

West Midlands Fire and Rescue Authority

Audit Committee

**You are summoned to attend the meeting of Audit Committee to be held on
Monday, 27 March 2017 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 in contracts or other matters | |
| 3 | Minutes of the Audit Committee held on 16 January 2017 | 3 - 6 |
| 4 | Audit Committee Terms of Reference | 7 - 12 |
| 5 | WMFS Internal Audit Plan | 13 - 30 |
| 6 | Audit Plan 2016-17 | 31 - 54 |
| 7 | Corporate Risk Update | 55 - 112 |
| 8 | Audit Committee Update for West Midlands Fire and Rescue Authority | 113 - 124 |
| 9 | Communication with the Audit Committee for West Midlands Fire and Rescue Authority | 125 - 148 |
| 10 | Minutes of the Pension Board held on 6 February 2017 | 149 - 154 |
| 11 | The Pension Regulator - Public Service Governance Survey 2016 | 155 - 168 |

- 13 Update on Topical, Legal and Regulatory Issues (Verbal Report).

Distribution:

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

Agenda prepared by Julie Connor

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

Minutes of the Audit Committee

Item 3

**16 January 2017 at 1230 hours
at Fire Service Headquarters, Vauxhall Road, Birmingham B7 4HW**

Present: Councillors T Singh (Chair), A Aston, M Idrees, B. Singh, P. Singh, R. Sealey and Mr Ager (Independent Member)

Apologies: Mr Peter Farrow

1/17 **Minutes of the Audit Committee held on 14 November 2016**

Minute No. 52/16 should read 2016/17 and not 2015/16.

Resolved that the minutes of the meeting held on 14 November 2016, be approved as a correct record.

2/17 **Audit Committee Update for West Midlands Fire and Rescue Authority**

The Committee noted the Update from the External Auditor. The Auditor confirmed that the Fee Letter was issued in April 2016, the Accounts Audit Plan was planned for the Audit Committee scheduled for the 27 March 2017. The External Auditor's team had commenced their interim audit of accounts on the 16 January 2017 and would be sampling key areas of operating expenditure and payroll. The final accounts audit would be conducted during June/July and discussions would take place with the Deputy Treasurer to ensure that the outcomes are used to streamline the final accounts.

The External Auditor was continuing to work on the Value for Money conclusion and the report will provide the Authority with information to assist with its collaboration with other organisations and how to position itself.

The External Auditor informed the Committee of the CIPFA "Telling the Story" project, which has resulted in changes to CIPFA's 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom. The main changes affect the presentation of the Comprehensive Income and Expenditure Statement.

The External Auditor had had some discussions with CIPFA to see how this can be applied to the Fire Authority, as there are fewer internal reporting areas within the budget, whilst maintaining consistency and within the spirit of the Code. Discussions will continue with the Deputy Treasurer and a further update will be provided to the March Audit Committee.

The Committee also noted the Future Control Room Improvements Report on the improvements being delivered by the 22 local Future Control Room projects. The Staffordshire and West Midlands Fire Control project had received a favourable write up in the report.

It was noted that a meeting of the Fire Control Governance Board was due to meet that afternoon where the report of the Staffordshire Police and Crime Commissioner would be discussed particularly in relation to Control Rooms.

3/17 Internal Audit Charter

The Committee reviewed the Internal Auditor Charter and noted the updates reflecting the introduction of a Mission of Internal Auditor and Core Principles for the Professional Practice of Internal Auditing added to the latest version of the Public Sector Internal Audit Standards.

4/17 Internal Audit Progress Report

The Committee noted the Internal Auditor's regular Progress Report on the 2016/17 Audit Plan. The Committee were pleased to receive the outcomes of the audits that had been undertaken so far and noted the other audits to be completed by the end of the financial year.

5/17 Audit Committee Work Programme 2016/17

The Committee noted its Work Programme for 2016/17 and that the next meeting of the Audit Committee would be on 27 March 2017.

6/17 Update on Topical, Legal and Regulatory Issues

The Treasurer informed the Committee that the Authority had received a letter from the Minister in December 2016 regarding the offer outlined in the provisional Finance Settlement. The scale of funding reductions were in line with those previously notified i.e. a reduction in core funding of approximately £10 million over the four year period and consistent with the assumptions made within the Authority's Efficiency Plan

(The meeting ended at 1248 hours)

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AUDIT COMMITTEE

27 MARCH 2017

1. **AUDIT COMMITTEE TERMS OF REFERENCE**

Report of the Audit Manager (Sandwell MBC).

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

2. **PURPOSE OF REPORT.**

This report is submitted for member comment and approval.

3. **BACKGROUND**

3.1 The terms of reference for the Audit Committee reflect CIPFA's position statement "Audit Committees in Local Authorities". This statement emphasises the importance of audit committees being in place in all principal local authorities and recognises that audit committees are a key component of good governance. They were last reviewed in April 2016 and are no subject to their annual review in order to ensure that they remain relevant and fit for purpose.

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

4. **EQUALITY IMPACT ASSESSMENT**

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

5. **LEGAL IMPLICATIONS**

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

6. **FINANCIAL IMPLICATIONS**

Implementation of the recommendation will be undertaken within existing resources.

BACKGROUND PAPERS

None

Peter Farrow
Audit Services and Risk Management Manager, Sandwell MBC

Audit Committee – Terms of Reference

Statement of purpose

Our Audit Committee is a key component of the Authority's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

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

Governance, Risk and Control

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

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

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

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

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

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

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

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

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

Internal Audit

To approve the internal audit charter.

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

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

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

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

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

- Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work;
- Regular reports on the results of the quality assurance and improvement programme;
- Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the annual governance statement.

Ref. AU/AC/AC Terms of Reference

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

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

To consider summaries of specific internal audit reports as requested.

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

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

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

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

External Audit (Grant Thornton)

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

To consider specific reports as agreed with the external auditor.

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

Ref. AU/AC/AC Terms of Reference

To commission work from internal and external audit.

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

Financial Reporting

To receive detailed training in respect of the process associated with the preparation, sign off, audit and:

- 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.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 5

AUDIT COMMITTEE

27 MARCH 2017

1. INTERNAL AUDIT PLAN – 2017/18

Report of the Audit Services Manager

RECOMMENDED

THAT the Internal Audit Plan for 2017/18 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 2017/18, with an indicative plan covering the period 2018/19 to 2019/20.
- 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. In the course of the period covered by the plan, the priority and frequency of audit work may be subject to amendment in order to recognise alterations in the assessment of assurance need/risk analysis, caused by changes within the Authority and the requirements of the Audit Committee and senior managers.
- 3.3 During the year regular meetings will be held with senior managers and the external auditors to review the plan and discuss the scope, nature and timescales of planned reviews. Any key changes to the plan will be brought before the Audit Committee for approval.

4. EQUALITY IMPACT ASSESSMENT

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

5. **LEGAL IMPLICATIONS**

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

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

7. **BACKGROUND PAPERS**

Internal Audit Plan 2017/18 and indicative plan for 2018/19 to 2019/20.

Peter Farrow
Audit Services Manager, Sandwell MBC

Internal Audit Plan 2017/18



Table of Contents		Page
-	A quick guide to the audit planning process	1
-	A glossary of terms	2
1	Introduction	4
2	Assessing the effectiveness of risk management and governance	4
3	Assessing the effectiveness of the system of control	4
4	Assessment of assurance need methodology	5
5	The assessment of internal audit assurance needs	5
6	Developing an internal audit plan	8
7	Considerations required of the Audit Committee and Senior Management	9
8	Information to support the internal audit plan	9
9	Annual internal audit plan for 2017/18	10

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 2017/18 audit plan

Identify the areas where assurance will be provided in 2017/18. 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

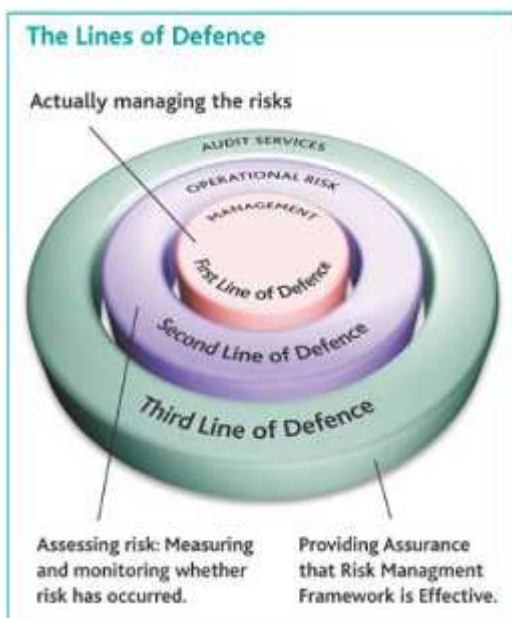
Definition of internal auditing

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. In order 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 in order to provide a positive, reasonable assurance to the Authority.

3 Assessing the effectiveness of the system of control

In order 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

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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 in order 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 also 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 2017/18 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
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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

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scrutiny.

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

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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 so as 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.

In the course of the period covered by this plan, the priority and frequency of audit work will be subject to amendment in order 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.

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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 2017 to 31 March 2018

Auditable Area	Purpose	Risk Category	Estimated Days
Strategic Enabler of Strategic Hub			
Risk Management (The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Service's risk management arrangements.)	A review to ensure the Authority is adequately identifying, assessing and managing the risks it faces in achieving its objectives.	High	10
Governance (The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Service's governance arrangements.)	An annual review of aspects of the Authority's governance arrangements, based upon the CIPFA/SOLACE model and to provide assurance that the Authority has reflected the recent changes in the principles in its Code of Corporate Governance.	High	10
Strategic Enabler Response			
Fire Stations – Management of Fuel	An audit to review compliance with established controls over ordering, receipt and dispensing of fuel at a sample of stations. In addition an assessment of compliance with previously agreed audit recommendations as a result of issues discovered in previous years will be made.	Medium	10
Strategic Enabler People Support Services			
Environmental Protection Targets	A review of the progress made towards implementing an Environmental Management System or the equivalent strategies put in place to further advance the Authority's environmental initiatives.	Medium	10

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Strategic Enabler for Prevention			
Partnerships	A review of the strategic management (governance, reporting, risk management) of key partnerships, with particular emphasis on monitoring and measurement of outcomes.	Medium	10 (Carried forward from 2016.17 plan)
Strategic Enabler ICT			
IT (IT systems are a key element of the internal control environment, over which The Head of Internal Audit is required to give an annual opinion.)	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.	High	12
Data Protection	A review of the authority's monitoring of adherence to the requirements of the Data Protection Act.	Medium	15
Strategic Enabler Finance and Resources			
Key Financial System Reviews are undertaken in liaison with the Authority's external auditors where appropriate, in order to help support them in the work they do. All such reviews are deemed as high risk by their very nature.			
Payroll /Pensions	A review of the key financial controls relating to the administration of the Payroll System.	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.	High	3
Accounts Receivable	A review of the key financial controls relating to invoicing and collection of debts.	High	10
Accounts Payable	A review of the key financial controls relating to the ordering and payment of goods and services.	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.	High	10
Budgetary Control	A review of the key financial controls relating to Budgetary Control.	High	15

[ILO: UNCLASSIFIED]

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
National Fraud Initiative	We will lead on the Authority's NFI requirements. The abolition of the Audit Commission now sees the NFI exercise overseen by the Cabinet Office. We will work with the Cabinet Office in order to ensure that the Authority continues to meet all its responsibilities.	-	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 (we are required to obtain assurances that previously agreed actions have been implemented.)	A follow up of the key audit recommendations made during the previous year.	-	11
Total			185

[ILO: UNCLASSIFIED]

Indicative Future Internal Audit Plan

Appendix B

Auditable Areas:	Risk	18/19	19/20
Strategic Enabler of Strategic Hub			
Risk Management	High	✓	✓
Performance Management	Medium	✓	
Governance	High	✓	✓
Strategic Enabler People Support Services			
Workforce Planning	Medium	✓	
Absence Management	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 Transparency	Medium		✓
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	✓	✓
Procurement	Medium	✓	
Counter Fraud	-	✓	✓
National Fraud Initiative	-	✓	✓
Other			
Contingency	-	✓	✓
Management	-	✓	✓
Follow Up	-	✓	✓
Total		185	185

[ILO: UNCLASSIFIED]

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

27 MARCH 2017

1. **AUDIT PLAN 2016/17**

Report of the Chief Fire Officer.

RECOMMENDED

THAT the Committee approve Grant Thornton's Audit Plan to enable the delivery of the audit of financial statements and the value for money conclusion 2016/17.

2. **PURPOSE OF REPORT**

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

3. **BACKGROUND**

- 3.1 The Audit Plan 2016/17 sets out the audit work that Grant Thornton propose to undertake and the key deadlines and milestones associated with the delivery of this work. The plan has been developed using a risk-based approach and considers the risks relevant to both the audit of accounting statements and the value for money conclusion.
- 3.2 The Code requires Grant Thornton to consider whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. 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 2016/17 the Authority is required to prepare the accounting statements by 30 June 2017 and to submit the audited 2016/17 accounts to the Audit Committee for approval by no later than 30 September 2017. The plan sets out the key phases and activities for the delivery of the audit work. All reports arising from this audit work will be discussed and agreed with appropriate officers prior to submission to Members.
- 3.4 Representatives from Grant Thornton will be in attendance at Audit Committee.

4. **EQUALITY IMPACT ASSESSMENT**

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

5. **LEGAL IMPLICATIONS**

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

6. **FINANCIAL IMPLICATIONS**

The scale fee for undertaking West Midlands Fire and Rescue Authority's external audit work for 2016/17 is £38,636.

BACKGROUND PAPERS

None.

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

PHIL LOACH
CHIEF FIRE OFFICER

The Audit Plan for West Midlands Fire and Rescue Authority

Year ended 31 March 2017

March 2017

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March 2017

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Audit Plan for West Midlands Fire and Rescue Authority for the year ending 31 March 2017

This Audit Plan sets out for the benefit of those charged with governance (in the case of West Midlands Fire and Rescue Authority, the Audit Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Authority and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015. Our responsibilities under the Code are to:

- give an opinion on the Authority's financial statements
- satisfy ourselves the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

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. 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. 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.

We look forward to working with you during the course of the audit.

Yours sincerely

Richard Percival

Engagement Lead

Chartered Accountants

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Contents

Section

Understanding your business and key developments	4
Materiality	5
Significant risks identified	6
Other risks identified	7
Value for Money	10
Other audit responsibilities	13
Results of interim audit work	14
The audit cycle	15
Audit fees	16
Independence and non-audit services	17
Communication of audit matters with those charged with governance	18

Understanding your business and key developments

Developments

Blue light collaboration

The Policing and Crime Bill gained Royal Assent on 31st January 2017. This Act:

- introduces a high level duty on all three emergency services to collaborate; and
- enables Police and Crime Commissioners to take on the functions of Fire and Rescue Authorities, and create a single employer for Police and Fire personnel.

The Authority is preparing itself for closer working between West Midlands Police and Fire services to ensure that any collaboration is delivering efficiencies and the focus is on the benefit to the local taxpayer.

Provisions are also in place to enable the transfer of Fire and Rescue and Police and Crime Commissioner functions to the elected mayor of a combined authority area should this occur.

Fire reform

The Government has set out a radical programme of Fire reform. This is likely to include the introduction of a new inspectorate, a new standards setting body and publishing data on procurement costs. Fire services are also being challenged to improve the diversity of their workforces. In addition, CFA has agreed to set up a new National Fire Chiefs Council which is due to start work in April 2017.

Key challenges

Financial resilience

The 2016/17 settlement included an offer for multi-year funding to 2019/20. To qualify for this settlement, the Authority considered and approved their Efficiency Plan for submission in September 2016.

