

**DRAFT MINUTES – Part A**  
**POLICE, FIRE AND CRIME COMMISSIONER FOR ESSEX and**  
**ESSEX COUNTY FIRE AND RESCUE SERVICE**  
**FIRE AUDIT COMMITTEE**

24 September 2021, 1230 to 1430, via Microsoft Teams

**Present:**

Jonathan Swan (JS)	Chair
Julie Parker (JP)	Independent Committee member
Simon Faraway (SF)	Independent Committee member
Kash Pandya (KP)	Independent Committee member
Jane Gardner (JG)	Deputy Police, Fire and Crime Commissioner
Darren Horsman (Dh)	Deputy Executive & Monitoring Officer (attendance on behalf of Pippa Brent-Isherwood)
Ricky Hylton (RH)	Interim Chief Fire Officer and Chief Executive
Neil Cross (NC)	Chief Financial Officer and s151 Officer
Austin Page (AP)	Finance and Compliance Manager
Karl Edwards (KE)	Director of Corporate Services
Austin Page (AP)	Finance and Compliance Manager
Dan Harris (DH)	Internal Auditor, RSM
Paul Grady (PG)	External Auditor, Grant Thornton
Parris Williams (PW)	External Auditor, Grant Thornton
Nora Romek	External Auditor, Grant Thornton
Samantha Peace (SP)	Minutes, PFCC's office
<b><u>Apologies:</u></b>	
Roger Hirst (RH)	Police, Fire and Crime Commissioner
Pippa Brent-Isherwood (PBI)	Chief Executive & Monitoring Officer, PFCC's office
Janet Perry (JPe)	Strategic Head of Performance and Resources, PFCC's office
Anna O'Keefe (AO)	Internal Auditor, RSM
Amanda De Margary	Deputy Finance Director, ECFRS

**1 Introduction and welcome**

JS welcomed the committee members and introductions were made.

JP declared a business interest for agenda item 16, Public Sector Audit Appointments (PSAA)

**2 Minutes from the meeting on 23<sup>rd</sup> July 2021**

The minutes from the previous meeting were agreed as an accurate record and there were no matters arising not covered in this meeting agenda.

### 3 Action Log

JS led the committee through the Action Log

**Action 07/21 Amend the Work Plan**

Complete. To close.

**Action 08/21 Presentation around fleet and vehicles for both Police & ECFRS Committee's**

KE to provide a joint Fleet presentation with EP (section 18 of the Work Plan). KE to liaise with EP counterpart to co-present at the next ECFRS committee meeting.

**Action 09/21 Review of the unaudited Statement of Accounts (EFA)**

Covered in this agenda. To be closed.

**Action 10/21 Review of the unaudited Statement of Accounts (Extension of External Auditors contract)**

Covered in this agenda. To be closed.

**Action 11/21 Review of unaudited Statement of Accounts (contingent liabilities)**

Complete. To be closed.

**Action 12/21 Review of unaudited Statement of Accounts (Legal ownership of Risk Protection Insurance)**

Complete. To be closed.

**Action 13/21 Review of unaudited Statement of Accounts (amendment to page 24)**

Complete. To be closed.

**Action 14/21 Annual Audit Report 2020-2021 (RSM)**

Complete. To be closed.

**Action 15/21 Single Tender Actions (STA)**

Complete. To be closed.

**Action 16/21 Cultural Change update (remove as set agenda item)**

Complete. To be closed.

**Action 17/21 Any other business (Part B minutes)**

Complete. To be closed.

### 4 Work Plan

KP made several suggestions that were clarified by JS. In reference to item 12, self-assessment of the Committee's effectiveness, the Annual Report from the Chair of the Audit Committee was not submitted. JS to discuss this outside the meeting. KP raised that Committee members can have a meeting with internal and external auditors without the presence of management. JS suggested this is added to the Work Plan as an option for all members.

**Action 18/21– Annual report from the Chair of the Audit Committee**

JS to discuss this outside the meeting and produce this report under the self-assessment of the Committee's effectiveness (item 12 of the Work Plan)

**Action 19/21– Independent meeting between Committee members and External/Internal Auditors**

SP to add this option to the Audit Committee meeting Work Plan

Other than the items above it was agreed that the current Work Plan still stands.

