

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

26 June 2021, 1300 to 1500, 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
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
Joanna Thornicroft	Head of Performance and Scrutiny (Fire)
Jo Turton (JT)	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
Anna O'Keefe (AO)	Internal Auditor, RSM
Paul Grady (PG)	External Auditor, Grant Thornton
Parris Williams (PW)	External Auditor, Grant Thornton
Samantha Peace (SP)	Minutes, PFCC's office

**1 Introduction and welcome**

The Chair welcomed the committee members. Apologies were received from Dan Harris from RSM. PG and PW were only able to attend the meeting until 13:30.

**2 Minutes from the meeting on 26<sup>th</sup> March 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 queried when the annual accounts were due to be signed off. NC confirmed that the accounts will be covered at this meeting and pending approval, they are due for publication on 30th June 2021.

**Action 30/19 EFA Trading Ltd**

NC updated that the Service is currently signing some final resolutions to formally appoint the liquidator. Various solvency statements have now been signed off. To be closed.

**Action 11/20 Audit Reports (RSM)**

KE agreed that this action is now complete. To be closed.

**Action 17/20 Any other business – date for September committee**

Complete. To be closed.

**Action 01/21 Work Plan – amendments**

Complete. To be closed.

**Action 02/21 Audit recommendation tracker - update**

Complete. To be closed.

**Action 03/21 Draft annual governance statement – amendment**

Complete. To be closed.

**Action 04/21 Draft annual governance statement – executive summary**

PBI shared the discussion held at the Essex Police Audit Committee around producing a more visual and user-friendly version for the public. A two-side summary of the Annual Governance Statement was proposed, to be included as part of the Statement of Assurance published in the Autumn. JS agreed and no further comments were raised by the committee. To be closed.

**Action 05/21 Review of internal audit progress report**

Complete. To be closed.

**Action 06/21 Audit reports and update**

Complete. To be closed.

JP reclarified her question in relation to action 06/21. Querying whether changes in how Local Government hold meetings would impact the Audit committee meetings. RH advised that because these are not public meetings, they do not need to be held in person.

4 Work Plan

JS reviewed the work plan and confirmed that in this meeting item 8 would be addressed; Final sign off of the final Statement of Accounts.

A reduced number of committee members will complete a site visit in July and will include items 12: Self-assessment of Committee's effectiveness and 17: Review of the work plan.

NC clarified that the meeting today covers item 7; Sign off of the unaudited accounts. The final sign off of the Final accounts is due in September 2021.

SF highlighted that item 18: Background briefing/presentation in September, was still to be confirmed. SF suggested adding fleet and vehicles. KE agreed to bring a presentation to the committee. JS added that Essex Police are looking at electrification and KE confirmed the services are working together around this. JP proposed that due to reduced time at the next meeting, this section of the agenda could be delayed. KE agreed to produce a presentation for the Police Audit Board to cover both services.

**Action 07/21– Amend the work plan to show item 8; Final sign off of the final Statement of Accounts as due at the Audit Committee meeting in September 2021.**

**Action 08/21– KE to produce a presentation around fleet and vehicles for the Police Audit Board, covering both Police and Fire and Rescue Services. Agenda item 18 to be removed from this committee's agenda in September 2021.**

5 Audit recommendation tracker

AP shared that 82% of the Audit recommendation tracker actions were now complete. Since circulation of the report, a further action had been completed, moving the figure to seven. The actions relating to the 2019-2020 GDPR advisory audit had been included in the report for transparency purposes only.

AP advised the committee of a change in the implementation process for completed recommendations. All recommendations are now signed off by a director once sufficient evidence has been obtained.

JS asked AO if the signing of outstanding audit recommendations had been revisited. AO confirmed that they only follow up on actions that have been signed off by the Service once a year.

AP continued to update that recommendations outside due dates are mainly related to Procurement. There has been a restructure within the Service, and Procurement now report to the Chief Finance Officer.

SF asked why the recommendations outside of the due date have been extended and what is the risk to the company of these not being completed. AP highlighted that there are risks and this is the reason why Barker's have been engaged to ensure these are adequately addressed. The deadlines have now been agreed with Procurement and Finance. KE assured the committee that having recently commissioned Barker's, going forward these risks will be revised and the plan and timelines updated.

JP expressed a concern that the Non-operational Health and Safety action was a high priority recommendation but had not previously been tracked by the Service or flagged by the internal audit. RH assured the committee that in the last year better tracking processes have been put in place enabling the system to identify this. JS asked for clarification around whether recommendations are signed off without knowledge or tracking by the auditors. AO reinforced that it is management responsibility to track actions and then the audit would review these accordingly.

