



Minutes of the meeting of the Essex Fire Audit, Governance & Review Committee, held on Wednesday, 19 April 2017

Present:

Councillor J Knapman Chairman
Councillor A Turrell Vice-Chairman
Councillor M Hoy
Councillor C Seagers
Councillor J Ware-Lane
Councillor A Watkins
Councillor R Woodley

The following Officers were present in support throughout the meeting:

Adam Eckley	Acting Chief Fire Officer and Acting Chief Executive
Mike Clayton	Finance Director and Treasurer
Dave Bill	Director of Prevention, Protection and Response
Mark Stagg	Director of Transformation
James Taylor	Assistant Divisional Officer, ECFRS
Tracy King	Assistant Director - Performance and Data Management
Lucy Clayton	Performance Analyst
Moira Bruin	Head of Operational Training
Shirley Jarlett	Clerk and Monitoring Officer to Essex Fire Authority
Daniel Harris	RSM UK (Internal Auditors)
Martina Lee	Ernst & Young LLP (External Auditors)
Alex Rafalowicz-Campbell	Ernst & Young LLP (External Auditors)
Fiona Lancaster	Committee Officer (Essex County Council)

Apologies for absence were received from Councillors D Blackwell, I Henderson, P Honeywood, N Hume, J Huntman, M McEwen, V Metcalfe and A Wood.

1 Declarations of Interest

The Chairman reminded Members that they should declare any interests at this

point or during consideration of the appropriate agenda item.

2 Minutes

The minutes of the meeting held on 18 January 2017 were agreed as a correct record and signed by the Chairman.

3 Annual Review of the Governance Statement

The Committee considered report EFA/056/17 by the Finance Director and Treasurer which sought the review and agreement of the schedule setting out how the Authority meets the principles of the Local Code of Corporate Governance, and determination as to whether an effective system of internal audit had been in place during the year to 31 March 2017. The Committee was also asked to approve the Annual Governance Statement.

The following points arose from the Committee's consideration of the report.

- The Committee expressed some concern about the increase in the number of audit reports receiving Limited/Partial or No Assurance conclusions. Members were reminded that the areas of Risk Management and HR were reviewed annually, and that the turnover of staff in the HR team had affected the outcome of the HR audit. Members noted that efforts were being put into improving compliance.
- The Committee acknowledged the view expressed that HR policies and procedures needed to be in place regardless of staff changes, and agreed that the high level of staff turnover was a concern. Members were reassured that improvements were already being made with the appointment of a new Assistant Director.
- The Committee recognised that a No Assurance conclusion did not necessarily imply a lack of control in procedures, but rather that there was a lack of staff able to collate the documentation for the audit.
- The Committee noted that an overall opinion from RSM UK was dependent upon the outcome of two further reports.
- Senior Officers were reminded to be consistent with the terminology they used in reports, as the use of both Limited and Partial Assurance had caused some confusion.

Resolved:

1. That the schedule setting out how the Authority meets the principles of the Local Code of Corporate Governance be agreed;
2. That the system of internal audit in place during the year to 31 March 2017 be determined as effective; and
3. That the draft Annual Governance Statement be accepted. However, during its review, the Audit, Governance and Review Committee expressed some concern

about the processes and levels of staffing in the HR team, and indicated that performance in this area was not at a satisfactory level.

4 Budget Review February 2017

The Committee considered report EFA/057/17 by the Finance Director and Treasurer which reported on expenditure against budget as at 28 February 2017, and identified major variances to the budget for the period.

The following points arose from the Committee's consideration of the report.

- The Committee noted the overspend in relation to support staff pay as a result of the increased costs of appointing casual and temporary staff into the HR area. The Finance Director and Treasurer reassured the Members that this expenditure was being reduced for 2017.
- Essex Fire Authority had now been informed by central government that it would be seeking payment of the amounts due for firefighter pension injury payments. The Committee was reminded that a provision of £13.3m had been made for this and the matter would be settled shortly.
- Members noted that the end of year numbers of on-call firefighters was four higher than that at the start of the year. Some concern was expressed about the speed and barriers to recruitment. The Committee noted the plan to amend the bandings in order to allow more flexibility in relation to working hours, and that recruitment was variable across the county.
- The Committee discussed key performance measures and asked the senior officers to examine whether the on-call targets and changes of staffing levels could be provided for each station, in addition to the measures regarding the availability of appliances and time standards.
- The Committee acknowledged that the overspend on legal costs related to a number of long running disciplinary cases.
- The Committee noted that the underspend on training related to planned external activity; this had been carried forward to 2017 with the agreement of the Policy and Strategy Committee.

