

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

23 September 2022, 10:00 – 12:00

GF01, Kelvedon Park or

Microsoft Teams (details in calendar invitation)

Present:

Julie Parker (JP)	Audit Committee Member (Chair)
Kashyap Pandya (KP)	Audit Committee Member
Sonya Edwards (SE)	Audit Committee Member
Simon Faraway (SF)	Audit Committee Member -
Roger Hirst (RH)	Police, Fire and Crime Commissioner
Jane Gardner (JG)	Deputy Police, Fire and Crime Commissioner
Pippa Brent-Isherwood (PBI)	Chief Executive & Monitoring Officer, PFCC
Janet Perry (JPe)	Chief Financial Officer and Strategic Head of Performance and Resources, PFCC
Rick Hylton (RH _y)	Chief Fire Officer and Chief Executive
Neil Cross (NC)	Chief Financial Officer
Karl Edwards (KE)	Director of Corporate Services
Dan Harris (DH)	Partner and Head of Internal Audit, RSM
Zoe Hibbert (ZH)	Manager, RSM
Paul Grady (PG)	Grant Thornton
Parris Williams (PW)	Grant Thornton
Christine Butler (CHB)	PA to Chief Executive & Monitoring Officer, PFCC (minutes)

Apologies:

Jonathan Swan (JS)	Audit Committee Member
Samantha Peace (SP)	Scrutiny Officer, PFCC

1 Introduction and welcome

- 1.1 RH welcomed the committee members and introductions were made.
- 1.2 Apologies were provided for: Jonathan Swan, Samantha Peace and Ashley Seely from Grant Thornton.
- 1.3 In the absence of the Chair Jonathan Swan, Julie Parker (JP), Audit Committee Member stood in as Chairperson.

1.4 JP noted that there were no Declarations of Interest from others on this agenda. JP declared that she undertakes work for the LGA, who in turn own the PSAA who appoint external auditors for much of the sector.

1.5

2 Minutes from the previous meeting

2.1 Part A minutes:

There were no items of accuracy or matters arising from the previous meetings minutes. The minutes were agreed.

3 Action Log

23/21 Review of the wording within the delegation section of the Scheme of Governance. This has been actioned. Close.

24/21 Motorola implementation plan. A report to be received at the next meeting. JS to speak to RH. Open

03/22 Self-assessment survey questions. JPe advised that a sample test assessment was circulated, and the correct self-assessment will be sent shortly – feedback needed. Close

04/22 Obtain bid files for the two outstanding property sales illustrated in the MTFS report. Completed. Close

05/22 Review of the use of personal email accounts This is still outstanding. Open

4 Review of 2022 Draft Work Plan

4.1 JP asked that the Self- Assessment item on the work plan be moved to December.

Action 06/22

CHB to move the Self-Assessment item to December on the Forward Plan.

5 Audit Recommendation Tracker & Internal Audit Report

Audit Tracker

5.1 DH outlined the main report. The summary shows the 6 outstanding and 3 overdue recommendations. The main highlights of this report are the four recommendations that have closed this quarter which is encouraging to see. New recommendations have been raised in the Emergency Response Driving Report which will be discussed later in the agenda.

5.2 Recommendations relating to property bids arose from a recent Value for Money audit. Disposals processes have been followed up with the legal team and the non-operational health and safety point is also being progressed.

5.3 The outstanding recommendations include items relating to procurement from the follow-up audit. Progress is being made in this area and the procurement team is starting to take shape and the main roles have been recruited to. This action is overdue due to the re-procurement of specific procurement contracts which are being worked towards.

5.4 Regarding the Contract Management Policy action, this is planned to go to the next Strategic Board.

- 5.5 The GDPR action is overdue due to delays in issuing recent guidance and there is data breach testing scheduled in October which will conclude that.
- 5.6 NC added that there is a Procurement Strategy in place that has been through the ECFRS Strategic Board, and that the overdue actions will be completed soon.

