

MINUTES FIRE AUDIT COMMITTEE

20 March 2020, 12.45pm to 2.30pm Telephone conference

Present:

Jonathan Swan (JS)	Chair
Julie Parker (JP)	Independent Committee member
Simon Faraway (SF)	Independent Committee member
Alan Hubbard (AH)	Independent Committee member
Jane Gardner (JG)	Deputy Police, Fire and Crime Commissioner
Pippa Brent-Isherwood (PBI)	CEO, PFCC's office
Jo Turton (JT)	Chief Fire Office and Chief Executive
Karl Edwards (KE)	Director of Corporate Services
Neil Cross (NC)	s151 Officer
Dan Harris (DH)	Internal Auditor, RSM
Anna O'Keeffe (AOK)	Internal Auditor, RSM
Paul Grady (PG)	External Auditor, Grant Thornton
Parris Williams (PW)	External Auditor, Grant Thornton
Camilla Brandal (CB)	Minutes, PFCC's office

Apologies:

Roger Hirst (RH)	Police, Fire and Crime Commissioner
Rick Hylton (RHy)	Deputy Chief Fire Officer
Dave Bill (DB)	Director of Change, Innovation and Risk

1 Introduction and welcome

JS welcomed JT back to the meeting after her absence and NC to his first Audit Committee meeting. JS accepted apologies from RH, RHy and DB.

2 Minutes from the meeting on 19 December 2019

There were no amendments to the minutes of the December meeting and they were therefore agreed.

Matters arising:

SF asked about 7.1.1 where an action had not been captured, namely;

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.

Action: 01/20

KE agreed that he would pick this action up and send the Annual Health and Safety report to the Committee members.

3 Action Log

Action 25/19 Cultural Change
On this meeting's Agenda. Close

Action 27/19 Forward Plan
CB to populate Work Plan with proposed Deep Dive topics. Close.

Action 30/19 Action Log
Draft decision sheet has been consulted on via Strategic Board. PBI awaiting final pieces of legal advice before signing off.

Action 34/19 Strategic Risk Register Report
On this meeting's Agenda. JT confirmed that the Risk Strategy is still draft and asked that this particular item be brought back to the next meeting when approved by the Service and RH.

Action 35/19 Cultural Change Strategy update
On this meeting's Agenda. Close.

4 Work Plan

4.1 CB to populate the Work Plan with the proposed Deep Dive titles.

4.2 CB to move the Self Assessment piece to June.

5 Strategic Risk Register Report (including new policy and Risk Appetite Statement)

5.1 It was agreed that the Risk Strategy would not be discussed at this meeting but would be deferred to June's meeting when it had been agreed by the Service and RH.

5.2 KE presented the Risk Report and the Risk Register and confirmed that the Report highlighted any key changes to the Risk Register. KE wanted to comment on Point 8 which related to the Service Risk Advisor's training which had now taken place and that the Risk Management training programme for staff was now able to commence. JS asked whether the Service Risk Advisor was a senior post and KE confirmed that it was a functioning post reporting to DB.

5.3 JP asked about Risk SRR150015 concerning data quality where the inherent risk is scored at 15 and the current risk is 15. She asked whether there was anything that could be done to move these risk scores to improve them as they have not moved for a while. KE confirmed that the risk related to data management and data reporting and commented that a piece of work is currently being undertaken by the Programme Management Office to draw up a business case to explore the options of implementing a data warehouse tool that will bring multiple strands of data into one place. It is hoped that once this data warehouse tool is in place, the risk score will decrease. KE would update the Register to reflect this.

Action: 02/20

KE to update the Risk Register SRR150015 to reflect that a data warehouse tool business case is being drawn up to mitigate this risk.

5.4 SF asked about SRR150026's risk score around infrastructure which does not appear to have increased or decreased. KE confirmed that this risk had changed for the better in the last week but had not been able to be incorporated into the Register before the meeting. This will be reflected on the Register for June's meeting.

5.5 AH asked about the Register in general where 14 risks had no change, 3 had improved and none had gone down in score. AH commented that it was difficult to see how long they have remained at 'no change' and whether something else needed to be done to mitigate them or whether it was accepted that the risk was stuck and nothing more could be done. KE confirmed that he would discuss this with DB. AH suggested that something be put in

place with the stuck risks, whereby if there has been no movement for 9 months, then they are addressed at a Risk Star Chamber. KE to look at this suggestion with DB.

