

Audit Committee Meeting

Friday 22nd March 2019

13:00, GF01, Kelvedon Park

PRESENT:-

Members: Acting Chair: 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); Pippa Brent-Isherwood (P-BI)

Essex County Fire and Rescue Service: Jo Turton (JT); Charles Thomas (CT); Glenn McGuinness (GM)

RSM: Anna O'Keeffe (AO); Dan Harris (DH)

Grant Thornton: Marcus Ward (MW); Parris Williams (PW)

1. Declaration of Interest and Apologies for absence:

Jane Gardner (JG); Jonathan Swan (JS); Dave Bill (DB);

2. Minutes of the meeting held on 12th December 2018

Minutes of the meeting were approved.

3. Action Log / Matters Arising

It was agreed that action 29/18 would remain open and an update would be provided for the next committee.

4. Work Plan

Following a discussion with AG and the Independent Members it was agreed that the work plan would be updated and discussed again in June.

5. Emergency Service Collaboration Risk Register

RH introduced the Emergency Services Collaboration Risk Register which was being presented to the committee for the first time. RH noted the deteriorating risk linked to the East of England Ambulance Service. RH said that there were challenges linked to ensuring the involvement of the service within the collaboration programme.

The committee asked if the action finish date could be updated to include actual dates rather than just ongoing along with a brief cover note as part of the executive summary.

Action 1/19 – Emergency Services Risk Register to include actual action and due dates rather than just ongoing dates and executive summary

6. Risk and Business Continuity Progress Report

CT presented the risk register. He noted that following the go live of the Fire and Rescue Plan and the expected start of the new Senior Leadership Team in April the risk register would be reviewed and aligned to the plan and new risk owners. The Essex Police risk report template will be used in the future. A number of risk surgeries have taken place in this financial year so far with further surgeries planned throughout the next year.

The members asked if future cover reports could highlight exceptions, noting risks which the Service considers a potential problem as well as those areas which are improving.

Action 2/19 – Risk report to include a summary of items by exception, this should include areas which are considered to be improving as well as areas of concern

The members noted that 18 out of 23 risks were improving, and asked if this felt like a true reflection of the current situation. JT and CT said that a number of control measures had been put in place and the Service had worked to embed risk within the organisation. There is now a strategic and organisational focus on risk which was now flowing down into the organisation.

It was highlighted that the next iteration of the risk register may include a number of new risks following the SLT, HMICFRS inspection and expected closure of current risks. A Star Chamber approach is being used in the organisation to discuss risks and to review those on the risk register. This is a process that will continue. A discussion took place on risk appetite and it was noted that as the organisation matures in terms of risk and risk management this would be addressed and developed.

The members asked about the difference in the risk rating for the HMICFRS inspection preparations. The PFCC considers this red whilst the Service considers this amber. RH said that this would likely be linked to differing viewpoints; the Service will be focused more on the processes in place to deal with the inspection whilst the PFCC was focusing on the outcomes of the inspection.

7. Audit Reports

AO provided feedback on the audit reports which have been finalised by RSM. Safeguarding received a Reasonable Assurance opinion and 1 medium recommendation. Property Maintenance received a Reasonable Assurance opinion with 2 medium recommendations. The members asked for clarification on the RAG

ratings provided for work completed by contractors. It was agreed that the details for this would be provided for the next committee.

Action 3/19 – Details for the RAG ratings used to assess contractor work to be provided and the assessment criteria to be provided for the June committee

Strategic Assessment of Risk was an advisory audit which was commissioned to review the document and whether it was sufficient to underpin the IRMP document. There were four actions, however it was felt that this was a comprehensive document.

Risk Management was assessed as Reasonable Assurance. It was noted by all that significant work had taken place to improve this from the position in recent years where a negative opinion was received.

8. Internal Audit Progress Report

The key financial control audit is currently in draft, DH said that he expects to be able to provide a positive opinion at year end.

The members asked for an update on the HOBs HR and Payroll system. GM said that the system went live in December with the first payroll run in January 2019, the service has experienced some data input issues which have affected the payroll runs in January and February. The data issues mainly arose from remote input of variable hours particularly by on-call firefighters. The HOBs and payroll teams have been working closing with firefighters to improve data input, as a result the March payroll has completed with minimal queries.

