

## MINUTES FIRE AUDIT COMMITTEE

13 December 2019, 1300 to 1530, GF01, Kelvedon Park

### Present:

Jonathan Swan (JS)	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
Dave Bill (DB)	Director of Change, Innovation and Risk
Glenn McGuinness (GM)	Assistant Director of Finance
Dan Harris (DH)	Internal Auditor, RSM
Anna O'Keeffe (AOK)	Internal Auditor, RSM
Camilla Brandal	Minutes, PFCC's office
Moira Bruin (MB)	Director of Operations (observer)
Tracy King (TK)	Assistant Director, Performance and Data (observer)

### Apologies:

Jo Turton (JT)	Chief Fire Officer and Chief Executive
Paul Grady (PG)	External Auditor, Grant Thornton
Parris Williams (PW)	External Auditor, Grant Thornton

### 1 Introduction and welcome

JS welcomed everyone to the meeting and accepted apologies from PG and PW but confirmed that the Committee members had spoken to them prior to this meeting and dealt with any issues that had arisen regarding the external audit. JS also accepted apologies from JT and wished her a speedy recovery.

### 2 Minutes from the meeting on 20 September 2019

- 2.1 JP asked that at paragraph 3.4.4 that the sentence on the second line should read 'there were other inspections planned' not 'there were other inspections tabled'.
- 2.2 SF asked that at paragraph 5.2 the second line should read 'there has not been a change' rather than 'there has not be a change'.

2.3 JS asked that paragraph 5.3 be amended to read 'JS commended the improvement' rather than 'JS wanted to commend the improvement'.

2.4 Matters arising from minutes of the last meeting

JS asked that under paragraph 3.3 and the Action 25/19 that it read 'A discussion took place around the outcomes of the Lucas Report' rather than 'the 90 actions piece of work'.

3 Action Log

3.1 Action 16/19 - Action Log - Audit committee action

PBI confirmed that there had been discussions around this and there were other decisions that needed to be taken around this action. A report would be taken to ECFRS' Senior Leadership Team meeting next week which would set out the considerations, following which the recommendations and decisions would be taken to the Strategic Board in January for a decision by the Commissioner.

3.2 Action 25/19 - Cultural Change

JP asked that this remain open rather than propose close as there were still outstanding issues that the Committee wanted to address.

3.3 Action 31/19 - Emergency Services Collaboration Update

AG confirmed although this did not have a name against the action, she had organised the meeting for 20 June 2020 between the Joint Audit Committee and the Fire Audit Committee meetings as the Chief Constable and the Chief Fire Officer would both be present in the building. It was confirmed that as this had been organised, the action could be closed.

3.4 Action 26/19 - Audit Findings Report

An interim report had been provided for this meeting's Agenda.

3.5 Action 28/19 - Audit Committee Action 04/19

GM presented the paper on the HOBs/Civica System monitoring which detailed the overall error trends following the introduction of the new HR and payroll systems. The table in the report provided the comparison figures of the previous SAP system error rate to HOBs.

From the paper, the brief observations made were that the total error rate is fairly consistent, there were arrangements in hand to bring in Civica consultants to optimise the use of the system; investment for which will become clearer in quarter one next year, and most errors are picked up and corrected for the final payroll run as part of an internal check process within the payroll team. A general discussion took place around the error figures, costs of the new system, licence fees, pay calculations, the questionnaire asked of HOBs users and the results, training on the system and whether a helpdesk system had been established.

3.6 Action 29/19 - Audit Committee action 13/19

Following the results of the staff survey contained in the update, a general discussion took place around the results. JS asked about the terminology around the HOBs Project Closure Report and whether it should be a 'closure report' and not a 'progress report with lessons learnt'? KE confirmed that the term means that the physical implementation of HOBs has been closed not that the project has been finished.

AH commented that there were lots of recommendations in the report but asked KE what his key 3 recommendations would be? KE was of the opinion that the 3 top recommendations would be a better end user engagement, a test pilot system with face to face training and better involvement from Civica (with champions and/or super users within ECFRS to assist). DB confirmed that on other projects that were being undertaken there was a Senior Responsible Officer (from the Senior Leadership Team) for each project.

JP asked that the date on Page 23 be recognised as 'concluded in April 2020' not 'April 2019'.

3.7 Action 32/19 - ECFRS Progress Report on Internal Audit Recommendations  
The original audit report date and the target dates had been included as a separate column rather than a cell on the tracker.

3.8 The following Actions were agreed as closed:

10/19, 26/19, 28/19, 29/19, 31/19, 32/19 and 33/19

#### 4 Work Plan

4.1 JS commented that the Committee will be undertaking a self-effectiveness review and that AH would be providing a questionnaire template that he had used before to AG in order for her to prepare a bespoke questionnaire for the Committee members (and RH and ECFRS members) to complete.

4.2 AH reminded the meeting that the Committee had asked for Deep Dive topics and that none had been received from the Fire Service yet.

