

Essex Fire Audit Committee Meeting – PART A

Friday 6th April 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); Deputy Police Fire and Crime Commissioner Jane Gardner (JG); Finance Officer Abbey Gough (Minute Taker)

Essex Country Fire and Rescue Service: Chief Fire Officer and CEO Jo Turton (JT); Dave Bill (DB); Glenn McGuinness (GMc); Charles Thomas

RSM: Anna O’Keeffe (AO); Hollie Sheppard (HS)

Ernst & Young: Martina Lee (ML); Alex Rafalowicz-Campbell (ARC)

1. Apologies for absence: Charles Garbett (CG); Dan Harris (DH); Sally Passmore (SP);

2. Minutes of the meeting held on 15th December 2017

Minutes of the meeting were approved.

3. Risk Register

CT noted that the recent focus had been on the risk management policy strategy and this would be considered at the Senior Leadership Team meeting in two weeks. The strategy would also be presented at the OPFCC Performance and Resources Board. The strategy remains in draft as it has not yet been approved.

JS noted the risk layout is much improved compared the previous version seen in December 2017. CT said that much of the content is to be reviewed following the adoption of the new strategy. DB confirmed that the risks would be reviewed and that a number of workshops had been organised with staff to ensure that the risks are reviewed correctly.

Training is due to take place with SLT on the 7th June on risk, however it was acknowledged that there was further work to take place.

AH noted that the previous JAC meeting was very critical of the risk register and that good progress has been made. There was a good flow through of controls, mitigation and target risk levels. Acknowledgement should be given to the level of risk appetite.

JP said that the risks should be more Essex specific. Need assurance that the other risk registers in the organisation follow the same process from strategic to departmental registers. DB said that the reporting lines and escalation processes would be shown in the policy document which was going to SLT. CT said that the risk register would have moved on substantially by the next JAC meeting on 6th July.

AH asked whether it was necessary to understand the PFCC and CEO vision for Essex Fire and Rescue to be able to develop the risks. RH said that the Fire and Rescue plan would be developed in parallel to the risk strategy to ensure that the updated risk register was available in July. RH felt that it would take some time to develop the Fire and Rescue Plan.

4. Internal Audit Progress Report

AO noted that four further reports had been issued since the last meeting and that all work was now complete for 2017/18. JP said that there were no KPIs in the report such as length of time for management to respond to draft internal audit reports. AO said that this could be included.

ACTION 01/18 – RSM to include additional performance information such as management response times. This would bring the Fire and Rescue progress report in line with the Essex Police – AO

DB said that an external team from Essex County Council had been commissioned to review the Fire Service progress against GDRP approximately 10 months ago. From this work an action plan was developed and work has progressed well.

JS asked if the work on cyber security could be streamlined with Essex Police; AO said that Essex and Kent Police operate on the same system however the Fire Service was different so there were no cross overs in service.

HS noted that reasonable assurance was provided for the review of People Structures Planning and Utilisation. The purpose of this report was to review the organisational structure. The JAC members queried the 1.7FTE per manager noted in the report. DB confirmed that this was taken from the Lucas Report and was correct. It was related to a number of posts which were defined as management roles resulting in a top heavy structure.

AO confirmed that internal audit reports are progressed through GMc who then sends the reports to the relevant individuals to respond. GMc will chase management responses if they have not been received.

JP queried the comment in the report which suggested that a lack of discussion with unions would result in poor governance processes. AO was to review the scope of the audit and provide an update.

ACTION 02/18 – AO to review the report and provide an update to the JAC members on why no union involvement would lead to poor governance as noted in the People Structures Planning and Utilisation - AO

Reasonable assurance was provided for Business Planning with four low recommendations and one medium recommendation. Substantial assurance was issued for the Budgetary Control report with one low recommendation.

Partial assurance was received for the Risk Management report with 13 recommendations arising from the report. JS noted that the risk management report had received partial assurance and had for the past three reports. JS said that the JAC members were concerned that this was the third year of partial assurance for risk management. JS said that this was fundamental for any organisation and that risk management was a KPI used by the JAC to assess an organisations performance.

