

MINUTES

Joint Audit Committee (JAC) & ECFRS Audit Committee

Additional Meeting

03 February 2023, 08:00-09:30 via Microsoft Teams

Attendees:

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| Jonathan Swan (JS) | Audit Committee Member (Chair) |
| Julie Parker (JP) | Audit Committee Member |
| Simon Faraway (SF) | Audit Committee Member |
| Kashyap Pandya (KP) | Audit Committee Member |
| Sonya Edwards (SE) | Audit Committee Member |
| Janet Perry (JPe) | Chief Financial Officer and Strategic Head of Performance and Resources, PFCC |
| Karl Edwards (KE) | Director of Corporate Services, ECFRS |
| Helen McGrath (HM) | Scrutiny Officer, PFCC (Minutes) |

Due to technical issues, the meeting commenced at 08:30am.

1. Introductions & Apologies for Absence

- 1.1 The Chair welcomed all to the meeting and explained this additional meeting was arranged for the committees to focus on two specific items (as listed below).
- 1.2 No apologies for absence were received.

2. Terms of Reference

Draft Terms of Reference had been circulated with the meeting papers.

2.1 Joint Audit Committee

- 2.1.1 The Commissioner has requested the following text be added to the JAC Terms of Reference:
'To ensure transparency of process of review and scrutiny, minutes and all papers will be published unless marked 'official sensitive'.
This addition was agreed by the independent committee members.
- 2.1.2 Terms of reference to be updated to reflect the above change and formally approved at the next JAC meeting, scheduled for 24th March 2023.

2.2 ECFRS Audit Committee

2.2.1 The Commissioner has requested the following text be added to the ECFRS Audit Committee Terms of Reference:

'To ensure transparency of process of review and scrutiny, minutes and all papers will be published unless marked 'official sensitive'.

This addition was agreed by the independent committee members.

2.2.2 The maximum term of office for independent members had been confirmed as three terms. KE to provide the latest version of the ECFRS Audit Committee Terms of Reference.

Action 01/23

KE to provide HM with the latest version of the ECFRS Audit Committee Terms of Reference.

2.2.3 Terms of Reference to be updated to reflect the above change, ready for formal approval at the next ECFRS audit committee meeting, scheduled for 24th March 2023.

3. Effectiveness Assessment

3.1 Joint Audit Committee

The results of the JAC effectiveness survey had been circulated with the meeting papers and slides were shared during meeting.

3.1.1 JS highlighted that only two independent members appear to have completed the survey. JPe mentioned that it may not have been clear to committee members that two surveys required completion. JS was satisfied to proceed on the results presented.

3.1.2 The independent members accepted all the 'Agree' or 'Strongly Agree' responses and discussed any items with a 'Disagree' response:

- a) **Response to question 13** *'The forward plan is not provided to me but maybe this is because I am an irregular attendee and only attend in support of specific items on the agenda or when deputising'.*

JP felt that this feedback related to a management issue as opposed to one for the committee members and could be easily remedied by anyone invited to the meeting being issued with the Forward Plan. HM confirmed the Forward Plan, as a standing item, would be circulated to all meeting attendees going forwards.

- b) **Response to question 19** *'I need to meet with the Independent Chair more frequently outside of the committee'* discussed.

JS noted the comment but was confident that good dialogue is already in place, with items covered in meetings and an open-door policy for liaison on any matters.

- c) **Response to question 25** *'They do but not aware either way'.*

JS commented that both committees benefit from a wealth of financial experience within their independent members, facilitating a full understanding of all papers circulated. JPe concurred and added that the meeting minutes provide evidence of scrutiny from the independent members.

KE commented that there is an opportunity, outside of the formal meetings, for some organisational learning given the extensive financial knowledge of the independent members. For example, with ECFRS in mind, KE suggested areas such as risk management and risk appetite, which could involve the independent members on different aspects of risk, being discussed in an informal manner. JS agreed.

JS was aware some work had been done to define the committee and its work but accepted further work may be needed to demonstrate the mass of experience that exists in the group. JPe suggested the members could provide a brief description of their background for the PFCC website and to those that do not attend committee meetings on a regular basis or are attending for this first time. JP agreed this would be a useful exercise and correlates with the Redmond report, which recommends measures for the effectiveness of external audit and transparency of financial reporting in local authorities. JS concurred and agreed to draft and share his own description, for the other committee members to replicate.

- d) **Response to question 27** *'But mainly at the time of considering the accounts – when there is no opportunity to change'.*

With the exception of the ECFRS accounting policies, which are provided before the accounts, JP advised the usual process is to receive the accounting policies within the full set of accounts from the external auditors and that it would be more effective to receive the accounting policies in advance of the accounts to allow some room for challenge. JP suggested the Work Plan be updated to state that any changes to the accounting policies must be highlighted to committee members in a timely manner e.g. at the March meeting. JS agreed this could be added to the Work Plan. KP agreed with JP's suggestion but proposed January as a better position in the Work Plan. JPe concurred and suggested it be added to the Work Plan for December, with the caveat that members would need to be notified of any further changes post the December meeting. HM to update Work Plan accordingly.

Action 02/23

HM to add 'Accounting Policies' to the work plan for December, for both committees.

