

## MINUTES FIRE AUDIT COMMITTEE

26 June 2020, 2.00pm to 4.00pm, via Microsoft Teams

### **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
Pippa Brent-Isherwood (PBI)	CEO, PFCC's office
Jo Turton (JT)	Chief Fire Office and Chief Executive
Karl Edwards (KE)	Director of Corporate Services
Dave Bill (DB)	Director of Change, Innovation and Risk
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
Elizabeth Helm (EH)	Interim Head of Finance and s151, PFCC's office (Observer)
Camilla Brandal (CB)	Minutes, PFCC's office

### **Apologies:**

Rick Hylton (RHyl)	Deputy Chief Fire Officer
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### **1 Introduction and welcome**

- 1.1 JS welcomed everyone to the meeting and accepted apologies from RHyl.
- 1.2 Item 13 - it was proposed that the Cultural Change update be moved from June to December. This was agreed.
- 1.3 Item 12 – it was proposed that the Self Assessment item would be taken to a separate meeting in July. This was agreed.
- 1.4 Item 10 – it was confirmed that the Accounts would form part of this meeting and not be deferred to September. It was also confirmed that the 'Annual Review' in the Agenda pack for today is still a draft document.

### **2 Minutes from the meeting on 20 March 2020**

- 2.1 There were no amendments to the minutes of the March meeting and they were therefore agreed.

#### **Matters arising:**

- 2.2 JS asked about the Annual Health and Safety report circulated to members and KE confirmed that it will be ready for the September meeting.

**Action: 06/20**  
**CB to put Health and Safety Report on the Forward Plan for September.**

### 3 Action Log

Action 30/19 Action Log

PBI confirmed that the consultation with the staff affected is due to complete shortly. The PFCC has received an expression of interest in purchasing the company for consideration. Instructions for the legal advisors to undertake due diligence are being drawn up. Once the work has been done on this and the report received, a decision sheet will be drawn up communicating the PFCC's formal decision to cease being a shareholder of the company.

Action 34/19 Strategic Risk Register Report  
Risk Strategy on this meeting's Agenda. Close.

Action 01/20 Matters Arising – Executive Summary  
Put on Forward Plan for September. Close.

Action 02/20 Strategic Risk Register Report  
KE confirmed that the Risk Register had been updated and that the data warehouse tool work has been started. Close.

Action 03/20 Strategic Risk Register Report  
DB confirmed that he had been speaking to the Directors about the stuck risks and might not have to implement a Star Chamber. AH suggested having a separate review of the risks that had been stuck for 9 months, for example. DH to take away and build into future reports.

Action 04/20 Internal Audit Recommendation Tracker  
KE confirmed that the items sitting at high on the Recommendation Tracker have been addressed and are included at item 8 for this meeting.

Action 05/20 Draft Annual Governance Statement  
PBI confirmed that the changes have been made and are reflected in the version of the Statement of Accounts to be discussed at this meeting. A section has also been included on Covid19 at the suggestion of the external auditors. Close.

### 4 Work Plan

- 4.1 It was confirmed that the July meeting would deal with the final version of the Statement of Accounts before sign off.
- 4.2 It was agreed that the Scheme of Governance and review of the Audit Committee Terms of Reference would be moved to September's meeting.

**Action: 07/20**  
**CB to move the Scheme of Governance and review of the Terms of Reference to September.**

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

#### 5.1 Strategic Risk Register

- 5.1.1 DB presented the update on the progress made with the Strategic Risk Register. DB confirmed that there were 16 strategic risks reported with two red risks. The first red risk dealt with the situation with Covid19 and it is hoped that over the next couple of months that it is reduced to an amber risk. The other red risk dealt with the Medium Term Financial Plan

and the conversion of current day crewed stations to on-call status. This risk also involves the recruitment challenges that are currently being faced due to Covid19.

- 5.1.2 JS asked about the Risk Register and the Risk 150003 and why the risk is showing as a red risk. DB confirmed that this is an error and the risk needed updating with the new score of 3.
- 5.1.3 AH had an observation on Risk 1500028 where the score has gone down due to 'robust strategies and clear governance', could DB provide an example of this? RH commented that these strategies and governance are the policies that have been worked on since this Risk was introduced. A People Strategy and a Protection Strategy have been put in place, with the Prevention Strategy still be worked on. DB also confirmed that a bi-weekly directorate meeting is taking place to discuss the risks and this also involves Station Managers and the Director of Operations.
- 5.1.4 AH commented on the status of ten risks improving and five remaining the same which is a big improvement in three months – is this a correct picture? DB confirmed that a lot of work had been put into the Register over the key areas. JP asked about Risk 0020 where it was identified as improving and what had triggered that as the internal audit records it as a partial assurance? DB confirmed that the improvement was mainly down to the operational training being carried out by centralised trainers and them reporting back on the risk critical elements of the training. KE commented that the partial assurance was mainly down to the e-learning and mandatory training being run off a platform hosted by Kent Fire & Rescue Service, and where the back end reporting was possibly not as reliable when pulling out reports on e-learning and confirming that courses have been registered as completed. KE confirmed that the Learning and Development Team are looking at options around e-learning to address this issue.
- 5.1.5 AH asked if JT could give a Covid19 update to the meeting as had been provided by RH and the Chief Constable in this morning's Audit meeting. JT confirmed that this would be covered under the Deep Dive item later in the Agenda.