#### 5 Emergency Services Collaboration Risk Register

5.1 DB presented the Risk Register and the risk that had reduced to amber from red which related to the presentation of business cases from the collaboration team and now had more control measures in place thereby reducing the risk.

5.2 JS confirmed that now that the Committee have been reassured that this Risk Register is in place, it does not need to remain a standing item on future Agendas.

#### 6 Strategic Risk Register Report

6.1 DB went through the report and confirmed that there were 18 Strategic Risk reported, 3 of which were red. There were no new risks and none have been closed.

6.2 DB confirmed that changes to the Register were as follows:

6.2.1 SRR150014 description to now read 'There is a risk that through action or non-actions by the Service, there is a fatality of a member of staff or the public'.

6.2.2 The change to SRR150026 related to the likelihood of failure in the ICT infrastructure due to the aging profile of some of the Service's ICT systems, and that a new programme work has been approved which included significant capital investment in order that key aspects of work are completed by the end of 2019.

- 6.3 JP asked about SRR150011 and that it is showing as red on the tabular items but on the heat map is showing as amber. DB confirmed that this risk is showing as red at present but is amber on the heat map as it is deemed to be a deteriorating risk.
- 6.4 JP asked at SRR150014 and the changed wording - DB confirmed that this was as a result of a change in the Risk Register layout and the challenges that have been faced by the Service over the last couple of years. The 'action or non-action' by the Service had been expanded to now mean that the risk included fatalities not from fires. This risk would also have an impact on the reputation of the Service.
- 6.5 AH asked about SRR150015 which is 'almost certain' on the heat map and showing as a significant impact, how is this being mitigated? DB confirmed that the planning assumptions risk will be discussed at the Senior Leadership Team meeting in January particularly with time factors and extracting data from the CRM system, which will better inform the planning assumptions for the future.
- 6.6 AH asked whether there was a Risk Appetite Statement in place and DB confirmed that the policy and guidance document were due to be reviewed and where the Risk Appetite Statement would be looked at. The review that has been planned will be more in depth than originally envisaged but the results of the review (and the new policy and Risk Appetite Statement) would be brought to the next meeting.

**Action: 34/19**

**DB to bring the results of the review (and the new policy and Risk Appetite Statement) would be brought to the March meeting.**

- 6.7 AH commented that once the policy and Statement have been put in place, a new column on the Risk Register referring back to the Risk Appetite against each risk could be put in place.

7 Audit Reports

- 7.1 Non-Operational Workplace Health & Safety - AOK confirmed that the report had a partial assurance with 1 high priority action and 3 medium priority management actions: namely Induction and Working Safely Training, Site-specific Work Place Risk Assessments, Terms of Reference and Data Quality.
- 7.1.1 SF asked about the Executive Summary front page where it mentions 544 safety events last year and whether this was a good or a bad figure? Would it be possible to have this on a year by year basis? RHy confirmed that this historical data can be provided easily and the Annual Health and Safety Report would be forwarded on to Committee members.
- 7.1.2 JP had an observation around the management responses and that there were quite a few chasing reminders - were the reminders being chased too hard and perhaps the root cause should be addressed firstly? RHy confirmed that the majority of the chasing reminders relating to the risk assessments for the fire stations themselves and encouragement is being given to undertake the risk assessment for the buildings as well as on the operational fireground.
- 7.1.3 JS asked how many of the recommendations been addressed as the first one was dated May 2019, and RHy confirmed that all recommendations have been completed bar 1 which is due to be completed by the end of this month.

- 7.2 Human Resources and Organisational Design Business System (HOBs) - AOK confirmed that the audit produced a reasonable assurance opinion with 3 medium priority actions (2 around the HOBs closure report). JP asked about the 3 medium priority actions resulting in a reasonable assurance opinion; what constitutes a partial assurance opinion as the last report had 3 medium priority actions and resulted in a partial assurance opinion? DH confirmed that the previous partial assurance opinion contained a high priority action within it.
- 7.3 Governance - AOK confirmed the reasonable assurance opinion with 2 medium priority actions; 1 concerning what constitutes a decision that needs to be taken to the PFCCFRA, and the other concerning performance statistics produced for the Performance & Resources Boards not aligning to the priorities in the Fire & Rescue Plan for monitoring purposes.

JS asked whether the management response should be raised with the Audit Committee members first but AOK is of the opinion that the response would be dealt with by the PFCC's office.

## 8 Internal Audit Progress Report

- 8.1 DH gave the update on the audit progress where 3 final reports have been issued from the internal audit plan for 2019/20 and confirmed that the fieldwork has been completed for the Risk Management Culture and Business Continuity reviews. The Procurement Review has now been confirmed as 10 January and resourcing has been put in place to undertake this work.
- 8.2 JS commented that it was good to see that, following on from the last meeting, 3 reports had been completed, and JP then asked whether all remaining 10 audits would be ready for the March 2020 meeting? DH confirmed that the IRMP, Training and Programme 2020 would not be coming to the March 2020 meeting but there would be a spread of 5 for March and 5 for June. JP asked that the final audit reports be sent through to the Committee members as they are produced.