Information Governance Audit Report

- 5.7 KE explained the Information Governance Audit Report was commissioned 8 months ago, to provide assurance around information governance and its processes. There were several actions which came out from the audit, which are in this report. Regarding Column C in the Progress Report, for the next update, there will be some specific timelines in respect of dates for delivery.
- 5.8 Regarding the items that are “Red”, other than the surveillance governance aspects, ECFRS is delivering on these and they are on target to complete. ECFRS has made a commitment that all audit outcome actions are to be closed off by March 2023. Assurance can be given on the actions that have been closed. Information Governance Services, which conducted the audit, will re-audit and come back to the service with an assurance report to confirm that the actions have been closed.
- 5.9 JPe noted that the service has moved from an “adequate” to “limited” assurance level and questioned the reason. KE replied that it is mainly around roles and responsibilities in Information Governance as a number of staff were lost in that department and the service was non-compliant against the statutory times lines for a period. This has been rectified quickly but reflected at the time the audit was completed.
- 5.10 JP referred to point 34 which is “red” and stated that a process is in place to ensure that new and emerging risks are added to the risk register as soon as ECFRS becomes aware of them, and the risk assessment process is documented. KE said that the service lost the members of staff and were not working within those statutory timelines, and the risk was escalated. The entry on the risk register was amended to a “red” to recognise that mitigation needed to be put in place. As a result of working with Information Governance Services, this risk was able to be drawn down. It was highlighted that information regarding the major litigation had not been transferred over to the to the Risk Register.

6. Internal Audit Progress Report

- 6.1 DH highlighted the Progress Report, which is an overview of the financial year’s work. A further draft report, agreed by management, will be provided to follow up the 25 actions at the December meeting. The independent assessment, which is referred to across the 25 actions, has been agreed from the previous Internal Audit review.
- 6.2 The Information Governance Review will be replaced with a Cyber Review which starts on 3rd October alongside the Control Room Review.
- 6.3 The benchmarking papers, which did not get published by the paper deadline, and the latest quarterly briefing can now be sent round to members.

Emergency Response Driving

- 6.4 ZH said that there has been one report since the last Audit Committee on Emergency Response Driving and there is reasonable assurance opinion for the three management priority actions, relating to policies and procedures around the roles and responsibilities for operational and strategic staff which had not been documented.

- 6.5 Due to gaps in compliance standards in relation to requirements 1, 4 and 5, a further medium priority action was raised to the Senior Leadership Team (SLT) relating to the governance reporting as there is some concern around the challenge and scrutiny of compliance reporting and concerns on capability assessments not discussed at SLT.
- 6.6 There is a governance framework in place and is being reported through, although this area needs to be tightened up insofar as items being challenged, discussed, and questioned.
- 6.7 KP asked whether, if there was non-compliance with the policies, would there be an insurance impact, especially with regard to an accident and a firefighter not being adequately trained, as it is noted that the mandatory training records are not up to date.
- 6.8 RHy confirmed that the new Fire Standard is an audit of the compliance of the new standard. Although competent staff are in place, the policy needs to be tightened up to comply with the new standard as it comes into the service. Some of the mandatory training records are not complete on the system. If there was an accident and that officer's training record was not up to date, that would be a reason for implementing the action and to look at where that would leave ECFRS with regard to an insurance claim.
- 6.9 NC added that there is a collaborative insurance arrangement with a £20,000 excess and up to a threshold for of £100,000 per claim but in theory paying out of the FRS pool. Above that is an overarching insurance policy that can be claimed against. This is a complex process due to the collaborative nature.

Action 07/22

NC to respond back to the committee outside of this meeting regarding clarification relating to non-compliance with policies and if there was an insurance risk regarding an accident and mandatory training records not being up to date.

