

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MINUTES OF A MEETING OF THE ESSEX FIRE AUTHORITY AUDIT, GOVERNANCE AND REVIEW COMMITTEE HELD ON WEDNESDAY 13 JULY 2016 AT 10:05 AM

Present:

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| Councillor A Turrell | Vice-Chairman (Chairman of the meeting) |
| Councillor A Bayley | |
| Councillor I Henderson | |
| Councillor M Hoy | |
| Councillor N Hume | |
| Councillor V Metcalfe | |
| Councillor C Seagers | |
| Councillor J Ware-Lane | |
| Councillor J Whitehouse | (substitute) |

The following Officers were present in support throughout the meeting:

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| Mike Clayton | Finance Director and Treasurer |
| Dave Bill | Director of Prevention, Protection and Response |
| Mark Stagg | Director of Transformation |
| Ben Pilkington | 2020 Programme Manager |
| Shirley Jarlett | Clerk and Monitoring Officer to Essex Fire Authority |
| Daniel Harris | RSM UK (Internal Auditors) |
| Kevin Suter | Ernst & Young LLP (External Auditors) |
| Fiona Lancaster | Committee Officer |

Apologies for absence were received from Councillors J Knapman (Chairman), J Deakin (substituted by Councillor J Whitehouse), P Honeywood, S MacPherson, M McEwen, A Wood and R Woodley, and also from Adam Eckley, Acting Chief Fire Officer and Acting Chief Executive, and Roy Carter, Service Solicitor and Deputy Clerk and Deputy Monitoring Officer to Essex Fire Authority.

1. Minutes

Subject to the sentence of **Resolved** item 2 of minute 7 (Audit Reports – Key Financial Controls) being amended to read "... that Internal audit should check that changes in relation to pension contributions had been made appropriately...", the minutes of the meeting held on 20 April 2016 were agreed as a correct record and signed by the Chairman.

2. Declarations of Interest

The Chairman reminded Members that they should declare any interests at this point or during consideration of the appropriate agenda item.

3. Organisational Performance Report

The Committee considered report EFA/089/16 by the Director of Transformation which provided an overview of the Authority's performance for the period June 2015 to May 2016.

The following points arose from the Committee's consideration of the report concerning performance against success measures, and received updates on actions taken or proposed in response:

- Members expressed some concern regarding the accuracy and level of data presented in objectives 1b and 1c, and highlighted the need for consistency in terminology to enable comparisons to be made. It was **agreed** that the Director of Transformation would review and amend the data, providing a more detailed breakdown on the Number of RTCs attended, and circulate a revised report to the Committee.
- Evidence was beginning to show that the investment in smoke alarms is reducing the number of fires in homes.
- The Committee indicated that it would welcome a report from the Director of Prevention, Protection and Response on the new initiative in relation to kitchen fires at its October meeting.
- Members were reassured that after the recent organisational changes are made the Fire Authority had sufficient resources available to deal with incidents.
- Members noted the low score in relation to the number of staff appraisal forms received (objective 4), and acknowledged that the failure to agree a competency framework with the Unions had affected this outcome, with the majority of firefighters not completing the task. The Director of Transformation reported that a working group was now reviewing the competency framework in line with nationally agreed policies, and that they hoped to resolve the dispute and have an agreed framework in place by January 2017.
- The Committee noted that the Fire Authority was not currently aware of a particular make of car catching fire or being involved with criminal activity. Any such incidents involved joint working and investigation by Essex Police.

Resolved:

1. That the Report circulated with the agenda be noted.
2. That the Director of Transformation review, amend, and circulate a revised Report to the Committee.
3. That the Director of Prevention, Protection and Response provide a report to the Committee in October on the new initiative in relation to kitchen fires.

4. Budget Review – May 2016

The Committee considered report EFA/090/16 by the Finance Director and Treasurer which reported on expenditure against budget as at 31 May 2016 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 that the overall employment costs were marginally under budget as a result of a drop in headcount numbers.
- Support costs were overspent for the two months to 31 May, with the main area of overspend relating to training, which was being addressed with the budget holder.
- The underspend in relation to premises and equipment reflected a slow start to the year. Some projects had been delayed until the completion of the 2020 Programme in June.
- The spend for whole time fire-fighters was 1% below budget as there had been a high number of leavers in March and April.
- On-Call firefighter numbers were below budget, with work underway to recruit new applicants.

Resolved:

1. That the review of income and expenditure against the budget be noted.
2. That the actual position with capital expenditure to 31 May 2016 be noted.
3. That future reports would include additional information relating to On-Call firefighter recruitment headcount and movement on leavers, and on Full Time Equivalents.

5. Audit Recommendation – Report on Progress Against Action Plans

The Committee considered report EFA/091/16 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 outstanding issues relating to Communications had now been completed, and that no further adjustments had been made to the timeline. In relation to the issue of IT backup restore testing, the Members were reassured that this would be completed by the time of the next report to the Committee.

Resolved:

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

6. Audit Reports

The Committee considered report EFA/092/16 by the Finance Director and Treasurer which presented for review the following internal and external audit reports:

- Governance
- Data Retention
- Follow Up report
- VAT Follow up
- Annual Report

Daniel Harris, RSM UK, introduced the key findings and the Committee expressed some concern in relation to the areas of Data Protection and the use of Fuel cards.

