee note the content of the Informing the Audit Risk Assessment – West Midlands Fire & Rescue Authority 2018/19 attached as an Appendix.

2. **PURPOSE OF REPORT**

The report is provided to keep the Audit and Risk 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 the Audit and Risk Committee members continue to remain informed upon audit matters, the external auditor has provided a report to the Audit and Risk Committee report. It is the intention of the external auditor to provide an update at all Audit and Risk Committee meetings.

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

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

- 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

MIKE GRIFFITHS
TREASURER

Informing the audit risk assessment West Midlands Fire & Rescue Authority 2018/19

Year ended 31 March 2019

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between auditors and the Authority's Audit and Risk 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 and Risk 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 and Risk Committee. ISA(UK&I) emphasise the importance of two-way communication between the auditor and the Audit and Risk Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and Risk 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 and Risk Committee and supports the Audit and Risk 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 and Risk 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. The Audit and Risk Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

Fraud

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 and Risk Committee and management. Management, with the oversight of the Audit and Risk 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 and Risk 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 and Risk 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 and Risk Committee oversees the above processes. We are also required to make inquiries of both management and the Audit and Risk 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
Has the Authority assessed the risk of material misstatement in the financial statements due to fraud, including the nature, extent and frequency of such assessments?	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.
What processes does the Authority have in place to identify and respond to risks of fraud, including any identified specific risks of fraud and risks of fraud likely to exist?	The Authority has a Anti Fraud & Corruption standing order in place. This is also supported by a Whistleblowing Policy which includes a confidential reporting framework; these are reviewed in a timely manner. Internal Audit include fraud risks in their planning process and act as an effective internal control against fraud. Regular reports are made to Audit and Risk Committee. In addition, the Authority receives advice from the Audit Fraud Team at Sandwell Metropolitan Borough Council.
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	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 Authority also participate in the National Fraud Initiative. 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 2018/19.
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?	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.
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)?	None known. Head of Internal Audit Opinion in 2017/18 did not highlight any weaknesses in this area.

Fraud risk assessment

Question	Management response
Are there any areas where there is a potential for misreporting override of controls or inappropriate influence over the financial reporting process?	None known. Head of Internal Audit Opinion in 2017/18 did not highlight any weaknesses in this area.
How does the Authority communicate with those charged with governance regarding their processes for identifying and responding to risks of fraud in the entity?	Internal Audit provide the Audit & Risk Committee with updates of their work on fraud prevention and detection, including any significant identified frauds and the action taken. The Audit Fraud team at Sandwell Metropolitan Borough Council also provide training to the Authority.
How does the Authority communicate ethical behaviour of its staff and contractors?	There is an Employee Code of Conduct and Financial Regulations. Staff are regularly reminded of these.
How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?	There is a Anti Fraud & Corruption standing order in place and a Whistleblowing procedure in place which explain the procedures to follow. No significant issues have been reported under the Bribery Act.
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	The 2017/18 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.
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 2018?	There are no known instances of fraud that have been identified during the year.
Are you aware of any whistle-blower reports or reports under the Bribery Act since 1 April 2018? If so, how does the Audit and Risk Committee respond to these?	There are no known instances that have been identified during the year.

Laws and regulations

Matters in relation to laws and regulations

ISA(UK&I)250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and Risk 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.

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 and Risk 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 noncompliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
What arrangements does the Authority have in place to prevent and detect non-compliance with laws and regulations?	<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 and also by Grant Thornton.</p>
How does management gain assurance that all relevant laws and regulations have been complied with?	See response above
How is the Audit and Risk Committee provided with assurance that all relevant laws and regulations have been complied with?	See response above
Have there been any instances of non-compliance or suspected non-compliance with law and regulations since 1 April 2018, or earlier with an on-going impact on the 2018/19 financial statements?	None noted.

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 noncompliance?	None noted.

Going concern

Matters in relation to laws and regulations

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.

