



ESSEX FIRE AUTHORITY
MINUTES OF THE MEETING OF THE AUDIT, GOVERNANCE & REVIEW COMMITTEE
HELD ON
WEDNESDAY 8 OCTOBER 2014 AT 14:00 HOURS

Present:

Councillor A Bayley
Councillor I Henderson
Councillor J Knapman (Chairman)
Councillor C Seagers
Councillor A Wood

Councillor C Guglielmi
Councillor M Hoy
Councillor M McEwen
Councillor P Wexham

The following Officers were present in support throughout the meeting:

Deputy Chief Fire Officer, Adam Eckley
The Finance Director and Treasurer, Mike Clayton
Assistant Chief Fire Officer, Safer and Resilient Communities, Paul Hill
Assistant Chief Fire Officer, Operations, Dave Bill
Director of HR and OD, Lindsey Stafford-Scott
Mr Charles Kerr, Treasurer, Kent Fire & Rescue Service
Ms Alison Kilpatrick, Kent Fire & Rescue Service
Mr Dan Harris, Baker Tilly (Internal Auditor)
Deputy Clerk to the Fire Authority, Shirley Jarlett.

Minute Secretary, Linda Boar

116. APOLOGIES FOR ABSENCE AND SUBSTITUTION NOTICES

Apologies were received from Councillors Aspinell, Butland, Danvers, Erskine and Kelly. Apologies were also received from the Chief Fire Officer David Johnson and the Service Solicitor Roy Carter.

117. DECLARATIONS OF INTEREST

There were no declarations of interest made by Members in respect of items included on the agenda at this stage of the meeting.

The Deputy Chief Fire Officer declared an interest as having previously been an employee of Kent Fire and Rescue Service for over 20 years.

118. MINUTES

The Committee received the minutes of the meeting held on 16 July 2014.

MATTERS ARISING

There were no matters arising.

Resolved:

It was resolved that:

1. The minutes be confirmed and signed as a correct record by the Chairman.

119. PRELIMINARY ENQUIRY INTO THE TREATMENT OF PENSION INJURY PAYMENTS WITHIN THE FIRE FIGHTERS PENSION SCHEME

The Deputy Chief Fire Officer (DCFO) introduced the paper EFA/080/14 saying that the full EFA had requested that this matter be considered by the Audit Governance & Review (AG&R) committee when Charles Kerr (CK) could be asked to provide a report into an investigation he had carried out into this matter and address Members with his findings. CK gave a short précis and context of the matter and thanks were given to him for the document provided which gave Members full detail. Members were advised that there are now twelve other Fire Authorities that had been affected in a similar manner to that of the EFA.

Members raised the point of further investigations being undertaken but CK put to Members that any further investigation would be costly and would not achieve any benefit for the Authority; the length of time that has passed would prove difficult to examine in a meaningful manner and to attempt to raise an insurance claim would be fruitless because the Authority has not actually lost any money.

Councillor Wexham wanted assurances that nothing of this nature will arise in the future. The DCFO stated that higher levels of assurance come with higher costs and risks must be mitigated. The Director of HR & OD (D,HR&OD) is carrying out a thorough review of all pensions issues and gave some further detail at this point; Members will be provided with a full report once this work is completed.

Councillor Guglielmi confirmed his agreement to the sentiment put by CK and the DCFO.

The discussion then moved on to the fact that the EFA did experience a great number of pension injury payments at the time in question but Members were reassured that since that time the number of pension injury payments has disappeared. Furthermore at the time of this matter arising Essex County Council provided financial services to the Authority with input from the current Finance Director and Treasurer (FD&T) of this Authority but who cannot evidence what detail was used at that time.

Councillor Hoy questioned whether the figures within item 8 of this agenda was connected to this matter with officers advising that there was no connection.

Councillor Wexham showed his concern that Members were only able to consider what is put before them and cannot audit what they do not view and the request that an internal audit is carried out in conjunction with the Risk Management report; the Internal Auditor present confirmed that this work is planned.

Councillor Guglielmi stated that it would be good to have an idea of the amount in the pension account with the FD&T stating that there is approximately £10m made in payments per annum and approximately £450m of future payments adding that the matter is complex.

Councillor Henderson spoke about the involvement of the pension's regulator and covenants.

In summing up and providing the resolution below Councillor Knapman thanked CK and his team for the professional and independent work they had undertaken.