Governance:

Members noted the report.

Data Retention:

Members noted the high priority action required in relation to the high number of out-of-date leavers' records, and the number of personnel records being held in excess of six years.

Follow Up report:

Members noted the report.

VAT Follow up:

Members noted the report.

Annual Report:

Members noted the report.

The Finance Director and Treasurer reassured the Committee that any actions which had been identified for ongoing work during the meeting would be put back onto the tracker until they had been fully completed. The Committee indicated that it continued to seek progress on the areas of Data Retention and Risk Assurance.

Resolved:

1. That the Audit Reports be noted.

2. That the Finance Director and Treasurer provide a report to the Committee with details on Fuel card use, the volume of Fuel cards issued, and on the procedures in place to ensure compliance with the policy.

7. Annual Audit Fee 2016/17

The Committee received a copy of the Annual Audit Fee letter from the External Auditors (Kevin Suter, Executive Director, Ernst & Young LLP) which confirmed the audit work proposed to be undertaken for the 2016/17 financial year at Essex Fire Authority.

Members noted that for the 2016/17 financial year, Public Sector Audit Appointments Ltd (PSAA) had set the scale fee. They also noted that as the audit for 2015/16 was not yet completed by Ernst & Young LLP, the audit planning process for 2016/17 would continue as the year progressed.

8. Internal Audit Strategy (Plan) 2016-17

The Committee considered report EFA/061/16 by RSM UK on progress against developing the internal audit plan to ensure it meets the requirements of Programme 2020 and can be adapted when required.

In presenting the report, Daniel Harris of RSM UK highlighted the proposed scope for the 2016/17 year and the approximate number of audit days required to complete the work. Members were reassured that they would be alerted if more days were required as a result of any significant issues arising during audit testing.

Members considered the suggestion to include the potential collaboration of the Fire Authority with Essex Police into the Governance audit, and the impact of the EU Referendum outcome on Fire Authority funding from national government. The Committee **agreed** that the financial implications would need to be reviewed at an earlier stage.

Resolved:

1. That the Internal Audit Plan 2016/17 be approved.
2. That the Budgetary Control and Financial Planning audit would be brought forward and considered in 2017/18.
3. That the Procurement audit would be considered in 2016/17 and include a review of where Essex Fire Authority was nationally benchmarked in this area.

9. Cyber Security

The Committee considered report EFA/095/16 by the Finance Director and Treasurer which provided details on the arrangements in place within the Authority for the management of cyber security and information security.

The Finance Director and Treasurer commented that this new area of report to the Committee was as a result of an increase in more sophisticated attacks on the Authority's controls. The Authority had used government guidance to provide an assessment of its position and to understand the latest risks. The Authority's assessment had indicated that reasonable awareness and protection was in place, although more work was underway in relation to malware protection to assess its vulnerability and educate users.

Members acknowledged that the Authority had insufficient capacity to embark upon an ISO implementation at this time due to the high number of other key projects and organisational change activities currently underway.

Resolved:

That a report on the management of cyber security and information security be provided annually, and that any issues of significance be reported to the Committee at the time of occurrence.

10. Treasury Management Strategy – 2015-16 Outturn report

The Committee considered report EFA/096/16 by the Finance Director and Treasurer which provided a review of the Authority's performance in 2015/16 against a set of treasury management and capital financing indicators approved by the Authority in February 2015.

The Finance Director and Treasurer confirmed that the Authority had not needed to borrow in 2015/16 for capital expenditure plans. He also reported that at the end of March 2016, the estimates indicated that the capital financing requirement was better than planned.

Members noted that there was no financial advantage in the early repayment of loans, and that there were some loans ending in 2016 which would be repaid and not replaced.

Resolved:

1. That the treasury management outturn position for 2015/16 be noted.
2. That the performance against the capital financing indicators for 2015/16 be noted.

11. Programme 2020 – Progress Report

The Committee received report EFA/097/16 by the Acting Chief Fire Officer and Acting Chief Executive (presented by Ben Pilkington, 2020 Programme Manager) which provided an update on the work of Programme 2020 and a forward view of planned work.

Members were reminded that following public consultation, the Fire Authority had approved Service Strategy Option 2 at its Annual General Meeting on 8 June 2016. A delivery plan was now being developed ready for submission to the full Fire Authority in September.

The Committee noted that the political Group Spokespersons (Lead Members) were attending the Programme 2020 Board meetings and workshops to stay updated on progress.

The report was noted.

12. Date of Next Meeting

Members noted that the next meeting of the Committee would take place on Wednesday 5 October 2016 at 10.00 am.

13. Exclusion of the Press and Public

Resolved:

That having reached the view that, in each case, the public interest in maintaining the exemption (and discussing the matter in private) outweighed the public interest in disclosing the information, the public (including the press) be excluded from the meeting during consideration of the following items of business on the grounds that it involved the likely disclosure of exempt information as specified in paragraphs 1 and 4 of part 1 of Schedule 12A of the Local Government Act 1972.

14. Value for Money Review

The Committee considered EFA/098/16 which provided information on a value for money review and ongoing activities.

Resolved:

That the report on the value for money review be noted.

(Please note that a fuller record is set out in the confidential minutes of the meeting).

The meeting closed at 12:15.

Signed.....

Chairman
5 October 2016