The Government announced the provisional settlement for West Midlands Fire for 2017/18 at £54.703 million, resulting in a core funding reduction of £3.962 million. This, coupled with the funding reduction of £3.278 million for 2016/17 and further reductions for 2018/19 and 2019/20 provides a total reduction over the four-year period (2016/17 – 2019/20) of £9.415 million (15% of the 2015/16 core funding).

IRMP – Corporate Strategy Plan 2017 – 2020

In accordance with its planning framework, the Fire Service has reviewed its rolling three-year corporate strategy – The Plan. As part of this approach the Service has reviewed its Vision Statement, Annual Priorities and Outcomes which are enablers to achieving our vision of Making West Midlands Safer, Stronger and Healthier.

As part of the review of The Plan, the Outcomes have been refreshed and elaborated upon, reflecting the continued evolution of the Priorities.

The Authority is clear that the plan can be delivered within the financial envelope, but this will be a challenge.

Financial reporting changes

CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced. The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

Earlier closedown

The Accounts and Audit Regulations 2015 require Local Government bodies to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year.

West Midlands Fire Authority has a strong track record of providing good working papers which support an early opinion. We continue to work with the Authority's accounts team to achieve a deadline of 31 May 2017 for unaudited accounts, and an audit completion deadline of 31 July 2017. This should stand us in good stead to meet next year's deadline of 31 July 2018.

Our response

- We aim to complete all our substantive audit work of your financial statements by 30 June 2017
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code
- We will keep you informed of changes to the financial reporting requirements for 2016/17 through on-going discussions and invitations to our technical update workshops

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. 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. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Authority. In line with previous years, we have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Authority. For purposes of planning the audit we have determined overall materiality to be £2,258k (being 2% of gross revenue expenditure). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £112,900.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'. We have identified the following items where separate materiality levels are appropriate:

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in the notes to the financial statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	Any errors identified by testing in excess of £20,000 would be deemed to have implications on the users understanding of the financial statements
Related party transactions	Related party transactions have to be disclosed if they are material to the fire authority or to the related party.	Any errors identified by testing will be assessed individually, with due regard given to the nature of the error and its potential impact on users of the financial statements. We are unable to quantify a materiality level as the concept of related party transaction takes in to account what is material to both the Authority and the related party.

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; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK and Ireland) 320)

Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs (UK and Ireland) as risks that, in the judgment 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.

Significant risk	Description	Audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams 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 West Midlands Fire and Rescue 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 Authority, mean that all forms of fraud are seen as unacceptable <p>Therefore do not consider this to be a significant risk for West Midlands Fire and Rescue Authority.</p>
Management over-ride of controls	Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgements and decisions made by management <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of journal control environment to identify any control weaknesses • Substantive testing of journal entries testing back to supporting documentation • Review of unusual significant transactions
Actuarial valuation of pension liability	Under ISA 540 (Auditing Accounting Estimates, including Fair Value Accounting Estimates and Related Disclosures), the auditor is required to make a judgement as to whether any accounting estimates with a high degree of estimation uncertainty give rise to a significant risk. Pension Liability estimation does have a high degree of estimation uncertainty and has therefore been flagged as a significant risk	<p>Work planned:</p> <ul style="list-style-type: none"> • We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. • We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out. • We will undertake procedures to confirm the reasonableness of the actuarial assumptions made. • We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK and Ireland) 315). In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK and Ireland) 550)

Other risks identified

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

Reasonably possible risks	Description of risk	Audit procedures
Operating expenses	<p>Creditors understated or not recorded in the correct period (Operating expenses understated)</p> <p>There is an element of estimation uncertainty for accruals which require estimate techniques and management judgment. There is an inherent risk that payables may not be posted in the correct financial year.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have documented the processes and controls in place around the accounting for operating expenses We have carried out a walkthrough test to confirm the operation of controls is in line with our understanding <p>Further work planned:</p> <ul style="list-style-type: none"> Testing of the completeness of the subsidiary system (purchase ledger) interfaces with the ledger Substantive testing of a sample of creditor balances including accruals Testing of the purchase ledger control account reconciliation Documentation of the processes in place for month and year end accruals Review of post year end payments made to identify unrecorded liabilities Testing of a sample of goods received that have not yet been invoiced, to identify any items which have not been accrued correctly Testing of a sample of operating expenses to ensure they have been accurately accounted for and in the correct period
Fire Pensions Benefits Payable	<p>Benefits improperly computed/ claims liability understated</p> <p>Payments to retiring officers are low in volume but high in value and the service is reliant on effective controls both within and outside the organisation to ensure that payments made are valid and accurate.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have documented processes and controls in place around the accounting for Fire Fighters' Pensions. We have carried out a walkthrough test to confirm the operation of controls is in line with our understanding. <p>Further work planned:</p> <ul style="list-style-type: none"> Agreement of pension disclosures in the financial statements to supporting evidence. Testing a sample of Fire Fighters' pension payments covering the period 1st April 2016 to 31 March 2017 to ensure that they have been accurately accounted for and in the correct period.

Other risks identified (continued)

Reasonably possible risks	Description of risk	Audit procedures
Employee remuneration	<p>Employee remuneration, benefit obligations and expenses understated.</p> <p>The Authority has a large number of employees and related payroll transactions. This means the inherent risk, which includes year end accruals, is high.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have documented the processes and controls in place around the accounting for Employee Remuneration We have carried out a walkthrough test to confirm the operation of controls is in line with our understanding <p>Further work planned:</p> <ul style="list-style-type: none"> Completion of monthly trend analysis to identify any usual or irregular movements for investigation Review of the monthly payroll reconciliation to ensure that information from the payroll system can be agreed to the ledger and the financial statements. Substantive testing of employees for accuracy of payment and the agreement of employment remuneration disclosures to supporting documentation. Review of year end employee remuneration accruals and agreement to supporting documentation where significant. Review of employee remuneration disclosures including senior officers remuneration and pensions to ensure they are in compliance with the CIPFA Code of Practice.
Changes to the presentation of local authority financial statements	<p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> We will document and evaluate the process for the recording the required financial reporting changes to the 2016/17 financial statements. We will review the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure. We will review the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS). We will test the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES. We will test the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger. We will test the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements. We will review the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.

Other risks identified (continued)

Going concern

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

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 the previous sections but will include:

- Property, vehicles, plant and equipment
- Inventories
- Debtors
- Cash and cash equivalents
- Creditors
- Provisions
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Useable and unusable reserves
- Financing and investment income and expenditure
- Grant income
- Taxation and non specific grant incomes
- Financial instruments
- Income, expenses, gains and losses
- Officers' remuneration note
- Related party transactions note
- Capital expenditure and capital financing note
- Defined benefit pension schemes

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK and Ireland) 315)

Value for Money

Background

The Code requires us to consider whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

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

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none">• Acting in the public interest, through demonstrating and applying the principles and values of sound governance• Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management• Reliable and timely financial reporting that supports the delivery of strategic priorities• Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	<ul style="list-style-type: none">• Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions• Managing and utilising assets effectively to support the delivery of strategic priorities• Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	<ul style="list-style-type: none">• Working with third parties effectively to deliver strategic priorities• Commissioning services effectively to support the delivery of strategic priorities• Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We have carried out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we considered:

- our cumulative knowledge of the Authority, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies.
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We have identified significant risks which we are required to communicate to you. These are set out overleaf.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion in our auditor's report on your financial statements which we will give by 31 July 2017.

Value for money (continued)

We set out below the significant risks we have identified as a result of our initial risk assessment and the work we propose to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
Financial resilience The Authority has historically managed its finances well and has consistently achieved savings targets. It is on course to deliver the 2016/17 budget. However delivering savings year on year becomes increasingly harder. Further savings of £9.415 million are required in the 4 years 2016/17 – 2019/20.	This links to the Authority's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.	We will review the Authority's Medium Term Financial Strategy (MTFS) and financial monitoring reports, assessing the assumptions used.
Partnership working with other emergency services There is evidence that the Authority is working in partnership with West Midlands Police and other emergency services where the opportunity arises. There is some uncertainty over what form further collaboration will take and how this will lead to wider integration. Development of the West Midlands Combined Authority Mayoral arrangements and the recent legislative changes is now forcing a faster paced change.	This links to the Authority's arrangements for working effectively with third parties to deliver strategic priorities.	We will review the project management and risk assurance frameworks established by the Authority in respect of the more significant projects, to establish how the Authority is identifying, managing and monitoring these risks.

Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

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

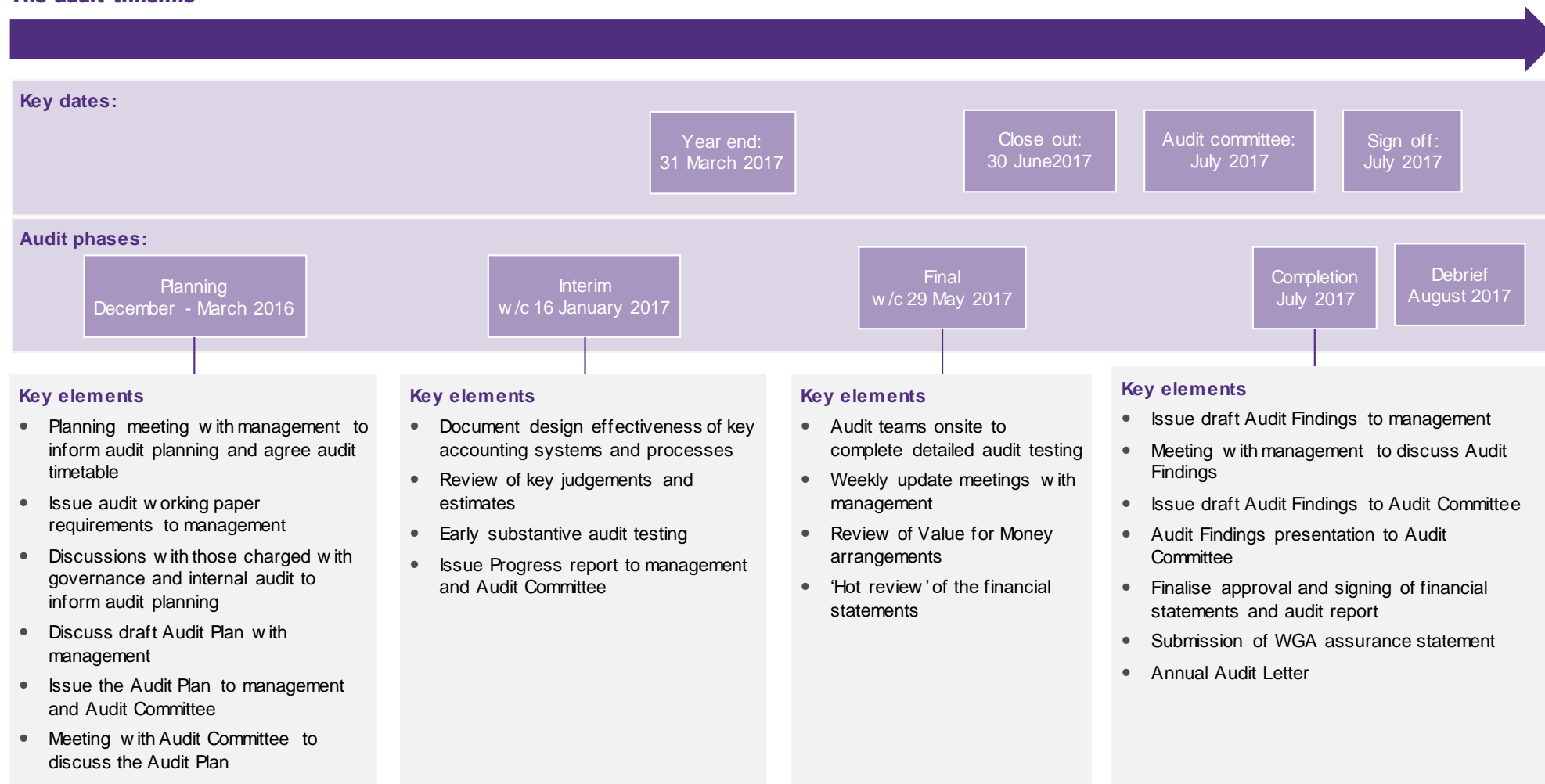
Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Authority's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Authority and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none">• Communication and enforcement of integrity and ethical values• Commitment to competence• Participation by those charged with governance• Management's philosophy and operating style• Organisational structure• Assignment of authority and responsibility• Human resource policies and practices	<p>Our work has not identified any material weaknesses which are likely to adversely impact on the Authority's financial statements.</p>
Walkthrough testing	<p>We have completed walkthrough tests of the Authority's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Authority in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>

The audit cycle

The audit timeline



Audit Fees

Fees

Fees for other services

	£
Fire Authority audit	38,636
Total audit fees (excluding VAT)	38,636

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Authority and its activities, have not changed significantly
- The Authority will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Fees for other services detailed on the following page, reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Regular contact to discuss strategy and other important areas
- A review of accounting policies for appropriateness and consistency
- Annual technical updates for members of your finance team
- Regular Audit Committee Progress Reports

Independence and non-audit services

Ethical Standards and ISA (UK and Ireland) 260 require us to give you timely disclosure of matters relating to our independence. In this context, we disclose the following to you:

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 Auditing Practices Board's Ethical Standards and we 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 Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Client Name. There have been no audit related and non-audit services for the Authority for 2016/17.

Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Authority.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the CCG's key risks when reaching our conclusions under the Code.

The audit of the financial statements does not relieve management or those charged with governance of their 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 communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓



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AUDIT COMMITTEE

27 MARCH 2017

1. **CORPORATE RISK UPDATE**

Report of the Chief Fire Officer.

RECOMMENDED

THAT Audit Committee approve the Corporate Risk Assurance Map Summary (Quarter 2 Appendix 1 and Quarter 3 Appendix 3) and note the Position Statement (Quarter 2 Appendix 2 and Quarter 3 Appendix 4) for each risk. This covers Quarter 2 and 3 2016/17.

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.

3. **BACKGROUND**

- 3.1 This report includes the Corporate Risk Assurance Map Summary and the Position Statement for two quarters. This is the first report using the 'new' and 'revised' Corporate Risks 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 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 functions 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 on the basis of 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 2 2016-17 (Appendix 1), Position Statement Quarter 2 2016-17 (Appendix 2), Corporate Risk Assurance Map Summary for Quarter 3 2016-17 (Appendix 3) and Position Statement Quarter 3 2016-17 (Appendix 4) 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 strategic objectives and performance indicators relevant to the risk;
- the current risk score;
- a description of events that could lead the corporate risk to be realised; and
- 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; and
- 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.

3.10 The revised 9 Corporate Risks aligned to The Plan were reported on in Quarter 2 for the first time.

Increase/decrease in Overall Corporate Risk Score

3.11 In Quarter 2 and 3 there was no increase or decrease in any of the risk scores.

3.12 The Position Statements attached as Appendices 2 and 4 provides the detail of the risk management activity undertaken or ongoing in respect of the Authority's 9 Corporate Risks for Quarter 2 and Quarter 3 2016-17.

- Corporate Risks 1, 2, 4, and 8 have been awarded a green confidence (substantial) opinion, which is the highest level that can be awarded.
- Corporate Risks 3, 5, 7 and 9 have been awarded an amber (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.
- No red (limited) confidence opinions were awarded.

Position Statement Summary

3.13 Corporate Risk 1 – External (Political and Legislative) Environment. Although the risk score has not changed, the likelihood of governance change is high. The current Future Governance Working Group has been added as an additional control measure to the risk register.

3.14 Corporate Risk 4 – Protection. The risk score has not changed but an additional control measure has been added to the risk register. Protection continues to utilise the Command Risk Profiles produced through the Integrated Risk Management Team whilst ILAP is being developed.