PG from Grant Thornton (GT) summarised the findings. No material issues of consequence were identified. It was noted that the quality of the accounts had significantly improved. JG acknowledged the good work of NC and the Senior Leadership Team (SLT).

No amendments were made to the financial statement. PG was awaiting the Pension fund letter.

With reference to page 15 of the report, which sets out the readjusted errors, the depreciation calculations were not correct. The depreciation was calculated based on useful remaining life rather than the useful estimated life in totality. As a result, it caused the calculation to be higher than it needed to be. Several high-level analyses were carried out to see if this would lead to any material mistakes and it had been concluded that this was not the case. The correct measurement will be used next year. The second part highlighted was the useful lives used in the calculation are not reflected in the fixed asset register resulting in a net error of approximately half a million but it is a cash error that is reversed out to the reserves. This was an accounting error that does not impact the general fund but will be addressed next year.

Finally, the annual leave calculation was based on the calendar year as opposed to the number of days worked in the year which causes the figure to be understated. It has now become non-trivial and has therefore been reported this year. Management have agreed to take this forward. Overall, PG noted that there are no material issues cumulatively or individually.

PG highlighted that ECFRS approached them with regards to a sensitive issue in relation to the Pensions Scheme. Prior to a Court judgement there was a risk that employees retire on an understated or overstated Pension. GT report that the correct processes were followed and despite the potential legality issue are comfortable with the approach taken and do not propose to challenge this. They do not anticipate a material impact in next year's finances.

JS questioned how many retirees this potentially involved. PG believed it was currently up to 20. PG reinforced the importance of understanding if the process that has been followed has been appropriate to arrive at the decisions that have been taken. In terms of the governance process GT were comfortable with this.

All issues identified last year have been rectified except for the super user, which was expected.

There were two extrapolation errors identified. Even if they were replicated throughout the testing population, they would not be sufficient to materially impact the accounts.

GT are proposing an unqualified opinion on the financial statements soon.

JS confirmed that the committee are awaiting a separate Value For Money (VFM) report and asked when it is likely to be complete. PG advised that the statutory requirement is three months but aiming to complete before the end of 2021.

JS queried if these reports are submitted as a package or individually. PG advised that every public body audit now has an Auditors Annual Report, like the VFM but bigger and wider in its scope. More narrative for the public and committee members and will be a document that comes later to the committee.

JP queried that there was no space for management response and deadlines in the recommendations section. PG advised that there would be no need for an update as they are related to things calculated in the account that would be reviewed the following year. JP asked if management view would be obtained to accept or reject the recommendations. NC assured the committee that these recommendations would be adjusted for next year's accounts.

JP queried if the Pension case referred to in the document should be shared in the public domain. PG suggested this would be a question for Roger Hirst and management.

## 6 Audited Statement of Accounts 2020-2021

NC updated the Committee that there had not been any changes to the outturn and the key difference was highlighted on page 45, comprehensive income, and expenditure statements where the restatement has been added for moving the grants into a different section. The deadline for publishing is the 30<sup>th</sup> September and the team are awaiting the Pension Assurance letter. If this is received prior to the 30<sup>th</sup> September the accounts will be ready to sign and complete. If not, there may still be a publication of the updated accounts but a comment added to clearly state they are subject to the letter and the reasons. This was agreed by JS. JP suggested caution is applied, and that if there is nothing in writing from Essex County and delays are put down to the auditors there could be a risk of conflict. KP agreed.

JS requested that committee members read page 23 in relation to the chairs Annual Report. The committee does not have the authority to approve these accounts but can commend them to the Commissioner.

## 7. Audit Recommendation Tracker

AP summarised the report. The first point to note was from the summary that there have been no completed recommendations in the period. It was highlighted that good progress has been made to a lot of them and are actively engaging with action owners.

