

Minutes of the Audit and Risk Committee

20 March 2023 at 10:30 hours

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

Present: Councillor Miks (Chair), Councillor Jalil (Vice-Chair), Councillor Barrie and Councillor Spence

Virtually: Councillor Miller, John Mathews (Internal Audit), Avtar Sohal (Grant Thornton), Paul Bennett (Pension Board Representative)

Officers: Karen Gowreesunker, Kal Shoker, Kirsty Tuffin, Martina Doolan, Mike Griffiths, Peter Farrow (Internal Audit), Phil Tromans (Internal Audit) and Tom Embury.

01/23 **Apologies for Absence**

No apologies for absence were received.

02/23 **Declarations of Interest**

There were no declarations of interest registered.

03/23 **Minutes of the Audit and Risk Committee held on 28 November 2022**

Resolved:

1. That the minutes of the Audit and Risk Committee held on 28 November 2022 were approved as a correct record.

04/23 **Matters Arising**

No matters were raised.

05/23 **Audit Findings Report 2021-2022**

Avtar Sohal, Grant Thornton, presented the Audit Findings Report 2021-2022 report that outlined the audit work undertaken by the external auditors and any findings as a consequence.

The Committee were advised that since their update at the last Audit and Risk Committee, the outstanding information on the implantation of a new ledger system had now been included. During the IT review of the systems, it had found deficiencies, but external auditors had been confident there had been no foul play and the Authority had put in measures to prevent inadequate control findings. The new additions to the control findings, as outlined in the report, were highlighted. The Committee were advised that it had been the auditor's intention to sign the audit opinion the end of March 2023.

Resolved:

1. That the contents of the Audit Findings Report 2021-2022 be noted.

06/23 **Statement of Accounts 2021-2022**

Mike Griffiths, Section 151 Officer/Treasurer, presented the Statement of Accounts 2021-2022 report that outlined the Authority's Statement of Accounts for the financial year ended 31 March 2022.

The Committee were advised that following the last update to the Committee in November 2022, all issues raised by the External Auditors had now been updated within the report and relevant appendices. All relevant changes to the report had been highlighted in yellow.

Resolved:

1. That it be agreed that the Statement of Accounts for 2021/2022 as set out in Appendix A be approved.
2. That it be agreed that Statement of Accounts summary for 2021/2022 set out in Appendix B be noted.

07/23 **Informing the Audit Risk Assessment 2022-2023**

Avtar Sohal, Grant Thornton, presented the Audit Risk Assessment 2022-2023 report that outlined the progress of the external auditor (Grant Thornton UK LLP) in delivering their responsibilities.

The Committee were advised that the annual report had been required under the Internal Standards on Auditing (UK). The

annual report included responses from West Midlands Fire and Rescue Management to queries raised by the External Auditors. It was confirmed that nothing from the responses would impact upon the External Audit.

Resolved:

1. That it be agreed that the content of the Informing the Audit Risk Assessment – West Midlands Fire and Rescue Authority 2022/2023 be noted.

08/23 **Addition of Fire Investigation - Corporate Risk**

Karen Gowreesunker, Assistant Chief Fire Officer, presented the Addition of Fire Investigation - Corporate Risk report that a new corporate risk be added to the Corporate Risk Register.

The Committee were advised that The West Midlands Fire Service (WMFS) Fire Investigation and Prevention Section (FIPS) were working towards accreditation under the Quality Standard ISO 17020. In order to comply with the requirements of accreditation, the additional risk for fire investigation would be needed. The accreditation would allow for WMFS to conduct joint investigations with the police in fatal fire incidents (Tier 2) and provide evidence in court if required. The suggested wording for the additional risk outlined was as follows:

Corporate Risk 3.3

The Fire Authority is unable to complete and establish correct origin and cause of Tier 2 Fires (complex investigations) by the Fire Investigation and Prevention Section (FIPS) resulting in reduced confidence, credibility and increased litigation and reputational damage and a reduction in the evidence base to help define the prevention strategy.

The Committee were advised that in addition to conducting Tier 2 fire investigations in the West Midlands, WMFS provided Fire Investigation services to both Staffordshire and Royal Berkshire Fire and Rescue Services. If WMFS did not achieve accreditation it would no longer be able to provide these services after October 2023. More detail would be provided in the next Corporate Risk Update Report.

Resolved:

1. That it be agreed that the addition of the identified Fire Investigation risk to the Corporate Risk Register be approved.

09/23 **Internal Audit – Progress Report**

John Mathews, Internal Auditor, presented the Internal Audit – Progress Report that outlined the progress made against the delivery of the 2022/23 Internal Audit Plan.