- 6.10 SE referred to Management Action 4 regarding the capacity of large goods vehicle examination and asked if there is assurance that there are logs in place to report into the right governance forum as it talks about robust scrutiny of SLT and organisational compliance. KE said that, in terms of internal governance processes, all of the audit committee actions in the RSM internal report go through the Continuous Improvement Board which monitors and provides assurance and then progresses the process into SLT.

7. Internal Audit 2021/22 Benchmarking Report

- 7.1 Highlights were given by DH of the report. Over the last year 50% of the opinions were of substantial assurance, 50% reasonable assurance and no negative opinions. Over the last two financial years beyond 2021/22 some partial assurance opinions have been issued. Different audit areas were looked at over the years and the direction of travel for the latest results show a positive standpoint. There have not been any high priority actions and ECFRS is above the benchmark on the low priority actions. There are some minor issues and there is a slight peak which is above average, but it is not of concern.
- 7.2 JP noted that, on page 6, the label states "CPFA", which was incorrect, and DH confirmed it was a typo.

- 7.3 JP said that, regarding the thematic overview of high priority actions across the piece, it may be worthwhile management exploring those to satisfy themselves that they are not issues for the Audit Committee and to address the issues before RSM becomes involved.
- 7.4 JPe asked for clarification as to why is there limited and adequate assurance on the Governance Report when the service only uses reasonable and partial. DH confirmed that this been done by the County Council's team, and they use slightly different terminology.

8 Review of Final Statement of Accounts

- 8.1 NC commented that the Statement of Accounts have not changed since ECFRS published the draft accounts a few months ago. There have been a couple of minor amendments in the disclosure notes, but the core numbers have not changed.
- 8.2 The year-end deadline for publishing the accounts is November and for the next four years this will be September. This used to be July but there have been some changes to the year-end deadlines. These accounts are the final ones to be published and the service is still waiting for the Pension Assurance Letters. They were late last year, which delayed publication of the year end accounts. They will probably arrive in October which will meet the deadline for the November publication.
- 8.3 When the draft accounts were put through the Audit Committee in June, there was one accounting entry still to be put into place, which was the collection accounts from the districts. They were included in the drafts that the service published, and they have not changed. There has been a lot of work across the team to produce a more accessible report. KP noted that the accounts were very easy to read and thanked NC.
- 8.4 JP noted that there has been a large increase in holiday pay and asked what the operational impact is on that risk. NC said that, regarding the financial impact, it was calculated on a slightly different basis in the prior year. It has been aligned to the correct working calculation procedure which was the driver for the increase, and is not an issue that more people have taken holiday etc.

9. External Audit Update and review of Audit Findings Report

- 9.1 PG said that the report summarises the work done on the final statement and sets out the key findings including any key judgements on behalf of the management and in terms of the audit. It is a good set of accounts that is very well supported. Staff are well engaged, and a great improvement compared to the accounts of a few years ago.
- 9.2 The statutory deadline has moved to November and, although it was an ambitious target to get the External Audit finished by the end of September, this has been achieved. The accounts are unchanged. There are a few unadjusted small issues but no items of concern. Still outstanding are the PPE and fixed assets, which need to be finalised, but these will not impact the final accounts, and there is nothing of concern. If there is anything then it will be shared with the Committee.
- 9.3 PW noted that, in previous years, there have been concerns regarding the operation of the finance system, which has been raised with management to gain assurance. The issue was identified in relation to the work on journals during the risk assessment and through discussion that transactions can be deleted on the system. This needed to be investigated as to what has been deleted and if there are any risks around those transactions. Many of the transactions that have been deleted were never posted in the first place and never hit the ledger and there is no risk. A small number of

transactions were placed on the ledger, and they were then deleted. It is those that are being worked through with management to understand the reasons why and to ensure that it has not impacted the correct figures in the accounts. There is nothing of concern at this moment, but this is a weakness in the system that still needs to be investigated.