Section 3 illustrated the outstanding actions related to the follow up audit. A good lesson for future audits will be not to be over optimistic about completion dates. Strong progress has been made but cautious to sign off as authorised. KE added for members awareness a large majority of the actions sit around Procurement and as an organisation currently going through a fundamental restructure and transformation of the Procurement function as a Service. Aligning with other Fire & Rescue Services and getting a better handle on Procurement pipeline and contract management. Currently working with an external organisation, Barkers, who have been commissioned to assist with the redesign and delivery.

JS asked what sort of arrangement ECFRS have with Barkers – consultancy and advise or support with procedures and embedment. KE updated that they provide services combining both. Recently working on waste management and have completed a re-specification, retendered, and have identified some significant cost savings in this area while continuing with work on the restructure.

AP updated with regards to non-operational health and safety as a recommendation outside the due dates. This has been picked up by the Assistant Director of Prevention and made some significant progress nearly ready for sign off.

JP asked if the completion date of June 2022 for a high risk, namely data storage and retention, covered in the Advisory Audit is in line with the current risk appetite. AP responded that from a GDPR perspective there is a risk but it is managed risk, monitored through the Information Management Board. JG supported that because of its transformational nature, it is in line with the risk appetite. JS concluded that in terms of completion dates the committee are looking for a sense of honesty and providing realistic dates is preferred.

## 8 Audit Reports completed in the period – September 2021

DH summarised the report covering the Information Communication Technology (ICT) Transformation Programme. Three low priority actions have been agreed around the refinement of the Project Brief content and the Project Initiation Documents (PIDs). The completion and approval of Project Briefs before PID development and ensuring that PIDs are completed for all projects.

The report looked at the arrangements in place for the regular monitoring of the Digital and Data Strategy, the Governance structure that was in place supporting this, the approach to

project management and the closure of ICT Projects. Also considered in this review was the actions agreed as part of the 20/21 Digital Data Strategy. DH reported that in the main good progress had been made. JS and RH acknowledged the excellent progress and transformational work.

#### 9 Progress Report September 2021

DH shared two of the Progress Report updates. Referring to the summary in section 3, a meeting will be held this afternoon to discuss further work around fleet management. It was expected that this report will be finalised shortly, with another review in progress and the key financials due in November 2021. DH anticipated the completion of two or three by the Audit meeting in December 2021. JS suggested this maybe be a good time to bring the fleet presentation alongside the report at the next meeting. KE agreed.

JS raised praised the Key Performance Indicator (KPI) figures in section 5 of the report. Highlighting good management response times.

#### 10 Update, if appropriate, on any: Fraud, Debtors write offs

NC pointed out that an exercise was underway under the National Fraud initiative looking at any unusual transactions and compare then through the initiative. NC suggested including a paper on this in the December meeting to show the outcome.

**Action 20/21 – NC to produce a paper and present a summary of findings at the next committee meeting with regards to the National Fraud initiative exercise currently underway. To also be added to the December 21 meeting agenda (SP).**

#### 11 Risk Register

KE updated on three risks that had changed in the quarter fundamentally because of the lifting of government Covid restrictions, reintroducing people back into the workplace and the releasing of internal control measures. Reviewing business continuity plans and planning a Covid debrief. Reintroducing station open days and Firebreak. The failure in ICT was covered earlier in the meeting and the risk has reduced. Finally, KE spoke about the risk description around training delivery. It was changed as the statement did not really represent the risk. Not delivery of operational training but more about facilities to deliver the training in the future. Wethersfield site awaiting on MOD plans to determine if will need to relocate.

8/13 Strategic risk have not changed. Highlighted that there is a lot of work ongoing and by next Audit committee likely to see several changes in risk scoring. For example, the risk around the Service not developing and managing its people effectively (005). Currently procuring the implementation of a Workforce Management System to roll out by the end of Oct 21. Two of the four-day stations have successfully converted to the On-Call Conversion Programme. However, the risk remains the same until all stations have been completed. The risk relating to Data Breach (009) is halfway complete in terms of the mandatory training. A new E-learning platform has been procured and goes live in October 21 giving the service the ability to roll out and deliver the E-learning in a much more efficient and effective way. It is expected the risk score will therefore reduce.