Going concern is a fundamental principle in the preparation of financial statements. Under the going concern assumption, an Authority is viewed as continuing in operation for the foreseeable future with no necessity of liquidation or ceasing trading. Accordingly, the Authority's assets and liabilities are recorded on the basis that assets will be realised and liabilities discharged in the normal course of business. A key consideration of going concern is that the Authority has the cash resources and reserves to meet its obligations as they fall due in the foreseeable future.

We have discussed the going concern assumption with key Authority officers and reviewed the Authority's financial and operating performance. Below are key questions on the going concern assumption which we would like the Audit and Risk Committee to consider.

Going concern considerations

Question	Management response
Is the going concern basis of accounting a fundamental principle in the preparation of the financial statements ?	The Authority's latest Medium Term Financial Strategy indicates a balanced position in year with a Financial Efficiency Plan to meet the reduction in core funding from 2016/17 – 2019/20. However, saving required within the Financial Efficiency Plan would not be fully achieved and therefore a Strategy Options report was submitted to Members for approval (18/02/19). The budget report also highlighted a number of issues which could influence future core funding, which the Authority would need to consider and monitor progress. 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 2019/20 budget was approved by the Authority on 18/02/2019.
Has a preliminary assessment of the entity's ability to continue as a going concern been performed ?	See response above.
What is the basis for the intended use of the going concern assumption, and are 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 2019/20 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 and Risk Committee?	The Strategic Enabler of Finance and Resources has presented details of the 2019/20 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 in that report (e.g., 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 Efficiency 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.

Going concern considerations

Question	Management response
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 2019/20 Budget reflect government changes in terms of the indicated reduction in core funding and the financial settlement.
Have there been any significant issues raised with the Audit and Risk 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).	The Strategic Enabler of Finance and Resources presented details of the 2019/20 budget on 18/02/2019. 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.
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?	Review of the latest detailed financial information presented to Authority members (as at January 2019) 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.
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?	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 2019/20.

Related parties

Matters in relation to Related Parties

Local Authorities are required to comply with International Accounting Standard 24 and disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Authority (i.e. subsidiaries);
- associates and/or joint ventures;
- an entity that has an interest in the Authority that gives it significant influence over the Authority;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Authority, or of any entity that is a related party of the Authority.

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. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related party considerations have been set out below and management has provided its response.



Related parties

Question	Management response
<p>What controls does the Authority have in place to identify, account for, and disclose related party transactions and relationships?</p>	<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.
<p>Who are the Authority's related parties, including changes from prior period?</p>	<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 2017/18 there were no such related parties identified.</p> <p>Going forward the Authority will have closer dealings with West Midlands Combined Authority in the continued move to be part of the WMCA, however this will not include any financial transaction to be reported in the financial statements note.</p>

Accounting estimates

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. This 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 identified the transactions, events and conditions that may give rise to the need to 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 are using as part of their 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.

Accounting estimates

Question	Management response
Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes, where estimates are required appropriate estimation methodology is utilised. Estimated are prepared by those who are best qualified e.g. for pension and asset valuations.
How are transactions, events, and conditions identified that may give rise to the need for accounting estimates to be recognised or disclosed in the financial statements?	The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the UK (Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance.
Are there any changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates?	There are no major changes in circumstances for accounting estimates in 2018/19. Any changes to the Code and IFRS are reflected within the Statement of Accounts.
How is the Audit and Risk Committee provided with assurance that the arrangements for accounting estimates are adequate?	Accounting policies provide details within the Authority's Statement of Accounts. The Treasurer provide assurance to the Audit and Risk Committee and signs the Statement of Accounts.

Appendix A - 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 2018/19 following the change in estimation technique for specialised assets which was introduced in 2012/13.</p>	Members of the Finance Team 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 A - 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 A - 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	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. 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.	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 A - 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

Appendix A - 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?
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 Finance 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
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 MHCLG.</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



WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

Item 9

25 MARCH 2019

1. AUDIT PROGRESS REPORT AND SECTOR UPDATE

Joint report of the Chief Fire Officer and Treasurer.

RECOMMENDED

THAT the Committee note the content of the Audit Progress Report and Sector Update attached as an Appendix.