- 9.4 NC commented that he was not aware of this. The information that has been provided is on isolated deletion incidents. ECFRS has had the system since 2009 and this is currently in the process of being renewed. The cut off period for the current system is December 2023. Every month the accounts are closed off and it is not possible to go back and delete or change any entries but there are now more controls in place and items cannot be deleted easily which provides that additional assurance. Many modern systems have an auto reverse function, but this is not the case with ECFRS's current finance system. The only people who have access to do this are super users and one of them is outside of the finance system and one of them is NC's deputy who is now retiring. Once the new system is in place the new deputy will be a super user.
- 9.5 JPe commented that running the report every month is a control measure. NC agreed that this could be done but all the entries that are deleted are included so it is quite a large document. The tracker cannot be closed off as there will not be any evidence of the deletion.
- 9.6 JP asked whether, on the recommendations and actions on the appendices, it is the assumption that the report is blank and will come back populated. This was confirmed, and that the file will be shared.
- 9.7 JP asked if the new system would affect the risk management and what sort of oversight that the members may need to know about that for Internal Audit purposes. NC said that some control measures need to be considered on this and it can be part of the 23/24 programme and ensure that the timing right and testing is done. There would be a cut-off of December 2023 and there are discussions in progress to see if this can be moved to 1st April 2024 as it will avoid two systems being audited at the same time.

10 Oversight of Governance

- 10.1 PBI said this is the annual report that provides an overview of the Authority's scheme of governance. The longer standing members of the committee will be familiar with much of this content and recognise this from previous years' reports with the exception, as discussed under the action log item, to provide clarification that operational decision planning is exempt from this framework.
- 10.2 Other items that are slightly different this year are some references to the proposals set out in the Fire Reform White Paper.
- 10.3 Specific reference is made at the bottom of page 4 of the report to the functions that are not reserved matters by law but that the Authority has chosen not to delegate within the scheme of delegation, which is in the Authority's gift. This makes it clearer what the Authority is not allowed under law to delegate and which the Authority has chosen not to delegate.
- 10.4 There is also a slight change at the top of page 5, which has been expanded to include not just those items that by law can only be delegated to the Deputy Commissioner, but those that the Commissioner has chosen may only be delegated to the Commissioner, just for clarity.
- 10.5 KP asked for clarification of what governance arrangements are in place for environmental sustainability which is growing in prominence and whether this needs

to be disclosed in some form or another, and what is in place regarding information governance. PBI responded in terms of environmental sustainability issues, there has quite recently been a joint environmental policy agreed with Essex Police and the committee may want to look at this on the future agenda, though it is a developing area of work. KE and ACC Baldwin at EP are co-chairs of an Environmental Strategy Board across EP and ECFRS in which they collaborate on several environmental and sustainability projects. There is a whole host of activities in the strategy that are being worked on. RH added that this is one of the strategies that was approved at Strategic Board and an update will be going to the Performance & Resources (P&R) Scrutiny Board where it is governed. The panel will be informed when the paper next comes to the P&R Board.

- 10.6 Information governance is not currently included in this document, as this document is predominately an abridged version of the Constitution whereas the information governance arrangements sits in separate policies and procedures. However PBI has no objection to having a short summary of those arrangements included in this document and was happy either to bring a revised version of this document back to the next meeting or take an action to incorporate it next year. KP added that it is on the agenda and does not need to be changed now but it needs to be considered for future years.
- 10.7 SE noted that the document is very clearly set out and may be useful to new members as part of the induction, alongside the annual report. PBI said that this does go on the website but is quite hard to find and should be more prominent.

Action 08/22

PBI to liaise with the Communications Team with a view to ensuring that this document is more accessible on the website as a governance statement.