4. EQUALITY IMPACT ASSESSMENT

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

5. LEGAL IMPLICATIONS

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

6. **FINANCIAL IMPLICATIONS**

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

7. **ENVIRONMENTAL IMPLICATIONS**

None

BACKGROUND PAPERS

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



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






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





PHIL LOACH
CHIEF FIRE OFFICER



Appendix 1

Corporate Risk Assurance Map - Summary - Quarter 2 2016/17

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 Sector 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 sector reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.				3	2	6
CR2	People	SE People - Sarah Warnes					
2.1	The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.				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.				2	3	6

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	2	6
3.2	The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.				3	2	6
No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
CR4	Delivery of Services - Protection	SE Protection - Simon Barry					
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.				3	2	6
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.				2	3	6

CR5	Delivery of Services – Response	SE Response - Ben Brook					
5.1	The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.				1	4	4
CR6	Business Continuity & Preparedness	SE Organisational Preparedness - Steve Taylor					
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	4	8
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.				3	3	9

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 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.				3	3	9
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	4	8

Corporate Risk Quarter 2 Position Statement October 2016

Individual Risk Position Statement

Corporate Risk 1 – External (Political and Legislative) Environment

Corporate Risk 1.1:

Public Sector 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 set against this new corporate risk. The likelihood of governance change is quite high however the delivery of core and statutory services as is provided now is unlikely to change. New duties however may be introduced as legislation around FRSs and Devolution legislation emerges. Due to the local development of positive external relationships, commissioning, involvement in the Combined Authority and key work streams (in some cases leading these) the impact of change on the delivery of our wider strategy is currently considered to be low.</p> <p>The Future Governance Working Group is providing a key platform for all key stakeholders including central government Home Office (HO) to consider the most appropriate approach to future governance based on the potential for the future delivery of services and Public Sector Review (PSR).</p>
Changes to control measures	<p>The current Future Governance Working Group needs to be added as an additional control measure which was instigated in 26.7.16.</p>
Assurance updates	<p>The Risk Owner is confident that the approaches and relationships are in place to enable for the continued positive engagement of key stakeholders in being able to influence the PSR agenda locally and nationally. As this is a new corporate risk and many of the controls have been in place for less than 12 months, confidence in the strength of control measures will be monitored and evaluated as we move forward.</p>

Corporate Risk 1.2:

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

Emerging Issues	<p>The overall risk score of 6 (likelihood 2 x Impact 3) and risk rating of 'low' is set against this new corporate risk. The Authority and Service has positioned itself successfully at this current time in securing Observer status on the Combined Authority, leading the Multiple Complex Needs work stream and through the CFO taking on the CEO role for PSR.</p> <p>The Authority has also successfully entered new areas of commissioned 'health' work with regards to falls response and hospital discharge, supporting priorities of Local authorities, NHS as well as the Service priorities.</p> <p>Whilst the Future Governance Working Group is considering the most appropriate approach for future governance, as part of this it is also providing a key platform for all key stakeholders to consider the potential for the future delivery of services and PSR.</p>
Changes to control measures	<p>The current Future Governance Working Group needs to be added as an additional control measure which was instigated in 26.7.16.</p> <p>Multiple Complex Needs workstream and PSR role also needs to be reflected as new control measures</p>
Assurance updates	<p>The risk owner is confident that the current controls in place provide sufficient assurance at this point in time.</p> <p>As this is a new corporate risk and many of the controls have been in place for less than 12 months, confidence in the strength of control measures will be monitored and evaluated as we move forward</p>

Corporate Risk 2 - People

Corporate Risk 2.1:

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

Emerging Issues	The overall risk score of 9 (likelihood 3 x Impact 3) and risk rating of 'medium' remains. The relationships with the representative bodies remains positive with a local collective agreement in place for Staffing and Fire Control.
Changes to control measures	<p>Consultation</p> <p>Further ongoing discussions/consultation with the FBU are still very positive and productive. With the reviewed offer now agreed and in place until the 30th April 2017. Close working relationships have continued across a range of areas for change to include the review of partnerships officers, NJC trials for Telecare, Fire Control has been continued with ongoing discussions taking place on a regular basis.</p> <p>The trade unions continue to attend strategic enabling team meetings on a monthly basis – this enables the strategic team and trade unions to have early discussions relating to future planning and emerging change programmes within the organisation.</p> <p>Early consultation through the employee framework continues to support a positive working environment and is well represented.</p> <p>Communication</p> <p>Good communication with staff continues through what's happening visits and middle managers webinars and line manager engagement.</p>
Assurance updates	The risk owner remains confident that the frameworks and procedures are in place to maintain positive engagement within the organisation. Based on this assessment the risk score will remain the same for this quarter.

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 2 (likelihood) x 3 (impact) = 6 although the risk level remains at Medium.
Changes to control measures	<p>Workforce planning As part of the workforce planning and succession planning strategy, guidance to support managers through the business partners has been provided.</p> <p>The three year staffing strategy continues to provide a strong level of forecasting for the organisation.</p> <p>The organisation is providing a recruitment strategy for April 2017.</p> <p>The competency risk assessment has been reviewed with a number of recommendations – an implementation plan is now being actioned regarding improvements to the CRA which will support the application of S/O 6/3.</p> <p>We continue to review our approach to the recruitment and selection framework and progression. This will enable individuals to have an improved understanding regarding progression and development that is based on their natural performance within the workplace, feedback and development.</p> <p>There has been an increase in sickness for operational staff which has had an impact on staffing. The business partners continue to work with managers to reduce the long term sick and those on restricted duties. This will be reviewed at the end of next quarter and may impact on the overall risk score for next quarter. There is also a focus on the ridership factor.</p> <p>Fitness policy was delayed in its roll out however this will be will be implemented in the next quarter.</p>
Assurance updates	<p>The level of control provided by the Service's Health and Fitness Standing Order will change next quarter to green. This approach will ensure the appropriate framework is in place to achieve the performance requirements set out in the CFOA guidance.</p> <p>The Risk Owner has ensured that control owners have provided assurance for the controls and in particular is focusing on attendance management and the ridership factor.</p>

Corporate Risk 2.3:

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

Emerging Issues	Overall score remains likelihood 2 (likelihood) x 3 (impact) = 6 amber. Although the SHE is performing well the focus will continue on two type of injuries – slip trips and falls and manual handling.
Changes to control measures	SHE team to provide a collaborative and co-ordinated approach to delivering health and safety messages across PSS team.
Assurance updates	<p>There continues to be good performance around key health, safety and environment performance indicators, there are no indicators to suggest the control level is anything other than substantial.</p> <p>Review of SHE performance across command areas remains positive and continues to be a focus for SHE and the organisation. This has enabled the organisation to provide a Substantial (green) confidence opinion as to the overall collective strength of the control environment and this is reflected on the Corporate Risk Assurance Map summary.</p>

Corporate Risk 3 – Delivery of Services - Prevention

Corporate Risk 3.1:

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

Emerging Issues	<p>The risk score associated with this risk remains unchanged.</p> <p>The Fire Authority approved implementation plan for Community Safety (referenced in the recommendations of the Partnership Scrutiny Report in January 2016) has led to a period of staff engagement and representative body consultation and has ultimately enabled a new structure to be developed. A central Community Safety team is now in place and is currently identifying suitable working practices to positively impact on the recognised corporate risk around partnerships.</p>
Changes to control measures	<p>Currently there is no change to the control measures for managing corporate risk. It is predicted that the changes to the Partnerships team in headquarters will see benefits with a clear direction of travel seeing a reduction in the score rating for this corporate risk.</p>
Assurance updates	<p>The Scrutiny Committee report provides for a level 3 independent assurance of the control environment and this is reflected on the assurance map.</p>

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>The risk score associated with this risk remains unchanged.</p> <p>The Fire Authority approved implementation plan for Community Safety (referenced in the recommendations of the Partnership Scrutiny Report in January 2016) has led to a period of staff engagement and representative body consultation and has ultimately enabled a new structure to be developed. A central Community Safety team is now in place and is currently identifying suitable working practices to positively impact on the recognised corporate risk around partnerships.</p>
Changes to control measures	<p>Currently there is no change to the control measures for managing corporate risk. It is predicted that the changes to the Partnerships team in headquarters will see benefits with a clear direction of travel seeing a reduction in the score rating for this corporate risk.</p>
Assurance updates	<p>The Scrutiny Committee report provides for a level 3 independent assurance of the control environment and this is reflected on the assurance map.</p>

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 has been increased to 6 from 4 as a result of the known issues with our risk based inspection programme (ILAP) and the fact that development work continues in relation to its replacement.</p> <p>The outcomes of the Organisational Assurance report into our risk based approach will be released shortly and this will support the ongoing evolution.</p>
Changes to control measures	<p>Protection continue to utilise the Command Risk Profiles produced through the IRM team as a control measure whilst ILAP is being developed. In the last quarter, there have been some changes to the reporting and evaluation process in relation to the effectiveness of these risk profiles.</p>
Assurance updates	<p>Level 1 – assurance is provided by the control owner and is verified by the risk owner.</p>

Corporate Risk 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.

Emerging Issues	<p>The risk score has reduced as a result of the staffing review being implemented and the industrial dispute being resolved through a local collective agreement.</p> <p>In addition, recruitment has taken place to bring fire control up to the revised establishment levels and the training course is ongoing for these new employees. This will have a positive overall impact as for a prolonged period Fire Control had been operating below establishment which resulted in occasional staffing shortfalls.</p>
Changes to control measures	<p>There is no change to the control measures associated with the effective management of this risk</p>
Assurance updates	<p>Level 2 assurance is provided through the Fire Control Governance Board which is responsible for strategic direction and decision making.</p>

Corporate Risk 5 – Delivery of Services - Response

Corporate Risk 5.1:

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

Emerging Issues	<ul style="list-style-type: none"> • The collective Agreement in relation to staffing will need to be reviewed during the next quarter due to this coming to a conclusion in April 2017 • The Financial cost of Voluntary Volunteer Shifts (VAS) still remains higher than anticipated but fleet availability is high • The Competency Risk Assessment is currently being reviewed and has a specific action plan • The new SSRI PORIS compliance schedule of audit and ICT workbook is currently being embedded
Changes to control measures	<p>The likelihood score remains at 1 and the impact at 4. This is due to the trade dispute being lifted and the collective agreement being in place in relation to staffing. 1 (likelihood) x 4 (impact) = 5</p> <p>In meeting the current funding challenge the Service is has implemented three contributing mechanisms to sustain the Service's Delivery Model against a reducing establishment. These are</p> <ul style="list-style-type: none"> • Voluntary Bank Shifts • Integrated Resilience • Voluntary Additional Shifts. <p>These are reflected as controls on the assurance map. It should be noted that the use of VAS is currently high and this will have an impact on our forecasted budget spend in relation to staffing. It should also be recognised that the collective agreement is due to end in April 2017. During the next quarter work will be undertaken to analyse our current staffing arrangements and an approach to the collective agreement.</p> <p>In order to enable a consistent and appropriate approach to the management of risk appertaining to the implementation of the requirements of Emergency Services Mobile Communications Programme (ESMCP) a single nationally agreed approach to the management of risk has been agreed and a single risk register has been developed. This approach will enable FRS' to locally identify, manage and monitor risks associated with the implementation of ESMCP upon their own FRS whilst also providing a framework to identify, communicate and develop national good practice for managing the shared risks associated with this programme. This approach provides assurance to SET,</p>

	Members, Stakeholders and DCLG alike that FRS' has in place the appropriate infrastructures, frameworks, networks and processes for the timely and risk managed delivery of this programme.
Assurance updates	<p>Gaps have been identified in relation to our Competency Risk Assessment (CRA) and the activity roles and frequencies in relation to core skills. An action plan is in place to address any issues and the CRA for next year is currently being developed.</p> <p>The SSRI process was also identified as not being PORIS compliant during this quarter however a large amount of work has been undertaken and a new workbook and auditing process has been developed to enable us to capture all relevant information.</p>

Corporate Risk 6 – Business Continuity & Preparedness

Corporate Risk 6.1:

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

Emerging Issues	<p>It has been acknowledged that the risk score for Corporate Risk 4.2: relating to Fire Control has been reduced to likelihood 2 (likelihood) x 3 (impact) = 6 medium as a result of the staffing review being implemented and the industrial dispute being resolved through a local collective agreement.</p> <p>Existing controls associated with Business Continuity arrangements remain in place due to the Fire Control staffing review still within the consultation phase.</p> <p>Emerging issues relate to a potential Pandemic Influenza Risk when associated with a reduced Operational Establishment.</p> <p>Accuracy of organisational Policies and Procedures as a consequence of organisational restructures.</p>
Changes to control measures	<p>Overall risk score remains likelihood 3 (likelihood) x 3 (impact) = 9 medium.</p> <p>Pandemic Flu The West Midlands Conurbation Local Resilience Forum has assessed the likelihood of the Pandemic Influenza risk being realised as being medium. This is based on predictor modelling showing that a Pandemic scenario is likely to occur approximately every 11-39 years. To support this historical data shows 4 recorded pandemics of influenza in the past 100 years.</p> <p>Based on understanding of previous pandemics, occurrence is likely in one or more waves possibly weeks and months apart. Each wave may last between 12-15 weeks. Up to half the population could be affected. In the WMC this represents an approximate figure of 6,000 deaths assumed. Business and social economy will be affected by large number of staff absences anticipated to be in the range of 30 – 50%.</p> <p>As we now run a much leaner service, relying on resilience shifts from non-operational personnel and voluntary additional shifts, if a pandemic Influenza scenario were realised, there may be a potential of reduced availability to support high levels of staff absenteeism.</p>

	<p>Policies and Procedures</p> <p>The ongoing reduction in central funding along with the Service's continued commitment to deliver excellence through The Plan has required significant change to organisational structure. The introduction and subsequent review of the Strategic Enabling Team (SET) necessitated organisational re-alignment of structures, functionality and reporting lines at all levels throughout the organisation.</p> <p>As a consequence of this change it has become necessary to review, identify and confirm Strategic Enabler responsibility for organisational policies (Standing Orders, Operational Procedure Notes and Technical Information Notes for example). Accurate and contemporary policies are critical to setting out the key principles and guidance to enable for the safe, assertive and effective delivery of services and activity at all levels of the organisation. Policies are also a core component for the effective management of corporate risk.</p>
Assurance updates	<p>Pandemic Flu</p> <p>Our contingency arrangements relay on using our own operational staff to cover these shortfalls, and where this has been successful in the past to cover periods of Industrial action, due to the reduction in the establishment, it needs to be recognised that it may be more difficult to provide the same level of cover as we have done previously. It also should be noted that in a pandemic scenario, the impacts are likely to be nationwide so seeking assistance from external parties may not be a realistic option. It is also acknowledged that any increase in the use of voluntary additional shifts will have an additional financial impact that could be accommodated through organisational funding reserves. In balancing the financial impact of the use of a significant number of additional voluntary shifts or in the event there is limited staff available to undertake voluntary additional shifts application of the dynamic cover tool will support decision making to ensure that any reduction in available resources will be located in the optimum locations to limit the risk to our communities.</p> <p>Policies and Procedures</p> <p>All Standing Orders and OPN's are currently being reviewed. Using a collaborative approach the Policy Team, working with SET, have identified on the basis of risk, a planned approach to the systematic review and update of all policies. This planned and prioritised approach will enable for all policies to be updated in a timely manner. This will ensure that, upon completion, all policies fall within the three year review cycle expectation of the organisation.</p>

	<p>In terms of safety to firefighters and the community Operational Procedure Notes (OPN) are our most risk critical policies. There are some references to roles and responsibilities that are out of date in the OPN. However as part of the ongoing approach to introducing sector National Operational Guidance (NOG), OPN have continued to be update and as such risk critical information remains up to date. However, because of the importance of these documents, OPN will be included in the overall review of policies.</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 8. The risk continues to be medium. The risk level is likely to reduce over the next quarter as the implementation of Office 365 commences. A project manager has been appointed and third party consultation is being used to expedite the project.</p> <p>This suite of products will enable secure accessibility to ICT functionality from a wider range of devices and locations including ones not provided by the organisation. The majority of organisational data will be held in cloud storage thus reducing the reliance on in-house processes, procedures and infrastructure to access and maintain data. This project is in its design stage and will not impact the risk level until some of the outcomes are delivered.</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 as yet unconfirmed.</p>
Changes to control measures	<p>The planned implementation of Office 365 reduces the impact significantly of the loss of an on-premises data centre.</p> <p>Work is ongoing to establish accreditation for Code of Connection (CoCo) to the Emergency Services Network (ESN) and the Public Services Network (PSN).</p>
Assurance updates	<p>The overall risk confidence opinion is amber.</p>

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	The overall risk score is 9. The risk continues to be medium. The risk level is likely to reduce over the next quarter when the Management of Information Framework is implemented.
Changes to control measures	<p>The implementation of the Management of Information Framework will be supported by appropriate guidance and awareness for all employees. The framework will change the way that information is managed within the organisation.</p> <p>Consultation is currently underway to create appropriate accreditation processes for in-house developed systems such as the Incident Recording System.</p>
Assurance updates	The overall risk confidence opinion is amber.

