

Essex Fire Audit Committee Meeting – PART A

Friday 6th July 2018

13:00, GF01, Kelvedon Park

PRESENT:-

Members: Chair: Jonathan Swan (JS); Simon Faraway (SF); Alan Hubbard (AH); Julie Parker (JP)

Office of the Police, Fire and Crime Commissioner (OPFCC): Police, Fire and Crime Commissioner Roger Hirst (RH); Finance Officer Abbey Gough (Minute Taker); Anthony Maude (AM)

Essex Country Fire and Rescue Service (ECFRS): Dave Bill (DB); Glenn McGuinness (GM);

RSM: Anna O’Keeffe (AO);

1. Apologies for absence: Charles Garbett (CG); Dan Harris (DH); Deputy Police Fire and Crime Commissioner Jane Gardner (JG); Chief Executive Chief Fire Officer Jo Turton (JT); Martina Lee (ML); Kevin Suter (KS)

2. Minutes of the meeting held on 6th April 2018
Minutes of the meeting were approved.

3. Action Log
02/18 – AO confirmed that the revised report has been completed and will be issued. Action should remain open until received.

03/18 – risk management policy has been presented to the Performance and Resources Board but is not finalised. This should remain open until completed.

09/18 – Induction date has been arranged along with the option for hot fire training.

4. Risk and Business Continuity Progress Report
DB presented the report to the committee. He noted that the action plan had been presented at the Performance and Resources Board and that ECFRS were on track. The risk policy and strategy document had been updated and was with the PFCC office for formal approval.

DB said that work has taken place with risk owners and that they had gone through an assessment and consequences process. SLT were working on identifying further risks which could be included on the risk register following discussions with JT.

The JCAD software has functionality where risk owners receive an email once a control measure has been updated. This will prompt the owner to review the risk. Work is planned throughout the year for Charles Thomas to work with teams on their risks. Business continuity exercises are taking place across the organisation including the force control room.

DB noted that the report format presented was not correct and that he would ensure this was correct for the next committee in September.

JS asked for clarification if risk owners are SLT members and whether the wording should be changed to reflect this. DB said that they currently were SLT members and that it was appropriate to change this. DB said that there was an action plan which could be shared in the future.

AH noted that strategic risk normally reflects the risk of not meeting a strategic objective. AH referenced the 2020 programme as one example of a strategic document. RH noted that work was taking place to create the Fire and Rescue Plan and this would ultimately be the strategic direction of the service.

The members asked whether it would be beneficial for members of ECFRS to sit in on the Police Joint Audit Committee to see the risk register exchange and how the force use this discussion.

ACTION 10/18 – Members of ECFRS to attend the Essex Police JAC to view the discussion on the risk register. AG to confirm details.

The members noted that at the Police JAC agreed to share the copy of the Essex Police risk register with ECFRS.

ACTION 11/18 – Essex Police to share the risk register with ECFRS. AG to share.

RH noted that there was very little on collaboration in the risk register as this is not included within the 2020 plan. RH would like to see collaboration and cultural change as a risk. Failure to achieve the cultural change piece will impact the service.

The members discussed the JCAD reporting noting that more details needed to be included for control measures and additional information included on the progress against the action plan. Members noted that tasks were completed but no work to ensure the measures have been embedded into the organisation.

The members highlighted the police template for risk which has various headings which prompt individuals to include the necessary data such as dates reviewed, control measures and risk owners.

A discussion was held on the format which ECFRS use to present risk. The members wanted to see the same register which ECFRS use for their risk management, whether this be a spreadsheet or JCAD.

ACTION 12/18 – DB to bring back to the committee risk report from JCAD which ECFRS use for risk management and confirm the style and format of risk report should be used in future

5. Audit Reports

AO presented the final reports which had been issued since the last audit meeting.

Cyber Security – positive audit, with two low recommendation.

HR – Reasonable assurance, with one high recommendation, one medium and two low recommendations. It was noted that the high priority recommendation should be completed this year following the implementation of a new system.

Key Financial Controls – Substantial assurance, with one low recommendation.

Follow up – AO reported little progress. It was noted that the action tracker will be in place for next year's follow up audit.

The members commented on the outstanding high priority recommendation and said that this should be resolved within deadline. The committee had an expectation that the high priority matters are dealt with on time. AO said that this would be included within next year's follow up audit.

It was confirmed that the non-delivery of areas within the follow up report will feed into the internal audit plan for the following year.

6. Internal Audit Progress Report

AO confirmed that one draft report had been issued since the last meeting and will be finalised shortly.

The members asked about the new system implementation for HOBS and its impact. It was confirmed that this was a major HR system which would incorporate starter and leavers, payroll, training and transactional processes. RSM are due to review the system after it has been implemented to provide assurance.

It was confirmed that the system has its own risk register. Members said that this should also be on the strategic risk register due to the potential service risk. GM to speak to DB on adding to the risk register.

