

Audit and Risk Committee Minutes
30 June at 10:30hrs

**Conducted as a public meeting at Headquarters and digitally via
Microsoft Teams**

Present: Councillor Evans (Chair), Councillor Barrie, Councillor Bayton, Councillor Locke.

Virtually: Avtar Sohar (Grant Thornton), Lisa Reid (Internal Auditors) and Satinder Sahota (Monitoring Officer).

Officers: Richard Stanton (ACFO), Iain Newman (Interim S151/Head of Finance and Procurement), Peter Farrow (Internal Auditors), Tom Embury (Clerk), Rebecca Yates (Finance Manager), Jennifer McGregor, Kirsty Tuffin (Democratic Services).

Please note: Richard Stanton, Iain Newman, Rebecca Yates and Jennifer McGregor left at 12:04pm due to a conflict of interest. Tom Embury and Internal Auditors left at 12:14pm, prior to agenda item 13.

01/25 **Apologies for Absence**

Apologies were received from Councillor Idrees, substituted by Councillor Mary Locke.

02/25 **Declarations of Interest**

Councillor Locke declared a non-pecuniary interest as a member of Birmingham City Council Pension Scheme and Councillor Evans declared a non-pecuniary interest as a committee member of the pension fund.

03/25 **Minutes of the Previous Audit and Risk Committee held on 24 March 2025**

Resolved:

1. It was agreed that the minutes of the Audit and Risk Committee held on 24 March 2025 are of an accurate record.

Please note: Councillor Ben Evans, the newly appointed Chair of the Committee read out a statement acknowledging the struggles and criticism of governance failings the committee had endured during 2024. He wished to look forward with new members and learn/improve.

04/25 **Statement of Accounts 2024-25**

Iain Newman, Interim S151/Head of Finance and Procurement presented the statement of accounts 2024-25 with a visual presentation that outlined the key sections from the report.

Members were advised that the committee were looking to approve the draft version of the statement of accounts, within the required deadlines. Subject to approval, the draft document would be published on the WMFS website that day to allow for 30 working days public inspection/review. As per the Grant Thornton Audit Plan (agenda item 6), auditors would look to conduct their audit during October/ November with a view for the Committee to scrutinise the audited statement of accounts in December's meeting. The deadline for publication was 27 February 2026 and therefore the committee would have sufficient time to challenge before final sign off.

Iain Newman advised members that the team used two broad perspectives in their calculations: IFRS and Statute. IFRS was generally accepted accounting practice however, as the service was not a private industry, they were required to adhere to follow Statute that overrides IFRS and GAAP. Comparison was given on the outturn report taken to FRA the week prior, that only follows statute requirements whereas the Statement of Accounts uses both IFRS and Statute. The difference between statute and IFRS, with usable reserves reflecting statute and total reserves reflecting IFRS, was explained to members. Members were advised that there had been movement within the reserves, as per page 17 of the report, with negative total reserves (deficit) highlighted. There were also various adjustments between general and earmarked reserves.

Members were advised that the Annual Governance Statement was included within the draft Statement of Accounts. As agreed at Fire Authority, a statement on HMIC findings to be added to the Annual

Governance Statement. Tom Embury read out the following statement to be included:

Additional paragraph after 5.11

His Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) undertook an inspection in the autumn of 2024 and issued their final report in June 2025. The inspection assessed performance in 11 areas. The service was judged to be good in the areas of:

- understanding fire and risk;
- public safety through fire regulation;
- responding to fires and emergencies; and
- responding to major incidents.

The service was judged to be adequate in the areas of:

- preventing fire and risk;
- best use of resources;
- promoting values and culture; and
- promoting fairness and diversity.

The service was judged as requiring improvement in the areas of:

- future affordability;
- right people, right skills; and
- managing performance and developing leaders.

The identified areas for improvement will now be incorporated into service action plans.

Should any additional governance changes arise, such as development on the Best Value Inspection, these could be incorporated into the final Annual Governance Statement.