## 5.2 Risk Policy/ Strategy

- 5.2.1 DB went through the draft Strategy and confirmed the updates that had been made (context so that it can be communicated more widely, decision making routes, information from the Institute of Risk Management, roles and responsibilities, escalation routes etc). DB also confirmed the inclusion of the Impact Statement which sets out better guidance to managers around allocating risk scoring etc.
- 5.2.2 JS commented that it was a good piece of work and noted the inclusion of various sources in the compilation of the Policy. JS asked about the inclusion of the wording from the Treasury's Orange Book which is used in Essex Police's Risk documents and which seems to not have been included in these documents. DB confirmed that work is still being undertaken with the drafts and he is in consultation with the PFCC's office and Essex Police to obtain copies of their Risk policies etc to make the Fire Risk Policy/ Strategy more in line.
- 5.2.3 SF wanted to also say well done with this piece of work which had come a very long way in a short space of time. DB confirmed that most of the work done on the Strategy is largely down to the Service's Risk Advisor (a member of staff who had been developed internally) and who will be training the Service more widely on risk.
- 5.2.4 DH had an observation around assurances within the Strategy where it makes reference to the internal audit report being a control as opposed to an assurance. DH suggested that this should be disseminated between what should be a genuine control with control owners and something that gives you assurance that the control is in place and effective and helps to mitigate the risk.
- 5.2.5 JS asked whether the Risk Advisor spoke to the internal auditors on a regular basis and DB confirmed that they did.

## 6 Audit Reports

### 6.1 Integrated Risk Management Programme ('IRMP')

AOK presented the reasonable assurance opinion report which had resulted in three medium and four low priority actions. The medium priority actions were around that no evidence of costings, the development of a detailed action plan, and monitoring of the Plan at Strategic Board and Senior Leadership Team meetings.

### 6.2 Programme 2020 - Progress

6.2.1 AOK presented the reasonable assurance opinion report which had resulted in one high priority and one medium priority action. The high priority action was around not being able to locate a completion report for the projects that had been audited.

6.2.2 JS asked about Programme 2020 and wanted to know whether the Programme had now finished. RH confirmed that the Programme 2020 had now been superseded. The original Programme 2020 had been drawn up from the 2016 IRMP, various reviews and documents, and combined into one Programme. The new Fire and Rescue Plan launched last year, combined with the new IRMP, the Local Business Case and the Fire Vision 2024 now form the framework for annual rounds of activity. An Annual Plan has been developed from this framework to deal with the activity to be undertaken in the year which has meant that Programme 2020 is now redundant.

### 6.3 Training and Development

6.3.1 AOK presented the partial assurance opinion and commented that significant effort and investment had been put into the programme since the last report. The four medium priority actions centered around the full welcome programme checklists for new joiners, task books, trainers being qualified and trainer observations.

6.3.2 JP asked JT if she saw any Service risk as a result of these findings? JT confirmed that significant investment and improvements have been made in this area which have now been covered off in the strategic Service risks. It is still an area of focus and priority for the Service but in terms of the report, it is tightening of processes rather than operational or Service risk.

6.3.3 A discussion took place around Civica and their role at present along with the progress being made on the system.

### 6.4 GDPR Governance

6.4.1 AOK presented the advisory review that had been undertaken and had resulted in two high, seven medium and four low priority actions. The high priority actions were around historic data in SAP which needed to be reviewed and deleted in line with the Data Retention Policy, and an information asset owner assigned to the shared W drive.

6.4.2 A brief discussion took place around the Data Protection Officer and the work being done to migrate the data from the W drive to the cloud based storage system.

6.4.3 JP asked the internal auditors what their level of assurance would be for this audit even though this was an advisory review? After a brief explanation of the advisory reviews that had been carried out on GDPR with all RSM's clients, DH is of the opinion that the Service would have received a partial assurance opinion if it had been an audit.

6.4.4 JP commented that a few of the recommendations had delivery dates that were some way into the future and asked DH whether he thought these were reasonable timelines? DH confirmed that he did think these were reasonable timelines.

