

Audit Committee Update for Shropshire and Wrekin Fire & Rescue Authority

Year ended 31 March 2016

July 2016

Mark Stocks

Engagement Lead

T 0121 232 5437

E mark.c.stocks@uk.gt.com

Jim Mclarnon

Assistant Manager

T 0121 232 5219

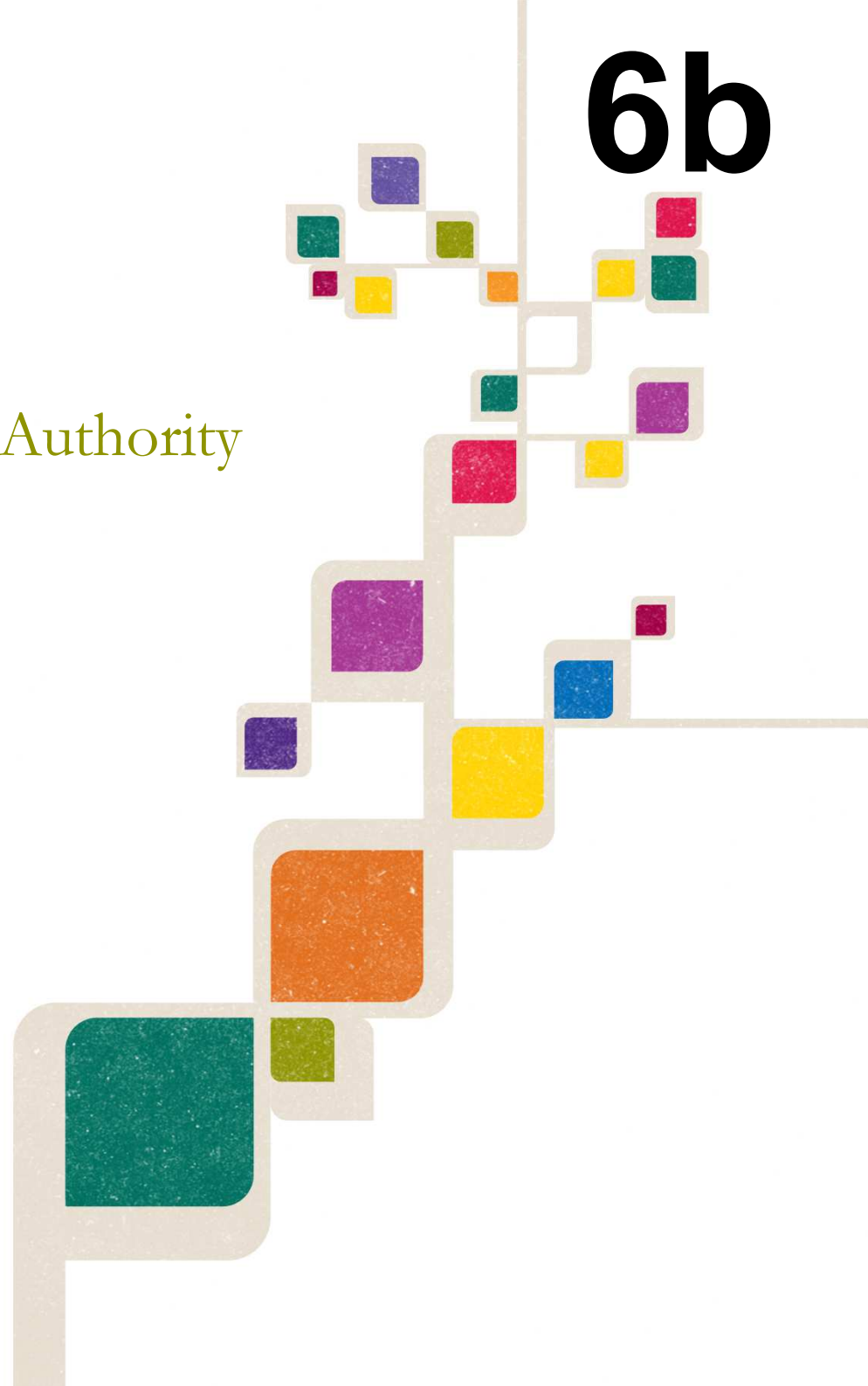
E james.a.mclarnon@uk.gt.com

Jonathan Meek

Executive

T 0121 232 5178

E jonathan.j.meek@uk.gt.com



Introduction

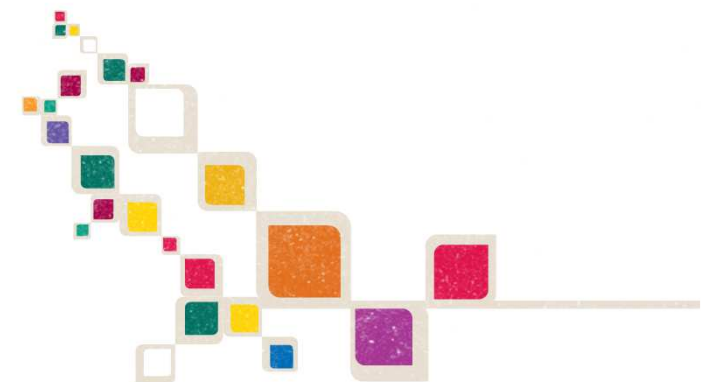
This paper provides the Audit and Performance Management Committee with a report on progress in delivering our responsibilities as your external auditors.

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

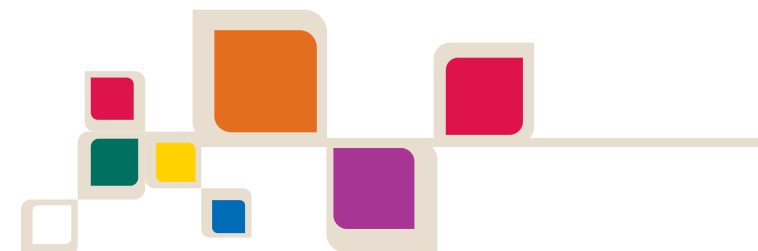
- Mental health collaboration: 'Joining up the dots, not picking up the pieces' (April 2016)
<http://www.grantthornton.co.uk/en/insights/partnership-working-in-mental-health/>
- Better Together: Building a successful joint venture company (April 2016)
<http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>

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.