- e) **Response to question 31** *'I think the JAC's emphasis on "assurance" has, in part led to a proliferation of risks – many of which aren't strategic. Having a documented position is not the same as effectively mitigating a risk'.*

JP was confused by this comment, as the committee's role is not to identify risks, but to challenge and query them. JPe felt this comment could be confused between strategic and operational risk. SE commented that she feels the risk reports received by the committee are strategic and provide a good overall picture of risk. KP was concerned by the above response and believes the committee does not detract the risk management team from doing their job and that this could be resolved from others having a better understanding of the role of the committee. KE concurred with KP's comments, that it is the services' responsibility identify, monitor and manage risks with healthy scrutiny from the committee on the management and mitigation of those risks. JS concurred with the above comments and confirmed that the committee is not responsible for identifying risks.

- f) **Response to question 39** *'We have no plan to audit the service's culture in the next few years, and have not for the last few'.*

JS was puzzled by the above comments. JPe suggested this could relate to a previous conversation with regards to culture, with the request from the Commissioner for it to feature on the internal audit plan. JPe continued that she believes this comment relates to future discussion on culture within EP, as opposed to the culture of the audit committee. JS agreed and added that any culture review should be undertaken by a specialist external body as opposed to the audit committee.

g) **Response to question 51** *'There have not been any'*.

JS accepted that one-to-one meetings should be held between the Chair and independent members. KP clarified that, while formal meetings are not held, all independent members have ample opportunity to discuss items with the Chair. SF concurred with KP that the Chair is always available to contact at any time. Likewise, SE agreed with KPs comment and added that the one-to-one meetings held with the Chair when she joined the audit committee were extremely helpful. JS was happy to undertake annual performance review meetings with independent members however, given the extensive experience that exists in the committee, did not feel it was an urgent requirement. JS reiterated that he is always contactable to discuss audit matters. JPe asked whether the Chair would like to formalise performance review meetings and include this in the Terms of Reference. JS agreed and was happy for this to be included in the Terms of Reference.

h) **Responses to question 52** *'There is not one', 'Not aware either way' and 'Whilst this was discussed as a result of the previous self-assessment and scheduled onto the work programme, I do not believe it has come forward yet'*.

JS agreed with feedback and confirmed it is already contained within the Terms of Reference. JPe offered support to JS in preparing his annual report.

i) **Response to question 60** *'Please note, there were some questions which I didn't feel were directed at Auditors to answer, so for these I have awarded 'agree' to allow completion of the survey'*.

JPe noted the feedback and agreed that a 'Not Applicable' option should be included in future surveys.

HM noted that some survey questions were unclear and may need some revision before undertaking the survey again.

3.2 ECFRS Audit Committee

The results of the ECFRS Audit Committee effectiveness survey had been circulated with the meeting papers and slides were shared during the meeting.

a) **Slide 4 comment** *'I agree based upon my interactions, however, I am not aware of what awareness or input we have given members on our code of ethics and this may be something we could improve upon'*

KE explained the services' Code of Ethics is now a fire standard, which has been recently introduced alongside its values and behaviours. KE believes it would be helpful to elaborate on this at a future committee meeting. JS agreed.

Action 03/23

KE to provide further information on the ECFRS Code of Ethics, values and behaviours at a future committee meeting.

- b) **Slide 6 comment** *'Although my score is above the threshold, I wanted to take the opportunity to thank the Independent Members as they have taken opportunities presented to visit key areas within both emergency services this past 12 months to deepen their own understanding and this has also had the positive benefit of being very much appreciated by staff and officers present'.*

KE concurred with the comment, with committee meetings providing a good opportunity for the Fire and Rescue Service to showcase its work and seek assurance, such as items contained within the background briefings. Going forwards, KE was happy to provide further information on any items not already identified on the work plan or in background briefings to committee members. JP commented that these insights into the Fire and Rescue Service are really useful and allows committee members to be advocates for the service.

- c) **Slide 11 comments** *'There are not arrangements for meetings between independent members on the statutory offices / execs. The Chair may have them. However, if required I would expect it is possible to have a meeting'.*
'Although I agree, as a statutory officer, I do not have any private meetings with members and this is something that if helpful to the committee in carrying out their duties I would be willing to do'.

KE commented that he has always valued the opportunity to speak to JS as / when required and to discuss items before meeting dates. JS concurred with KE's comment and believes a good balance of communication does exist.

- d) **Slide 12 comments** *'Not sure they do actually do this – but they can email us/contact us'.*
'I do not have any private meetings with members and this is something that if helpful to the committee in carrying out their duties I would be willing to do'.

KE suggested any pre-discussion of an item be included in meeting minutes, for clarity.

- e) **Slide 28 comments** *'The Audit Committee have not yet prepared such an annual report'.*
'This could be improved'.
'This is a work in progress'.
'There is a report in the annual report which is prepared by officers'.
'The annual review of effectiveness and ToR, which will be informed by this survey, is reported to the committee on an annual basis. However there has been discussion on various occasions over the past couple of years about this being supplemented / complemented by an annual report to the committee from the Independent Chair, which has not been completed as yet'.

JS noted the comments and agreed this would now be undertaken and has been added to the work plan for March.

The meeting concluded at 09:30am.