6.4.5 JP asked whether, like the Police and the PFCC's office, an annual report could be brought to the meeting to show details of any data breaches that had occurred along with volumes and mitigations. JT confirmed that this could be easily provided to the Audit Committee.

## 6.5 Follow Up

AOK presented the reasonable progress opinion which had two medium priority actions still in progress, both relating to ICT contract management and the change in responsible owners not being recorded. KE confirmed that a new Head of ICT had been appointed and would be addressing these points. It was agreed that confirmation of the completion of these actions would be brought back to a future audit meeting.

### **Action: 08/20**

**It was agreed that the completion of the two medium priority actions still in progress on ICT contract management would be brought back to a future audit meeting.**

## 6.6 HR Transaction Processing HR and Payroll

6.6.1 AOK presented the reasonable assurance opinion which had resulted in one medium priority action around Civica and the inability to generate a user access list to the Transaction and Payroll system.

6.6.2 AH asked about the HR support team being listed as the responsible owner in the report and wanted to know whether there was an individual who is the named responsible owner rather than a team? NC confirmed that there is a named person that is the responsible owner and he would ensure that this is reflected for future purposes.

6.6.3 SF commented that he thought the Service had changed over to the new Payroll system, and NC confirmed that it had been changed to Civica but that it was a complex payroll system and posed challenges. NC confirmed that this particular issue was one that was being raised at the forthcoming meeting with Civica.

## 7 Internal Audit Progress Report

7.1 DH went through the progress report and confirmed that along with the six final reports presented today, there was a further draft to be issued which was just waiting for action owners. The 20/21 audits are set out at Section 4 of the report along with their timings.

7.1.2 JS asked DH about whether RSM had the resources to provide these audits and DH confirmed that they had asked all staff to take 50% of their annual leave by end of June.

### 7.2 Annual Report

7.2.1 DH presented the report which had resulted in a positive opinion and although there were four partial opinions issued on the plan, DH is of the opinion that these have been balanced off with one full partial assurance opinion around business continuity (one high and two medium actions) had been fully implemented.

7.2.2 DH commented that the Plan was clearly targeting areas of risk which is appropriate and necessary and is of the opinion that is worth reflecting that you are not going to find substantial assurance opinions due to the areas of risk that are being targeted.

7.2.3 JS commented that this was a good news story and a good report. He thanked the internal auditors and the Service for their efforts.

### 7.3 Annual Plan

7.3.1 DH presented the revised Annual Plan which had been through a Management Team process and had resulted in six audits being removed. Three reviews were partial assurance reports in 19/20 and it has been agreed that the follow up reports on the partial assurance reports, although not part of the auditing process for 20/21, will be subject to deeper dives.

7.3.2 A discussion took place around the audits that had come off the original draft and the list of areas that had been added to and the level of detail that will be involved in the audits. There

was some concern that there were too few audits planned but it is anticipated that the scheduled audits will be of a deep dive nature. RH confirmed that he would take the list and talk to JT and her team about putting Fleet and MTFP on the internal PFCC Boards.

**Action: 09/20**

**RH to speak to JT and her team to make sure that Fleet and MTFP are on the agendas for the internal PFCC Boards.**

8 Internal Audit Recommendation Tracker

- 8.1 NC confirmed that the Tracker is a summary of the audits that had been carried out.
- 8.2 After a brief discussion, it was agreed by all that the items showing on the Audit Tracker as complete can be taken off the Tracker.

9 External Audit

- 9.1 PG presented the two reports, namely; Progress Update and the Addendum on Significant Risks identified related to Covid19. PG went through the Progress Update which set out the audit timelines, statutory inspection periods, and it is anticipated that as much audit work as possible will be done on the Accounts by the end of July. The Addendum set out the risks that needed to be considered during the audit of the Accounts.
- 9.2 SF asked about the Brydon and Redmond reviews and PG confirmed that the Brydon Review largely focused on the private sector and was therefore not public sector specific which had come up with a number of recommendations. The key review that will affect the Service is the Redmond Review which is underway at the moment, and if the regulatory framework that is in place now is fit for the public sector and the public sector's financial statements. With a private sector regulator, a bigger focus is on the valuation of assets, whereas with the public sector, this is less of a focus. What will be looked at is the quality of the financial statements being produced by councils, fire bodies, police etc and the quality of the audits that are being undertaken. It is hoped that the Redmond Review will be reporting in September/October (the date having been deferred from July due to Covid19). SF asked whether there was anything that needed to be addressed as a Committee and PG is of the opinion that at this point in time, there is nothing that needs to be done by the Committee.

