

Minutes of the Audit and Risk Committee

13 January 2020

At Fire Service Headquarters, Vauxhall Road,
Birmingham B74HW

Present: Councillor Catherine Miks (Chair), Councillor Gill
(Vice Chair), Councillors Barrie, Miller and Spence and
Mr Ager

Apologies:

Richard Percival, Grant Thornton and
Neil Chamberlain, Chair, Pension Board

01/20 **Declarations of Interest**

None received.

02/20 **Minutes of the Audit and Risk Committee held on 11 November 2020**

The minutes of the Audit and Risk Committee held on 11 November 2020 were approved.

Cllr Miks thanked Cllr Gill for Chairing the previous meeting.

03/20 **Corporate Risk Report**

The Audit and Risk Committee noted the increase in Corporate Risk 6 – Business Continuity and Preparedness to “High”.

ACO Gary Taylor informed the Committee that there had been a significant change to the corporate risk environment.

The agreed reporting frequency for updates on the Corporate Risk Register was 6 monthly, however, Policy 22/07 Corporate Risk Management states “should there be any significant change to the corporate risk environment, Audit and Risk Committee will be informed of this at the next available Audit and Risk Committee meeting. In order to build and maintain Audit and Risk Committee members capability and to ensure their

continued engagement in corporate risk issues, timely and relevant reports on specific corporate risk topics will be presented by officers to Audit and Risk Committee”.

At the Audit and Risk Committee held on 2 September 2019, the risk was reported as medium. Corporate Risk is reviewed on an ongoing basis as part of normal business. In response to changes in the risk environment, officers reviewed the risk control measure for business continuity and more specifically the impact of industrial strike action, national security and the national landscape.

The control measures were considered inadequate and a report, ‘Business Continuity Arrangements’ outlining the issues had been prepared for Members to consider at the Fire Authority meeting on 30 September 2019.

The recommendations were deferred for pre-scrutiny. An alternative recommendation developed by the Scrutiny Committee that ‘the Fire Authority continues to utilise existing arrangements for business continuity during industrial action, through the use of volunteers drawn from existing staff numbers’ was approved by the Fire Authority at its meeting on the 18 November 2019.

As an outcome of the decision, the Risk Owner who has the overall responsibility for monitoring and reviewing the progress being made in managing the risk, considered that the control measure remain inadequate and had subsequently increased the risk level to ‘High’ (Likelihood 3, Impact 4, Overall Score 12) (RED)

Previously the Impact Level was 3 but in the opinion of the risk owner this had changed and more time was required to manage the risk and if Industrial Action was declared immediately Officer did not have confidence with the arrangements.

Cllr Spence stated that the additional option put forward by the Scrutiny Committee had been voted upon and agreed by Members of the Fire Authority at its meeting on 18 November 2019.

04/20 **Internal Audit Progress Report**

The Committee noted the Internal Audit Progress Report.

The report brings the Committee up to date with the progress made against the delivery of the 2019/20 Internal Audit Plan and will feed into and inform the overall opinion in the Internal Audit Annual Report at the year end.

The report summarises the audit work undertaken in a tabular format.

Where appropriate each report issued by the Internal Auditor during the year is given an overall opinion based on the following criteria.

Red = Limited Assurance

Amber = Satisfactory Assurance

Green = Substantial Assurance

Each recommendation is categorised in line with the following:

Fundamental action is imperative to ensure that the objectives for the area under review are met.

Significant requires action to avoid exposure to significant risk in achieving the objectives for the area under review.

Merits Attention action is advised to enhance risk mitigation, or control and operational efficiency.

A summary of work completed and in progress as at 2 December 2019 was provided.

Four audits had been completed and reported previously and all had received a Substantial Level of Assurance.

There had not been a long period since the last update, however, the Accounts Payable had been completed and had received a Substantial Level of Assurance score with no suggested action required. The review had focused on the controls designed to prevent overpayments, fraud and incorrect accounting. There were no issues of significant identified.

The audit of Accounts Receivable had been undertaken since the report had been published and had received a Substantial Level of Assurance.

The Audit of Payroll was in progress and would be reported to the next meeting of the Audit and Risk Committee.

Three further Audits would be undertaken on:

- 1) Fixed Asset Accounts
- 2) Budgetary Control
- 3) Data Protection

It was anticipated that the Audits would be completed before the end of March and would be reported to the Committee at its meeting scheduled for 1 June 2020.

Other activities undertaken by the Auditor were:

Advice and Guidance

Ad-hoc Training

CIPFA Audit Committee Updates

Terms of Reference

Internal Audit Plan 2019/20

Internal Audit Annual Report 2018/19

Internal Audit Charter

Audit and Risk Committee Annual Report

In response to a question from the Independent Member regarding the significant action required following the Freedom of Information Audit, it was confirmed that the issue was that timescales had not been met. The recommendations of the Auditor had been accepted verbally and a response was awaited.

05/20 **Minutes of the Pension Board held on the 10 September 2019**

The Committee noted the minutes of the Pension Board held on 10 September 2019.

The Chair of the Pension Board had been unable to attend the meeting and Kal Shoker, Employer Representative, from the Pension Board informed the meeting of the outcome of the Pension Board meeting.

The minutes were presented for information to the Audit and Risk Committee in their role as Scheme Manager.

This was the first meeting where there was a full complement of three Employer Representatives had attended, the agenda included:

- Update from Payrolls and Pensions Manager
- Risk Register,
- Ill Health Retirements
- Government Surveys
- Scheme Manager Training from the LGA

The Committee were informed that the recent McCloud Judgment would have an impact on the organisation and this was being considered by the Payroll and Pensions Manager.

The Members of the Audit and Risk Committee were thanked for attending the Scheme Manager training on 16 December 2019.

06/20 **Audit and Risk Committee Work Programme**

The Committee reviewed its Work Programme. The Internal Audit Charter Annual Review would take place at the meeting scheduled for the 23 March 2020.

07/20 **Update on Topical Legal and Regulatory Issues**

Mike Griffiths, Treasurer, informed the Members of the Audit and Risk Committee that, in their role as Scheme Manager, they may be required to meet with representatives of The Pensions Regulator before the end of April. The representatives would also be meeting with the Pension & Payroll Manager and members of the Pension Board at their next scheduled meeting.

The meeting closed at 1320 hours.

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