

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

26 March 2021, 1300 to 1500, via Microsoft Teams

Present:

Jonathan Swan (JS)	Chair
Julie Parker (JP)	Independent Committee member
Simon Faraway (SF)	Independent Committee member
Jane Gardner (JG)	Deputy 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
Jo Turton (JT)	Chief Fire Office and Chief Executive
Dave Bill (DB)	Director of Change, Innovation and Risk
Neil Cross (NC)	Chief Financial Officer and s151 Officer
Amanda DeMargary (AD)	Deputy Finance Director
Austin Page (AP)	Finance and Compliance Manager
Karl Edwards (KE)	Director of Corporate Services
Colette Black (CB)	Assistant Chief Executive, People, Values and Culture
Anna O'Keefe (AO)	Internal Auditor, RSM
Dan Harris (DH)	Internal Auditor, RSM
Paul Grady (PG)	External Auditor, Grant Thornton
Parris Williams (PW)	External Auditor, Grant Thornton
Samantha Peace (SP)	Minutes, PFCC's office

Apologies:

Roger Hirst (RH)	Police, Fire and Crime Commissioner
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1 Introduction and welcome

The Chair welcomed the committee members and invited them to introduce themselves. Apologies were received from RH.

2 Minutes from the meeting on 18th December 2020

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

JT confirmed that Rick Hylton (Deputy Chief Fire Officer) only attends the audit committee meeting as her representative when she is unable to attend.

Action: To remove Rick Hylton from the attendee and mailing list.

3 Action Log

Action 30/19 EFA Trading Ltd

PBI confirmed trading ceased on 31 December 2020 and that all the relevant legal paperwork had been executed. Final debtors were being dealt with. The accounts were to be finalised by the end of March 2021 and a liquidator will be appointed thereafter to complete the final stages.

SF raised a question around the appointment of a liquidator and if this indicated that there were outstanding creditors. PBI clarified that legal advice had been to follow the Members Voluntary Liquidation (MVL) route. Further to this, NC assured the committee that the remaining debtors/creditors were cash only, supporting a smooth liquidation process.

Action 11/20 Audit Reports (RSM)

KE confirmed receipt of the finalized report from the external commissioned review of the procurement. A paper had been prepared to take to the Service Leadership team (SvLT) for decision and onwards submission to the Performance and Resources Board. KE will update the committee at the June Audit meeting.

Action 13/20 Scheme of Governance and review of Terms of Reference

Completed – to be closed.

Action 14/20 Minutes from 25 September 2020

Completed – to be closed.

Action 15/20 Work Plan

Completed – to be closed.

Action 16/20 Strategic Risk Register Report

Completed – to be closed.

Action 17/20 Date for September Fire Audit committee to be rearranged

JS informed the Board that two new members have been appointed. Therefore, the September committee meeting can remain as 24 September 2021. **Action update: SP to coordinate and confirm attendance to the Audit committee on 24 September 2021**

4 Work Plan

There was a brief discussion about agenda item 12 of the work plan – Self-assessment of Committee's effectiveness. PBI confirmed that both the Police and Fire & Rescue Annual Review of Effectiveness reports are due by June 2021 and will be presented at the Audit committees in July 2021. This will include the Annual Report produced by JS as the chair of the committee.

In relation to item 11, Single Source Justifications, JPe raised the need for consistent terminology. It had previously been agreed by the committee to refer to this item as Single Tender Actions (STA). JS agreed.

Action 01/21 – PBI to amend the title of item 11 in the work plan to Single Tender Actions

In reference to item 8, Final sign off Final Statement of Accounts, NC recommended a more realistic completion date of September 2021. Account deadlines have been extended. JS agreed that this would then remain in alignment with Essex Police.

Action 01/21 – PBI to amend the due date of item 8 in the work plan to September 2021

5 Audit recommendation tracker

The Audit recommendation tracker was presented by AP. The report illustrated:

- Four completed recommendations
- Six recommendations outside of due date
- Two outstanding recommendations

AP advised the committee that both the outstanding recommendations had been progressed since the report was written. As a result of the approval of the new disaster recovery plan, both recommendations will be submitted to the next meeting for proposed closure.

JS queried the sign off process for completed recommendations. DH proposed that when a recommendation is deemed as implemented it will be removed from the tracker and then reviewed at year end for independent assurance. JS raised a concern that this could lead to senior management signing off recommendations and the audit committee would not be sighted on those recommendations. DH agreed to monitor this.

JS acknowledged the significant progress with the procurement work.

AP outlined recent progress with the user access recommendation relating to HR processing. Within 6-8 weeks this recommendation will be implemented. Issues around the delayed implementation were raised by JS and a brief discussion took place. AP assured the committee that the payroll and HR teams have their own controls in place to minimise the risk of delay. KE stated that the risk is relatively low. JS raised his concern around whether Civica were upholding the service level agreement. KE reassured the committee that he had met with the Account Manager and that regular review meetings were in place to monitor this.

