

## Minutes of the Audit Committee

4 June 2018

at Fire Service Headquarters, Vauxhall Road, Birmingham B7 4HW

**Present:** Councillors Aston (Chair), Barlow, Brackenridge and Mr Ager (Independent)

**Apology:** Councillor Barrie

### 21/18 **Appointment of a Chair**

In the absence of the Chair and Vice Chair, the Committee agreed that Councillor Adam Aston should act as Chair on this occasion.

### 22/18 **Declarations of Interest in contracts or other matters**

There were no declarations of interest.

### 23/18 **Minutes of the Audit Committee held on 26 March 2018**

**Resolved** that the minutes of the meeting held on the 26 March 2018 be approved as a correct record.

### 24/18 **Governance Statement**

The Committee received the Governance Statement for 2017/18.

It is a requirement for every Local Authority to produce a Governance Statement with its Statement of Accounts.

It was noted that the Governance Statement was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The Governance Statement is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Statement covered the following areas:

- Scope of Responsibility
- Purpose of the Governance Framework
- The Governance Framework, including specific reference to audit arrangements, corporate risk management arrangements and performance management
- Review of Effectiveness, including the Authority's political governance arrangements, the provision of internal audit, and the development of the Audit Plan
- Significant Governance Arrangements within the Authority, including the Authority's Corporate Strategy 'The Plan' and effectiveness of the Service Delivery Model, external audit work undertaken during 2017/18, and reference to the external environment that the Authority is operating in.

The Committee noted the Audit Work that had been undertaken during 2017/18 and issues had been identified in the reviews of Absence Management, Fire Stations – Management of Fuel and Partnerships issues highlighted in the Annual Internal Audit Report had been raised with relevant managers and actions had been taken to achieve improvements.

25/18 **Monitoring Policies on Raising Concerns at Work – Whistle Blowing Standing Order 2/20 and Regulation of Investigatory Powers Act 2000**

The Committee received and noted the report on Monitoring Policies on Raising Concerns at Work – Whistle Blowing Standing Order 2/20 and Regulation of Investigatory Powers Act 2000.

It was reported that there had been no allegations of whistle blowing reported through the Whistle Blowing Policy Standing Order 2/20,

It was reported that there had been no requests to enact the Regulation of Investigatory Powers Act 2000 in the last year up to 31 March 2018.

Standing Order 2/20 was currently under review and was due to be published by 2018. The Auditor had pointed out that the Order had references to previous Officers and it was confirmed that the information would be updated during the review.

It was noted that the European Union General Data Protection Regulations came into force from 25 May 2018 and any future fines would rise to 4% of turnover of income circa Euro 20m for serious breaches.

## 26/18 **WMFS Annual Internal Audit Report 2017-18**

Approval was sought for the Annual Internal Audit Report 2017/18 which had been compiled by the internal auditors

The report detailed the work of the internal audit service undertaken in 2017/18, providing an opinion on the adequacy and effectiveness of the Authority's governance, risk management and internal control process. The contents of the report also provide one element of the evidence that is required to underpin the Authority's Governance Statement.

The report summarised the audit work undertaken during the year, including:

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

The report also provided a summary of the key control issues that arose during the year.

Customer satisfaction questionnaires were issued for all audits carried out. From the responses returned, the average scores were 4.5, which compared favourably with the target score of four (equalling good), representing a positive opinion.

The report provided a summary of the work completed to inform the 2017/18 Internal Audit Opinion:

13 areas were audited, one Area, Absence Management, had a limited level of assurance and had been reported to the previous Audit Committee. This was the result of a system issue and had been addressed. The vast majority of audits had received a substantial level of assurance.

Based on the work undertaken during the year and the implementation of the recommendations made, Internal Auditor provided "reasonable assurance" that the Fire Authority had strong risk management and controls and provided an unqualified opinion and the highest level of assurance available to them. The overall opinion could be used by the Authority in its preparation of the Governance Statement.

In answer to a question from the Independent Member, the DCFO confirmed that all staff were aware of the GDPF regulations and its impact. A number of policies had been combined into one Standing Order 01/05 Management of Information and information had been provided on protective marking. Investment had been provided to introduce software for automatic protective marking and awareness sessions had been undertaken with staff.

