

MINUTES
AUDIT COMMITTEE

26th July 2019, 10:30 – 12:00, FF37, Kelvedon Park

Present:

Jonathan Swan (JS)	Independent committee member (Chair)
Julie Parker (JP)	Independent committee member
Simon Faraway (SF)	Independent committee member
Alan Hubbard (AH)	Independent committee member
Roger Hirst (RH)	Police, Fire and Crime Commissioner
Abbey Gough (AG)	Interim Section 151 Officer
Pippa Brent-Isherwood (PBI)	CEO, PFCC's office
Rick Hylton (RHy)	Deputy Chief Fire Officer
Karl Edwards (KE)	Director of Corporate Services
Glenn McGuinness (GM)	Assistant Director of Finance
Charles Thomas (CT)	Resilience Manager
Paul Grady (PG)	External Auditor, Grant Thornton
Parris Williams (PW)	External Auditor, Grant Thornton

Apologies:

Jo Turton (JT)	Chief Fire Officer / Chief Executive
Dave Bill (DB)	Director of Innovation, Risk and Future Development
Dan Harris (DH)	Internal Auditor, RSM
Anna O'Keeffe (AOK)	Internal Auditor, RSM

1 Welcome and Apologies

1.1 JS welcomed everyone to the meeting and noted the apologies.

2 Minutes from the meeting on 21st June 2019

2.1 The minutes were agreed subject to a further review and all actions being recorded.

ACTION 21/19

AG to review June minutes and circulate an updated action log incorporating all actions

3 Action Log

3.1 The members acknowledged the action log, however it was agreed that the actions would be considered at the September committee.

4. Strategic Risk Register

- 4.1 The members expressed their thanks for the improved risk register format. The members asked for more information regarding risk 150015. Rhy explained that this related to difficulties being experienced with the Customer Relationship Management (CRM) system. The system holds all the information for prevention and response activities and will drive the risk based assessment and inspection programme.
- 4.2 Without the correct data being recorded there is a risk that the future IRMP could be flawed due to inaccurate inputs. This has the potential for the Fire and Rescue Authority to not be able to identify hotspots, however it will not hinder response activity.
- 4.3 The members asked CT why there were two colours within the 'Amber' section of the RAG rating. CT said that the additional colours provided SLT with the ability to prioritise risks which fell within the 'Amber' section. This meant that there was a High Amber and Low Amber risk. This is an agreed process with SLT and has worked well over a number of years, however the service will consider whether this is still the most appropriate method.

ACTION 22/19:

SLT to consider the RAG rating and use of high and low amber rating. SLT to confirm to the next committee whether this approach is still appropriate.

- 4.4 JS noted that risk SR150015 seemed to be a data risk, rather than an operational risk. RH noted that this risk could potentially be split out into two separate risks. One that is linked to the CRM and improved information required to predict activity and a second which was linked to the CRM and how this data forms the basis of the IRMP and could result in poor planning. It was suggested that consideration be given to splitting this risk into two.

ACTION 23/19:

Consideration to be given to splitting risk SR150015 into two elements

- 4.5 There was a discussion on risk SR150014 and it was noted that Essex Police do not have a similar risk on their register regarding death or serious injury to staff/officers. RHy and CT explained that the risk was linked to the Health and Safety Executive and the legal requirements/duty the Fire and Rescue Authority have to their staff welfare. It was agreed that additional information could be included within this risk which would better explain the risk and mitigations.

ACTION 24/19:

Risk SR150014 to be updated to provide more detail on the cause and mitigations in place.

5. Cultural Change Update

- 5.1 JS opened the item by highlighting the importance of this topic and that the members would require a regular paper on this item.
- 5.2 KE introduced the paper and provided the committee with a summary of the key points. RH said that this paper provided a good update on the current position in the Fire and Rescue Authority with regards to the cultural change programme. RH noted that there have been a number of inspections and reviews over recent years and that there were a number a key building blocks required in order to embed cultural change within the organisation. These include whistle blowing, promoting diversity, appraisals and the training programme. Work is ongoing in all these areas.
- 5.3 The members discussed the appraisal process and it was noted that this was a two way process which staff should also be able to provide feedback into. The members noted that there also has to be a plan to ensure that there is good staff retention. KE said that work is underway regarding this and that there are going to be new processes in place to ensure that staff have a relevant development plan.
- 5.4 AH thanked KE for the report, however he noted that the report did not provide members with an assessment of where the Fire and Rescue Authority were on their journey of cultural change. The members asked whether it would be possible to see a summary of all the recommendations issued through the various inspections and the current position against those recommendations.

ACTION 25/19:

KE and RHy to provide a report which details all the recommendations issued to the Fire and Rescue Authority in regards to cultural change and provide an update against those recommendations. The report should provide an overall assessment of progress made against the recommendations.

6. Audit Finding Report (AFR)

- 6.1 PG introduced the AFR to the committee and noted that no opinion will be issued until after the 31st July as the Fire and Rescue Authority are required to revalue their assets. The Fire and Rescue Authority have updated their asset figures on a percentage uplift each year, however following correspondence with the valuer these percentages should not be used for financial accounting purposes. Currently Grant Thornton are not able to agree there is no material misstatement and therefore the FRA are completing a full revaluation.
- 6.2 The FRA did consider other options however it was felt that a full revaluation was the most appropriate to ensure the figures were accurate. It is estimated that the revaluation will take between 10-12 weeks. PG said that they considered Personal Protection Equipment in June and provided a challenge back to the Authority and valuer at this point. PG explained to the committee

that Grant Thornton focused their audit on the risk based areas and that they required suitable evidence from the Authority that there was no misstatement within the accounts.

- 6.3 The members noted that this issue did not affect the service which is delivered by the Authority. PG agreed and said that the materiality level is set at 2% of expenditure and they must comply with IFRS and Financial Reporting Council regulations. The committee discussed the difficulties of such a low materiality limit for the Authority. PG said that 2% was actually at the upper end of the FRC tolerance.
- 6.4 PG said that as long as the draft statement of accounts was published on the 31st July with an accompanying note as to why these were not final then this would be satisfactory. PG noted that there had been good engagement with the Authority and that a good set of accounts had been produced.
- 6.5 PG confirmed that Grant Thornton were now satisfied on the Authority's use of Capital Receipt Reserve, however said that decisions should be better documented in future regarding use of reserves going forward.
- 6.6 PG said that Grant Thornton were currently proposing an unqualified opinion for the value for money audit and proceeded to highlight the key areas within the report. One of these areas was the use of reserves with the Authority and PG noted that the current Reserve Strategy should be more forward looking and provide additional strategic direction.
- 6.7 The members noted the recommendations by Grant Thornton and asked if an interim report could be brought to the committee with an update on the recommendations on the progress of recommendations.

ACTION 26/19:

An interim report to be presented with an update on progress against the external audit recommendations

- 6.8 It was agreed by the committee that the final version of the Audit Findings Report would be published on the Authority's website. The annual audit letter would follow later and will include management responses to the recommendations in the AFR.

7. Draft 2018/19 Statement of Accounts

- 7.1 The members noted the draft accounts which were to be published on the Authority's website.

8. Any Other Business

None