Following queries, members were reassured that a link would be circulated to members to circulate wider. Grant Thornton advised members that the 30 day period was to allow for members of the public to raise questions with themselves and would be available on the website until they had been audited and signed off. Following queries from Councillor Bayton around collection rates from local

authorities and if any additional reassurance was needed on DBS checks, Iain Newman and Tom Embury, Interim Clerk, advised that collection rates varied from year to year, with 2023-24 seeing a deficit, and that all local authorities have requirements around DBS checks, with an emphasis being given on those dealing with the vulnerable. The service was limited on what action they could do if the authorities do not uphold this. It was confirmed that the co-opted member on the FRA would be DBS checked given their current employment and any new appointments would be checked prior to appointment.

Following a query around the general reserves and whether there was a minimum level needed, Iain Newman explained that if the usable reserves likely to become negative were so low it would result in a negative Section 114 letter. There was no hard-set figure as to what the reserves should be and only comparative data from other FRAs could be considered. He would recommend that as they are lower than others, the authority look to gradually increase the reserves to the average over the upcoming years. The clerk highlighted the political pressures FRAs received in 2010 to reduce their reserves by those in central government.

Iain Newman reassured members that the service was proactive in chasing payments, following a query on page 67/84 of the report. It was highlighted that the main risk had been towards the service as the money was currently held within banks, so the service needed to ensure those banks were secure. Some areas of improvement were required, examples of ensuring Sandwell had full internal access to the services systems. This was acknowledged and talks were underway with Sandwell on how to resolve.

Following concerns raised on the public loan board high interest rates, Iain reassured members that the loans listed had been taken out many years ago and therefore the service was limited on what it could do. Some had fixed rates and others varied. Should the service pay early, a premium would be required on some loans and that may be detrimental to the services finances. Members sought assurance regarding the audit findings, as per page 126 of the agenda pack, regarding virements. Iain confirmed that this issue had not happened

again. The Corporate Governance Improvement Board would review the financial regulations and would be followed accordingly.

The Chair of the committee raised concerns around the pension liability drop referencing the table therein the report, in which Rebecca Yates confirmed that the table was correct as the % increase had the opposite effect. The Chair queried how sensitive the services funds were to the discount rate should the rate drop significantly in which Iain advised that hypothetically speaking changes could have a large impact, but they can move significantly. Statutory adjustments to the accounts mean that the service remains financially viable.

Following queries around a comms plan on McCloud/Remedy, the Clerk confirmed that the service had a comms plan in place. All FRAs had struggled however, and WMFRA are in a better position than most. All members had been communicated with by 31 March deadline. They then had 12 weeks to decide if they wish to take remedy. A small number of former retained staff (the service has no current retained staff) were impacted by Mathews. All statutory deadlines on all remedies were being met. The data on pay rates within both pensions reflected the scenario that individuals did not accept payment. Internal auditors confirmed that they would not be looking to assess Mathews and remedies unless the authority wished to have assurance, acknowledging that Wolverhampton oversees the pension fund.

Resolved:

1. That it be agreed that the draft statement of accounts 24/25 as set out in appendix A be approved,
2. That members note the Annual Governance statement included within the statement of accounts and the inclusion of the HMIC findings wording.

05/25 **Internal Audit – Information Governance**

Richard Stanton, ACFO, presented the internal audit – information governance report that provided assurance to the committee on information governance activities within the organisation. It was highlighted as a good news story as the service had been given a

clean report with a level of substantial assurance from the internal auditors.

Following queries around how areas of review are conducted, Peter Farrow confirmed that the auditors have a universal list of areas that could benefit from a review using a scoring method. If an area is RAG rated red then a review would be conducted. An offer of additional support to new members was offered by the Internal Auditors.

Resolved:

1. That it be agreed that the contents of the report are noted.

06/25 **External Auditors – Audit Plan**

Avtar Sohal, Grant Thornton, presented the external auditors – audit plan report that outlined the auditors plan for 2024-25.