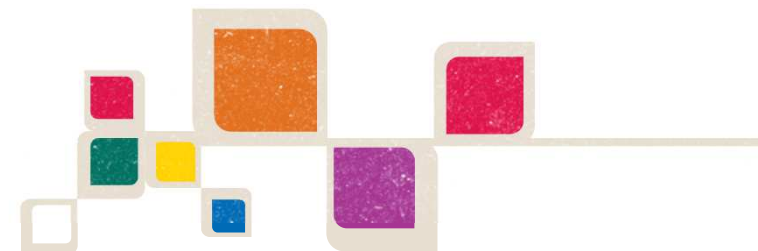


Progress to date



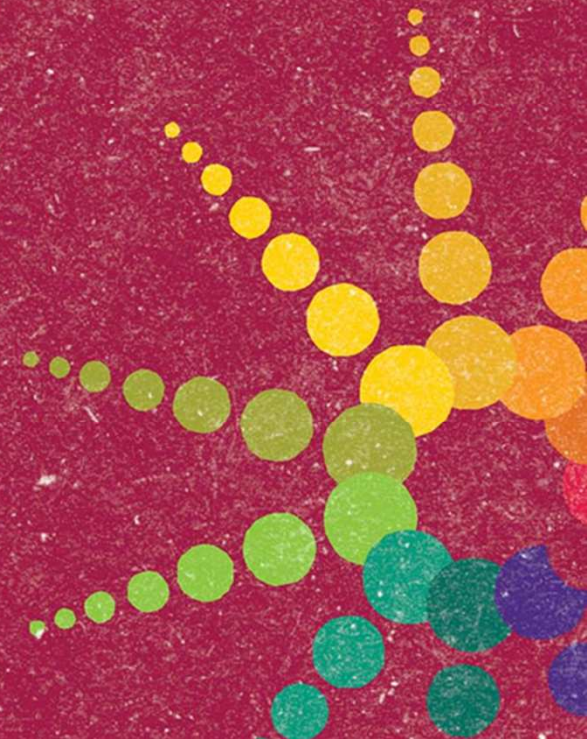
2015/16 work	Planned Date	Complete?	Comments
<p>Fee Letter</p> <p>We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016.</p>	April 2016	Yes	The 2016/17 fee letter was issued in April 2016. The indicative fee for our audit will remain consistent with the 2015/16 financial year
<p>Accounts Audit Plan</p> <p>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 2015/16 financial statements.</p>	April 2016	Yes	<p>We continue to assess the risks facing your Authority and meet with Senior Officers quarterly 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 management before presenting an addendum to the Audit and Performance Management Committee.</p>
<p>Interim accounts audit</p> <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 – April 2016	Yes	<p>We will continue to:</p> <ul style="list-style-type: none"> • engage with the finance team to streamline and improve the audit approach for 2015/16 where possible • Discuss any technical issues early, including the impact from the pension commutation guidance
<p>Final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2015/16 financial statements • proposed opinion on the Fire Authority's accounts • proposed Value for Money conclusion. 	August – September 2016	Not started	We will undertake work on your draft financial statements to provide an opinion by the statutory deadline. We are planning to complete our audit by 31 st August. as part of the transition to the earlier closedown and audit cycle from 2017/18.

Progress to date



2015/16 work	Planned Date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2015/16 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 – August 2016	In progress	<p>We have considered the potential risks for our VfM conclusion and identified no significant risks at the fire authority. We did however bring to your attention in the audit plan the following areas where we wish to perform further audit procedures.</p> <ul style="list-style-type: none"> • Asset configuration strategy • Workforce planning • Collaboration with partners and procurement <p>Our work on the VfM Conclusion will include attending meeting with key Senior Officers and key document reviews. We are aiming to deliver this work ahead of the national timescales as a move towards the faster close from 2017/18.</p>
<p>Annual Audit Letter</p> <p>We will summarise all the work completed as part of our 2015/16 audit within one letter which will be issued after the opinion.</p>	October 2016	Not started	

Fire Sector Accounting and other issues



Health and Safety in the Fire and Rescue Service

The HSE does not undertake a proactive programme of inspections across the FRS sector due to the good historical safety record and proactive culture with the FRS sector. To ensure these high standards remain the HSE works closely with CFOA to understand developments and support continuous improvement. The good working relationship between CFOA and HSE fire policy officers means firefighter safety in the operational environment is being discussed at a high level and work to implement change and best practice is being carried out.

Work between the Chief Fire Officers Association (CFOA) and the national Health and Safety Executive means the importance of firefighter safety remains at the forefront of Fire and Rescue Services agenda. *'Health and Safety in the Fire and Rescue Service – Embedding Lessons Learned'*, is a jointly produced document by the Chief Fire and Rescue Advisors in England & Wales, HM Fire Service Inspectorate in Scotland and the Health and Safety Executive but with full support and involvement of CFOA. Please see the document produced as a result of the work. <http://www.cfoa.org.uk/20752>

The document is seen as a simple and cost effective way to keep the health and safety of firefighting staff on the agenda. It touches upon a number of subjects, with particular emphasis as a reminder to all UK FRSs that lessons learned must be recognised at the initial stages of planning and development within organisations. Roy Wilsher, CFOA Director of Operations said: 'This is a very significant piece of work as it recognises the considerable progress that Fire and Rescue Services have made in their understanding of health and safety and balancing risk against benefit. I am pleased to be able to say that this has been achieved through the excellent working relationship between CFOA, the HSE, CFRA in England and Wales, HM Fire Service Inspectorate in Scotland and other partner agencies.'

Challenge questions

Are members aware of this publication and are officers responding appropriately to the learning in this document?