JS added that one of the high-level risks on the PFCC Risk Register is a change of role relating to the Service. Clarity has been requested and JS suggested a paper is brought to the committee explaining why it is such a high risk and how it links to other ECFRS risks listed. JG explained this is the debate around broadening the role which is at a National level. For Roger Hirst, in terms of the delivery of the Fire and Rescue Plan, it refers to broadening the Service role of Essex firefighters and at a National level it is around remuneration about doing more.

JS requested some narrative around this for the next meeting based on the PFCC's risk register items.

**Action 21/21 – KE to bring some further narrative to the committee around the risk of broadening the Service’s role based on the PFCC’s risk register items.**

12 Legal and regulatory matters

AP updated that the Service had met all statutory deadlines for VAT and CIS. From the regulatory side the Service is currently being inspected by Her Majesty Inspectorate Constabulary and Fire & Rescue Services (HMICFRS) who are looking at three pillars: effectiveness, efficiency, and people. From a governance perspective the Service is continually working towards compliance with GDPR and the roll out of the new training platform.

JS asked how rigorous the six-week HMICFRS inspection is. AP informed that there is a working group that meets up every morning to discuss any queries. RH believed the formal report will not be out until next year but informal feedback is likely to be provided towards the end of the inspection.

13 Single Tender Actions (STA)

NC updated there has been a lot of work in this area but a few actions have arisen in the last few months. Particularly relating to imbedded IT systems. KP point raised in the previous audit committee around how they are submitted has been added.

14 Review of Effectiveness 2021

JS drew the committee’s attention to a questionnaire carried out earlier in the year. The main takeaway was around the induction training. Point 2 in the document requires amendment to reflect the findings around induction training for management not the independent members.

**Action 22/21 – JP to amend the Review of Effectiveness document, point 2 on page 1 to include the findings around induction training not for Independent Members but for Management.**

KP suggested seeing the questions before they are asked for better understanding prior to answering them.

KE and JS to pick up on this piece of work to go over the questions ready for next year. KE agreed that earlier would be better.

15 Terms of Reference (TOR)

JS raised that there was some confusion around the language in the earlier Joint Audit Committee. JS clarified there are three committees in one: The Audit committee for the Police & the Commissioner, The Audit committee for the Fire Service, and the Audit Panel (PSAA item on the agenda). SF added from the earlier Police Audit committee that PBI said there will be four committees, The Joint Audit committee, the Audit committee and two separate panels. JS suggested a combined Audit committee TOR. Section 8.5 – Auditor panel not made clear that this is the same people. JG highlighted that what has become clear is there is still a lot of ambiguity to be resolved for the TOR. PBI has agreed to action this. Dh confirmed PBI is happy to bring back the TOR to the next meeting in December 21.

15 PFCC SofG Sep 2021

Dh updated on behalf of PBI, highlighting the significant differences between the Police and Fire & Rescue Service including more elements that Roger Hirst cannot delegate. A significant difference noted from last year was the learning from Covid in engaging with people online more effectively and a blended engagement model will be utilised moving forward.

JS proposed gaining some clarity in the document around the Commissioner not being able to make operational decisions. It is not articulated in the document. JG added that it is different as there are two separate corporations: Policing and PFCC. Operational matters

are delegated to the Chief Fire Officer. RH suggested looking at the Schemes of Delegation as a reference point. This is mentioned in the document and Dh will reflect how this could be explained more explicitly.

**Action 23/21- Dh/PBI to review the wording in the delegation section of the Scheme of Governance referencing the Schemes of Delegation and clarifying that operational deployment is not a decision made by the Commissioner.**

16 Public Sector Audit Appointments (PSAA) Report

Refer to Part B minutes.

17 Any Other Business

Background briefing in December meeting was confirmed as GDPR and Fleet.

New member update. Got back in touch with third strongest candidate and we are within recruitment time frames. She is currently in vetting.

Next meeting 17<sup>th</sup> December 2021.

There being no further business, the meeting closed at 14:07.