2. PURPOSE OF REPORT

This update is provided to keep Audit and Risk 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 and Risk Committee Members continue to remain informed on audit matters, the external auditor has provided an Audit Progress Report and Sector Update. It is the intention of the external auditor to provide an update at all Audit and Risk Committee meetings.
- 3.2 The report provides the Audit and Risk Committee with an update 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.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental 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 2019

March 2019



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Introduction

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This paper provides the Audit and Risk 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 & Risk 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.

PSAA Contract Monitoring

West Midlands Fire & Rescue Authority opted into the Public Sector Audit Appointments (PSAA) Appointing Person scheme which starts with the 2018/19 audit. PSAA appointed Grant Thornton as auditors. PSAA is responsible under the Local Audit (Appointing Person) Regulations 2015 for monitoring compliance with the contract and is committed to ensuring good quality audit services are provided by its suppliers. Details of PSAA's audit quality monitoring arrangements are available from its website, www.psaa.co.uk.

Our contract with PSAA contains a method statement which sets out the firm's commitment to deliver quality audit services, our audit approach and what clients can expect from us. We have set out commitment to deliver a high quality audit service in the document at Appendix A. We hope this is helpful. It will also be a benchmark for you to provide feedback on our performance to PSAA via its survey in Autumn 2019.

Progress to date

Financial Statements Audit

We have started planning for the 2018/19 financial statements audit and will issue a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2018/19 financial statements.

We commenced our interim audit in January 2019. 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

There are no issues that we need to bring to the Committee's attention from the work we have completed to date.

The statutory deadline for the issue of the 2018/19 opinion is 31 July 2019. We are discussing our plan and timetable with officers.

The final accounts audit is due to begin on the 23 May with findings reported to you in our Audit Findings Report. We will present our report at the July Audit and Risk committee meeting and issue our audit opinion by the 31 July deadline.

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

Details of our initial risk assessment to determine our approach are included in our audit plan. We have identified one significant Value for Money risk- financial planning- and we are currently carrying out our audit work on this.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2019.

Other areas

Meetings

We 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. Your officers attended our Financial Reporting Workshop in February, which helps to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

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

2018/19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018/19.	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit & Risk Committee setting out our proposed approach in order to give an opinion on the Authority's 2018/19 financial statements.	January 2019	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 2019	Complete
Audit Findings Report The Audit Findings Report will be reported to the July Audit & Risk Committee.	July 2019	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	September 2019	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 and risk 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

Public Sector Audit Appointments – Report on the results of auditors' work 2017/18

This is the fourth report published by Public Sector Audit Appointments (PSAA) and summarises the results of auditors' work at 495 principal local government and police bodies for 2017/18. This will be the final report under the statutory functions from the Audit Commission Act 1998 that were delegated to PSAA on a transitional basis.

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.

For 2017/18, the statutory accounts publication deadline came forward by two months to 31 July 2018. This was challenging for bodies and auditors and it is encouraging that 431 (87 per cent) audited bodies received an audit opinion by the new deadline.

The most common reasons for delays in issuing the opinion on the 2017/18 accounts were:

- technical accounting/audit issues;
- various errors identified during the audit;
- insufficient availability of staff at the audited body to support the audit;
- problems with the quality of supporting working papers; and
- draft accounts submitted late for audit.

All the opinions issued to date in relation to bodies' financial statements are unqualified, as was the case for the 2016/17 accounts. Auditors have made statutory recommendations to three bodies, compared to two such cases in respect of 2016/17, and issued an advisory notice to one body.

The number of qualified conclusions on value for money arrangements looks set to remain relatively constant. It currently stands at 7 per cent (32 councils, 1 fire and rescue authority, 1 police body and 2 other local government bodies) compared to 8 per cent for 2016/17, with a further 30 conclusions for 2017/18 still to be issued.

The most common reasons for auditors issuing qualified VFM conclusions for 2017/18 were:

- the impact of issues identified in the reports of statutory inspectorates, for example Ofsted;
- corporate governance issues;
- financial sustainability concerns; and
- procurement/contract management issues.