Corporate Risk 8 – Finance & Assets

Corporate Risk 8.1:

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

Emerging Issues	<p>The risk score remains at 3 (Likelihood) x 3 (Impact) = 9. The overall risk level is Medium.</p> <p>In February 2016, The Government communicated the Authority's Core Funding settlement. In setting out a provisional 4 year settlement, confirmation was received that the core funding reduction would be circa £10 Million by 2019/20. Whilst this reduction is less than was forecast, it still presents a significant challenge to the Service in terms of setting a balanced budget. In planning for significant funding reductions, the Service has in place a number approaches to bridge the funding gap. Year's two to four of the settlement period are subject to the submission and approval of an Efficiency Plan. The content of the Efficiency Plan was considered and approved by the Fire Authority on 19th September 2016 and is due to be submitted to the Home Office by 14th October 2016. Given the potential certainty provided by a four year settlement and the planned approaches to meeting the funding gap the Risk Owner will consider the reduction of the likelihood score from 3 to 2 during the next quarterly review.</p>
Changes to control measures	<p>The Authority continues to manage its budget and accounts in such a way that has enabled for an unqualified financial opinion and value for money conclusion to be provided by the external auditors. This has been confirmed to the Authority and provides a substantial independent assurance as to the quality of the financial management arrangements.</p>
Assurance updates	<p>The work and associated reports of the external auditor provides assurance against a number of controls in place to manage against the realisation of risk on the assurance map.</p> <p>Level 1 assurance has been provided across the majority of the control environment with most controls measures being awarded at substantial (green) rating in terms of their effectiveness in managing risk triggers and are supported by a number of level 3 assurances. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required.</p> <p>The Risk Owner therefore has provided for a substantial (Green) confidence opinion as to the collective strength of the control environment in managing this particular risk.</p>

Corporate Risk 8.2:

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

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

Corporate Risk 9 – Business Development

Corporate Risk 9.1:

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

Emerging Issues	<p>The overall risk score is 9. The risk continues to be medium. The risk level is likely to reduce over the next quarter when the Business Development (BD) strategy, BD & Prevention organisational frameworks are in place. Further discussions around new services and growth areas have been established.</p> <p>As new services emerge the prevention work that is emerging is an opportunity for either gaining alternative funding or it could also be given away through community safety partnership work. Clarity is required around our approach from SET to new prevention streams.</p>
Changes to control measures	<p>The control measures effectiveness section has been updated to reflect the current position of each measure. These predominantly range between medium and low risk.</p>
Assurance updates	<p>The above merging risk will be discussed at SET to seek clarification which will in turn inform the Business development and Community safety frameworks to ensure appropriate levels of governance, risk management and political awareness.</p> <p>After some challenges to attract the right skills set; the BD team are now established with five people, including one operational placement. This team structure seems optimum to enable the management and delivery of the flexible funding projects across commissioning, social value and commercial activities. A business partner approach will be established by April 2017.</p> <p>Working relations with key internal partners are established and being improved such as with marketing, procurement, finance and prevention.</p> <p>Specific working processes and business development frameworks are being developed in partnership with stakeholders to provide organisational clarity of how to pursue flexible funding opportunities.</p>

Corporate Risk 9.2:

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

Emerging Issues	The overall risk score is 8. The risk continues to be medium. Whilst the likelihood is low, the impact of this risk is high.
Changes to control measures	The control measures effectiveness section has been updated to reflect the current position some measures.
Assurance updates	<p>The Service is testing business continuity provisions for the urgent non injury falls provision.</p> <p>Contracts are either in place or being put in place for all new services. These include risk management considerations that have been assured by procurement, Sandwell legal and our insurers.</p>

Corporate Risk Assurance Map Summary
Quarter 3 2016/17

	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
1.	External (Political and Legislative) Environment	SE Strategic Hub - Karen Gowreesunker					
1.1	Public Service Reform enables new duties and/or major changes to the governance, structure, role or activities of the fire and rescue service requiring major re-organisation, resulting in an inability to deliver against organisational strategy and planned community outcomes.				3	2	6
1.2	The Fire Authority is unable to positively position itself within public service reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.				3	2	6
2.	People	SE People - Sarah Warnes					
2.1	The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.				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.				2	3	6
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

3.	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	2	6
3.2	The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.				3	2	6
4.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
4.1	Delivery of Services - Protection	SE Protection - Simon Barry					
4.1.1	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.				3	2	6
4.1.2	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
4.2	Delivery of Services – Response	SE Response - Ben Brook					
4.2.1	The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.				1	4	4

5.	Business Continuity & Preparedness	SE Organisational Preparedness - Steve Taylor		
	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
6.	Information, Communications and Technology	SE ICT - Jason Danbury		
6.1	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	4	8
6.2	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.	3	3	9

7.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
7.1	Finance & Assets	SE Finance and Resources - Mike Griffiths					
7.1.1	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
7.1.2	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

8.	Business Development	SE Business Development - Preith Shergill		
8.1	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.	3	3	9
8.2	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	4	8

Corporate Risk Quarter 3 Position Statement January 2017**Individual Risk Position Statement****Corporate Risk 1 – External (Political and Legislative) Environment****Corporate Risk 1.1:**

Public Sector 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 new corporate risk. The likelihood of governance change is quite high however the delivery of core and statutory services and impact on public safety as is provided now is unlikely to change. New duties however may be introduced as legislation around FRS governance and Devolution emerges. Due to the local development of positive external relationships, commissioning, discussions around collaboration, involvement in the Combined Authority and key work streams (in some cases leading these) the impact of change on the delivery of our wider strategy is currently considered to be low.</p> <p>The Future Governance Working Group is providing a key platform for all key stakeholders including central government Home Office (HO) to consider the most appropriate approach to future governance based on the potential for the future delivery of services and Public Sector Reform (PSR).</p>
Changes to control measures	<p>The current Future Governance Working Group added as an additional control measure which instigated 26.7.16.</p> <p>Added the development of a potential future report to the Combined Authority setting out route to a Mayor for WMFS.</p>
Assurance updates	<p>The Risk Owner is confident that the approaches and relationships are in place to enable for the continued positive engagement of key stakeholders in being able to influence the PSR agenda locally and nationally. As this is a new corporate risk and many of the controls have been in place for less than 12 months, confidence in the strength of control measures will be monitored and evaluated as we move forward.</p>

Corporate Risk 1.2:

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

Emerging Issues	<p>The overall risk score of 6 (likelihood 2 x Impact 3) and risk rating of 'low' is set against this new corporate risk. The Authority and Service has positioned itself successfully at this current time in securing Observer status on the Combined Authority, leading the Multiple Complex Needs work stream and through the CFO taking on the CEO role for PSR.</p> <p>The Authority has also successfully entered new areas of commissioned 'health' work with regards to falls response and hospital discharge, supporting priorities of Local authorities, NHS as well as the Service priorities.</p> <p>Whilst the Future Governance Working Group is considering the most appropriate approach for future governance, as part of this it is also providing a key platform for all key stakeholders to consider the potential for the future delivery of services and PSR.</p>
Changes to control measures	<p>The current Future Governance Working Group added as an additional control measure which instigated 26.7.16.</p> <p>Added the development of a potential future report to the Combined Authority setting out route to a Mayor for WMFS.</p>
Assurance updates	<p>The risk owner is confident that the current controls in place provide sufficient assurance at this point in time.</p> <p>As this is a new corporate risk and many of the controls have been in place for less than 12 months, confidence in the strength of control measures will be monitored and evaluated as we move forward.</p>

Corporate Risk 2 - People

Corporate Risk 2.1:

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

Emerging Issues	The overall risk score of 9 (likelihood 3 x Impact 3) and risk rating of 'medium' remains. The relationships with the representative bodies remains positive with a local collective agreement in place and agreed until the end of 2017.
Changes to control measures	<p>Consultation</p> <p>Close working relationships with the representative bodies and staff have continued across a range of areas for change to include the review of partnerships officers, NJC trials for Telecare, Fire Control has been continued with ongoing discussions and communications taking place on a regular basis.</p> <p>The attendance of the trade unions at monthly meetings with the strategic enabling team meetings are still taking place. This continues to enhance the ability to have early discussions and seek views to enhance decision making regarding future planning and emerging change programmes within the organisation.</p> <p>Further engagement is planned for the trade unions, managers and business partners to work across stations to assist staff to understand how the employee framework is used to enable joint decision making and the importance of early engagement.</p> <p>Early consultation through the employee framework continues to support a positive working environment and is well represented.</p> <p>Areas for consideration in the next quarter of the year are: discussions and negotiations regarding the Lates arrangements and the potential proposals for training of new entrance. There are no new risk areas that have been identified to date regarding these proposals.</p> <p>Communication and engagement with staff continues through what's happening visits and middle managers webinars and line manager engagement.</p>
Assurance updates	The risk owner remains confident that the frameworks and procedures are in place to maintain positive engagement within the organisation. Based on this assessment the risk score and new areas of potential change identified will remain the same for this quarter.

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 2 (likelihood) x 3 (impact) = 6 although the risk level remains at Medium.
Changes to control measures	<p>Workforce planning As part of the workforce planning and succession planning strategy, guidance to support managers through the business partners has been provided.</p> <p>The three year staffing strategy continues to provide a strong level of forecasting for the organisation.</p> <p>Recruitment and selection for 63 new entrance for 2017/18 is near to completion. Organisational learning will be taken from this to further enhance our approach to attraction, selection and development strategy.</p> <p>The suite of learning and development standing orders 6/0 have been reviewed and refreshed. In particular the competency risk assessment S/O 6/3 has been reviewed with recommendations going to SET in February 2017 for approval.</p> <p>Work within the next 12 months will continue to ensure intelligence and information is gathered to inform the process in the areas of operational intelligence and skills fade.</p> <p>The implementation plan is progressing well regarding improvements to the assessment criteria and process being applied which will support the application of S/O 6/3.</p> <p>We continue to review our approach to the recruitment and selection framework and progression. This will enable individuals to have an improved understanding regarding progression and development that is based on their natural performance within the workplace, feedback and development.</p> <p>An area of concern has been raised regarding the number of crew commanders posts predicted for 2017/18 (23) against the number of eligible individuals (10). Further work is being conducted with the business partners and service delivery to understand the potential barriers and raising awareness of progression with staff.</p>

	<p>The attendance management targets have not been achieved across both uniformed and non-uniformed staff. There has been an increase in sickness for operational staff which has an impact on staffing. The business partners continue to work with managers to reduce the long term sick and those on restricted duties. There is the continued focus on the ridership factor.</p> <p>Fitness policy has now been implemented from 1st January 2017 – a suitable lead in time of 6 months has been provided for individuals to attain the right fitness levels. We will monitor the potential impact through quarterly performance reviews.</p>
Assurance updates	<p>The Service's Health and Fitness Standing Order has been implemented.</p> <p>The Risk Owner has ensured that control owners have provided assurance for the controls and in particular is focusing on attendance management and the ridership factor.</p>

Corporate Risk 2.3:

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

Emerging Issues	Overall score remains likelihood 2 (likelihood) x 3 (impact) = 6 amber. Although the SHE is performing well the focus will continue on two type of injuries – slip trips and falls and manual handling.
Changes to control measures	There are no changes to the control measures. The Safety Health and Wellbeing team continue to provide a collaborative and co-ordinated approach to delivering messages across the organisation.
Assurance updates	<p>There continues to be good performance around key health, safety and environment performance indicators.</p> <p>Further assurance will be provided through the appointment of the clinical governance director Andy Thurgood and the formation of the clinical governance working group – this will operate at both a strategic and operational (implementation level). The first meeting took place on 19 January 2017.</p> <p>A review has been carried out regarding the ongoing support and Wellbeing of crews attending Telecare, Falls response – a number of recommendations have been identified and will be developed and implemented with staff in the next 6 months. This will ensure we are fulfilling our statutory obligations to our staff in introducing this new role in to the service delivery model.</p> <p>Review of Safety, Health and Wellbeing performance across the organisation remains positive and continues to be a focus. This enables the organisation to provide a high level of confidence as to the overall collective strength of the control environment.</p>

Corporate Risk 3 – Delivery of Services - Prevention

Corporate Risk 3.1:

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

Emerging Issues	<p>The risk score associated with this risk remains unchanged.</p> <p>A central Community Safety (CS) team is now in place and is currently identifying suitable working practices to positively impact on the recognised corporate risk around partnerships. The Partnerships Team now has interim arrangements in place with Commands to support, upskill and enable personnel to work in partnership supported by appropriate governance arrangements. This work began on 3rd January following a briefing note to and engagement with Operations Commanders in December.</p> <p>The team's objectives will address existing partnerships arrangements to ensure that appropriate governance, monitoring and review is in place and that the governance recommendations from scrutiny were implemented.</p> <p>SO 22/2 will be withdrawn as CS moves towards an overarching prevention standing order supported by guidance and toolkits.</p>
Changes to control measures	<p>Currently there is no change to the control measures for managing corporate risk. It is predicted that the changes to the Partnerships team in headquarters will see benefits with a clear direction of travel seeing a reduction in the score rating for this corporate risk.</p>
Assurance updates	<p>The Scrutiny Committee report provides for a level 3 independent assurance of the control environment and this is reflected on the assurance map.</p>

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>The risk score associated with this risk remains unchanged.</p> <p>CS restructure is complete. The Partnerships Team have created a 'draft' Partnerships Governance Framework that is now out for consultation with Commands. Work has also begun to consult with Business Teams and Fire Safety. As part of and as a result of the consultation, the Partnerships Team is creating a Governance Framework Toolkit. The consultation is not about the 'Framework' it is about how the guidance and toolkit is presented, language etc – how it works for those using it. The framework content has been designed to meet 'Internal Audit' requirements.</p> <p>The Partnerships team is creating a risk register which will identify 'common' risk inherent across partnerships activity which will be reviewed, updated and rescored as part of the quarterly quality assurance processes already scheduled. Partnership owners through the governance arrangements will be expected to identify and mitigate individual risk associated with each individual partnership and this expectation has been set within the governance framework.</p> <p>Partnerships have been defined and governance requirements will be proportionate to the 'type' of partnership.</p> <p>The Governance arrangements created and the Quality Assurance (QA) undertaken by the Partnerships team at the end of each quarter will focus on two outcomes:-</p> <p>Each partnership agreement has clearly defined roles and responsibilities and strong governance arrangements in place Effective partnership monitoring arrangements are in operation</p> <p>The QA process will mirror that of the Sandwell internal audit process and will use the same testing strategy for each of the two outcomes. The QA schedule has already been diarised and feedback to partnership owners is included.</p> <p>There is work to do on the database as individuals across Commands do not always use it appropriately. The Partnerships Team has a detailed understanding of the partnerships arrangements listed on the database and are now working with Commands to clean up the database and ensure that all of the necessary governance arrangements are in place for existing partnership activity.</p>
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	All of the work is being planned and implemented ahead of an Internal Audit by Sandwell which will be scheduled to take place before the end of quarter 2.
Changes to control measures	Currently there is no change to the control measures for managing corporate risk. It is predicted that the changes to the Partnerships team in Headquarters will see benefits with a clear direction of travel seeing a reduction in the score rating for this corporate risk.
Assurance updates	The Scrutiny Committee report provides for a level 3 independent assurance of the control environment and this is reflected on the assurance map.