The Committee were advised of the assessment of assurance need/risk analysis and RAG rating required for each category. The key issues arising from the internal auditors work highlighted were Risk Management and Governance. No issues of concern were raised for risk management as the audit had shown there had been a good system in place. One area for improvement had been highlighted in Governance around declarations of personal interest but work had already begun by management to improve the process. All issues raised in 2022 had been completed. Overall, both issues had a rating good assurance. The auditors had been on target to complete the Internal Auditors plan by April 2023.

Resolved:

1. That it be agreed that the internal Audit Progress Report be noted.

10/23 **Internal Audit Plan 2023-2024**

Peter Farrow, Internal Auditor, presented the Internal Audit Plan 2023-2024 that outlined the proposed Internal Audit Plan for 2023/24, with an indicative plan covering the period 2024/25 to 2025/26.

The Committee were advised that due to limited resource, the internal auditors would focus upon key areas in which all parties involved agreed upon. He advised that those RAG rated as green would not be included within the plan but reassured members that the internal auditors would continue to monitor them. Amber rated items would be reviewed between 1-3years

and red items on an annual basis. The audits planned for 2023-2024, as per the report, were highlighted.

Resolved:

1. That it be agreed that the Internal Audit Plan for 2023/24 be approved.

11/23 **Internal Audit Charter – Annual Review**

Peter Farrow, Internal Auditor, presented the Internal Audit Charter – Annual Review that outlined the scope and background and mission of the internal auditors.

The Committee were advised that no changes had been made to the Internal Audit Charter since it was last reviewed and approved by Committee in March 2022.

Resolved:

1. That it be agreed that the existing Internal Audit Charter be reviewed and approved subject to its next annual review.

12/23 **Annual Report of the Senior Information Risk Owner**

Karen Gowreesunker provided an overview of the Annual Report of the Senior Information Risk Owner (SIRO) report that provided assurance in relation to how the organisation discharges its duties and responsibilities in relation to information governance.

Martina Doolan, Data Governance Manager, provided a presentation to the Committee, as per appendix B of the report. She advised the Committee that the annual SIRO report had been good practice to provide assurance. Wayne Brown had temporarily been appointed as the new Chief Fire Officer and Karen Gowreesunker as the temporary Assistant Chief Fire Officer responsible for overseeing the SIRO report.

The Committee were advised that Freedom of Information requests and cyber security had been high on the agenda for the

teams involved. Mitigation steps into the delayed freedom of Information request had been put in place by incorporating all reporting into one Microsoft teams' system. This would mean all responses could be acknowledged within 30 days. The impact globally on cyber security was highlighted, with the recent banning of TikTok from official devices used as an example.

Following queries around paper documents, Martina reassured Members that the service had been working with an external company to digitise all documentation and the risks highlighted previously around the storage of documentation/potential water damage had now been rectified. Karen Gowreesunker advised the Committee that all teams involved had a process in place to digitise all their documentation and suppliers would provide assistance to ensure resources could be maintained. It was agreed that an update on the training (phases 1 and 2) for Oracle and relevant timescales be provided at the next Audit and Risk Committee.

Resolved:

1. That it be agreed that the contents of the Annual Report of the Senior Information Risk Owner (SIRO) 2022, be noted.
2. That it be agreed that an update on the training (phases 1 and 2) for Oracle and relevant timescales be provided at the next Audit and Risk Committee.

13/23 **Information Governance Audit Outcomes**

Karen Gowreesunker provided an overview of the Information Governance Audit Outcomes report that focused upon the annual themed audit of information governance activities in the organisation, conducted by Sandwell MBC.

Martina Doolan provided a presentation to the Committee, as per appendix A of the report. She advised the Committee that the Internal Audit had begun on 4 July 2022 until the 21 November 2022. The audit around freedom of Information requested had been evidence based and had resulted in the implementation of a dashboard for the Strategic Enabling Team to ensure all requests could receive their oversight immediately.

This would aide in responses being provided within the required timeframe. Issues around the flow charts had also been rectified by amendments being made around the process and upskilling of the those involved.

Resolved:

1. That it be agreed that the contents of the Annual Report from Sandwell MBC 2022 be noted.

14/23 **Pension Board Update**

Kal Shoker, Finance Manager, presented the Pension Board Update report that outlined the work of the Pension Board to the Audit and Risk Committee in its capacity as the Scheme Manager for the West Midlands Firefighters' Pension Scheme.

The Committee were advised that as agreed at the last Audit and Risk Committee, an action plan had been developed with input from both Pension Board and the Committee, that was aligned to the Pension Regulators recommendations. He advised that, as per appendix A, the Risk Register was reviewed by Pension Board and a delegated sub-committee of the Board on a regular basis.