GM said that it would have been challenging to resource an internal audit on this area whilst the service was implementing the new system. Data quality has been improved through better communications and training to Station Managers, this will continue.

The members asked for details on the number of payroll errors which have taken place from January 2019. Assurances have been provided that the appropriate measures were taken by payroll to those individuals that requested payments in advance following the payroll errors

A debrief is planned for the HOB implementation for May which will incorporate lesson learned.

Action 4/19 – GM to provide details to the members of the number of payroll errors which have taken place since January 2019 when the implementation of HOBs took place.

A debrief is planned for the HOB implementation for May which will incorporate lesson learned.

9. ECFRS Progress Report on Internal Audit Recommendations

GM presented the report to the committee and highlight that there are currently 3 outstanding high recommendations and 7 outstanding medium recommendations; with 25 of 35 recommendations being completed. The follow up audit is currently taking place which will provide assurance from internal audit that management have completed the actions.

10. Internal Audit Plan 2019/20

DH said that there had been good engagement on the plan across both organisations, with six planned reports risk driven. There may be some changes to the report timings throughout the year.

RH asked when training would next be reviewed as this was a critical area for the business. It was suggested that this be considered for 2019/20 or 2020/21.

Action 5/19 – JT to consider when training should next be considered by internal audit and bring the plan back to the committee for formal approval

11. External Audit Plan 2018/19

MW presented that external audit plan for 2018/19, highlighting the areas of risk which would be reviewed by Grant Thornton in the course of the audit. This included management override, land and building valuations, pensions and the HR and payroll system to ensure that balances had been correctly transferred.

MW also discussed the key value for money areas to be reviewed, this included the Fire and Rescue Plan and the performance measures in place; cultural change and the progress made; collaboration with Essex Police and the Local Business Case and the financial strategy including Medium Term Financial Strategy and use of reserves.

The members of the committee noted the external audit plan.

12. External Audit Progress Report

PW provided an update on the audit work to date. It was noted that Grant Thornton were examining the rationale for the use of the capital receipt reserve in previous years and planned use in 2018/19. The Grant Thornton technical team were reviewing this and it was suggested that legal advice may be needed to clarify the matter. GM stated that the previous auditors had previously agreed the use of reserve in this manner. MW acknowledged this however stated that Grant Thornton needed to complete their own assessment.

It was also raised that there were some segregation of duties issues which may affect the testing in some areas. The members noted the progress report.

13. Draft Annual Governance Statement (AGS)

The members suggested that the AGS could include more detail such as significant governance issues, for example the revisions of the Constitution and Terms of Reference for different board meetings. The members also asked if there were additional strategic issues such as the recruitment of on-call firefighters and issues with training that should be included.

PBI agreed to review the AGS and provide comments to GM

Action 6/19 – PBI to review the ECFRS 2018/19 AGS and provide feedback to GM in advance of the draft Statement of Accounts submission

14. Single Tender Actions

There were no single tender actions for the period. The members noted the report.

15. Cultural Change / Peer Assessment

JT present the Cultural Change paper to the committee and said that progress was being made in this area, with work expected to increase following the arrival of the new SLT staff members on the 1st April. The appointment of the Assistant Chief Executive for Cultural Change is a new post and should send a clear message on the importance of this piece of work to the service.

JT said that there were a number of quick wins available to the service in this area and they will be addressed when the opportunities arises. The next round of whole time recruitment is due to open in April, the service has been working to encourage a more diverse range of applications. This has been facilitated by a number of targeted open days. The service will also help individuals prepare for the assessments by allowing them to use the station gym equipment and to promote fitness.

The members noted the work which is being completed by the service, however said that due to the volume of paper provided for the meeting they were unable to assess where the service currently was on their journey of cultural change. JT acknowledge the amount of information provide and said that the service was still in the early stages of change and had further to go.

16. Emergency Service Sector Update

DH introduced the paper, however DH said that most of the areas within the paper had been discussed within the course of the meeting.

17. Any Other Business

18. Date of the next meeting

21st June 2019