Corporate Risk 4 – Delivery of Services – Protection

Corporate Risk 4.1:

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

Emerging Issues	The organisational assurance team are due to publish a report on the effectiveness of our current risk-based inspection programme ILAP imminently. This feedback, alongside current understanding of areas for development, will be utilised to enhance our effectiveness. The overall risk score remains at 6 as a result of the known issues with programme ILAP and the fact that development work continues in relation to its replacement.
Changes to control measures	Protection continue to utilise the Command Risk Profiles produced through the Integrated Risk Management (IRM) team as a control measure whilst ILAP is being developed. In the last quarter, there have been some changes to the reporting and evaluation process in relation to the effectiveness of these risk profiles.
Assurance updates	Level 1 – assurance is provided by the control owner and is verified by the risk owner.

Corporate Risk 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.

Emerging Issues	<p>Fire Control is now operating at full establishment as a result of the recently completed Shared Fire Control review. Continual monitoring of the new staffing model takes place to ensure its effectiveness; at this time any risk around staffing levels is being managed appropriately through revised resilience arrangements.</p> <p>The Operational Peer Assessment team recently identified in their draft report that fall back arrangements could be enhanced and this will be a focus of an upcoming review into Fire Control's Business Continuity arrangements that has now begun and is anticipated to be completed within 3 months.</p> <p>An additional area of risk is the introduction and implementation of Vision 4. The current system provides a reliable and resilient command and control mobilising system but without the introduction of Vision 4 we are unable to introduce some organisational improvements such as pre-alert and therefore progress will be monitored closely.</p> <p>An additional focus and scrutiny is ensured through quarterly Fire Control Governance Board.</p>
Changes to control measures	<p>There is no change to the control measures associated with the effective management of this risk.</p>
Assurance updates	<p>Level 2 assurance is provided through the Fire Control Governance Board which is responsible for strategic direction and decision making.</p>

Corporate Risk 5 – Delivery of Services - Response

Corporate Risk 5.1:

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

Emerging Issues	<ul style="list-style-type: none"> • The collective Agreement has now been agreed until the 31st December 2017. • The Financial cost of VAS still remains higher than anticipated but fleet availability is high. Arrangements are now in place to look at finance control measures whilst supporting fleet availability. • The Competency Risk Assessment is currently being reviewed and has a specific action plan • The new SSRI PORIS compliance schedule of audit and ICT workbook is currently being embedded • There is some evidence to suggest that individuals are less likely to look to promotion due to their ability to increase their salary through the use of voluntary additional shifts.
Changes to control measures	<p>The likelihood score remains at 1 and the impact at 4. This is due to the trade dispute being lifted and the collective agreement being in place in relation to staffing. 1 (likelihood) x 4 (impact) = 5</p> <p>In meeting the current funding challenge the Service is has implemented two contributing mechanisms (bank shifts have now come to an end due to the naturally reducing staffing levels down to 1168) to sustain the Service's Delivery Model against a reducing establishment. These are</p> <ul style="list-style-type: none"> • Integrated Resilience • Voluntary Additional Shifts. <p>These are reflected as controls on the assurance map. It should be noted that the use of VAS is currently high and this will have an impact on our forecasted budget spend in relation to staffing.</p> <p>In order to enable a consistent and appropriate approach to the management of risk appertaining to the implementation of the requirements of Emergency Services Mobile Communications Programme (ESMCP) a single nationally agreed approach to the management of risk has been agreed and a single risk register has been developed. This approach will enable FRS' to locally identify, manage and monitor risks associated with the implementation of ESMCP upon their own FRS whilst also providing a framework to identify, communicate and develop national good practice for managing the shared risks associated with this programme. This approach provides assurance to SET,</p>

	Members, Stakeholders and DCLG alike that FRS' has in place the appropriate infrastructures, frameworks, networks and processes for the timely and risk managed delivery of this programme.
Assurance updates	Gaps have been identified in relation to our Competency Risk Assessment (CRA) and the activity roles and frequencies in relation to core skills. An action plan is in place to address any issues and the CRA for next year is currently being developed.

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>The potential for emerging issues relating to a potential Pandemic Influenza Risk when associated with a reduced Operational Establishment remains</p> <p>Accuracy of organisational Policies and Procedures as a consequence of organisational restructures.</p>
Changes to control measures	<p>Overall risk score remains likelihood 3 (likelihood) x 3 (impact) = 9 medium.</p> <p>Pandemic Flu The West Midlands Conurbation Local Resilience Forum has assessed the likelihood of the Pandemic Influenza risk being realised as being medium. This is based on predictor modelling showing that a Pandemic scenario is likely to occur approximately every 11-39 years. To support this historical data shows 4 recorded pandemics of influenza in the past 100 years.</p> <p>Based on understanding of previous pandemics, occurrence is likely in one or more waves possibly weeks and months apart. Each wave may last between 12-15 weeks. Up to half the population could be affected. In the WMC this represents an approximate figure of 6,000 deaths assumed. Business and social economy will be affected by large number of staff absences anticipated to be in the range of 30 – 50%.</p> <p>As we now run a much leaner service, relying on resilience shifts from non-operational personnel and voluntary additional shifts, if a pandemic Influenza scenario were realised, there may be a potential of reduced availability to support high levels of staff absenteeism.</p> <p>Policies and Procedures The ongoing reduction in central funding along with the Service's continued commitment to deliver excellence through The Plan has required significant change to organisational structure. The introduction and subsequent review of the Strategic Enabling Team (SET) necessitated organisational re-alignment of</p>

	<p>structures, functionality and reporting lines at all levels throughout the organisation.</p> <p>As a consequence of this change it has become necessary to review, identify and confirm Strategic Enabler responsibility for organisational policies (Standing Orders, Operational Procedure Notes and Technical Information Notes for example). Accurate and contemporary policies are critical to setting out the key principles and guidance to enable for the safe, assertive and effective delivery of services and activity at all levels of the organisation. Policies are also a core component for the effective management of corporate risk.</p>
Assurance updates	<p>Pandemic Flu</p> <p>Our contingency arrangements relay on using our own operational staff to cover these shortfalls, and where this has been successful in the past to cover periods of Industrial action, due to the reduction in the establishment, it needs to be recognised that it may be more difficult to provide the same level of cover as we have done previously. It also should be noted that in a pandemic scenario, the impacts are likely to be nationwide so seeking assistance from external parties may not be a realistic option. It is also acknowledged that any increase in the use of voluntary additional shifts will have an additional financial impact that could be accommodated through organisational funding reserves. In balancing the financial impact of the use of a significant number of additional voluntary shifts or in the event there is limited staff available to undertake voluntary additional shifts application of the dynamic cover tool will support decision making to ensure that any reduction in available resources will be located in the optimum locations to limit the risk to our communities.</p> <p>Policies and Procedures</p> <p>All Standing Orders and Operational Procedure Notes (OPN's) are currently being reviewed. Using a collaborative approach the Policy Team, working with SET, have identified on the basis of risk, a planned approach to the systematic review and update of all policies. This planned and prioritised approach will enable for all policies to be updated in a timely manner. This will ensure that, upon completion, all policies fall within the three year review cycle expectation of the organisation. Legal advice has been sought relating to the approach being instigated and is seen as an acceptable methodology and was noted that a means for evidencing progress should be encouraged. Progress will be reported to SET to ensure a positive direction of travel.</p> <p>In terms of safety to firefighters and the community OPNs are our most risk critical policies. There are some references to roles and responsibilities that are out of date in the OPN. However, as part</p>

	of the ongoing approach to introducing sector National Operational Guidance (NOG), OPN have continued to be update and as such risk critical information remains up to date. However, because of the importance of these documents, OPN will be included in the overall review of policies.
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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 8. The risk continues to be medium. The risk level is likely to reduce over the next quarter as the implementation of Office 365 continues. Third party consultation is being used to expedite the project.</p> <p>This suite of products will enable secure accessibility to ICT functionality from a wider range of devices and locations including ones not provided by the organisation. The majority of organisational data will be held in cloud storage thus reducing the reliance on in-house processes, procedures and infrastructure to access and maintain data. This project is in its early stages and will not impact the risk level until more of the outcomes are delivered. To date headquarters and middle managers have had their e-mail migrated to the cloud.</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 planned implementation of Office 365 reduces the impact significantly of the loss of an on-premises data centre.</p> <p>Work is ongoing to establish accreditation for Code of Connection (CoCo) to the Emergency Services Network (ESN) and the Public Services Network (PSN).</p>
Assurance updates	<p>The overall risk confidence opinion is amber.</p>

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	The overall risk score is 9. The risk continues to be medium. The risk level is likely to reduce over the next quarter when the Management of Information Framework is implemented.
Changes to control measures	<p>Consultation has concluded in relation to the Management of Information Framework. This framework will be supported by appropriate guidance and awareness for all employees. The framework will improve the way that information is managed within the organisation throughout its lifecycle.</p> <p>Training and Development have been provided to the Strategic Enabling Team (SET) as Information Asset Owners to ensure that they can undertake their role excellently using a risk based approach to information security.</p>
Assurance updates	The overall risk confidence opinion is amber.

Corporate Risk 8 – Finance & Assets

Corporate Risk 8.1:

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

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

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

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

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

Corporate Risk 9 – Business Development

Corporate Risk 9.1:

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

Emerging Issues	<p>The overall risk score is 9. The risk continues to be medium. The risk level is likely to reduce over the next quarter when the Business Development (BD) strategy, BD & Prevention organisational frameworks are in place. Further discussions around new services and growth areas have been established.</p> <p>As new services emerge the prevention work that is emerging is an opportunity for either gaining alternative funding or it could also be given away through community safety partnership work. Clarity is required around our approach from SET to new prevention streams.</p>
Changes to control measures	<p>The control measures effectiveness section has been updated to reflect the current position of each measure. These predominantly range between medium and low risk.</p>
Assurance updates	<p>The above merging risk will be discussed at SET to seek clarification which will in turn inform the BD and Community safety frameworks to ensure appropriate levels of governance, risk management and political awareness.</p> <p>After some challenges to attract the right skills set; the BD team are now established with five people, including one operational placement. This team structure seems optimum to enable the management and delivery of the flexible funding projects across commissioning, social value and commercial activities. A business partner approach will be established by April 2017.</p> <p>Working relations with key internal partners are established and being improved such as with marketing, procurement, finance and prevention. Specific working processes and business development frameworks are being developed in partnership with stakeholders to provide organisational clarity of how to pursue flexible funding opportunities.</p>
Emerging Issues	<p>The overall risk score is 9. The risk continues to be medium. The risk level is likely to reduce over the next quarter when the BD strategy, BD & Prevention organisational frameworks are in place. Further discussions around new services and growth areas have been established.</p>

	<p>As new services emerge the prevention work that is emerging is an opportunity for either gaining alternative funding or it could also be given away through community safety partnership work. Clarity is required around our approach from SET to new prevention streams.</p>
Changes to control measures	<p>The control measures effectiveness section has been updated to reflect the current position of each measure. These predominantly range between medium and low risk.</p>
Assurance updates	<p>The above merging risk will be discussed at SET to seek clarification which will in turn inform the Business development and Community safety frameworks to ensure appropriate levels of governance, risk management and political awareness.</p> <p>After some challenges to attract the right skills set; the BD team are now established with five people, including one operational placement. This team structure seems optimum to enable the management and delivery of the flexible funding projects across commissioning, social value and commercial activities. A business partner approach will be established by April 2017.</p> <p>Working relations with key internal partners are established and being improved such as with marketing, procurement, finance and prevention.</p> <p>Specific working processes and business development frameworks are being developed in partnership with stakeholders to provide organisational clarity of how to pursue flexible funding opportunities.</p>

Corporate Risk 9.2:

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

Emerging Issues	The overall risk score is 8. The risk continues to be medium. Whilst the likelihood is low, the impact of this risk is high.
Changes to control measures	The control measures effectiveness section has been updated to reflect the current position some measures.
Assurance updates	<p>The Service is testing business continuity provisions for the urgent non injury falls provision.</p> <p>Contracts are either in place or being put in place for all new services. These include risk management considerations that have been assured by procurement, Sandwell legal and our insurers.</p>

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

27 MARCH 2017

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

Joint report of the Chief Fire Officer and Treasurer.

RECOMMENDED

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

2. **PURPOSE OF REPORT**

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

3. **BACKGROUND**

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

4. **EQUALITY IMPACT ASSESSMENT**

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

5. **LEGAL IMPLICATIONS**

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

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

None

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

PHIL LOACH
CHIEF FIRE OFFICER

MIKE GRIFFITHS
TREASURER

Audit Committee Update for West Midlands Fire & Rescue Authority

Progress Report and Update Year ended 31 March 2017

March 2017

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Introduction

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

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

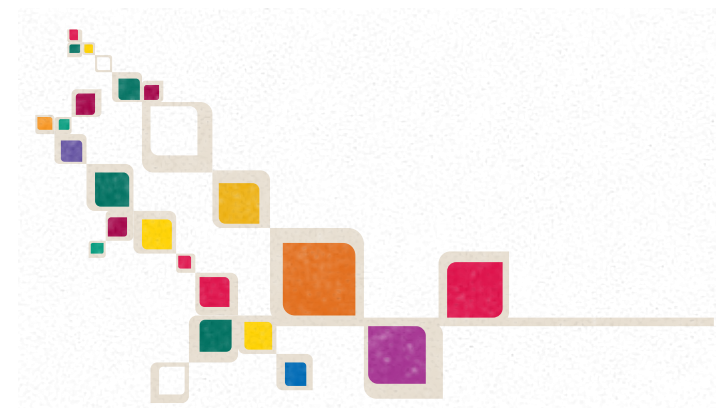
- Learning from innovative income generation practices (March 2017)
<http://www.grantthornton.co.uk/en/insights/income-generation-learning-from-innovative-income-generation-practices/>

Members and officers may also be interested in our recent video:

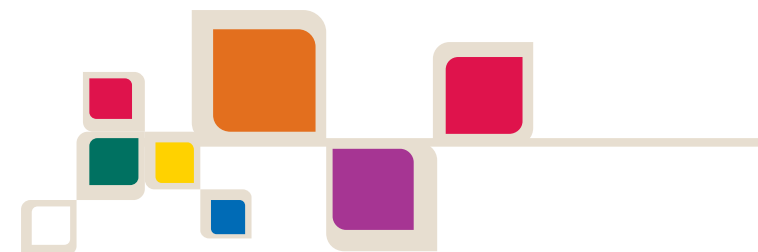
- Why the public sector is an integral part in helping to build a vibrant economy. This short video explains our ambition of helping the public sector to make bold steps to benefit our communities, clients and its stakeholders:
<http://www.grantthornton.co.uk/en/insights/collaboration--doing-right-by-the-public-sector/>

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.

