

**MINUTES OF THE AUDIT AND STANDARDS COMMITTEE
INFORMAL MEETING HELD ON 14 JULY 2022 AT 10.00am**

Present: Councillors C Atkins (Chair), R Berry, J Burnett, D Franks, J Gambold and I Shingler
Mr J Atkinson, ACFO A Kibblewhite, ACO G Chambers and Mr S Frank
Ms J Kriek, Ernst & Young
Ms L Davies, RSM

Please note: any decisions made by the Committee at this meeting need to be ratified by the Fire and Rescue Authority to take effect as the meeting was held informally.

22-23/ASC/001 Apologies

- 1.1 There were no apologies.
- 1.2 Ms J Kriek advised that Mr N Harris was unable to attend the meeting.

22-23/ASC/002 Election of Vice Chair

RESOLVED:

That Councillor Berry be elected as Vice-Chair of the Committee for the ensuing Municipal Year.

22-23/ASC/003 Declarations of Disclosable Pecuniary and Other Interests

- 3.1 There were no declarations of interest.

22-23/AS/004 Communications

- 4.1 The Committee received RSM's Emergency Services News briefings for March and June 2022.
- 4.2 The Assistant Chief Officer and Treasurer made reference to the section on environmental, social and governance (ESG) considerations. These had been discussed during the Treasury Management training provided by Link Asset Services at the recent Member Development Day. Members had agreed to discuss ESG in relation to the Authority's investment portfolio in greater depth, recognising that more ethical investments often had a lower rate of return.

RESOLVED:

That the communications be received.

22-23/ASC/005 Minutes

RESOLVED:

That the Minutes of the meeting held on 3 March 2022 be confirmed as a true record.

22-23/ASC/006 Public Participation

- 6.1 There were no members of the public present.

22-23/AS/007 Review of Terms of Reference

- 7.1 Mr J Atkinson, Monitoring Officer, presented his report on the annual review of the Committee's terms of reference. No changes to the current terms of reference were being proposed; however, proposed changes may arise from the forthcoming independent review of governance.
- 7.2 Councillor Franks commented that the terms of reference may require review if the governance arrangements were changed as a result of responsibility for the Fire and Rescue Service being transferred to the Police and Crime Commissioner.

RESOLVED:

That the Terms of Reference for the Audit and Standards Committee be approved.

22-23/AS/008 External Auditor's Annual Report Year Ended March 2021

- 8.1 Ms J Kriek of Ernst & Young introduced the Provisional Audit Planning Report for the year ended 31 March 2021. This was the first such report that included the new value for money commentary. As a result of changes in the National Audit Office Code, EY had reported specifically on three areas: financial sustainability, governance and improving economy, efficiency and effectiveness. No significant issues had been identified.
- 8.2 In relation to the valuation of land and buildings, EY had found that the estimates provided by the Service's valuers were lower than anticipated, but still within an acceptable range. EY had asked that these differences be addressed, as it had done in previous years.
- 8.3 Ms Kriek reported on the proposed audit fees. These were on the lower end of the scale fees agreed through the Public Sector Audit Appointments Limited (PSAA). All fees were subject to approval by the PSAA, even when agreed locally.
- 8.4 The Committee was advised that EY was still subject to resourcing issues and Ms Kriek could not confirm when the audit of the 2021/22 Statement of Accounts would be undertaken at this stage.
- 8.5 As had been previously reported, Mr N Harris was leaving EY and Ms Kriek hoped that the new audit manager would be in post prior to the next meeting of the Committee.
- 8.6 In response to questions from the Committee, Ms Kriek advised that the final fee comprised the scale fee for the audit of the statement of accounts, as well as fees charged for additional work undertaken as part of that audit. This was within the range of scale fees produced by PSAA.
- 8.7 The Committee noted that there were no practical implications arising from the lower than expected land valuations, as there was no intention to sell the land or buildings currently owned by the Service. The Assistant Chief Officer and Treasurer reported that there were small areas of land that could be considered for sale as part of the annual budget-setting process, although there was no current intention to sell.

RESOLVED:

That the submitted Auditor's Annual Report for the year ended 31 March 2021 be received.