The Manager responsible for the project worked in the ICT Department and was responsible for changing people's attitudes to protective marking. In future, all reports would have a Standing Item of Information Impact Assessments.

**Resolved** that the Annual Internal Audit Report 2017/18 be approved.

#### **27/18 Audit Committee Annual Report 2017-18**

Approval was sought for the Annual Internal Audit Report 2017/18 which had been compiled by the internal auditors.

Following approval the report is submitted to the Annual Meeting of the Authority. The report provided an overview of the business of the Committee during 2017/18, meetings held, Committee Members and attendance record and the business undertaken. Information flows through to the Committee, following a lot of work being undertaken and no issues of real concern had been identified. Adequate systems were in place to identify risks.

Going forward to the reformed Fire Authority, the number of members of the Audit Committee would be reduced to 5 from 6 members and the Committee would be retitled Audit and Risk Committee to better reflect the work of the Committee.

Resolved that the Annual Report of the Audit Committee be approved and submitted to the Annual Meeting of the Authority.

#### **28/18 Pensions Board Amended Terms of Reference 2018-19**

The People Support Services Manager stated that the Pensions Board had been in place for three years and it was felt prudent to look at the Terms of Reference particularly, in light of the outcome of the Scheme Advisory Committee Survey.

The Terms of Reference had been reviewed and it is proposed that the number of meetings should be increased from two to four per year. The reason for this proposal was that if a meeting was missed or cancelled the momentum of the Board would not be lost.

The Board had an Independent Chair and it was proposed that the number of Employee and Representatives should be increased from two to three. One of the Employee Representatives should be a retired pension member as their interests are different.

In answer to a Member's enquiry, it was confirmed that an election process was held for Employee Representatives. Nominations would again be requested for the positions and a vote would take place.

The DCFO confirmed that the Legislation sets out how Members should be appointed and also the training that should be provided to Members of the Pension Board.

**Resolved** that the Amended Terms of Reference of the West Midlands Fire and Rescue Authority Pensions Board be agreed.

**29/18 Audit Committee Work Programme 2017/18**

The Committee noted the Work Programme for 2017/18.

**30/18 Update on Corporate Risk**

The Committee received a verbal update from the Deputy Chief Fire Officer on the impact of the Trade Dispute on the Corporate Risk Register.

The DCFO stated that arrangements were in place if Industrial action took place, and confirmed that this was a statutory duty. A number of official sites, mainly Territorial Army centres had been arranged and training of staff on fire control systems was taking place. Resilience arrangements were in place for provide a service to community. Members would be informed of developments, but key areas of the Risk Assurance Map had been altered to reflect this.

In answer to the Independent Member's query it was confirmed that both the ability to carry out its function and industrial relations risks, Corporate Risks 2.1, 6.1 and 9.1 had been increased and the situation would become clearer following an Emergency Meeting of the Executive Committee scheduled to take place on Wednesday 6 June 2018.

**31/18 Audit Committee Update from External Auditors**

The Committee received a verbal update from Grant Thornton. The audit of accounts had commenced and nothing unusual had been found and the Auditor expected a clean set of accounts. The audit was currently in week 3 and would be finalised on site during the following week. A draft audit findings report would then be produced.

The Auditor stated that West Midlands Fire Service were the best set of accounts that they audited.

In answer to a question from the Independent member on the basis for materiality, the External Auditor confirmed that they used 2% of expenditure, just under £2.5m. The Fire Service were considered low risk as errors were rarely found and there were less complex accounting arrangements such as Private Finance Initiatives.

The Chair thanked Kal Shoker and the Financial Management Team, for the information and assistance provided to the Auditors.

**33/18 Update on Topical, Legal and Regulatory Issues (Verbal Report)**

There were no new issues to report.

**33/18 Private Meeting with External Auditors**

The Members of the Audit Committee met in private with the External Auditors.

**34/18 Workshop for Members on Statement of Accounts 2017/18**

The Members of the Audit Committee attended a Workshop on the Statement of Accounts.2017/18.

The meeting finished at 1309 hours.

|   |
|---|
| Julie Connor<br>Strategic Hub<br>0121 380 6906<br>Julie.Connor@wmfs.net |
|---|