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

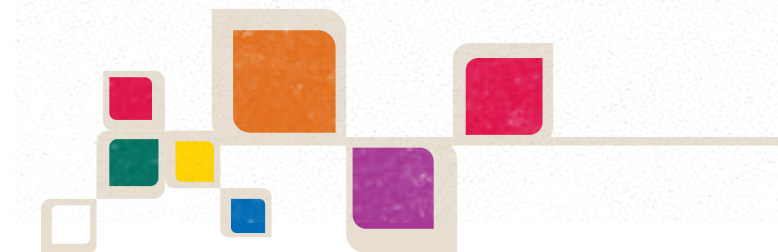


Progress to date



2016/17 work	Planned Date	Complete?	Comments
Fee Letter			
We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016.	April 2016	Yes	The 2016/17 fee letter was issued in April 2016
Accounts Audit Plan			
We are required to issue a detailed accounts audit plan to the Fire Authority setting out our proposed approach in order to give an opinion on the Fire Authority's 2016/17 financial statements.	March 2017	Yes	<p>We continue to assess the risks facing your Authority and meet with Senior Officers to ensure that these risks are fully understood and our audit work is appropriate.</p> <p>If there are any changes to our plan between our initial risk assessment and the delivery of our opinion we will discuss this with the Strategic Enabler for Finance and Resources before presenting to the Audit Committee.</p>
Interim accounts audit			
<p>Our interim fieldwork visits include:</p> <ul style="list-style-type: none"> • updating our review of the Fire Authority's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	January – March 2017	In progress	<p>We engaged with the finance team to:</p> <ul style="list-style-type: none"> • streamline and improve the audit approach for 2016/17 where possible • discuss any technical issues early, including those impacting on future years • undertake as much early testing as possible. <p>We continue to work closely with Internal Audit in relation to risk, work on the financial statements and fraud.</p>
Final accounts audit			
<p>Including:</p> <ul style="list-style-type: none"> • audit of the 2016/17 financial statements • proposed opinion on the Fire Authority's accounts • proposed Value for Money conclusion. 	June – July 2017	Not started	Our final accounts on site work is due to commence on 30 th May 2017

Progress to date



2016/17 work	Planned Date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2016/17 VfM Conclusion requires conclusions on whether:</p> <p><i>"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".</i></p> <p>This change of guidance was issued by the National Audit Office in November 2015. 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".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	March – July 2017	In progress	<p>We considered the potential significant risks for our VfM conclusion and identified the following issues.</p> <ul style="list-style-type: none"> • Financial resilience • Partnership working with other emergency services <p>Our work on the VfM Conclusion will include meetings with key Senior Officers and key document reviews.</p>
<p>Annual Audit Letter</p> <p>We will summarise all the work completed as part of our 2016/17 audit within one letter which will be issued after the opinion.</p>	October 2017	Not started	
<p>Engagement with the Fire Authority since the last Audit Committee meeting</p>	On-going	On-going	<p>Invitation to a meeting with Grant Thornton clients regarding early payments to the Pension Fund – attended by Carl Guest</p> <p>Invitation to the Local Government training at our Grant Thornton offices – attended by Kal Shoker</p>

Fire Sector Accounting and other issues



Policing and Crime Bill receives Royal Assent

The government marked a major milestone in its police reform agenda today (Tuesday, 31 January) as the Policing and Crime Bill received Royal Assent. The [Policing and Crime Act 2017](#) will enhance the democratic accountability of police forces and fire and rescue services, improve the efficiency and effectiveness of emergency services through closer collaboration, and build public confidence in policing.

The act includes a number of provisions, including the placing of a new duty on police, fire and rescue and emergency ambulance services to collaborate where it is in the interests of their efficiency or effectiveness and enable police and crime commissioners (PCCs) to take on responsibility for the governance of fire and rescue services, where a local case is made.

Minister for Policing and the Fire Service, Brandon Lewis, said:

Police reform is working, and crimes traditionally measured by the survey have fallen by a third since 2010 to a record low.

I am delighted this act has now received Royal Assent and, in close collaboration with police and fire stakeholders, we will work hard to implement the act's provisions to further improve the effectiveness and accountability of our emergency services.

Read [more information on the Policing and Crime Act](#).

Telling the story – Changes in 2016/17 CIPFA Code

CIPFA has been working on the 'Telling the Story' project, which aims to streamline the financial statements and improve accessibility to the user. This has resulted in changes to CIPFA's 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

The main changes affect the presentation of the Comprehensive Income and Expenditure Statement ('CIES'), the Movement in Reserves Statement ('MIRS') and segmental reporting disclosures. A new Expenditure and Funding Analysis has been introduced.

The key changes are:

- the cost of services in the CIES is to be reported on basis of the Fire Authority's organisational structure rather than the Service Reporting Code of Practice (SERCOP) headings
- an 'Expenditure & Funding Analysis' note to the financial statements provides a reconciliation between the way fire authorities are funded and the accounting measures of financial performance in the CIES
- the changes will remove some of the complexities of the current segmental note
- other changes to streamline the current MIRS providing options to report Total Comprehensive Income and Expenditure (previously shown as Surplus and Deficit on the Provision of Services and Other Comprehensive Income and Expenditure lines) and removal of earmarked reserves columns.

Other amendments have been made to the Code:

- changes to reporting by pension funds in relation to the format and fair value disclosure requirements to reflect changes to the Pensions SORP
- other amendments and clarifications to reflect changes in the accounting standards.

The income spectrum

Helping local authorities to achieve revenue and strategic objectives to create a vibrant economies

Grant Thornton market insight

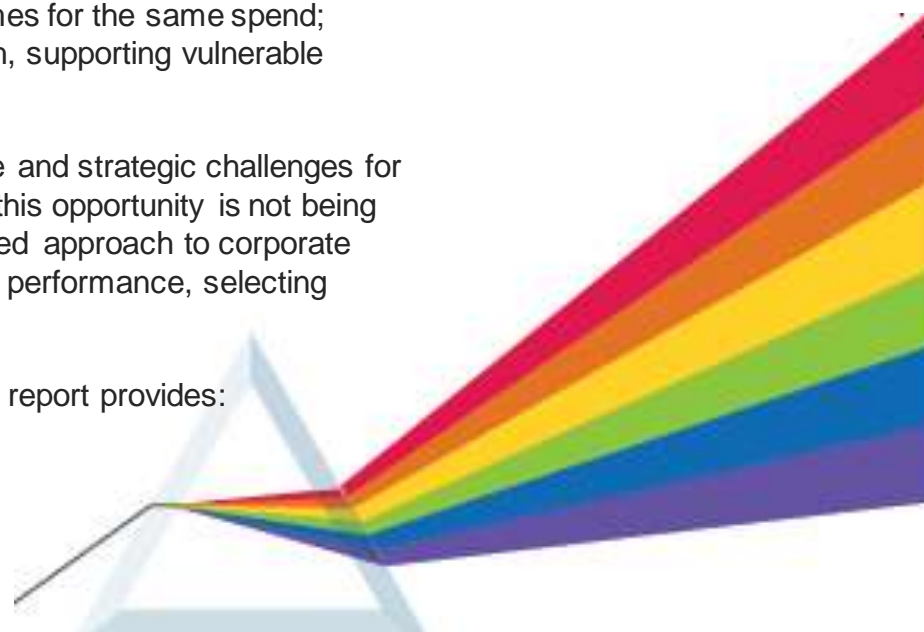
Income generation is increasingly an essential part of the solution to providing sustainable local services, alongside managing demand reduction and cost efficiency. Our report gives local authorities the tools needed to maximise their ability to do so.

Our new research on income generation which includes our CFO Insights too suggests that:

- councils are increasingly using income generation to diversify their funding base, and are commercialising in a variety of ways. This ranges from fees and charges (household garden waste, car parking, private use of public spaces), asset management (utilities, personnel, advertising, wifi concession license) and company spin-offs (housing, energy, local challenger banks), through to treasury investments (real estate development, solar farms, equity investment).
- the ideal scenario to commercialise is investing to earn with a financial and social return. Councils are now striving to generate income in way which achieves multiple strategic outcomes for the same spend; examining options to balance budgets while simultaneously boosting growth, supporting vulnerable communities and protecting the environment.
- stronger commercialisation offers real potential for councils to meet revenue and strategic challenges for 2020 onwards. Whilst there are examples of good practice and innovation, this opportunity is not being fully exploited across the sector due to an absence of a holistic and integrated approach to corporate strategy development (a common vision for success, understanding current performance, selecting appropriate new opportunities, the capacity and culture to deliver change).

To support local authorities as they develop income generation strategies, the report provides:

- case study examples
- local authority spend analysis
- examples of innovative financial mechanisms
- critical success factors to consider





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GRT102468

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

27 MARCH 2017

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

Report of the Chief Fire Officer.

RECOMMENDED

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

2. **PURPOSE OF REPORT**

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

3. **BACKGROUND**

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

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

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

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

4. **EQUALITY IMPACT ASSESSMENT**

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

5. **LEGAL IMPLICATIONS**

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

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

None.

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

PHIL LOACH
CHIEF FIRE OFFICER

Communication with the Audit Committee

West Midlands Fire & Rescue Authority

Year ended 31 March 2017

March 2016

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Contents

Section	Page
Purpose	3
Fraud	4
Fraud Risk Assessment	5
Laws and Regulations	7
Impact of Laws and Regulations	8
Going Concern	10
Going Concern Consideration	11
Related Parties	13
Related Parties Assessment	14
Accounting Estimates	15
Appendix 1: Accounting Estimates	16

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

Purpose

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

Background

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

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

Communication

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

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

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

Fraud

Issue

Matters in relation to fraud

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

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

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

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

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

Fraud risk assessment

Question	Management response
Has the Authority assessed the risk of material misstatement in the financial statements due to fraud? What are the results of this process?	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?	The Authority has a Counter Fraud and Corruption Policy in place. This is also supported by a Whistleblowing Policy which includes a confidential reporting framework. Internal Audit include fraud risks in their planning process and act as an effective internal control against fraud. Regular reports are made to Audit Committee. In addition, the Authority receives advice from the Fraud Team at Sandwell Metropolitan Borough Council.
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 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 2016/17.
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 2015/16 did not highlight any weaknesses in this area.
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 2015/16 did not highlight any weaknesses in this area.

Fraud risk assessment

Question	Management response
<p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud?</p> <p>What arrangements are in place to report fraud issues and risks to the Audit Committee?</p>	<p>Internal Audit provide the Audit Committee with updates of their work on fraud prevention and detection, including any significant identified frauds and the action taken.</p>
<p>How does the Authority communicate and encourage ethical behaviour of its staff and contractors?</p>	<p>There is an Employee Code of Conduct and Financial Regulations. Staff are regularly reminded of these.</p>
<p>How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?</p>	<p>There is a Counter Fraud and Corruption Policy and a Whistleblowing procedure in place which explain the procedures to follow. No significant issues have been reported under the Bribery Act. No whistleblowing disclosures have been made in 2016/17.</p>
<p>Are you aware of any related party relationships or transactions that could give rise to risks of fraud?</p>	<p>The 2015/16 financial statement disclosure of related party transactions does not identify potential fraud risk. Members and officers are required to make full disclosure of any relationships that impact on their roles. Members are required to declare any relevant interests at Authority and Committee meetings.</p>
<p>Are you aware of any instances of actual, suspected or alleged, fraud, either within the Authority as a whole or within specific departments since 1 April 2016?</p>	<p>There are no known instances of fraud that have been identified during the year.</p>

Laws and regulations

Issue

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 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 Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

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

Impact of Laws and Regulations

Question	Management response
<p>What arrangements does the Authority have in place to prevent and detect non-compliance with laws and regulations?</p>	<p>The Monitoring Officer is responsible for ensuring the Authority is compliant with laws and regulations. These responsibilities cover:</p> <ul style="list-style-type: none"> •complying with the law of the land (including any relevant Codes of Conduct); •complying with any General Guidance issued, from time to time, by the Standards Committee and / or advice of the Monitoring Officer; •making lawful and proportionate decisions; and •generally, not taking action that would bring the Authority, their offices or professions into disrepute. <p>This officer has access to all Authority Committee reports. The Monitoring Officer raises awareness on legal requirements at meeting where needed. In addition in terms of any specific legal issues the Monitoring Officer would get involved at an early stage. Further information on how the Monitoring Officer carries out these responsibilities are detailed in the Constitution.</p> <p>The Strategic Enabler of Finance & Resources, the Authority's s151 officer is responsible for preparing the accounting statements in accordance with relevant legal and regulatory requirements.</p> <p>The Senior Financial Accountant also attends the West Midlands Support Group for Financial Matters to exchange information, share best practice and discuss the implementation of relevant changes. This is supplemented by the annual technical accounting workshops run by CIPFA.</p>
<p>How does management gain assurance that all relevant laws and regulations have been complied with?</p>	<p>See response above</p>
<p>How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>See response above.</p>
<p>Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2016, or earlier with an on-going impact on the 2016/17 financial statements?</p>	<p>None noted.</p>

Impact of Laws and Regulations

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

Going concern

Issue

Matters in relation to going concern

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

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

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

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

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

Going concern considerations

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

Going concern considerations

Question	Management response
<p>Have there been any significant issues raised with the Audit Committee during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control).</p>	<p>The Strategic Enabler of Finance and Resources presented details of the 2017/18 budget on 20 February 2017. No significant issues were raised which cast doubt on the assumptions made. Members recognise that the Authority is facing a challenging financial position in the medium term, however in the short term the efficiency plan proposals and level of accumulated reserves are sufficient to ensure delivery of priorities.</p>
<p>Does a review of available financial information identify any adverse financial indicators including negative cash flow? If so, what action is being taken to improve financial performance?</p>	<p>Review of the latest detailed financial information presented to Authority members (as at January 2017) did not highlight any adverse financial indicators which required specific action. A Treasury Management Strategy is approved by the Authority as part of the budget setting report.</p>
<p>Does the Authority have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Authority's objectives? If not, what action is being taken to obtain those skills?</p>	<p>It is considered that the Authority has the appropriate skills and expertise within its Senior Management Team to enable it to address the financial challenges faced in the medium term. Succession planning is in place for any changes planned for 2017/18.</p>

Related Parties

Issue

Matters in relation to Related Parties

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

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

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

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

Related Parties Assessment

Question	Management response
Who are the Authority's related parties?	<p>The Authority has a number of related parties in which there is a material impact to the financial statements via virtue of whether the Authority might have:</p> <ul style="list-style-type: none"> • the potential either to be controlled or influenced by the party or • the potential to exert control or influence over the party (as defined by guidance in the Code). <p>The Authority discloses its related parties under the following headings:</p> <ol style="list-style-type: none"> 1. Central Government (Non Domestic Rates income) – central government has control influence over the Authority as the Authority needs to act in accordance with its statutory responsibilities. 2. West Midland Local Authorities (Council Tax income) – these parties are subject to common control by central government and thus might be empowered to transact on non-commercial terms. <p>There are processes in place to identify related party transactions with Members and Officers – Certain Members and Officers may have controlling influence or related interests with other of the Authority's related party organisations, such that they may be in a position to significantly influence the policies of the Authority. In 2015/16 there were no such related parties identified.</p>
What are the controls in place to identify, account for, and disclose, related party transactions and relationships?	<p>A number of arrangements are in place for identifying the nature of a related party and reported value including:</p> <ul style="list-style-type: none"> • Maintenance of a Register of interests for Members, a register for pecuniary interests in contracts for Officers and Senior Managers requiring disclosure of related party transactions. • Annual return from senior managers/officers requiring confirmation that they have read and understood the declaration requirements and stating details of any known related party interests. • Annual return from Members stating details of any known related party interests. • Review of in-year income and expenditure transactions with known identified related parties from prior year or known history. • Review of related information with subsidiaries, companies and joint ventures, e.g. accounts. • Review of the accounts payable system and identification of amounts paid to assisted or voluntary organisations.