Action: 03/20

KE and DB to discuss the stuck risks and the possible implementation of a Risk Star Chamber to address them.

- 5.6 JS asked for an update on Covid19 and the risk that it posed to the Service. JT updated the meeting on what the Service were currently undertaking in terms of adherence to the policy framework, Public Health England guidance and advice, the strategic objectives and general headlines.

6 Audit Reports

6.1 Business Continuity

- 6.1.1 AOK went through the partial assurance opinion report which had resulted in 2 high priority actions and 2 medium priority actions. The high priority actions were due to the fact that 7 out of 10 of the business continuity plans were out of date or draft and had not been subject to testing. The medium priority actions related to no scenario planning in the business continuity plans.

- 6.1.2 A brief discussion took place around incident training and how operational processes are translated into corporate processes. It was also accepted that the audit had been carried out in November 2019 and with the appointment of the Business Continuity Manager, the issues raised in the audit have already been addressed or are currently being addressed.

6.2 Risk Management Culture

- 6.2.1 AOK went through the reasonable assurance opinion report which had resulted in a medium priority action around training and the need for a plan to be put in place. There were 2 other medium priority actions concerning new and emerging risks arising from policy and strategy, and gaps in control.

- 6.2.2 JS asked about the cohort of people that were surveyed for the audit and whether the training is focused on them or whether it will be a broader piece of work for the entire Service. KE confirmed that Phase 1 of the Risk Management training involves Department Heads, the Management Team and the Service Directorate. Phase 2 of the training will involve all employees.

6.3 Key Financial Controls

AOK confirmed that the audit focused on cash banking and Treasury management, payment and creditors, income and debtors. There was a substantial opinion report with 3 low priority actions arising. No comments were raised in respect of this other than it was a good result to see.

7 Internal Audit Progress Report

- 7.1 DH went through the progress report and confirm that the GDPR draft audit report had been issued with the Procurement audit draft report being issued shortly. DH wanted to reassure the Committee that plans are in place for RSM to work remotely at present. There are a number of reports to be issued but all remaining work has been scheduled in and it is anticipated that this will be business as usual.

- 7.2 SF asked about the GDPR and Procurement draft reports and whether the final reports would be ready for June or September. DH confirmed that the GDPR report will be ready for June, and the draft report for Procurement will be issued within a week to 10 days from now and it is hoped that this will be issued as a Final report for June as well.

- 7.3 A brief discussion took place around the level of risk on the Value for Money section and the procurement process arrangements. NC highlighted several areas of improvement that had

taken place in terms of the procurement process and once the draft report has been issued, plans will be put in place to address any particular items that will be raised.

8 Internal Audit Recommendation Tracker

- 8.1 NC presented the report which had been drawn up in a slightly different format as requested by the Committee. There were a total of 27 recommendations of which 17 are completed with 10 outstanding. The attached Appendix set out the recommendations in detail.
- 8.2 SF asked about the report's front page with items from 2017 showing as high and commented that it seemed to be a long time for an item to be sitting at high. KE confirmed that this will be followed up and addressed before the next meeting.

Action: 04/20

KE to look at the items sitting at 'high' on the Recommendation Tracker and report back to the June meeting on reasonings as to why they have not moved from high since 2017.

9 External Audit

- 9.1 PG went through the External Audit Plan which set out a summarised view of the proposed items to be undertaken and any risks that related to them. The Plan made reference to key matters impacting the external audit, the group audit scope and risk assessment, significant risks identified, other risks identified, materiality, value for money arrangements, audit logistics and the team and the audit fees.
- 9.2 SF asked whether the fee on Page 13 under Fees should read £35,980 and not £36,980? PG confirmed that it should read £35,980.
- 9.3 PW updated the meeting with the current external audit progress; Month 1 to 10 balances are being tested, the Grant Thornton workshop on accounts was well attended and there had been regular catch ups with management. The Value for Money work is well underway with a lot of information being received for a desktop review.