10 Statement of Accounts

- 10.1 NC went through the recommendations as set out in the Summary Report, namely; to review and agree the updated Annual Governance Statement, note that the review of the year section in the narrative report is outstanding (at the date of this meeting), agree the review of the Accounting Policies, agree the use of estimates in the Accounts, note that the Chief Finance Officer has signed the Accounts at 30 June and the Commissioner and Chief Executive/ Chief Fire Officer are to sign the Annual Governance Statement.
- 10.2 A discussion took place around outturns, earmarked reserves, balance sheets, pension costs, caveats on valuations, accounting policies, additional wording on Covid19 and an update on recruitment to the Finance team.
- 10.3 JP asked about EFA Trading Ltd and it was confirmed that this had been discussed under the Risk Register items (which JP had been absent for due to technical issues).
- 10.4 NC confirmed that the Narrative Report is still in draft but will be circulated to the Committee once finalised. AH asked about the size of the report and asked if thought be given to the report being more digestible for a wider audience. NC confirmed that the Narrative Statement will give a comprehensive overview of the Service's activities over the year but in terms of content, it is hoped that areas can be simplified (in consultation with external auditors) for next year's Report.

- 10.5 DH asked about Page 29 on internal controls and that it does not make reference to the partial assurance opinion on Procurement. NC confirmed that he would review the wording prior to publishing.
- 10.6 All the recommendations were agreed and the draft accounts could be published.

#### RH left the meeting at 4.00pm

#### 11 Single Tender Actions

- 11.1 NC confirmed that there had been one Single Tender Action relating to the revaluation of the property portfolio and rather than this being on a separate annual basis, a multi-year plan will be put in place. NC also commented on the Single Tender Action from February around the heating and ventilation system and confirmed that the value of the tender had to be changed in May as there was some additional work that was required.
- 11.2 JS asked about the heading 'Single Source Justifications' in the report and NC confirmed that historically this had been worded as 'Single Tender Action' but with the use of Single Source Justification, the wording now matches with the Financial and Procurement Regulations.

#### 12 Self Assessment – review of effectiveness

JS thanked everyone for their contributions on the Self Assessment exercise and confirmed that a separate meeting will be held in July for the Committee members and PBI to consider the recommendations.

#### 13 Cultural Change Strategy (to include Peer Assessment and HMICFRS)

It was agreed that an update on the Cultural Change Strategy would be provided at the December meeting.

#### AOK, DH, PG and PW left the meeting.

#### 14 Presentation on the Service's response to Covid19

- 14.1 KE presented a series of slides and went into each with the background behind them. Items included in the presentation were; timelines on the adaption and adoption of ways of working, alert scales and the setting up of the Critical Incident Team, how the Service has maintained an excellent level of service delivery, appliance availability, keeping the vulnerable safe, Community Safety videos, Safe and Well telephone calls to the most vulnerable rather than visits, remote working (including the accelerated use of Microsoft O365 licences), regular checks with staff on mental health and wellbeing. All fire stations have been in lockdown (i.e. minimal contact with people on and off stations), the concept of operations dealing with when certain activities will 'kick in' on a particular level, the forums that are attended on behalf of the Service, such as the Strategic Boards, the Essex Resilience Forum and the Multi Agency Information Cell. The early joint procurement of PPE, firefighters and instructors working as East of England Ambulance Service emergency response drivers, helping to set up the stand alone mortuaries, the series of live streams from the Chief Fire Officer, training being delivered in a different way and engagement with the Representative Bodies around the emergency response drivers.

#### RH rejoined the meeting at 4.27pm

- 14.2 JP asked whether the Service were taking the opportunity to exploit the benefits of the current situation to address some of the knotty issues, i.e HQ v front line differences of opinion, polarization and diversity, and whether it was now possible to change the base group of people who want to work for the Service. JT commented that it has been a test of the culture and how well the new culture was embedded. Technology had allowed the Service to communicate in very different ways and this has been evidenced with a lot of time

being taken to keep people informed and engaged about what the Service is doing. JT also commented that the Service is using the impact of Covid19 to use a different marketing/ recruitment approach now that some people may be making career and life choices that they would not have considered previously.

- 14.3 JS wanted to commend the Service on the work that had been done especially around firefighters becoming emergency response drivers, and RH confirmed that it was the frontline staff who wanted to do it and this was then facilitated by the Representative Bodies.
- 14.4 AH noted that the Keep the Vulnerable Safe Deep Dive had been substituted for the Covid19 update and that it should be put onto the Agenda for a future meeting.
- 14.5 SF commented that perhaps, like the suggestion from Essex Police, that the Deep Dives can be retitled as Background Briefings. It was agreed that they would adopt this new title for future meetings.

15 Any Other Business

There was no other business and the meeting closed at 4.33pm.