## 9 ECFRS Progress Report on Internal Audit Recommendations

- 9.1 GM confirmed that of the 20 audit recommendations, 11 had been completed and 9 were ongoing. The audit recommendations that are the oldest relate to the follow up report (June 2019) on Training and Development which was still ongoing due to the implementation of the new HOBs system, and the Business Continuity audit was now back on track with the appointment of a new Business Continuity Manager overseeing the work. The other recommendations were Follow up report (June 2019) Business Planning and Safeguarding, with the Property Maintenance recommendation now actioned with the contract in place.
- 9.2 AH asked about the Business Continuity - Operational Response recommendation from November 2017 and whether it was as simple as requesting the supplier's Business Continuity Plans in order to close this off? GM confirmed that with the new manager in place, she had found that some of the existing Business Continuity Plans were now out of date and she had also asked the business managers in the Service whether there were any suppliers that they were aware of with contracts that could affect business continuity and obtaining their Business Continuity Plans as well. JP asked about Brexit plans and DB confirmed that significant work has been carried out to address this and there is no foreseeable risk. JP also asked DH whether there was a positive outcome from the audit now that the fieldwork has

already taken place? DH confirmed that there were issues within the review which had been taken back to the team for clarification.

## 10 External Audit Progress Report

- 10.1 JS confirmed that now that the accounts had been signed off by the external auditors, he wanted to go through a review of what went wrong with the fixed assets valuation process which then held up the signing off of the accounts, in order to use the process for learning purposes. How did a professional firm of valuers, who knew the organisation and knew what they were supposed to be doing, end up carrying out the fixed asset valuation work outside the original timeframe and under a single tender action?
- 10.2 GM gave some background to the process in that there were a number of factors that led to the delay in the signing of the accounts. It was the external auditors' first audit which was much more exhaustive than the previous auditors, and also had to simultaneously provide an audit on Essex Police. GM is also of the opinion that the regulatory bodies are increasing the reporting requirements on auditors in general. Technical issues with the McCloud judgment meant that there was more work to be done on the pensions verification and also the issue with how to deal with the past treatment of reserves and capital receipts.
- 10.3 A general discussion took place around the external audit process and it was agreed that the next year's audit would be a smoother process with more resources in place internally, with the fixed assets and pensions liabilities having a better audit plan and timeframe in order to not have the similar issues next year.
- 10.4 KE confirmed that a workshop had been organised with Grant Thornton on 12 February to plan and adopt a better strategy for next year's audit.
- 10.5 AH asked for clarification on Page 6 of the Statement of Accounts on the net revenue expenditure page, where the firefighter costs for 2018/19 shows £30m, but on Page 30, the firefighter expenditure is showing as £52m. GM confirmed that the difference is the IS19 pension disclosure which is not in the management accounts as expenditure. AH also asked if the cost of support staff against operational was known as it looks like a figure of 35% on support staff. After a brief discussion, RHy confirmed that the majority of the support staff are front line staff delivering fire protection and community safety.

## 11 Single Tender Actions

- 11.1 GM confirmed that there were 5 Single Tender Actions, namely; Miles Water Engineering Ltd, Geargrid Fire, Process Evolution, Cherwell Software, Quest Software and Computer Aided Development Corporation.
- 11.2 Miles Water Engineering Ltd - a specialist contractor who installed the pond liner as part of the heating system in the pond at HQ. To go to another contractor would have meant that new surveys would have had to have been carried out and more expensive in the long run.
- 11.3 A brief discussion took place around the single tender action process and it was agreed that the financial regulations needed to be reviewed and the planning process and procurement processes need to be tightened. AH asked who signed off the purchase orders for these Single Tender Actions and GM confirmed that it would have been the budget holder.

- 11.4 It was agreed that the financial regulations will be reviewed with a view to updating the processes around tenders.

## 12 Cultural Change Strategy Update

- 12.1 JS confirmed that he had met KE last week to consider the way forward with cultural change and how it was to be dealt with via audit trails etc to show that the matters that have been raised have been dealt with satisfactorily. KE had prepared a report for the meeting but unfortunately it was too large to send by email. KE would provide paper copies for the Committee members to read outside the meeting. JS asked whether a workshop could be organised in the new year for the Audit members, RH and JT to ensure that plans were in place that would then evidence progress made.

### **Action: 35/19**

**KE to organize a workshop on the Cultural Change Strategy in the New Year for Audit members, RH and Jo Turton to ensure that plans were in place that would then evidence progress made.**

- 12.2 KE confirmed that the new People Strategy which will be finalised in April 2020 would be the definitive document that the Service would hold themselves accountable for in the future.
- 12.3 It was agreed that prior to the workshop, KE would meet with RH and JS to discuss the framework for the workshop.

## 13 Any Other Business

- 13.1 It was confirmed that the appointment of the new s151 officer had been approved by the Police, Fire and Crime Panel.
- 13.2 The Committee thanked Glenn McGuinness for his excellent performance over the last 18 months whilst covering the s151 role.

There was no other business and the meeting closed at 2.40pm.