10 Approval of Internal Audit Plan and Internal Audit Charter

- 10.1 DH went through the Audit Plan which had been drawn up in consultation with Glenn McGuinness, KE and NC (for the Service), and PBI and Abbey Gough from the PFCC's office. DH confirmed that the Plan has not received formal approval as yet as it was felt that there were slightly too many audits tabled. Some of the audit topics that might be 'pruned out' were to be discussed between the Service, the PFCC's office and RSM. It was felt that an audit a month was too top heavy and the revised Plan would be finalised before the June meeting.
- 10.2 JP had three observations that she wanted to raise, namely; under Procurement Proactive Processes and the issue of looking at the arrangements and systems with Bedfordshire Fire and Rescue Authority, Cambridgeshire and Peterborough Fire Authorities to enable sharing of best practice but this could be impeded by the non-sharing from one of these Authorities; the MTFP needs to be reported on in December as a later date will not be useful, and that although there is a suggestion to prune items from the Plan, there are already 5 back ended for this March. KE confirmed that a more collaborative approach to the Procurement Proactive processes is sought which is why the other Authorities have been included in the review. KE also confirmed that the MTFP will not be moved from December.
- 10.3 AH raised an observation that there was no mention of the benefits of the collaboration work between the Fire Service and the Police, and whether this should be included in the Plan? PBI confirmed that work is being concluded on the Local Business Case audit which includes collaboration items and it is anticipated that this audit report will be finalised in the next couple of days.

11 Agreement of External Audit fees and plan

This item was covered under Point 9 above.

12 Draft Annual Governance Statement

- 12.1 NC confirmed that the draft had been prepared by Glenn McGuinness with significant input from PBI. PBI confirmed that as the format had had a wholesale review last year, it was felt that there was no need to alter the formatting for this year.
- 12.2 JP asked a question concerning P14 under 'Other Significant Governance Issues' and whether the date should read '2019/20' and not '2018/19' as set out? DH commented that the issues set out in the following bullet points were the prior year's significant governance issues and this Statement was an update against those. DH also commented that under 'Internal Control' where it refers to reasonable and substantial assurance around controls and that there were no materially significant internal control issues, reports are still to be issued that might inform that statement. JP commented that perhaps the narrative should also include a statement confirming that these are the issues going forward for 20/21 and what is going to be done about them. PBI confirmed that the issues set out under 2018/19 remain the most significant issues for the Service and will remain so for 19/20 and 20/21, which is why it has been worded as it is at present.
- 12.3 JP commented that whilst she accepted the presentation as a narrative, she was concerned that any progress that has been made is not able to be identified easily and perhaps the progress could be set out in a tabular form? PBI confirmed that she would take these points and incorporate them into the draft document with the final draft version coming back to June's meeting.
- Action: 05/20**
PBI to incorporate comments raised on Significant Governance issues and a possible tabular format to show progress being incorporated into the Annual Governance Statement, with the Statement being brought back to June's meeting as final draft for approval.
- 12.4 AH had an observation under Risk Management (Page 11) and whether there needs to be mention of the work that had been undertaken around Risk Appetite in the Annual Governance Statement? PBI confirmed that the Risk Management section has been drafted by DB and will change to reflect the work done on Risk Appetite once the Risk Strategy has been approved by the Services' Senior Leadership Team and RH.

13 Single Tender Actions

- 13.1 JS asked that the Recommendations paragraph read 'That Members of the Audit Committee note the report' instead of the current wording.
- 13.2 NC went through the report and acknowledged that this is an area that needs improvement. He has been working on this since joining the Service and asked that the Committee note that these actions were pre 2 January with the exception of the heating system Single Tender Action. This specific Single Tender Action was a unique circumstance which had to have a very quick decision made on it as it involved the entire heating and ventilation system at Kelvedon Park. NC confirmed that significant additional controls had been put in place for capturing Single Tender Actions with the use of specific justification forms being implemented.
- 13.3 JP asked whether NC was the 'backstop' on these Single Tender Actions and NC confirmed that although he may not sign off on all of the Single Tender Actions due to level of sign-off, he reassured the Committee that he had visibility on all of the Single Tender Actions.

14 Cultural Change Strategy (to include Peer Assessment and HMICFRS)

- 14.1 KE thanked the Audit Committee members for attending the workshop on Cultural Change on past, present and future actions and recommendations Post Lucas 2015.
- 14.2 KE went through the report as presented and confirmed that all the actions and recommendations from the Lucas Report had either been addressed and closed, or were being addressed through incorporation into the Service's Culture Change Strategy. KE asked the Committee to therefore support the recommendation to officially close off the Lucas Report.
- 14.3 The Committee wished to recognise and thank KE, JT and RH in particular for their involvement and commitment to getting the Service to the point where the Lucas Report can be closed off.
- 14.4 It was agreed that the recommendation would be made to RH, as the Authority, to officially close off the Lucas Report.

15 Any Other Business

There was no other business and the meeting closed at 2.25pm.