All the opinions issued to date in relation to bodies' financial statements are unqualified, as was the case for the 2016/17 accounts.

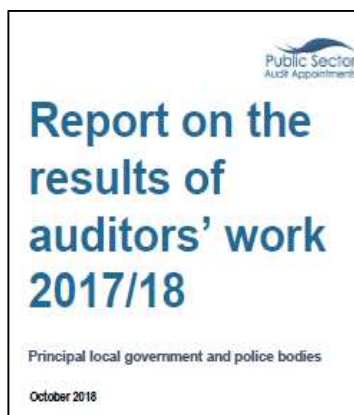
The report is available on the PSAA website:

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

PSAA Report

Challenge question:

Has your Authority identified improvements to be made to the 2018/19 financial statements audit and Value for Money Conclusion?



National Audit Office – Local auditor reporting in England 2018

The report describes the roles and responsibilities of local auditors and relevant national bodies in relation to the local audit framework and summarises the main findings reported by local auditors in 2017-18. It also considers how the quantity and nature of the issues reported have changed since the Comptroller & Auditor General (C&AG) took up his new responsibilities in 2015, and highlights differences between the local government and NHS sectors.

Given increasing financial and demand pressures on local bodies, they need strong arrangements to manage finances and secure value for money. External auditors have a key role in determining whether these arrangements are strong enough. The fact that only three of the bodies (5%) the NAO contacted in connection with this study were able to confirm that they had fully implemented their plans to address the weaknesses reported suggests that while auditors are increasingly raising red flags, some of these are met with inadequate or complacent responses.

Qualified conclusions on arrangements to secure value for money locally are both unacceptably high and increasing. Auditors qualified their conclusions on arrangements to secure value for money at an increasing number of local public bodies: up from 170 (18%) in 2015-16 to 208 (22%) in 2017-18. As at 17 December 2018, auditors have yet to issue 20 conclusions on arrangements to secure value for money, so this number may increase further for 2017-18.

The proportion of local public bodies whose plans for keeping spending within budget are not fit-for-purpose, or who have significant weaknesses in their governance, is too high. This is a risk to public money and undermines confidence in how well local services are managed. Local bodies need to demonstrate to the wider public that they are managing their organisations effectively, and take local auditor reports seriously. Those charged with governance need to hold their executives to account for taking prompt and effective action. Local public bodies need to do more to strengthen their arrangements and improve their performance.

Local auditors need to exercise the full range of their additional reporting powers, where this is the most effective way of highlighting concerns, especially where they consider that local bodies are not taking sufficient action. Departments need to continue monitoring the level and nature of non-standard reporting, and formalise their processes where informal arrangements are in place. The current situation is serious, with trend lines pointing downwards.

The report is available on the NAO website:

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>

NAO Report

Challenge question:

Has your Authority responded appropriately to any concerns or issues raised in the External Auditor's report for 2017/18?



Report
by the Comptroller
and Auditor General

Cross-government

Local auditor reporting
in England 2018

ICAEW Report: expectations gap

The Institute of Chartered Accountants in England and Wales (ICAEW) has published a paper on the 'expectation gap' in the external audit of public bodies.

Context:

The expectation gap is the difference between what an auditor actually does, and what stakeholders and commentators think the auditors obligations might be and what they might do. Greater debate being whether greater education and communication between auditors and stakeholders should occur rather than substantial changes in role and remit of audit.

What's the problem?

• Short-term solvency vs. Longer-term value:

- LG & NHS: Facing financial pressures, oversight & governance pressures

• Limited usefulness of auditors reports: 'The VFM conclusion is helpful, but it is more about the system/arrangements in place rather than the actual effectiveness of value for money'

• Other powers and duties: implementing public interest reports in addition to VFM

• Restricted role of questions and objections: Misunderstanding over any objections/and or question should be resolved by the local public auditor. Lack of understanding that auditors have discretion in the use of their powers.

• Audit qualification not always acted on by those charged with governance: 'if independent public audit is to have the impact that it needs, it has to be taken seriously by those charged with governance'

• Audit committees not consistently effective: Local government struggles to recruit external members for their audit committees, they do not always have the required competencies and independence.