Tom Embury, Deputy Clerk, advised the Committee that as outlined in the report, the Pension Board had expressed their desire for the Scheme Manager to be delivered through one individual with financial specialism, which had not been uncommon practice. If delegation be granted, it would still remain within the Fire Authority responsibility. Following queries around the risk 17 therein the risk register, Tom advised Members that moving forward Pension Boards would be scheduled before Audit and Risk Committee meetings so feedback can be included. Feedback on Risk 17, around corresponding with Mike Griffiths, would be feedback to the Pension Board.

Following queries around training, it was confirmed that LGA training would be provided to Audit Members on 27 March and Pension Board on 29 March. Following this a training needs

assessment would be conducted with a follow up annual assessment.

Resolved:

1. That it be agreed that the March 2022 version of the Pension Board Risk Register included within Appendix A, be noted.
2. That it be agreed that the progress on key actions included within the Pension Board Action Plan, which included the specific Actions agreed with The Pension Regulator for completion by June 2023, be noted.
3. That it be agreed that the Minutes of the Pension Board Meetings held on 20 September 2022 and 20 October 2022 (Appendix C and D), be noted.
4. That it be agreed that the feedback from the Pension Board regarding the future governance of the Scheme, be noted.

15/23 **Pension Scheme Key Performance Indicators**

Tom Embury, Deputy Clerk to the Authority, presented the Pension Scheme Key Performance Indicators (KPIs) report that outlined the draft KPIs for Members input.

The Committee were advised that following the regulators recommendations, KPIs had been drafted to monitor performances. With the exception of the last two KPIs outlined therein the report, all KPIs had been a statutory requirement and therefore, had to be targeted at 100%. If 100% was not achieved, then the service would be required to report this to the regulator. The last two KPIs included a standard on response times that would be rendered irrelevant when a new system be implemented to do this so it was suggested this could be removed. Following discussions, it was agreed to keep this KPI as it was until the system had been implemented successfully.

Following queries from a member of the public, it was agreed that an update on the trials for the implementation of the Oracle system be provided to the next Pension Board meeting.

Resolved:

1. That it be agreed that delegated responsibility for final sign off of the KPI structure to the Chair of the Committee be approved.

2. That it be agreed that an update on the oracle trial be provided to the next Pension Board meeting.

16/23 **Pension Board Membership**

Tom Embury presented the Pension Board Membership report that outlined the re-appointment of representatives to the Pension Board and options for filling the vacancy of the Independent Chair of the Pension Board.

The Committee were advised that both Alan Tranter and Adam Harper, current Employee representatives had agreed to extend their appointment for a further three years, subject to the approval of the Scheme Manager. A warm welcome was extended to Paul Bennett who was the newly elected third Employee representative to the Pension Board. The options proposed for the outstanding Independent Chair of the Pension Board, as per the report, were highlighted to Members. Following discussions around the lack of funding and the approach taken by other services, it was agreed that the following option would be most appropriate:

- *Remove the role of Independent Chair and alternating chairing duties between Employer and Scheme Side representative.*

The Chair of the Committee requested that a senior officer attend the Pension Board meetings moving forward. It was agreed that Karen Gowreesunker, Assistant Chief Fire Officer, would oversee this action.

Resolved:

1. That it be agreed that the reappointment of Alan Tranter and Adam Harper as Scheme Side/Employee Representatives to the Pension Board be approved.
2. That it be agreed that option 3 to fill the vacancy of the Independent Chair, as per the report, be approved.
3. That it be agreed that Karen Gowreesunker, Assistant Chief Fire Officer, would oversee a senior officer attending Pension Boards moving forward.

17/23 **Update on Topical, Legal and Regulatory Issues (Verbal Report)**

No updates were raised.

18/23 **Audit and Risk Committee Work Programme 2022-2023**

Tom Embury presented the Audit and Risk Committee Work Programme for 2022-2023 that outlined the planned agenda items for future scheduled Audit and Risk Committee meetings.

Resolved:

1. That the Audit and Risk Committee Work Plan 2022-2023 be approved.

19/23 **Exclusion of the Press and Public**

Resolved:

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

The Committee adjourned at 12:12pm.

The Committee reconvened at 12:26pm.

20/23 **Fraud Awareness Training**

Phillip Tromans, Internal Audit, provided Members of the Committee with training on Fraud Awareness.

Resolved:

1. That it be agreed that the training on fraud awareness be noted.

21/23 **Private Meeting with Internal Auditors**

Members of the Committee met with Peter Farrow, Internal Auditor, and John Mathews, Internal Auditor to raise any concerns they may have. No concerns were raised.

Resolved:

1. That it be agreed that the private meeting with internal auditors be noted.

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The meeting closed at 13:23 hours.

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