11 Risk Register and Risk Review

Risk Report

- 11.1 KE commented that there is one “red” strategic risk, which is due to the service still exploring solutions for a replacement fire training centre. Progress has been made in determining where the most feasible venue is, but there are other exploratory areas to cover off and a land survey and planning permission will need to be navigated in the first instance. Internally the preferred site is Kelvedon Park. Once we have heard back, we will be able to de-risk that.
- 11.2 KP asked, regarding the financial ledger system and the need for upgrade, given its importance, whether it needs to appear on the risk register, and what is the position regarding recruitment and retention of our workforce. KE confirmed that the service does have a people risk which has been recently reviewed at SLT, with an updated workforce succession and retention plan. The service is confident that it has the right level of actions around the Recruitment Strategy to ensure that it continues to provide front line cover. There is a challenge regarding core retention but the issues and likely causes of that are known.

Action 9/22

NC agreed that the financial ledger system issue this should be on the risk register as a medium risk. NC will have discussions on this outside of this meeting

- 11.3 JPa referred to climate change and the challenges of the summer around the dryness and asked whether there is any issue around the impact of climate change on the service and the increased requirements that will bring. KE said that a hot debrief covered the summer period which ascertained that the service was able to put the

right resources and equipment in place to manage against the same situation in the future, recognising that this summer was unlikely to be a one off. As part of the Environmental Policy, the service is also looking at increased flood risks, water rescue measures, and other fire risks.

- 11.4 RHy referred to KP's previous point re workforce, and advised that the service has very good, detailed succession plans but should not underplay the fast recruitment for the on-call staff. Staff are needed very quickly, and it takes approximately three years to become a competent firefighter, so as a result, approx. 45% of ECFRS firefighters are not fully qualified which creates challenges in terms of having the right skills. Whilst there is a recruitment plan in place, it is not without its challenges.
- 11.5 SF noted that number 9 talks about reputational damage and data going out in different ways. He stated that Essex Police has a Social Media Control Strategy, and asked whether ECFRS has a similar strategy in place and about the number of social media accounts in the pipeline etc. KE said that there is a social media strategy, but he will take this away and look at the controls and the number of accounts.

Action 10/22

KE to liaise with the Communications Team as to the number of social media accounts that are covered by the social medial strategy, the controls in place, and who is the lead to understand and give better assurance, and will give a verbal update at the next meeting.

- 11.6 SF said that one of the items in the Essex Police Strategy is that social media accounts have been set up to be monitored so the force could get back in control of what goes through social media. RH commented that there is probably a different category of risk for the service because of the quantity of public information that they process. There are particular issues for police forces, for example, around staff potentially publishing unlawful images of victims of crime on social media.
- 11.7 RHy said that there have not been any issues as yet, but the service is linking with EP. There has been some learning from this and there is a strategy and policy in place. The policy is probably more important insofar as what our staff are able to do and not able to do with mobile devices. ECFRS does not have a huge amount of corporate social media accounts and many of our station managers etc do not have personal fire and rescue Twitter accounts. It is the governance of that policy which is important especially with reference to potential industrial action.
- 11.8 RH referred to the discussion in the report on risk no.1, scored as "amber", and reported that the situation is currently being looked at. Without a higher pay settlement there is likely to be industrial action, although if a higher pay settlement is made by the service there is no confidence in obtaining government funding for it and in future years there would need to be cuts to the service if nothing changes. RHy agreed and stated that this was discussed at SLT, and they took an action to raise the risk to "red" for the same reasons.

12 Updates

- 12.1 Fraud - None to report in this period. Pleased to report no single tender actions.
- 12.2 Debtor Write Offs – None to report in this period

13 Discussion on Legal and Regulatory matters

- 13.1 None to report in this period

14 Single Tender Actions

14.1 None to report in this period

15 Update on Review of Effectiveness of Self-Assessment - Verbal

15.1 This item was covered earlier in the agenda.

16. AOB

16.1 Confirmation of items for Part A and Part B minutes – All were in agreement that all items in this meeting should be included in Part A of the Minutes.

Meeting ended at 11.18

Next meeting date – 16 December 2022 at 13.00hrs.