

Minutes of the Audit and Risk Committee

14 January 2019
at Fire Service Headquarters, Vauxhall Road,
Birmingham B7 4HW

Present: Councillors Miks (Chair), Iqbal, Jenkins, Craddock,
Dehar and Mr Ager (Independent)

Apology: DCFO Phil Hales, Peter Farrow – Internal Auditor,
Richard Percival, Grant Thornton

1/19 **Declarations of Interest in contracts or other matters**

There were no declarations of interest.

2/19 **Minutes of the Audit and Risk Committee held on 12 November 2018**

The Minutes of the Audit and Risk Committee held on 12 November 2018 were received.

3/19 **Internal Audit Progress Report**

The Committee noted the Internal Audit Progress Report and any issues arising from internal audit work undertaken so far in the current year.

The Accounts Payable and Accounts Receivable Audits had been completed and no issues of significance were identified.

The Fixed Asset Accounting Audit and Payroll Audit had started and would be completed before the year end. Councillor Craddock stated that the outcome of the Audits were an indication of the good quality of the accounts and were a credit to the Treasurer and his team.

4/19 **Internal Audit Charter – Annual Review 2019**

The Committee reviewed the Internal Audit Charter and noted that there had been no changes made to the Internal Audit Charter since the last annual review in January 2018. The Internal Audit Charter was introduced in 2014 and was based on the national model for local government organisations.

The Treasurer confirmed that this also featured as part of the Auditor's Update and arrangements were in place to ensure that the organisation was well positioned to meet the legislation.

The Committee agreed that the Internal Audit Charter was fit for purpose.

5/19 **Audit Committee Update for West Midlands Fire and Rescue Authority**

The Committee noted the Audit and Risk Committee Update from the external Auditor (Grant Thornton).

The timetable of Audit Deliverables for 2018/19 was provided including planned dates and status.

The draft Audit Plan would be presented to the Audit and Risk Committee at their meeting scheduled for the 25 March 2019.

The External Auditors were due to be on site for the remainder of the week for testing and another interim visit was scheduled for week commencing 18 February 2019.

The Chair was interested in the findings of the report of HMICFRS's first independent inspection into Fire and Rescue Services for 12 years.

The Treasurer confirmed that the West Midlands Fire Service would be included in the second tranche and the Committee looked forward to receiving the results.

6/19 **Minutes of the Pensions Boards held on 27 September and 12 December 2018**

The Committee received the Minutes of the Pension Board meetings held on the 27 September and 12 December 2018. The minutes were for information and to provide assurance of recent changes and transparency going forwards.

The Independent Chair of the Pensions Board attended the meeting and informed the Committee that the Pension Board had been in place for four years. Mr Neil Chamberlain, Director of Commercial Services at West Midlands Police, stated that he had been the Independent Chair for 18 months. The Service had a reciprocal arrangement with the West Midlands Police in respect of their Pension Board.

The role of the Pension Board is to provide assurance to the Audit and Risk Committee, as the Scheme Manager, that the Pension Scheme is being properly administered.

The Board had recently amended its Terms of Reference and had increased the number of employee and employer representatives from 2 to 3 each and increased the number of meetings to take place on a quarterly basis rather than six monthly. This would enable the Pension Board to be more effective and resilient.

The increase in meetings would provide three meetings where standard items would be discussed and a fourth meeting where pension training would be provided. This would ensure that members of the Board are up to date with current developments.

Clair Alcock, LGA Pension Advisor, had attended the Pension Board held on the 12 December 2018 and Malcolm Eastwood, the Chair of the Strategic Advisory Board had confirmed his attendance at the Pension Board scheduled for the 4 March 2019.

The Chair of the Pension Board confirmed that there were now 3 Employer and 3 Employee Representatives together with the Chair.

It was noted that the Payroll and Pension Manager attended every meeting and provided an update. He had recently updated the Board on the number of members opting In and Out of the Scheme.

It was confirmed that pension membership drops outs were endemic in the Public Sector but new entrants to the Fire Service were provided with information about the benefits of the pension scheme and the importance of having a pension.

The Chair confirmed that Members of the Fire Brigades Union sit on the Pension Board and encourage members to remain within the Scheme.

The Committee noted that the Fire Brigades Union had been successful in their case in respect of the transitional regulations and the protections in place. The knock-on effects would need to be fully understood, however, the Treasurer confirmed that the Home Office and government were considering their position and whether to counter appeal the decision.

The implications were yet to be determined and through the Audit and Risk Committee, the Payroll Manager would provide information when available.

The Chair of the Pensions Board confirmed that the Service had met the deadline for the HMRC reconciliations.

The Treasurer confirmed that there were currently no financial implications for the Authority regarding pensions if the governance transfer to the West Midlands Combined Authority took place on the 1st April 2019.

It was confirmed that the Deputy Chief Fire Officer would be providing a briefing note to the Authority following the request made about the Pension Appeal heard by the Appointments, Standards and Appeals Committee. This issue had arisen during the approval of the Appointments, Standards and Appeals Committee minutes at the Authority meeting held on 19 November 2018.

The Chair of the Pension Board was currently conducting a Skills Audit and would be addressing the training needs of members of the Board. Any training would also be open to the Members of the Authority.

The Committee thanked the Chair of the Pension Board for his update.

7/19 **Audit and Risk Workplan**

The Committee noted its Workplan for 2018/19.

The Workplan would be amended to indicate that the Internal Audit Plan 2019/2020 would be discussed at the meeting scheduled for 25 March 2019.

The Committee would continue in its current format until any transfer of governance was confirmed.

8/19 **Update on Topical, Legal or Regulatory Issues**

The Treasurer informed the Committee that the Order to transfer governance from the West Midlands Fire and Rescue Authority to the West Midlands Combined Authority had been amended by the Home Office/parliamentary lawyers. The amended Order was not supported locally and so there was now a pause in the transfer arrangements. Lead Members had been informed of the decision.

The Home Office changes significantly compromised the Order and a further report would be submitted to the Fire Authority on 18 February 2019.

The Chair requested that the information sent to Lead Members be circulated to all Members of the Authority.

The meeting finished at 1311 hours.

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