Grant Thornton Publications



Joining up the dots, not picking up the pieces

Partnership working in mental health

Summary report of our mental health collaboration summit

Mental ill health costs the economy over £100 million each year and affects one in four people. However, responding to issues related to an underlying mental illness does not solely sit within the remit of health professionals. With many parts of the public sector needing to respond, and each facing significant financial pressures, collaboration around this issue is essential to provide high quality care and make savings to the wider public purse.

This paper draws together examples of successful collaboration between public services and feedback from a Midlands round table discussion – where the West Midlands Combined Authority has set up a mental health commission – to look at how different services have overcome some of the traditional barriers and demarcation lines between organisations.

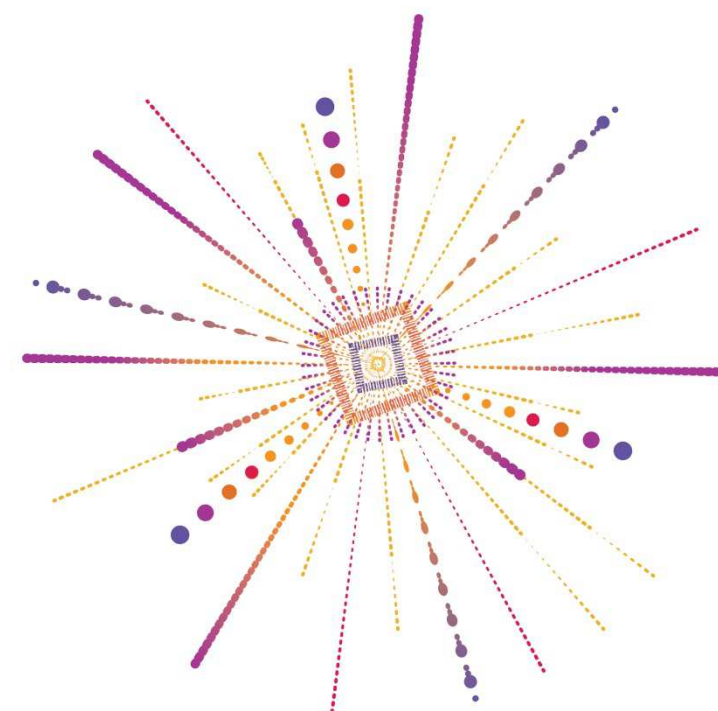
The key messages are:

- The unpredictable nature of mental health symptoms can mean that the first point of contact is via emergency services, with ambulance, fire and rescue or police officers being present. The cost of services not being available at the right place at the right time can be huge, in terms of the personal suffering of individuals and costs to the wider system
- Often relatively modest amounts of money targeted at specific initiatives such as street triage or community cafes can make a huge difference in improving the availability of important services
- An impact can be made without the need for expensive structural change. Most importantly, it requires a genuine approach to collaboration and a culture of putting the patient first
- Investing in collaborative initiatives focussing on the needs of mental health patients were undoubtedly resulting in savings elsewhere to the public purse. Examples include:
 - 92% reduction in detentions under section 136 of the Mental Health Act in Cheshire and Wirral; 50% reduction in Birmingham and Solihull; 39% in Nottinghamshire; 30% in Kent
 - 647 A&E attendances avoided by one street triage team in one year in Birmingham and Solihull
 - 80% remission in psychosis through early intervention in Derbyshire
 - 25% of unemployed users of the café run by the Manchester Mind Young Adults Services and Projects team have gone on to find employment.

Grant Thornton reports

Challenge question:

Is the Authority familiar with this report?



Better together

Building a successful joint venture company

Grant Thornton market insight

Local government is continuing to innovate as it looks for ways to protect front line services. The changes are picking up pace as more local government bodies introduce alternative delivery models to generate additional income and savings. While these new models are not a solution by themselves, they do add to the wider solutions being explored by local government such as devolution, collaboration and integration.

Joint Ventures (JVs) have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges. The report

also provides advice and information about the key areas to consider when deciding to set up a JV, setting it up and making it successful.

Key findings from the report:

- **JVs continue to be a viable option** – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- **There is reason to be cautious** – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- **There is a new breed of JVs between public sector bodies** – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture





© 2016 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

grantthornton.co.uk

GRT102468