Members were advised that land and buildings had been one of the main risks due to misevaluation, given its complexity as this can have material errors. Figures were £2.8m, similar to that of last year. If any errors were found over £240k an update would be given in November to members. It was highlighted that the plan was backward looking into 2024 and therefore would look at the concerns around governance. It was acknowledged that the service was moving on from this difficult time with the work of the Corporate Governance Improvement Board however, the auditors would still look at what went wrong. It was hoped the final report would be brought back to the committee in December 2025.

The Chair of the Committee queried how properties outside of the samples selected were assessed for their depreciation, in which Grant Thornton reassured the committee that other tools used as part of the process would highlight if something did not look right. The Chair queried what evidence the auditors needed from the authority to gain assurance, given the risk it faces regionally. Grant Thornton advised that it depended upon what the findings were. The auditors would speak with staff, look at procedures, external reports and changes to teams. Councillor Bayton highlighted the need for the auditor's report to be in a timely manner to ensure it can be incorporated into the work of the CGIB. Grant Thornton reassured the

committee that it was intended a draft report would be brought to Octobers/Novembers meeting.

Resolved:

1. That it be agreed that the contents of the Grant Thornton Audit plan 2024-25 as set out in appendix a be noted.

07/25 **Internal Audit Annual report**

Peter Farrow presented the internal audit annual report for 2024-25 that outlined the audit work undertaken during 2024-25 and provided auditors opinion on the adequacy/effectiveness of governance, risk management and control processes.

Peter highlighted the table of reviews as per the report to members, with reference to the RAG rated used. The auditors had issued limited assurance for the management of absences. It was highlighted that 2024-2025 the authority had gone through a challenging time given the issues faced around governance. The auditors were unable to issue assurance around governance as a result however, the auditors acknowledged the steps the authority had taken, with the CGIB governance improvement plan and new management.

Following queries around the internal auditors review on DBS checks and whether assurance has been given, Peter reassured members that the review had been conducted early in the year, after the service asked the auditors to review. The auditors could see improvements since the review and an update would be brought back to the committee later in the year. After queries around the number of DBS checks outstanding, Richard Stanton and Tom Embury confirmed figures would be brought back to Fire Authority on a six-monthly basis, but no checks were outstanding for those in work. Richard Stanton confirmed that fortnightly meetings around absence management to improve the process was underway, following queries on the cross over with oracle and management policy. Peter Farrow advised that the temporary role for the S151 officer was only one element towards gaining assurance, highlighting this was not a reflection on the current post holder.

Resolved:

1. That it be agreed that the committee review and comment upon the internal audit annual report for 2024-25.

08/25 Update on Topical, Legal and Regulatory Issues (Verbal Report).

Tom Embury advised members that the service was anticipating the Devolution Bill on the 10 July 2025. The bill would be relevant for both corporate risk and governance updates provided to members.

09/25 Audit and Risk Committee Work Plan 2024-25

Tom Embury provided an overview of the committee work plan for 2024-25, acknowledging that the meeting had been rescheduled from the original date of 16 June. Members were advised that the CGIB would be undertaking a review of the constitution and committee terms of references. It was anticipated that the TOR would be brought to the committee in July, with amendments for consideration to be brought back in October 2025. As per the plan, the recruitment assurance report, planned for July's meeting, would include grant Thorntons recommendations and provide the assurance needed to the committee. Training was also scheduled for July for committee members.

10/25 Any other business

The chair raised that he wished to recommend that the authority up its general reserves and set a new target of 5%. £6.2m equated to 4.5% of the budget and there was uncertainty around government grants, so he felt it appropriate. The Clerk confirmed that as this was covered under AOB, this could only be for discussion, and no decision could be made as it was the remit of Full Fire Authority. Iain Newman reassured the Chair that the Authority had set an indicative budget to get the reserves to £7m, up by £1m.

11/25 Exclusion to Public and Press

Resolved: *That the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Paragraph 3 of the Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006."*

Please note it was agreed that a short comfort adjournment be taken. The meeting reconvened at 12noon.

12/25 **Workshop for Statement of Accounts**

Please note: Private minutes of this session have been created and are exempt under Paragraph 3 of the Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

13/25 **Private session with External Auditors**

Please note: Private minutes of this session have been created and are exempt under paragraph 3 of the Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.