Accounting Estimates

Issue

Matters in relation to Accounting Estimates

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

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

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

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

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

Appendix 1: Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in-year?
Valuation of property plant and equipment	<p>Valuations are made by the appointed Valuer (Wilkes, Head and Eve Chartered Surveyors and Town Planners) in line with RICS guidance on the basis of 5 year valuations with interim reviews.</p> <p>The Authority are had a full valuation in 2015/16 following the change in estimation technique for specialised assets which was introduced in 2012/13.</p>	Senior Financial Accountant notifies the Valuer of the program of rolling valuations or of any conditions that warrant an interim re-valuation.	Valuer used for PPE valuations.	Valuations are made inline with RICS guidance - reliance on expert.	No
Impairment of property plant and equipment	<p>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.</p>	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.	Valuer used for PPE valuations.	Valuations are made inline with RICS guidance - reliance on expert.	No

Appendix 1: Accounting Estimates

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

Appendix 1: Accounting Estimates

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

Appendix 1: Accounting Estimates

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

Appendix 1: Accounting Estimates

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



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Minutes of a Meeting of the Pensions Board

6 February 2017 at 1400 hours
at Fire Service Headquarters, Vauxhall Road, Birmingham

Present: Mr Kal Shoker (Chair)
Ms Wendy Browning-Sampson
Mr Andrew Dennis
Mr Stuart Bourne
Mr Paul Gwynn (Adviser)

Apologies: Mr Neil Chamberlain

1/17 Declarations of Interest

Mr Andrew Dennis declared an interest stating that he is in receipt of a Fire Service Pension.

2/17 Minutes of the Pensions Board held on 11 July 2016 and actions arising

The Minutes were agreed as a correct record.

Actions

Action 1 - Pension Adviser to liaise with another Fire Service regarding sample checking of pension records for deferred members.

Action 2 – The Adviser to publish the link to the Discretions Policy to the Pensions Page on Internet with a link to the Pay Policy Document from Pensions Page

Action 3 – The Adviser had liaised with the Treasurer. A communication to members about the change to the regulations and the decrease in response times due to greater demands for requests for information and staff shortages had not been sent out. It was agreed that a communication would be sent out when the new structure in the Pensions Team comes in place on 1 April 2017.

Action 4 – Mr Shoker to liaise with the Treasurer regarding the conference call to each Chair of a Pension Board (referenced on page 2 of the Scheme Advisory Board document)

3/17 Minutes of the Pension Board held on 25 October 2016

The minutes were agreed as a true record.

4/17 Minutes of the Audit Committee held 14 November 2016

The minutes of the Audit Committee were noted and the resolutions of the Breach of Disclosure Regulations had been actioned. The other actions were to be considered at the Pensions Board meeting.

The Adviser confirmed that the costs related to a self-service system had been previously considered and found to be prohibitive.

5/17 Terms of Reference

Further to Minute No. 51/16 of the Audit Committee of the 14 November 2016 in respect the Breach of the Disclosure Regulations, the Pension Board was requested to consider its Terms of Reference in respect of the reporting of breach of the law to the Pensions Regulator.

The Board agreed that Section 16 of the Terms of Reference should be amended to include breaches of the law that need to be reported to the Pensions Regulator. Members of the Board to formulate a paragraph to be included in the Terms of Reference. This would be shared with the Pensions Board before being included in the updated Terms of Reference.

Section 4 Quorum would also be amended to reflect the arrangements for a Chair of the Board in the absence of the Independent Chair.

6/17 Annual Report

The Members of the Board considered examples of Annual Reports prepared by other Metropolitan Fire Service Pension Boards. The Board agreed that they would present an Annual Report to the Audit Committee on the 5th June 2017 for their consideration and inclusion with the Audit Annual Report to the Annual General Meeting.

A draft Annual Pensions Board Report would be prepared with assistance from the Adviser. The draft Annual Report would be available at the May Pension Board for comments and approval.

7/17 Consideration of Reappointment of Members

WBS reminded the members of the Board, that their three year appointments were due for renewal in 2018. It was agreed that the consideration of the reappointment of Members of the Board would be placed as a standing item on the Agenda of all future Pension Boards until the next round of appointments.

8/17 Correspondence from the Pension Regulator

Correspondence had been received from the Pension Regulator in respect of record keeping and the importance of complete and accurate records.

The Adviser would liaise with another Fire Authorities in respect of sample checking of audit records. Internal Audit had found that accurate record keeping was being undertaken in a recent audit of the Pensions Team. The record-keeping quick guide provided by the Regulator would be used to Review the record-keeping and an update would be provided at the Pension Board scheduled for July 2017.

Mr Shoker confirmed that that External Auditors conducted sample testing and the payment of benefits as part of the end of year audit.

9/17. Legal Duty to Publish Information about the Pension Board

The Board considered further correspondence from the Pension Regulator regarding the legal duty to publish information about their pension boards and keep this information up to date and make sure this information is available to all members.

It was confirmed that all the Pension Board information was held on the West Midlands Fire and Rescue Authority, Committee Management Information System (CMIS) and was available via the wmfs.net website.

The Pension Adviser confirmed that an email was forwarded to all members of the Pension Schemes informing them of the Pension Board and where to find the minutes.

SB suggested that a table-top exercise is undertaken to ensure that members are able to access the information.

10/17 Public Service Governance Survey

The Board considered the Pension Regulator's Public Service Governance Survey 2016. The Survey was completed in September 2016. Each question was considered individually and the answers were found to be appropriate. The Pension Board were comfortable with the survey and agreed to present it to the Scheme Manager at the next scheduled meeting of the Audit Committee.

11/17 Scheme Advisory Board Chair's Update

The Pension Board noted the contents of the Scheme Advisory Board Chair's Update together with the letter from the Minister of State for Policing and the Fire Service.

12/17 Feedback from Annual Pension Conference

Mr Shoker had attended the Annual Pension Conference on behalf of the Independent Chair in October 2016 in London. The Conference was Chaired by the Scheme Advisory Board Chair, Malcolm Eastwood. There were a number of presentations, including one on the GAD case. One of the three workshops at the Conference focussed on the Annual Benefit Statement and it was noted that a number of Authorities had missed the deadline due to software issues.

13/17 Pension Section Update

The Pension Board received an update on the work of the Pension Section from the Adviser.

It was noted there had been 63 age related retirements and 5 ill-health retirements. The opt out were higher than they had been during the last three years. There had been one returnee from a career break. 19 applications had been received to transfer in or out.

The average response time was now four months due to staff shortages. Another member of the team was being recruited to deliver shorter timescales.

Annual Benefit Statements were not issued by 31 August 2016. The reasons for this and a recovery plan were detailed as part of an emergency Pension Board held in October 2016.

The Adviser stated that the 2015 Scheme was based on a retirement age of 60, however members could retire earlier if they had reached the age of 55 or achieved 30 years' service.

The Adviser confirmed that he had received a larger number of divorce quotations, but had not received many retirement estimate requests due to new Scheme.

The Board noted the levels of Opt outs during the period 1 January to 31 December 2016 and the main reason for opting out appeared to be cost, although none of those opting out of the 2015 scheme were new recruits.

14/17 Risk Register

The Pension board received the Risk Register and agreed that the Legal Challenge in respect of the Transitional Regulations should be added as a high risk to the Register.

15/17 Training

Mr Shoker and Mr Bourne had undertaken pension training at Hereford and Worcester Fire Service where a dialogue had taken place with Mr Ian Pollett about Regional Training. This would take the form of one day's training or sandwich courses and would be hosted around the West Midlands area. Any potential areas of training were to be forwarded to Ms Browning-Sampson and this could be condensed into one training session or drip fed through.

16/17 Annual Effectiveness Assessment

It was agreed that the Annual Report would provide an assessment of the effectiveness of the Pension Board.

17/17 Update on Topical, Legal and Regulatory Issues

There were no new issues to be reported.

18/17 Pension Board Activity Log 2016/17

The Pension Board Activity Log was noted.

19/17 Pension Board Work Programme 2016/17

The Pension Board Work Programme was noted

20/17 Date and Time of Next Meeting

The next meeting was scheduled for May 2017 to consider progress on the production of the Annual Benefit Statement with the formal meeting scheduled for July 2017.

PENSIONS BOARD

6 February 2017

ACTIONS

Action No.	Action
1.	Pension Adviser to liaise with another Fire Service regarding sample checking of pension records for deferred members.
2.	The Adviser to publish the link to the Discretions Policy to the Pensions Page on Internet with a link to the Pay Policy Document from Pensions Page
3.	The Adviser had liaised with the Treasurer. A communication to members about the change to the regulations and the decrease in response times due to greater demands for requests for information and staff shortages had not been sent out. It was agreed that a communication would be sent out when the new structure in the Pensions Team comes in place on 1 April 2017.
4.	Mr Shoker to liaise with the Treasurer regarding the conference call to each Chair of a Pension Board (referenced on page 2 of the Scheme Advisory Board document)
5.	Terms of Reference to be updated in respect of breaches of the law that need to be reported to the Pensions Regulator. Members of the Board to formulate a paragraph to be included in the Terms of Reference. This would be shared with the Pensions Board before being included in the updated Terms of Reference.
6.	Section 4 Quorum would also be amended to reflect the arrangements for a Chair of the Board in the absence of the Independent Chair.
7.	A draft Annual Pensions Board Report would be prepared with assistance from the Adviser.
8.	The Pension Board were comfortable with the survey and agreed to present it to the Scheme Manager at the next scheduled meeting of the Audit Committee
9.	Legal Challenge in respect of the Transitional Regulations should be added as a high risk to the Register
10.	Requests for training to be forwarded to Ms Browning Sampson.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

27 MARCH 2017

1. **THE PENSION REGULATOR - PUBLIC SERVICE
GOVERNANCE SURVEY 2016**

Report of the Pension Board

RECOMMENDED

- 1.1 THAT the Audit Committee, as Scheme Manager for the Firefighters pensions schemes, notes the content of this report and its Appendix which has been sent from the Pension Board.
- 1.2 THAT the Audit Committee note that the Pension Board, with its new independent Chair, is working collaboratively with other Fire Services in the Region to ensure a cost effective approach to training for the Pension Board and Pension Administrators as provided as appropriate.

2. **PURPOSE OF REPORT**

This report is submitted to the Audit Committee, as Scheme Manager of the Authority's Fire Pension Schemes, to consider the recommendations of the Pension Board in relation to The Pensions Regulator Public Service Governance Survey 2016.

3. **BACKGROUND**

- 3.1 The role of the Pension Board is to assist the Scheme Manager secure compliance with Scheme regulations, the Pensions Regulator and other specified matters.
- 3.2 The Scheme Manager has agreed the 'Terms of Reference' for the Pension Board.
- 3.3 As part of the 'Terms of Reference' the Scheme Manager may refer matters to the Pension Board for its consideration and

Ref. AU/AU/2017/Mar/90903171

recommendation.

- 3.4 As part of the 'Terms of Reference' The Pension Board may make recommendations to the Scheme Manager.
- 3.5 The Scheme Administrator has completed The Pension Regulator Public Service Governance Survey in conjunction with the Pension Board.
 - 3.5.1 The Pensions Regulator Public Service Governance Survey is attached at Appendix 1.
 - 3.5.2 The response to the Survey will also be considered as part of the next Pension Board meeting and form part of the training gap analysis.
- 3.6 The Pension Board agreed to reconsider the survey at future dates to assist to identify improvement made.

4. **EQUALITY IMPACT ASSESSMENT**

An initial Equality Impact Assessment has been completed for the Terms of Reference for the Pension Board which has not identified any concerns requiring a full Equality Impact Assessment.

5. **LEGAL IMPLICATIONS**

The Public Services Pensions Act 2013 outlines the role of the Pension Board.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

Public Services Act 2013
West Midlands Fire Service Pension Board Terms of Reference
The Pensions Regulator

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

The Pensions Regulator
Public Service Governance Survey 2016

Item 11

THIS DOCUMENT IS INTENDED TO BE USED AS A GUIDE TO HELP YOU GATHER THE INFORMATION REQUIRED FOR THE SURVEY. PLEASE NOTE, HOWEVER, THAT WE NEED YOU TO COMPLETE THE QUESTIONNAIRE THROUGH THE ONLINE SURVEY LINK CONTAINED IN YOUR INVITATION EMAIL.

Thank you for taking the time to complete this survey.

The questions in the survey should be answered in relation to the scheme referenced in your invitation email. Where the scheme is locally administered, we mean the sub-scheme or fund administered by the local scheme manager.

Your responses will be kept anonymous unless you consent otherwise at the end of the survey. Linking your scheme name to your answers will help inform The Pension Regulator's engagement with you in the future.

This survey should be completed by the scheme manager or by another party on behalf of the scheme manager. You should work with the pension board chair to complete it, and other parties (e.g. the administrator) where appropriate.

SECTION A – BASIC INFORMATION

QA1. EVERYONE TO ANSWER

Which of the following best describes your role within the pension scheme?

Please select one answer only

1. Scheme manager or employee of the scheme manager*
2. Pension board chair
3. Pension board member
4. Administrator ✓
5. Other (please specify):

**In this survey 'scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department.*

SECTION B – GOVERNANCE

The first set of questions is about how your pension board works in practice.

QB1. EVERYONE TO ANSWER

Does your scheme have a conflicts policy and procedure for pension board members?

Please select one answer only

1. Yes
2. No
3. Don't know ✓

QB2. EVERYONE TO ANSWER

Does your scheme have a register of interests?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

QB3. EVERYONE TO ANSWER

Has your scheme developed policies and arrangements to help pension board members acquire and retain the knowledge and understanding they require?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

QB4. EVERYONE TO ANSWER

Thinking about the interaction between the pension board and the scheme manager (or employee of the scheme manager), which of the following applies to your scheme?

Please select all that apply and use the 'Other' option to specify any other ways in which the pension board and scheme manager interact

1. The scheme manager attends pension board meetings
2. ✓ The scheme manager commissions advice from the pension board
3. ✓ The pension board submits written reports to the scheme manager
4. The pension board chair has face-to-face meetings with the scheme manager
5. ✓ Other (please specify) PB Member briefs Scheme Manager through the Committee process
6. Don't know

QB5. ANSWER IF THE SCHEME MANAGER ATTENDS PENSION BOARD MEETINGS (QB4=1)

How often does the scheme manager, or an employee of the scheme manager, attend pension board meetings?

Please select one answer only

1. Every time the pension board meets ✓
2. As required
3. Don't know

QB6. EVERYONE TO ANSWER

On a scale of 1 to 10, where 10 represents 'very good' and 1 represents 'very poor', how would you rate the pension board's ability to...?

Please select one answer per statement

- a) Identify to the scheme manager where there are poor standards and/or non-compliance with legal requirements

Very poor -----> Very good
1 2 3 4 5 6 7 8 9 10 Don't know

- b) Set out recommendations to the scheme manager on addressing poor standards and/or non-compliance with legal requirements

Very poor -----> Very good
1 2 3 4 5 6 7 8 9 10 Don't know

- c) Advise the scheme manager on scheme regulations, the governance and administration requirements set out in legislation, and the standards expected by TPR

Very poor -----> Very good
1 2 3 4 5 6 7 8 9 10 Don't know

- d) Take or secure actions to address poor standards and/or non-compliance with legal requirements

Very poor -----> Very good
1 2 3 4 5 6 7 8 9 10 Don't know

QB7. EVERYONE TO ANSWER

If you would like to add any further comments in relation to this question (QB6), please use the space below.

.....

.....

SECTION C – MANAGING RISKS

The next set of questions is about managing risks.

QC1. EVERYONE TO ANSWER

Does your scheme have documented procedures for assessing and managing risk?

Please select one answer only

1. Yes
2. No
3. Don't know ✓

QC2. ANSWER IF SCHEME HAS PROCEDURES FOR ASSESSING & MANAGING RISK (QC1=1)

To what extent would you say your risk management procedures have contributed to establishing new or revised internal controls? Would you say they have...?