Resolution:

It was resolved that Members:

1. Note the content of the report.
2. Accept the judgement that there is no need to pursue this matter any further acknowledging that this Authority is aware what went wrong and to pursue this further would not provide any greater detail and it was felt prudent not to spend any more funds in this area.
3. Agree that this committee directs the DCFO to approach all UK Fire & Rescue Services (FRS) affected by the accounting treatment of pension injury payments to consider joint representations to Government on the amount and timing of any repayments citing the Government's liability for keeping Fire Authorities properly informed.
4. Agree that a proactive approach of auditors to pay attention to changes to accounting procedures is adopted.
5. Consider that improved communications are required amongst financial professionals in the UK FRS and directed the FD&T to explore ways of improving communications between and within the Fire Finance Network to assure Members that knowledge of accounting issues/mistreatment are raised at the time they are identified.

120. AUDIT REPORTS

The FD&T introduced this item EFA/081/14 and provided a commentary from the report provided.

The D,HR&OD then updated Members of the most recent developments since the audit report was written in the area of SAP advising that recruitment and training is on-going which will aid a better working practice.

Councillor Guglielmi asked for advice of the implementation date and whether there is enough capacity for this work to be successfully rolled out with the D,HR&OD stating that it was expected that this project will be completed within the next sixteen months.

Councillor Hoy spoke about the limitation of scope of this work and the appropriateness of the payroll audit.

Resolution:

It was resolved that Members:

1. Note the content of the report.

121. AUDIT RECOMMENDATION – REPORT ON PROGRESS AGAINST ACTION PLANS

The FD&T provided a commentary to the paper provided EFA/082/14.

Councillor Knapman raised the question of what can be done to encourage all managers to submit their Business Continuity plans in a timely fashion. The FD&T will provide a separate report to this committee in the future but Officers did highlight that with the recent periods of industrial action causing some disruption to business the submission of these plans have been impacted however Members were advised that some Business Continuity exercises have still taken place.

Resolution:

It was resolved that Members:

1. Note the contents of this report.

122. INTERNAL AUDIT PROGRESS REPORT

A commentary to the paper provided EFA/083/14 was made by the Internal Auditor present. Members were advised that this work was collated in conjunction with various clients of the auditing firm.

Councillor Knapman raised the success of the Risk Workshop that had taken place that morning and also requested that the report in future be printed in a larger font.

Resolution:

It was resolved that Members:

1. Note the contents of the report.

123. ORGANISATIONAL PERFORMANCE REPORT – AUGUST 2014

The D,HR&OD provided a summary of the paper submitted EFA/084/14.

Councillor Henderson showed an interest in the Retained Duty System (RDS) and requested information on the effect of recruitment in that area. The Assistant Chief Fire Officer, Operations undertook to share with Members contact details of local officers should Members want to make direct contact with their local RDS station.

Councillor Hoy was interested to see the terms and conditions and what training is required for RDS personnel with the D,HR&OD stating that training is generally between two to three hours per week and undertook to provide Members with a full report at a future meeting of this committee.

Councillor Wexham wanted to know how many hours were lost through industrial action and this too will be provided to the full EFA in due course with Councillor Knapman highlighting that it would be useful for Members to know this detail and this will allow them to understand the scale of the problem.

Resolution:

It was resolved that Members:

1. Note the contents of the report.

124. TRANSPARENCY & CORPORATE PROCUREMENT CARD

Members were advised that all transactions in this area were published on the Authority's website but it was felt that this type of information is brought to this committee on an annual basis to provide greater scrutiny with the FD&T advising that this will be provided to this committee as requested; EFA/085/14 refers.

Councillor Knapman shared with those present the way in which corporate procurement cards are used in other local authority organisations.

Councillor Guglielmi raised the question of whether these cards are actually required with officers explaining how the process works within this Authority. Members were advised that line management approval is required for any expenditure and following a question raised by Councillor Wexham Members were advised that the level of credit approval is for the finance team to consider in the first place.

Councillor Hoy stated that he would like to see an internal audit carried out with the internal auditor present stating that this is already planned on a three to five year interval.

Resolution:

It was resolved that Members:

1. Note the contents of the report.
2. Expenditure on Corporate Procurement Cards be provided to this committee on an annual basis.

125. BUDGET REVIEW – AUGUST 2014

Officers confirmed, following Councillor Knapman's enquiry that the pensions injury figures are not included in the report provided EFA/086/14 with the FD&T stating that until the full position is known in this regard he did not want to include any detail therein.

Expenditure during strike periods for operational cover was raised with Members being advised that during these times more staff are required therefore costs are higher.

Councillor Knapman wished to know how the Service decided where to buy fire appliances from with the FD&T advising that the Authority held a mini-competition using a framework developed by The Consortium.

Acknowledgement was made of the prudent financial management being undertaken at this time.

Resolution:

It was resolved that Members:

1. Note the contents of the budget report.

ANY OTHER PART 1 BUSINESS

The Chairman was not informed of any other part 1 business from Members or Officers.

Meeting closed – 15.20

Date of next meeting – Wednesday 21 January 2015

Signed.....

Chairman, 21 January 2015