• Decreased audit fees: firms choose not to participate because considered that the margins were too tight to enable them to carry out a sufficient amount of work within the fee scales.

• Impact of audit independence rules: new independence rules don't allow for external auditors to take on additional work that could compromise their external audit role

• Other stakeholders expectations not aligned with audit standards

- **Increased auditor liability:** an auditor considering reporting outside of the main audit engagement would need to bill their client separately and expect the client to pay.

Future financial viability of local public bodies

Local public bodies are being asked to deliver more with less and be more innovative and commercial. CFOs are, of course, nervous at taking risks in the current environment and therefore would like more involvement by their auditors. They want auditors to challenge their forward-looking plans and assumptions and comment on the financial resilience of the organisation..

The ICAEW puts forward two solutions:

Solution a) If CFO's want additional advisory work, rather than just the audit, they can separately hire consultants (either accountancy firms not providing the statutory audit or other business advisory organisations with the required competencies) to work alongside them in their financial resilience work and challenging budget assumptions.

Solution b) Wider profession (IFAC, IAASB, accountancy bodies) should consider whether audit, in its current form, is sustainable and fit for purpose. Stakeholders want greater assurance, through greater depth of testing, analysis and more detailed reporting of financial matters. It is perhaps, time to look at the wider scope of audit. For example, could there be more value in auditors providing assurance reports on key risk indicators which have a greater future-looking focus, albeit focused on historic data?

More information can be found in the link below (click on the cover page)



The expectations gap

Challenge question:

How effectively is the audit meeting client expectations?



Links

Grant Thornton website links

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

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

National Audit Office link

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>

Public Sector Audit Appointments

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

Institute of Chartered Accountants in England and Wales

<https://www.icaew.com/about-icaew/regulation-and-the-public-interest/policy/public-sector-finances/local-public-audit-expectations-gap>

Local Government audits 2018/19 and beyond

Grant Thornton's External Audit commitment

Audit 2018/19

Our team

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"I have always been extremely pleased with the work done by colleagues from Grant Thornton, there is continuity of staff delivering the team who presented the bid. This continuity remains through the cycle of work that takes place during the year; allowing the team to continue to understand the corporate objectives whilst allowing us to ensure we comply with the required standards. The team are very friendly and approachable with an accommodating style".

Director of Finance, local audited body

Our commitment to our local government clients

- Senior level investment
- Local presence enhancing our responsiveness, agility and flexibility.
- High quality audit delivery
- Collaborative working across the public sector
- Wider connections across the public sector economy, including with health and other local government bodies
- Investment in Health and Wellbeing, Social Value and the Vibrant Economy
- Sharing of best practice and our thought leadership.
- Invitations to training events locally and regionally – bespoke training for emerging issues
- Further investment in data analytics and informatics to keep our knowledge of the areas up to date and to assist in designing a fully tailored audit approach

"I have found Grant Thornton to be very impressive.....they bring a real understanding of the area. Their insights and support are excellent. They are responsive, pragmatic and, through their relationship and the quality of their work, support us in moving forward through increasingly challenging times. I wouldn't hesitate to work with them."

Director of Finance, County Council

Our relationship with our clients—why are we best placed?

- We work closely with our clients to ensure that we understand their financial challenges, performance and future strategy.
- We deliver robust, pragmatic and timely financial statements and Value for Money audits
- We have an open, two way dialogue with clients that support improvements in arrangements and the audit process
- Feedback meetings tell us that our clients are pleased with the service we deliver. We are not complacent and will continue to improve further
- Our locally based, experienced teams have a commitment to both our clients and the wider public sector
- We are a Firm that specialises in Local Government, Health and Social Care, and Cross Sector working, with over 25 Key Audit Partners, the most public sector specialist Engagement Leads of any firm
- We have strong relationships with CIPFA, SOLCAE, the Society of Treasurers, the Association of Directors of Adult Social Care and others.
- We propose a realistic fee, based on known local circumstances and requirements.