Resolved:

1. That the position on income and expenditure at 28 February 2017 compared to the revised budget approved by Members on 21 September 2016 be noted; and
2. That the actual position with capital expenditure spend against budget for the period to 31 January 2017 be noted.

5 Audit Recommendation - Report on Progress Against Action Plans

The Committee considered report EFA/058/17 by the Finance Director and

Treasurer which provided an update on progress against the action plans developed by the Authority in response to audit reports. Items marked as completed in the previous quarter's report had been deleted from the table included with the report.

The Finance Director and Treasurer reported that the IT General Controls action points had been superseded by the future introduction of new General Data Protection Regulations in May 2018. A review of information governance was being carried out by Essex County Council to identify the action needed to meet the requirements of the new regulations and a report would be submitted to the July meeting of the Audit, Governance and Review Committee.

In response to a question regarding IT recruitment, the Committee noted that Councils in Essex had been approached to work in partnership, but that the problem to recruit staff with the right level of skills remained difficult due to the County's proximity to London.

The Members questioned the use of 'On Track' Progress in those instances where timescales had been amended, and on whether the timescales were too lengthy. The Finance Director and Treasurer undertook to provide more detail so that Members could understand what was being done. He also commented that the timescales on the recommendations were reasonable, taking into account the major projects currently underway and resourcing levels.

Resolved:

That the progress made against the action plans developed by the Authority be noted.

6 Audit Reports

The Committee considered report EFA/059/17 by the Finance Director and Treasurer which presented for review the following Internal Audit reports:

- Risk Management
- Governance
- Key Financial Controls - Finance
- Key Financial Controls - HR & Payroll
- Procurement
- Partnerships

Daniel Harris of RSM UK introduced the key findings, and at the request of the Committee, concentrated on those areas with Audit Conclusions of Partial Assurance.

Risk Management:

The Committee noted that a more positive audit conclusion had not been achieved because of insufficient evidence of progress. Members expressed disappointment that there was slower improvement in this area than they would have expected. In response, the Acting Chief Fire Officer explained that as a

result of the number of key projects undertaken over the past 18 months there had been a lack of capacity to focus on all areas. He added that risk management was being embedded across the Authority and that they were aware that they needed to be better at documenting their consideration of risks. The senior officers all understood their responsibilities within their own departments.

Members questioned whether the JCAD system had been an area of concern in the past and noted that the responsible officer had been called to help with strike action duties in 2014/15 so no areas had been documented. This area would be closely scrutinised in 2017/18 to ensure control gaps and identified issues were being addressed.

The Committee noted that additional resources were not needed, but that senior officers needed to regularly focus on risk management and ensure that the corporate risk register was fully documented.

The report was otherwise noted.

Governance:

The Committee noted the report and the areas where improvements could be made in relation to the quality of reporting to the Authority, Programme 2020 Board and other Committees.

Key Financial Controls - Finance:

The Committee noted the report.

Key Financial Controls - HR & Payroll

The Committee noted that previous audit actions had now been fully implemented. The Finance Director and Treasurer commented that there was evidence to demonstrate that the HR team was now carrying out all authorisation checks and that the new Assistant Director was focusing on getting the basics right. A mid-year review would be undertaken to ensure that issues identified were being addressed. The Finance Director and Treasurer was confident that the problems were now being dealt with and this area was being monitored with regular monthly updates being provided to the Senior Leadership team.

The Committee otherwise noted the report.

Procurement:

The Committee noted the report.

Partnerships:

The Committee noted the report and the significant progress made since this area had previously been reviewed. Further actions had been identified in order to strengthen the design and compliance with the current control framework in place.

7 Internal Audit Progress Report

The Committee considered report EFA/060/17 by RSM UK on progress against the Internal Audit Action Plan.

Daniel Harris of RSM UK advised that the reports on Business Continuity and a Follow up were being finalised and that the reports on these matters would be submitted to the July meeting of the Committee.

The report was noted.

8 Internal Audit Plan 2017/18

The Committee considered report EFA/061/17 by RSM UK on progress against developing the Internal Audit Plan to ensure it meets the requirements of the Authority and can be adapted when required.

In presenting the report, Daniel Harris of RSM UK commented that the proposed timings and dates may need to be reviewed in the light of the potential transfer of governance arrangements to the Essex Police and Crime Commissioner.

Resolved:

That the Internal Audit Plan 2017/18 be approved.