DB agreed that this was a concern and required improvement. There has been a lack of staff buy in to the risk management process in recent years and managers are not populating the JCAD risk management tool. Work is taking place to improve this, including meetings with risk owners. Risk will be reported to SLT regularly with a quarterly review of the strategic risk register.

JS said that it was essential that managers knew this information and asked why management were receiving training; could the reviews take place monthly. JS said that SLT should be encouraging staff to explore risk and ensure that registers were up to date.

DB confirmed that risk will be a monthly feature of SLT and the strategy was going to the next meeting, quarterly review would be of the strategic risk only. JS said that initial this should be reviewed monthly due to the significant problems currently being experienced.

RH suggested that these areas could be reviewed with the Performance and Resources Board and additional support could be provided along with a potential action plan.

ACTION 03/18 – Risk management policy to be considered by Performance and Resources Board with potential action plan to be developed in order to push through improvements – AM

AH asked JT for her reaction to the risk management issues. JT echoed the concerns of the board members and that risk management was a key driver of business plans which should be driven from the top. JT noted that there was an acceptance and willingness to address the recommendations in the report.

JP asked if the due dates should be revised to before December 2018. GMc noted that the due dates were initial chosen due to the new CEO joining.

JS asked if a follow up review could be completed for the September JAC meeting to provide assurance that that there were improvements taking place.

ACTION 04/18 – Follow up review to be considered for risk management for the September JAC meeting – AO

The revised internal audit plan 2018/19 was presented following requested updates at the December 2017 JAC meeting. The JAC members asked for the plan to be revised against the updated risk register.

ACTION 05/18 – Revised internal audit plan to be presented against the updated risk register – AO

5. Progress Report on Internal Audit Recommendations

GMc presented the report and noted that there were three outstanding recommendations from before 2017/18. GMc said that he would consider two follow up audits in the year to close down recommendations sooner rather than waiting until 2019/20. At the next meeting GMc said that future reports would include a RAG rating linked to the recommendation priority.

JP was concerned that there were 3 high priority recommendations which had been deferred for 6-9 months. She welcomed the RAG rating as it was difficult to assess whether the report was good or bad.

DB said that the business continuity recommendations which had been deferred for 6-9 months were due to new staff members needing to settle into roles. This has now taken place and individual's now understand the full scope of their roles.

JS queried whether there was only one recommendation outstanding from before 2016. GMc said that the February follow up report left only three outstanding risks. AO said that the tracker has not always been consistent to follow the recommendations through. RH asked it confident that everything outstanding had been dealt with in the follow up review.

GMc said that there was good discipline in dealing with internal audit recommendations and that he was confident that all high and medium priority recommendations had been dealt with. AH said that Essex Police have a tracker template which may be useful for Fire to review as this contains the high, medium and low recommendations which are outstanding. The members asked whether RSM could provide a level of assurance to the tracker.

ACTION 06/18 –RSM to review the Fire and Rescue tracker to provide a level of assurance – AO

ACTION 07/18 – Share Essex Police tracker with Fire and Rescue Service – AG

AO noted that RSM review the recommendations which have been signed off by the CFO.

6. External Audit Plan 2017/18

ML presented the external audit plan for 2017/18, the plan is similar to previous years with no significant changes. Early sign off of 31st July is required; this date was met last year so feel confident that this will happen.

JP asked if there were any anticipated issues with regards to the accounts following the change in governance. ML said that the accounts will stay the same and Essex Fire and Rescue is a separate entity to the OPFCC, however there will be additional disclosures within the accounts such as cross charging and the governance change. The narrative statement will also be more public facing.

7. Options Paper

The committee agreed to accept recommendation 1, with effect from July 2018. This will result in the publication of the part A papers and minutes after the meeting. RH feels that this will allow for suitable discussions and challenge to take place. JT agreed that this was a pragmatic approach and would provide a suitable learning environment.

8. Any Other Business

Lucas Report

JS ask for a report or presentation on the Lucas Report which would highlight the issues relevant to the committee

ACTION 08/18 – JT to prepare report for the July 2018 audit committee to highlight the relevant issues arising from the Lucas Report – JT

Induction Visit

JS asked for an induction to be arrange for the JAC members.

ACTION 09/18 – AG to arrange induction for JAC members - AG