New opportunities and challenges for your community

The Local Government economy

Local authorities face unprecedented challenges including:

- Financial Sustainability – addressing funding gaps and balancing needs against resources
- Service Sustainability – Adult Social Care funding gaps and pressure on Education, Housing, Transport
- Transformation – new models of delivery, greater emphasis on partnerships, more focus on economic development
- Technology – cyber security and risk management

At a wider level, the political environment remains complex:

- The government continues its negotiation with the EU over Brexit, and future arrangements remain uncertain.
- 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 keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.

Delivering real value through:

- Early advice on technical accounting issues, providing certainty of accounting treatments, future financial planning implications and resulting in draft statements that are 'right first time'
- Knowledge and expertise in all matters local government, including local objections and challenge, where we have an unrivalled depth of expertise.
- Early engagement on issues, especially on ADMs, housing delivery changes, Children services and Adult Social Care restructuring, partnership working with the NHS, inter authority agreements, governance and financial reporting
- Implementation of our recommendations have resulted in demonstrable improvements in your underlying arrangements, for example accounting for unique assets, financial management, reporting and governance, and tax implications for the Cornwall Council companies
- Robust but pragmatic challenge – seeking early liaison on issues, and having the difficult conversations early to ensure a 'no surprises' approach – always doing the right thing
- Providing regional training and networking opportunities for your teams on technical accounting issues and developments and changes to Annual Reporting requirements
- An efficient audit approach, providing tangible benefits, such as releasing finance staff earlier and prompt resolution of issues.

Grant Thornton in Local Government

Our client base and delivery

We are the largest supplier of external audit services to local government

We audit over 150 local government clients

We signed 95% of our local government opinions in 2017/18 by 31 July

In our latest independent client service review, we consistently score 9/10 or above. Clients value our strong interaction, our local knowledge and wealth of expertise.

Our connections

- We are well connected to MHCLG, the NAO and key local government networks
- We work with CIPFA, Think Tanks and legal firms to develop workshops and good practice
- We have a strong presence across all parts of local government including blue light services
- We provide thought leadership, seminars and training to support our clients and to provide solutions

Our people

- We have over 25 engagement leads accredited by ICAEW, and over 250 public sector specialists
- We provide technical and personal development training
- We employ over 80 Public Sector trainee accountants

Our quality

- Our audit approach complies with the NAO's Code of Audit Practice, and International Standards on Auditing
- We are fully compliant with ethical standards
- Your audit team has passed all quality inspections including QAD and AQRT

Our technical support

- We have specialist leads for Public Sector Audit quality and technical
- We provide national technical guidance on emerging auditing, financial reporting and ethical areas
- Specialist audit software is used to deliver maximum efficiencies

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

WORK PROGRAMME 2018/19

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

(Official – WMFS – Public)

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

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

(Official – WMFS – Public)

	<p>Firefighters' Scheme Advisory Board Employers' Survey CIPFA Update 27</p> <p>Minutes of the Audit and Risk Committee held on 14 January 2019</p> <p>Audit Committee Work Plan</p> <p><i>Committee Members' Private meeting with Internal Auditors (to follow Committee)</i></p>	<p>Clerk to the Authority Audit Manager</p> <p>Democratic Officer</p> <p>Democratic Officer</p> <p><i>Audit Manager</i></p>	
3 June 2019	<p>Annual Internal Audit Report 2018/19</p> <p>Governance Statement 2018/19</p> <p>Monitoring Policies and RIPA (Annual Whistleblowing Report) Annual Report of the Audit Committee for approval</p> <p>Audit and Risk Committee – Verbal Update</p> <p>Minutes of the Audit and Risk Committee held on 25 March 2019 Minutes of the Pensions Board held on 4 March 2019 Annual Report of the Pension Board</p> <p>Audit and Risk Committee Work Plan 2019/20</p>	<p>Audit Manager</p> <p>Treasurer Monitoring Officer/Director of Service Support Chair</p> <p>Grant Thornton</p> <p>Democratic Officer Democratic Officer Chair, Pensions Board Democratic Officer</p>	

(Official – WMFS – Public)

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

(Official – WMFS – Public)