ACTION 13/18 – GM and DB to discuss adding HOBS to the strategic risk register

DB said that all project risk registers needed to be included onto JCAD. Risks are discussed at SLT and if they need to be added to the strategic risk register. Wider risks would be flagged to management for discussion.

RH noted that collaboration was not on the strategic risk register and that there were a number of collaboration based projects currently being undertaken. The project risks need to be transparent.

ACTION 14/18 – Collaboration to be included as a risk on the strategic risk register

A discussion was held on the value of projects currently being undertaken by ECFRS in 2018/19. GM said that he would be able to confirm the details and circulate to the members.

ACTION 15/18 – GM to list projects, confirm total projects costs and circulate to all.

The members confirmed that they would like to see the full internal audit reports and not the executive summary.

7. Internal Audit Recommendations

GM presented the internal audit recommendation tracker. The members asked for the individuals names to be included on the tracker. GM said there were some concerns on GDPR on using names.

ACTION 16/19 – GM to review GDPR guidance and update the name of the responsible person accordingly

The members noted that this was a good report and asked of more detail to be provided on the progress against the recommendation in future. ECFRS should consider reviewing the police tracker.

ACTION 17/18 – GM to include additional details on progress made against the recommendation.

8. Internal Audit Annual Report 2017/18

AO confirmed that a positive opinion of reasonable assurance had been provided. The members noted that there had been a negative opinion on risk management for the past three years and if this impacted on the decision. AO said that it was not enough to issue a negative opinion.

AO said that the recent governance audit would be an advisory opinion.

AH asked if the outcome of the risk management audit had resulted in RSM considering giving a negative opinion. AO said that the matter was discussed internally RSM, however the other positive reports helped to form the opinion. The

members said that the risk management report was particularly critical and they want to see improvement on this matter.

The members asked to view a list of all reports issued over the last three years and the ratings they have received in order to help focus and direct future internal audit plans.

ACTION 18/18 – AO to provide a list of audits and outcomes from the last three years

9. 2017/18 Draft Statement of Accounts

GM presented the annual governance statement and the draft statement of accounts to the committee.

RH noted that the outturn tables do not include details on the level of funding, variances or comparison to last year.

ACTION 19/18 – GM to update the outturn tables to include details on funding, variances and previous year actuals

RH noted that the internal audit annual report mentioned the risk management, governance and internal controls. RH asked if all areas should be included within a table in the annual governance statement.

JS said that the report was very focused on the Lucas Report and that there was no statement on what had been done or what progress had been made. RH said that extensive analysis of Lucas had been completed through various boards, however no update had been provided since.

It was noted that nothing had been included within the AGS from October onwards. Significant governance change has taken place and this should be reflected, along with the level of transition and the changes still taking place. The members also referenced that the AGS referred to 'the Authority' which could be confusing to the previous Fire Authority. Members asked for this be changed to the full title of Police, Fire and Crime Commissioner Fire and Rescue Authority (PFCCFRA).

ACTION 20/19 – GM to update the AGS with the following:

- **Significant governance issues to be included within table**
- **Details of governance transition and the work taking place**
- **Change 'the Authority' to PFCCFRA**

Members asked for changes to be made to the table on page 5, as per action 18/18. GM to review with external auditors to understand if they can be made. RH asked for another table on fixed assets to be include.

ACTION 21/18 – GM to check with external audit regarding changes to the tables on page 5, outturn and fixed assets

A discussion was held on the £27m debt held by ECFRS, the minimum revenue provision and contribution from reserves. It was noted that £1.3m had been released from the capital receipts reserve and that a net £1.2m voluntary provision to for the financing of capital investment had been made. It was noted that the voluntary contribution has been in line with budget proposals considered at the Performance and Resources Board. GM noted that a reserves strategy is being worked on currently. RH expressed concerns that 8-9% of net revenue expenditure was being spent on servicing debt each year and that the discretionary element was a significant amount.

ACTION 22/18 – GM to discuss use of reserves in 2017/18 and approval process with RH

The members noted that the narrative statement could be made clearer for the public and work should take place to make this more readable for 2018/19 statement of accounts.

The members noted that they have been sent declarations of interest from Essex Police to sign regarding third party transactions. These have not been received from ECFRS.

ACTION 23/18 – GM and AG to arrange for third party declaration letter to be issued to independent members of Fire Committee.

10. Cultural Change in ECFRS

DB said that the recent report was based on a report by the former Transformation Director and provides a background to the Lucas Report. The members said they had read the Lucas Report and wanted to know what progress had been made against the recommendations.

It was agreed that a further report would be presented to the members which would detail what had been completed, what was outstanding and what the next steps were along with key issues.

ACTION 24/18 – DB to provide the committee with a report outlining what had been completed, what was outstanding and what the next steps were along with key issues within the Lucas Report

11. Any Other Business

There was a discussion on the collaboration work with Kent Police and Essex Police.