DH updated the committee that the Fire & Rescue Service had just been out to tender for internal audit. At the June Audit committee meeting the three-year internal audit strategy will be presented.

AP informed the committee that in relation to the records of training and operational task books, from 1 April 2021 this will be managed through the new competency system.

AP confirmed that all suppliers associated with critical activity are being contacted by Heads of Department in respect of business continuity. The outcome will be assessed in the next few weeks.

JS requested that the TBC date for the procurement recommendation on page six was replaced with a specific completion date. KE acknowledged and noted this action. KE assured that this will be discussed at a Senior Leadership Team (SLT) meeting to establish a timeline of deliverables against some of these actions.

Action 02/21: KE to remove all TBCs from the Audit recommendation tracker and replace them with completion dates

6 External Audit Plan 2020-21

PG summarised the key points from the External Audit Plan year ending 31 March 2021. There were no changes of note to the significant risks. No areas were identified as at significant risk of being deficient. Key changes included value for money (VFM) and the wider scope of work. The scope included financial resilience; governance; decision making; and deliverance against the three E's (economy, efficiency and effectiveness).

JT raised a query around the VFM judgement and the potential cross over with the Inspectorate. PG acknowledged that there is a cross fertilisation of knowledge sharing and communication to avoid duplication and replication.

JS requested that PG clarified Grant Thornton's position around the fee charges illustrated on page 18 of the report. JS drew attention to the significant fee increase of 28-30%. PG

offered the committee assurance that the figures were misleading due to the small size of the organisation and that the fee is in alignment with the increased scope
JS questioned the possible impact of a Grant Thornton supplier increasing their fees. PG assured the committee that the contract allows for additional work or changes in regulatory requirements to be charged. Following discussions with other Fire and Rescue Authorities, it was deemed reasonable.

7. External Audit Progress and Sector Update

The progress report was presented by PW who explained the main activity around interim risk assessment. Reporting that the work plan was on track and there are no outstanding issues from the risk assessment. PW took the opportunity to thank the finance team for their engagement.

JP queried if there were any concerns that could take the work plan off track? PW responded that the team remains cautious but are assured from early engagement that there are no immediate concerns.

Referring to the last item in the table on page six, JS asked why the IT general controls risk was green for ECFRS but red for Essex Police. PW explained that the overdue police response activated a red status and he assured the committee that Essex Police have now submitted their response.

JS requested an update with regards to time frames for public sector reporting. PW advised the committee that the regulations have now been formally legislated. Consequentially, by the end of July draft accounts need to be submitted and by the end of September the final audited accounts.

8 External Audit Letter to Management

NC shared the external audit letter with the committee. JP asked two questions, one in relation to petty cash and one relating to the sale of properties. NC explained with regards to petty cash, the plan is to remove it completely, however there is still a process to go through with the Unions. In relation to property sales, an agreement was signed in 2017, whereby it was made explicit that they would be sold on a market value basis.

9 Draft Annual Governance Statement

PBI drew the committee's attention to the changes in this year's statement. Page three referred to the HMICFRS Inspection of the Services response to COVID. PBI said since the submission of this paper, the next Inspection has been put back by a couple of weeks.

JS requested an amendment to the paragraph relating to the resignation of an independent member to the retirement.

Action 03/21: PBI to amend the draft annual governance statement to reflect the retirement not resignation of an independent member.

PBI referred to the establishment of the new Asset Board as part of the service's governance and the New National Fire Standards Board. PBI also highlighted the changes to public and stakeholder engagement following the COVID pandemic and the success with online engagement. The Risk Management Approach now reflects the new Strategic Risk Appetite Statement developed in 2020. There has been progress made to address significant governance issues that were identified last year. In addition, leadership training has now been identified as a significant focus for next year.

JS highlighted his concern that the Annual Governance Statement was not sufficiently user friendly and accessible for the public. PBI confirmed that it is a Statutory document forming part of the Statement of Account, therefore, it is a public facing document. JS suggested creating an executive summary that could go on the website. JG supported the use of a smaller visual presentation, signposting to the main report.

Action 04/21: NC to discuss with the auditors the use of an executive summary for the Annual Governance Statement. NC to feedback at the next Audit committee

10 Update, if appropriate, on any frauds or debtor write offs

NC stated that there was nothing to report to the committee. There may be some debtors relating to the closure of EFAT (Under £1,000) to be recovered by 31 March 2021.

11 Fire and Rescue Strategic Risk Register

DB introduced the report to the meeting and explained that several risks have been reduced, including on-call conversion and National Learning. In reference to the risks highlighted on page two, the SLT have reviewed these and some will be removed from the register and deescalated to management risk registers for monitoring.