Please select one answer only

1. Contributed significantly
2. Contributed in some way
3. Not contributed at all
4. Don't know

QC3. EVERYONE TO ANSWER

Does your scheme have a risk register?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

QC4. ANSWER IF SCHEME HAS RISK REGISTER (QC3=1)

What are the top three governance and administration risks on your register?

Please write in

1. Risk 1: Failure of IT Systems.....
2. Risk 2: Failure of BACS Processing.....
3. Risk 3: Fraud in Payroll or Pension teams.....
4. Don't know

QC5. EVERYONE TO ANSWER

Which of the following best describes your administration services?

Please select one answer only

1. Delivered in house ✓
2. Outsourced to another public body (e.g. a county council)
3. Outsourced to a commercial third party
4. Other (please specify):

QC6. EVERYONE TO ANSWER

Which of the following do you use to monitor and manage the performance of your administrators (whether in-house or outsourced)?

Please select all the options that apply

1. Performance metrics are set out in contracts or service level agreements
2. Administrators provide independent assurance reports
3. Independent auditors review the performance of administrators
4. Administrators deliver regular reports to the scheme manager and/or pension board on service provided ✓
5. Administrators attend regular meetings with the scheme manager and/or pension board ✓
6. Penalties are applied where contractual terms or service standards are not met
7. Other (please specify): ...Administrator is Managed by the Section 151 Officer.....
8. Don't know

SECTION D – ADMINISTRATION AND RECORD-KEEPING PROCESSES

The next set of questions is about administration and record-keeping.

QD1. EVERYONE TO ANSWER

Do you have processes in place to monitor scheme records for all membership types on an ongoing basis to ensure they are accurate and complete?

Please select one answer only

1. Yes ☒
2. No (please use the space below if you would like to provide more information):
.....
3. Don't know

QD2. EVERYONE TO ANSWER

Does the scheme have an agreed process in place with employer(s) to receive, check and review data?

Please select one answer only

1. Yes
2. No
3. Don't know ☒

QD3. EVERYONE TO ANSWER

What proportion of your scheme's employers provide you with timely, accurate and complete data as a matter of course?

Please write in a percentage. If you do not know exactly, please give an approximate percentage

1.100..... %
2. Don't know

QD4. EVERYONE TO ANSWER

Does the scheme have a process in place for monitoring the payment of contributions?

Please select one answer only

1. Yes ☒
2. No
3. Don't know

QD5. EVERYONE TO ANSWER

Does the scheme have a process in place for resolving contribution payment issues and assessing whether to report payment failures to TPR?

Please select one answer only

1. Yes
2. No ☒
3. Don't know

SECTION E – DATA REVIEW

QE1. EVERYONE TO ANSWER

When did your scheme last carry out a data review exercise?

Please select one answer only

1. Within the last 12 months
2. More than 12 months ago
3. Never ☒
4. Don't know

QE2. ANSWER IF SCHEME HAS CARRIED OUT A DATA REVIEW EXERCISE (QE1=1 OR 2)

What data did the review cover?

Please select one answer only

1. Data collected after 1 April 2015 but not before this date
2. Data collected before 1 April 2015 but not after this date
3. Data collected both before and after 1 April 2015
4. Other (please specify):

QE3. ANSWER IF SCHEME HAS CARRIED OUT A DATA REVIEW EXERCISE (QE1=1 OR 2)

Did your scheme's most recent data review exercise identify any issues or problems?

Please select one answer only

1. Yes
2. No
3. Don't know

QE4. ANSWER IF MOST RECENT DATA REVIEW IDENTIFIED ANY ISSUES OR PROBLEMS (QE3=1)

What action, if any, was taken to address the issues the review identified?

Please select all the options that apply

1. A data improvement plan was put in place or updated
2. A data cleansing exercise was carried out
3. Additional validation checks
4. Pensioner existence checks
5. Address chasing exercises
6. Further or improved member communications (e.g. reminding members to check their records are up to date)
7. Other (please specify):
8. No action taken
9. Don't know

QE5. ANSWER IF A DATA IMPROVEMENT PLAN WAS PUT IN PLACE/UPDATED (QE4=1)

What is the current end date for the data improvement plan you have put in place or updated?

1. MONTH: YEAR:
2. Don't know

QE6. ANSWER IF A DATA IMPROVEMENT PLAN WAS PUT IN PLACE/UPDATED (QE4=1)

What data does your improvement plan cover?

Please select one answer only

1. Data collected after 1 April 2015 but not before this date
2. Data collected before 1 April 2015 but not after this date
3. Data collected both before and after 1 April 2015
4. Other (please specify):

SECTION F – COMMUNICATIONS

The next set of questions is about communicating to members and resolving issues or complaints the scheme has received.

QF1. EVERYONE TO ANSWER

In 2016, what proportion of active members received their annual benefit statements by the statutory deadline?

Please write in a percentage. If you do not know exactly, please give an approximate percentage.

1.0... %
2. Don't know

QF2. EVERYONE TO ANSWER

Does the scheme do any of the following to assess and, where necessary, to improve, the effectiveness of its communications to members?

Please select all the options that apply

1. Research the views of members
2. Conduct an annual communications review
3. Have a communications plan
4. Review relevant innovations in technology that could improve member access to communications, including interactive tools
5. Seek feedback from the pension board's member representatives
6. None of the above ✓
7. Don't know

SECTION G – RESOLVING ISSUES

QG1. EVERYONE TO ANSWER

In the last 12 months, how many complaints have you received from members or beneficiaries in relation to their benefits and/or the running of the scheme?

Please include all complaints, including those which have not entered the Internal Dispute Resolution (IDR) process. If you do not know exactly, please give an approximate number.

1.2.....
2. Don't know

QG2. ANSWER IF ANY COMPLAINTS RECEIVED IN THE LAST 12 MONTHS (QG1>0)

Please list the top three types of complaints received (e.g. benefit payment delays, incorrect estimate of pension entitlement, inaccurate personal data held).

Please specify

1.Late provision of information.....
2.
3.
4. Don't know

QG3. ANSWER IF ANY COMPLAINTS RECEIVED IN THE LAST 12 MONTHS (QG1>0)

How many of these complaints have entered the IDR process?

1. ¹
2. Don't know

SECTION H – REPORTING BREACHES

QH1. EVERYONE TO ANSWER

Does the scheme have procedures in place to allow the scheme manager, pension board members and others to identify and assess breaches of the law, and report these to TPR if required?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

QH2. EVERYONE TO ANSWER

In the last 12 months, have you identified any breaches of the law?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

QH3. ANSWER IF ANY BREACHES HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (QH2=1)

What were the root causes of the breaches identified?

Please select all the options that apply

1. Systems or process failure ✓
2. Failure to maintain records or rectify errors
3. Management of transactions (e.g. errors or delays in payments of benefits)
4. Failure of employers to provide timely, accurate or complete data
5. Other employer-related issues (please specify):
6. Conflicts of interest
7. Lack of knowledge and understanding
8. Something else (please specify):
9. Don't know

QH4. ANSWER IF ANY BREACHES HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (QH2=1)

In the last 12 months, have you reported any breaches to TPR as you thought they were materially significant?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

SECTION I – GOVERNANCE AND ADMINISTRATION

The next set of questions is about your progress in addressing governance and administration issues.

Q11. EVERYONE TO ANSWER

What are the main barriers you face to improving the governance and administration of your scheme?

Please specify

.....Viable audit arrangements. Bench Marking against other Pension Boards.....
.....Benchmarking the cost of Administration.....
.....
.....

Q12. ANSWER IF BARRIERS TO IMPROVING SCHEME GOVERNANCE & ADMINISTRATION (AT Q11)

And what steps are you currently taking to address these barriers?

Please specify

.....
.....
.....
.....

Q13. EVERYONE TO ANSWER

To what would you attribute any improvements made to the scheme's governance and administration in the last 12 months?

Please select all the options that apply

1. Improved understanding of underlying legislation and standards expected by TPR ✓
2. Improved understanding of the risks facing the scheme
3. Resources increased or redeployed to address risks ✓
4. Administrator action (please specify): ..Resolved issue with ABS swiftly.....
5. Scheme manager action (please specify):
6. Pension board action (please specify):
7. Other (please specify):
8. Don't know

SECTION J – TPR PRODUCTS AND PERCEPTIONS

The final set of questions is about your views of TPR and its products.

QJ1. EVERYONE TO ANSWER

To what extent have you used the following products provided by TPR?

Please select one answer per product

	I am not aware of this	I am aware of this but have not used it	I have used this	Don't know
a) Public service section of the TPR website	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Public service code of practice	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Guide to issuing annual benefit statements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
d) Guides to public service pension boards	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
e) Public service toolkit	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Reporting breaches guidance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
g) Self-assessment tool	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) News by email service	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

QJ2. ANSWER FOR ANY TPR PRODUCTS USED (CODE 3 AT QJ1a-h)

How useful did you find each of the following TPR products?

Please select one answer per product used

	Very useful	Fairly useful	Not very useful	Not at all useful	Don't know
a) Public service section of the TPR website	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Public service code of practice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Guide to issuing annual benefit statements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Guides to public service pension boards	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Public service toolkit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Reporting breaches guidance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Self-assessment tool	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) News by email service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

QJ3. EVERYONE TO ANSWER

Are there any products you would like TPR to provide that it does not currently offer?

Please select one answer only

1. Yes (please specify):
2. No
3. Don't know ☒

QJ4. ANSWER IF HAVE USED THE PUBLIC SERVICE SECTION OF TPR'S WEBSITE (QJ1a=3)**When did you most recently visit TPR's website?***Please select one answer only*

1. In the last month
2. 2-3 months ago
3. 4-6 months ago
4. 7-12 months ago
5. More than a year ago
6. Don't know/ can't remember

QJ5. ANSWER IF HAVE USED THE PUBLIC SERVICE SECTION OF TPR'S WEBSITE (QJ1a=3)**To what extent would you say you get what you want from the website when you visit it? Would you say you typically...?***Please select one answer only*

1. Get everything you want
2. Get most of what you want
3. Get some of what you want
4. Do not get what you want
5. Don't know

QJ6. EVERYONE TO ANSWER**Thinking about your overall perception of TPR, to what extent do you agree or disagree with the following words as ways to describe TPR?***Please select one answer per statement*

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) Informative	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Respected	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Authoritative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Approachable	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Straightforward	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

QJ7. EVERYONE TO ANSWER**Thinking now about how TPR operates, how effective do you think it is at improving standards in scheme governance and administration in public service pension schemes?***Please select one answer only*

1. Very effective
2. Fairly effective
3. Neither effective nor ineffective ☒
4. Not very effective
5. Not at all effective
6. Don't know

SECTION K – ATTRIBUTION

That's it. Thank you for completing this survey. Your responses will help TPR understand how schemes are progressing and any issues they may face, which will inform further policy and product developments.

QK1. EVERYONE TO ANSWER

Finally, what other parties did you consult with to complete this survey?

Please select one answer only

1. Scheme manager or employee of the scheme manager*
2. Pension board chair
3. Pension board member ✓
4. Administrator
5. Other (please specify):
6. Did not consult with any other parties

**In this survey 'scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department.*

QK2. EVERYONE TO ANSWER

To inform TPR's engagement going forward, they would like to build an individual profile of your scheme by linking your scheme name to your survey answers. This will only be used for internal purposes by TPR and your identity will not be revealed in any published report.

Are you happy for your responses to be linked to your scheme name and supplied to TPR for this purpose?

Please select one answer only

1. Yes, I am happy for my responses to be linked to my scheme name and supplied to TPR
2. No, I would like my responses to remain anonymous ✓

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE WORK PROGRAMME 2016/17

Date of Meeting	Item	Responsible Officer	Completed
2016			
25 July	Audit Findings 2015/16 Statement of Accounts 2015/16 (Approval) Treasury Management Annual Report 2015/16 Corporate Risk Update Self-Assessment CIPFA Audit Committee Update Minutes of the Audit Committee held on 6 June 2016 Audit Committee Draft Work Plan 2016/17	Grant Thornton Grant Thornton Treasurer Director of Service Support Internal Auditor Internal Auditor Democratic Officer	
5 September	Corporate Risk Six Monthly Report Audit Committee Update Minutes of the Audit Committee held on 25 July 2016 Work Programme 2016/17	Director of Service Support Grant Thornton Democratic Officer	

[ILO: UNCLASSIFIED]

19 September [Authority]	Audit Findings 2015/16 Statement of Accounts 2015/2016 (note)	Grant Thornton Treasurer	

14 November 2016	Treasury Management – Mid year review 2016/17 Appointment of the External Auditor Annual Audit Letter 2015/16 Audit Committee Update Internal Audit Progress Report Assessment of Good Practice and Effectiveness Breach of Disclosure Regulations Corporate Risk Briefing Document Minutes of the Audit Committee held on 5 September 2016 Audit Committee Work Plan Minutes of the Pension Board held on 11 July 2016	Treasurer Treasurer Grant Thornton Grant Thornton Audit Manager Audit Manager DCFO DCFO Democratic Officer Democratic Officer	
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2017			
16 January 2017	Internal Audit Progress Report Internal Audit Charter – Annual Review Audit Committee Update Minutes of the Audit Committee held on 14 November 2016 Audit Committee Work Plan	Audit Manager Audit Manager Grant Thornton Democratic Officer Democratic Officer	

<p>27 March 2017</p>	<p>Audit Committee Update Communication with the Audit Committee for WMFRA Audit Plan 2016/17</p> <p>Internal Audit Plan 2017/18 Audit Committee Terms of Reference</p> <p>External Audit Work Programme and Scale of Fees</p> <p>Corporate Risk Report Six Monthly Update</p> <p>Minutes of the Pensions Board held on 6 February 2017</p> <p>The Pension Regulator – Public Service Governance Survey 2016</p> <p>Minutes of the Audit Committee held on 16 January 2017</p> <p>Audit Committee Work Plan</p> <p><i>Committee Members' Private meeting with Internal Auditors (to follow Committee)</i></p>	<p>Grant Thornton Grant Thornton</p> <p>Grant Thornton</p> <p>Audit Manager Audit Manager</p> <p>Director of Service Support Director of Service Support</p> <p>Pensions Board Representative</p> <p>Pensions Board Representative</p> <p>Democratic Officer</p> <p>Democratic Officer</p> <p><i>Audit Manager</i></p>	
<p>5 June 2017</p>	<p>Annual Internal Audit Report 2016/17</p> <p>Governance Statement 2016/17</p>	<p>Audit Manager</p> <p>Treasurer</p>	

	<p>Monitoring Policies and RIPA (Annual Whistleblowing Report)</p> <p>Annual Report of the Audit Committee for approval</p> <p>Audit Committee Update</p> <p>Minutes of the Audit Committee held on 27 March 2017</p> <p>Audit Committee Work Plan</p> <p><i>Committee Members' Private meeting with External Auditors</i></p> <p><i>Workshop for Members on Statement of Accounts 2016/17</i></p>	<p>Monitoring Officer/Director of Service Support</p> <p>Chair</p> <p>Grant Thornton</p> <p>Democratic Officer</p> <p>Democratic Officer</p> <p><i>Grant Thornton</i></p> <p><i>Treasurer</i></p>	
26 June 2017 [Authority]	<p>Governance Statement 2016/2017</p> <p>Audit Committee – Terms of Reference, Annual Review (will now be reported to the Authority's AGM)</p> <p>Annual Report of the Audit Committee 2016/17</p>	<p>Treasurer</p> <p>Audit Manager</p> <p>Chair</p>	
24 July 2017 [Audit Committee]	Audit Findings 2016/17	Grant Thornton	

2017/18	Statement of Accounts 2016/17 (Approval)	Grant Thornton
	Treasury Management Annual Report 2016/17	Treasurer
	<i>Self Assessment of Members of Audit Committee</i>	Internal Auditor
	Audit Committee Draft Work Plan 2017/18	Democratic Officer