KP queried if the Service get reports on mandatory training, specifically what is outstanding. KE informed KP that this is picked up in the new Competency Management System and reports to the Performance and Resources Board.

## 6 Review of unaudited Statement of Accounts

JT highlighted that throughout the pandemic the Service have maintained and sustained their service to the people of Essex. Working in partnership with the Essex Resilience Forum has meant that the Service was prepared, maintaining core services, and putting the welfare of staff at the heart of everything. The Service continue to support the wider response by allocating resources to the Ambulance service, training staff to become drivers, surge testing, setting up community hospitals, delivering PPE, setting up vaccination centres and training staff to vaccinate. RH congratulated and thanked the leadership team.

NC informed the committee that the draft accounts are due to be published on 30<sup>th</sup> June 2021. NC has agreed with RH that a review of the accounts will take place in the coming year to identify any opportunities to streamline and make them more user-friendly. NC summarised the key points from the document provided. Highlighting the key reasons for the overall position of a surplus in non-pay. One of the key areas was the Capital finance charge underspend and for clarity NC highlighted that within this there is a one-off adjustment of approximately £0.5m. However, appliances bought this year have not yet been procured. Consequentially, the base budget around non-pay has been reduced in the financial year 2021/22.

NC reported a healthy balance sheet. A point to note was raised in relation to property. With the conversion from day crew to on-call stations, surplus assets have become available in the form of day crewed housing. This has been valued at about £7.5m.

Further to the circulation of the draft accounts, information has been collated from Districts in relation to council tax and business rates. This year has been unusual and NC highlighted the £3.2m deficit. The team only saw the magnitude of this forty-eight hours prior to the draft submission of the accounts to this committee. NC informed the committee about a specific section 31 grant that will be received to fund some of this (approx. £3m) which will not be paid until Jan 2022. This entry had not yet been processed in these

accounts and NC asked for approval of the draft accounts subject to this. NC will circulate this to the committee in due course, highlighting where the changes have been made.

JP suggested for item 12 in the accounts, where reference is made to EFA ceasing trading, that a sentence is added to explain why. NC will include this for clarity.

JP referred to page 31, querying if the extension of the External Auditors contract is something that should be brought to this committee for consideration. NC assured the committee that this had been brought through the Audit Plan and committee, referencing the extension. NC suggested that he would speak with PG and PW to clarify who makes the decision and where it is referred to. NC to update the committee accordingly. JS asked the committee if they had any reasons to not want to extend the contract. No objections were shared.

KP noticed that there were no contingent liabilities disclosures in the accounts and asked if they should be included. NC updated that the Service do not currently have any contingent liabilities but NC will add this as a point of note.

KP further queried the absence of reference in the accounts to the implication of IFRS16 on leasing and asked whether this applies. NC informed the committee that this standard has not yet come into effect. AP and NC to consider adding a remark to state that, and that this will be considered in the new financial year.

KP questioned if any of the other twelve authorities involved in the Risk Protection Insurance met financial difficulty, would the Service be eligible to share any debts. NC confirmed it is a separate legal entity and that he was not aware of any liabilities should it go insolvent. NC agreed to go back and check the legal ownership and structure.

SF offered his praise to the Senior Management Team for this work. JPe commented on how open and transparent the team have been.

SF raised a minor amendment for page 24. The note mentions one of the Audit Committee members had resigned rather than retired. NC to alter.

**Action 09/21– NC to add a brief explanation as to why EFA ceased trading under item 12.**

**Action 10/21– NC to speak with PG and PW to clarify the decision-making process and where the extension of the External Auditors contract is referred to. NC to update the committee.**

**Action 11/21– NC to add a point of note that the Service does not currently have any contingent liabilities.**

**Action 12/21– NC to check the legal ownership and structure of the Risk Protection Insurance and update the committee.**

**Action 13/21- NC to amend note on page 24 to read Audit Committee member retiring not resigning.**

7. Update - Fraud and debtors write offs

NC confirmed no updates in these areas.

8 Risk report June 2021

KE updated that in this quarter there are thirteen Strategic Risks. Four risks have been deescalated: National Leadership, Training, COVID and Cyber Security. The Service recently undertook a Disaster Recovery exercise which demonstrated that the infrastructure was sufficient and met all the deliverables. No risks were assessed as above tolerance. Seven risks were above the Risk appetite out of a total of eight. No questions were raised by the committee.

## 9 Legal and regulatory matters

AP provided the committee with a background on this agenda item. There were no specific areas of non-compliance to report. All statutory deadlines had been met for this quarter.