In relation to the risk about change in Local or National Leadership, DB said the likelihood had been increased to possible as result of the forthcoming elections. The Risk Group have been monitoring staff absences during COVID and are attempting to understanding the National context. The status of this risk has not changed and there are mitigations in place.

DB informed the committee that the Digital Data Strategy had now been signed off by the Strategic Board. This has coincided with a need to review some of the new risks around GDPR and ICT. This will be presented at the next Audit committee.

JS drew attention to the fact that Essex Police had scored the Blue Light Communications system as a red risk. However, it doesn't really appear as a risk in the Fire & Rescue Register. DB assured the committee that this is being monitored and that whilst there are some issues around the supplier of the mobilisation system, the Fire and Rescue Service have enough mitigations in place.

JS asked the committee their thoughts about the PFCC's risk relating to unplanned underspending. JPe clarified that a new strategic risk had been added to the PFCC's Strategic Risk Register which related to the tendency to give more consideration to the downside when forecasting. It had been rated as a low amber risk. JPe stated that following regular meetings with NC she was less concerned about this risk in relation to ECFRS.

12 Analysis of RSM Review of Service Risk Registers

Referring to the report, DB highlighted the risk column. Where this is not included in the Strategic Risk register, more narrative will be added in the Service Risk Registers. This will be shared at the next Audit committee.

13 Discussion on legal and regulatory matters

AP briefly summarised the short report provided. AP spoke about the Construction Industry Scheme. ECFRS made a declaration to HMICFRS which resulted in no further action. From April 2021, applications will only need to be made for expenditures over £3 million.

From March 2021 the domestic reverse charge was introduced. AP confirmed that they have engaged with subcontractors and trained relevant staff.

14 Review of internal audit progress report

AP referred to the key messages page. A report covering the final review of the year is due imminently along with the year-end opinion report by the end of April 2021.

AP suggested that he could notify JS of some potential reviews to be commenced in quarter one to avoid any delays. JS agreed with this course of action.

SF congratulated the staff and employees of RSM.

Action 05/21: AP to notify JS of potential reviews for quarter one

15 Audit Reports and update

AO presented the audit reports and summarised the key financial controls document. Reporting focused on credit card expenses and Capital expenditure. Credit cards and expenses had substantial assurance with two low priority actions. Capital expenditure had reasonable assurance with a medium priority action relating to the audit trail on vehicle disposal. There were also two low priority actions relating to property.

JS queried why capital expenditure controls, expenses and credit cards were grouped together. AO confirmed that these key financials are audited most years and due to the size of the audit planner they are done on a rotational basis.

JP asked whether the legislation relating to Local Government not meeting virtually from May 2021 applied to this Audit committee. JG explained that this is currently being investigated.

Action 06/21: JG to update the committee if the Local Government legislation relating to no virtual meetings from May 2021 applies to the Audit Committee.

16 Single Tender Actions

It was agreed that this item had been fully covered earlier in the meeting.

17 Change updates to include Peer Assessments and HMICFRS

CB introduced the presentation to the committee and explained that it was divided into three elements of interest: Strategy, Action Plan, Outcomes & efforts. Feedback from the 2020 survey indicated significant improvements within overall engagement, cultural improvements and people feeling fairly treated. JS acknowledged the outstanding progress and significant development in this improvement work. JG acknowledged CB's outstanding work. JP suggested that the forthcoming Inspection could be an opportunity to formally showcase this progress. CB said this will be shared with the HMICFRS as part of the strategic presentation and document review.

JP raised a question around whether length of service was a factor in determining responses to the survey. Referring to the breakdown of the staff survey, CB confirmed that there was a significant difference; those longer in service were less engaged until they reached 25 years' service when they reengaged.

18 Background Briefing – Training

CB briefly presented the training update, referring to the improvement within Operational Training and Learning & Development. CB also shared the ongoing work within the four pillars: Leadership, Core Learning Pathways, Personal Development and Essential Training

JS asked whether the issues previously raised regarding record keeping and appraisals had been addressed. CB said there had been significant movement forward in this area and that the Competency Recording System is due to go live 1 April 2021. The current appraisal completion rate was reported as 85%.

19 Any Other Business

JS shared news with the committee that two candidates had been successfully selected to the vacant roles of Independent Committee Members for the Audit Committee and both had accepted their offers. The vetting process was still taking place however it was hoped they would be present at the next meeting in June 2021.

JT raised that DB will be retiring in early June 2021 and took the opportunity to thank him for all his work within the service. JS acknowledged his contributions to the committee. DB

extended his thanks for the support the committee had given him particularly around the risk work.

The date of the next meeting was confirmed as 25 June 2021.
There being no further business, the meeting closed at 1503.