9 Audit Plan 2016-17

The Committee considered report EFA/062/17 by the External Auditors, Ernst & Young LLP which presented the Essex Fire Authority's External Audit Plan for 2016-17. Martina Lee of Ernst & Young LLP introduced the report and responded to Members' comments and questions.

The following points arose from the Committee's consideration of the report:

- The focus on the value for money risks and those relating to the governance arrangements for Police and Fire collaboration within Essex.
- The overall materiality for the financial statements of the Authority was £1.958m based on 2% of gross revenue expenditure.
- There were no plans to increase the Audit Fee at this time.
- Members noted that the risks of fraud in revenue recognition and of management override had been included in the previous year's plan, and that there had been no evidence of issues in either case.

Resolved:

That the Audit Plan be approved.

10 Accidental Dwelling Fires

The Committee received a presentation from James Taylor, Assistant Divisional Officer, Essex County Fire and Rescue Service on Accidental Dwelling Fires.

The following points arose from the Committee's consideration of the presentation.

- Members noted the 5% increase in the number of kitchen fire incidents over the past 12 months and how the ratio compared to non-kitchen fires remained the same.
- The impact of cultural cooking differences such as with the Polish communities, and how some communities view the Fire Service with suspicion because of how such organisations are aligned with the police and military in their 'home' countries. Also the lack of understanding about the use of smoke alarms in homes.
- The issues relating to white goods, and in particular, tumble dryers and the slowness of the manufacturer to replace and repair faulty parts. Additionally, the effect of changes to social care and to sheltered accommodation.
- The Committee noted the Targeted Interventions, and plan to support 100% of households in Essex to have working smoke alarms. A trial carried out in Harlow in 2014, where all crews had been involved, had led to a 19% reduction in dwelling fires.
- It was acknowledged that the number of incidents could continue to increase as a result of a rising population, and that the statistics may not positively reflect performance improvements as a result.
- Members noted that the majority of incidents occur in older properties.
- The success of the Summer Kitchen Roadshows in 2016 had led to a high number of residents arranging to have home safety visits, and over three thousand properties had already been visited.
- The Committee welcomed the plan to roll out an Older Persons Strategy in the summer, working with the Care Quality Commission and other partners, focusing on winter deaths and the effect of fuel poverty on the number of incidents.

The Assistant Divisional Officer was thanked for his attendance and input, and the report was noted.

11 Quarterly Performance Report - Quarter 3 2016/17

The Committee noted report EFA/063/17 by the Director of Transformation which provided an overview of the Authority's performance for the period Quarter 3,

2016 - 2017.

The Assistant Director, Performance and Data Management and the Performance Analyst gave a presentation on the progress that had been made since the last meeting to develop a more sophisticated set of key performance indicators (KPI's).

The following points arose from the Committee's consideration of the report and presentation.

- Members welcomed the move away from a 'traffic light' colour coding scheme to one which showed the direction of travel, and of the extra levels of detail.
- The Committee indicated that it would be useful to have more detailed explanations regarding those incidents where there was a five to ten minute delay in response times so that Members could fully understand the measures.
- The Committee commented that clarity was needed on the Output Headlines section. The pictures were felt not necessary, and the figures did not currently allow 'like for like' comparisons to be made.
- More detail was needed on the high risk areas and on the failure to achieve targets.

The Committee otherwise noted the report.

12 Programme 2020 - Highlight Report

The Committee received report EFA/064/17 by the Acting Chief Fire Officer (presented by Mark Stagg, Director of Transformation) which provided an update on the progress and range of work underway with Programme 2020.

The Members indicated that they were satisfied with the progress being made and noted the report.

13 External Quality Assessment

The Committee received report EFA/065/17 from the Director of Transformation regarding the quality of operational training being delivered and on record keeping.

The Head of Operational Training gave a short presentation on the benefits to the Authority from seeking and achieving Approved Centre Status for operational training. Benefits included an increased opportunity to collaborate nationally, and for staff to have transferable and nationally recognised qualifications.

The Committee was pleased to acknowledge the documentation in support of the delivery of the marketable qualifications and the commitment to professionally

develop staff.

The report was noted.

14 Date of Next Meeting

Members noted that the next meeting of the Committee would take place on Wednesday 12 July 2017 at 10.00 am.

The Chairman concluded the meeting by remarking that this was the final Audit, Governance and Review Committee meeting before the May 2017 County Council election. He thanked the Members for all they had accomplished and expressed particular thanks to the Acting Chief Fire Officer and the Finance Director and Treasurer.

Councillor Woodley, on behalf of the Committee, then commended Councillor Knapman for his chairmanship.

The meeting closed at 12.45 pm.

Signed.....
(Chairman)

Date.....