JP said she would like to see specific references for example around information governance breaches (GDPR). JS suggested that they could report by exception. JP agreed. KP asked if the Service are subject to Freedom of Information (FOI) requests. And if so, is the Service compliant. AP assured the committee that a dedicated member of the team manages FOI.

## 10 Internal Audit reports complete

AO updated that the team are coming towards the completion of the audit report following up from last year. There were nineteen actions, fifteen of which have been fully implemented. The remaining four are either partially or not implemented. The committee raised no questions or management observations.

JS queried if there will be some internal audit reports coming forward to the committee. AO replied that there is one in progress already for 2021/22 – ICT strategy.

## 11 Internal Audit Plan

AO summarised the Internal Audit Plan. JS asked about Cyber Security and if there was an intention to still go ahead with the audit. AO agreed that this will need to be discussed further. KE added that it is a relatively new risk identified and control measures were in place and has been added to the internal audit plan to assess if these measures are adequate and appropriate for the organisation.

JP asked for clarification around how the agile approach and charter fit together. AO clarified that the agile part refers to the actual field work within the charter.

## 12 Progress Report June 2021 (RSM)

No further updates.

## 13 Annual Audit report 2020-2021 (RSM)

AO highlighted a positive result of a second level opinion and the explanation was provided on page three.

JP queried why there was no mention of the assistance given to recruiting the two new audit members which was mentioned in the Police Audit. AO agreed to add this to the Fire and Rescue Annual Audit report.

**Action 14/21– AO to update the Annual Audit report with the recruitment of the two new audit members in line with the Police Audit.**

## 14 Single Tender Actions (STA)

NC raised one STA relating to Risk Software and due to continuity and supply, the decision was made to stay with the supplier under JCAD. The trend illustrates some of the progress made so far. JS queried why JCAD software was still being used despite the issues identified in a previous committee meeting. KE updated that it was not originally a user-friendly system however work has since been completed with the supplier to optimise its use. Training has been provided and it will be reviewed in the next 12 months. JS asked the committee what the Police use. and JT confirmed that they use an inhouse developed system shared by Essex and Kent Police.

KP suggested that in the report it is written when a STA has not been seen before. NC will take that away and amend accordingly.

**Action 15/21– NC to update the report to reflect when an STA has not been seen before.**

15 External Audit Progress Report

PG and PW had to leave the meeting at 13:30 hours. NC raised a few key points. The main end of year Audit will now start in July 2021. It has been pushed back by a few weeks while Grant Thornton were working with the NHS. SF asked if the team foresee any problems this year. NC did not anticipate any problems. NC added that there were some discussions on the reserves last year, but we have improved our process around this and published a Reserve Strategy prior to year-end. There could be some adjustments to the accounts pending further announcements around pensions and McCloud / Sergeant pension remedy. NC concluded that he thought the service was in a good position, as a lot of work and effort has gone into strengthening / developing the Finance Team in the last 15 months. We have also had good early engagement with the auditors to go over various technical areas.

16 Cultural Change update

The committee confirmed that this item needs to be removed from the agenda.

**Action16/21: remove item 16 Cultural Change update from the agenda.**

17 Background briefing – New technologies

KE presented to the committee the key technological areas the Service are looking to evolve over the next 12-18 months. Drones, virtual reality headsets, thermal imaging, body worn cameras, body physiological sensors, Radio Frequency Identification Devices (RFID) and Office 365 and data.

JS queried if officers have the correct licences to operate and are aware of the legislation around drones. KE reassured the committee that the Services are compliant with all the CAA regulations and are training with licences.

JS asked if the Fire service has facilities to store and use body worn video that the Crown Prosecution Service are satisfied with. KE confirmed that this is the case.

JP asked if there are ways that the Blue Light Services can work together around data. KE agreed and informed the committee that Essex Fire and Rescue are looking at data sharing agreements with other Services and that it is something that has been accelerated particularly around vulnerable people. KP asked how these technologies are being prioritised and if there an investment from the Services. KE will share the Digital and Data Strategy which has recently been signed off by the Commissioner at the Strategic Board. This outlines all technology changes over the next four years and that this attributes to nearly a £4.7m investment. Recently the Service have recruited some key roles around digital skills officers to train and implement the technology.

18 Refreshing Internal audit reports (GT) – A, B & C

GT were not present at the meeting to provide an update.

19 Any Other Business

JS informed the committee that the meeting on 23rd July 2021 is just for audit committee self-assessment, so members can stand down. The date of the next meeting was confirmed as 24th September 2021. JS proposed for the meeting to start at 12:30hours.

Refer to Part B minutes

There being no further business, the meeting closed at 1507.