22-23/AS/009 Draft 2021/22 Statement of Accounts and Annual Governance Statement

- 9.1 The Assistant Chief Officer and Treasurer referred to the draft 2021/22 Statement of Accounts that had been circulated via email to Members the previous day. These were awaiting final review and signature prior to being published in advance of the statutory deadline of 31 July 2022.
- 9.2 Although there was no statutory requirement to submit the unaudited version of the Statement of Accounts to the Committee, it was considered to be good practice. It had been the intention for the Chief Accountant to introduce the Statement of Accounts to the Committee, but he was unable as a result of sickness absence.
- 9.3 The Assistant Chief Officer suggested that, prior to the submission of the audited Statement of Accounts, a Member briefing on the Statement of Accounts be arranged, either immediately prior to the meeting or in the week before, to guide Members through the key points prior to the formal consideration of the Statement of Accounts, including a discussion on the Service's level of reserves.
- 9.4 It was anticipated that the audited version of the Statement of Accounts would be submitted to the January 2023 meeting of the Committee, although it was acknowledged that this was subject to EY being able to resource and complete the audit in advance of that meeting.
- 9.5 In response to a question about capital spend, the Assistant Chief Officer confirmed that there was a high level of spend on ICT. This had included investment in the UK's first cloud-based control system. In relation to planned property maintenance, repairs under £10,000 were funded by revenue. Only repairs over this threshold would be reported as capital expenditure.
- 9.6 The increases in the technical area from £92,000 to £123,000 and in fuel from £23,000 to £42,000 were noted. Whilst it was recognised that fuel costs had increased, the Assistant Chief Officer and Treasurer assured Members that the Service was part of a consortium for the purchase of fuel which achieved better value and minimised fluctuation in costs.
- 9.7 The section on other creditors related primarily to grants which may be awarded for a specific purpose which the Service could not fulfil and would therefore need to be paid back. The risk of this was very small and the Assistant Chief Officer could not recall the Service being required to repay grants.

RESOLVED:

1. That the pre-external audit version of the 2021/22 Statement of Accounts be received.
2. That a Member briefing be arranged in advance of the formal submission of the 2021/22 Statement of Accounts to the Committee at a future meeting.

22-23/ASC/010 Ernst & Young Quality Assurance Processes

- 10.1 Members were asked to consider the effectiveness of the quality assurance processes in place for the Fire and Rescue Authority's External Audit arrangements. In this respect, Members had been provided with a link to EY's transparency report from 2021.
- 10.2 Ms Kriek expanded upon EY's quality assurance processes. This included both internal and external reviews to ensure that the quality of audits was safeguarded.
- 10.3 In response to a question, the Assistant Chief Officer and Treasurer reported that EY was not contracted by the Service to provide consultancy services. Ms Kriek added that Channel 1 clients, or those for whom EY was the appointed external auditor, could not be provided with general consultancy services. There were minimal services which could be provided to reduce any perceived conflict of interest.

RESOLVED:

That the effectiveness of the quality assurance processes of the Fire and Rescue Authority's external auditors Ernst and Young be confirmed.

22-23/ASC/011 Internal Audit Annual Report 2021/22

- 11.1 Ms L Davies of RSM, presented the annual report on progress made against the internal audit plan for 2021/22. A positive audit opinion had been awarded for 2021/22. RSM, as the internal auditors, had found that the Authority had an adequate and effective framework for risk management, governance and internal control in place, but had identified further enhancements to the framework to ensure that it remained adequate and effective.

RESOLVED:

That the report be received.

22-23/ASC/012 Internal Audit Progress Report 2021/22 and 2022/23

- 12.1 Ms L Davies of RSM submitted a report on progress made against the internal audit plan for 2021/22. Five audits had been finalised since the last meeting of the Committee in March 2022. These were: debrief and organisational development, key financial controls, management of assets, risk management and HR – Grey Book recruitment. The first three audit areas had been awarded opinions of reasonable assurance, with risk management awarded partial assurance and the Grey book recruitment awarded substantial assurance.

12.2 Ms Davies reported that risk management was currently an area in transition and that this had been acknowledged. Good progress had been made and there were a number of areas requiring further progress that had been identified as part of the internal audit process, including the development of a formal programme of training and the review of Corporate Risks within BMIS to ensure that the requirements of the risk management approach were consistently applied. It had also been noted that risk owner monthly reviews were not yet consistently taking place, operational risk registers at station level had not been developed and the organisation's risk appetite had not been reviewed since 2020.

12.3 All actions arising from the audits had been agreed by management.

RESOLVED:

That the report be received.

22-23/ASC/013 Internal Audit Actions Update

13.1 Mr S Frank, the Head of Strategic Support and Assurance, introduced the report which provided a summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Fire and Rescue Authority's current Annual Governance Statement; together with any exception report on those actions currently in progress, progress to date on current action plans and proposals to extend the original timing for completion.

13.2 In total, there were 130 management actions over the reporting period, with 107 of those having been completed. Extension requests were being sought in relation to the following four areas:

- Asset Management – Asset Tracking: it was recognised that this was a large project and had been proceeding well but had been delayed due to a shortage of personnel and sickness absence. All stations were live on the system with only Stopsley's specials, general stores, which had not been part of the original project plan, and the Training Centre outstanding. An extension was being requested to October 2022.
- Procurement – Proactive processes and remedial actions: this had been delayed as a result of other strategic priorities and the holiday period. An extension to September 2022 was being requested.
- Data Quality to support CRMP: There had been a delay caused by the integration of other action plans, such as the Grenfell action plan, functional actions plans, and other additional requirements. An extension was being requested to September 2022.

- Human Resources – Grey Book Recruitment: the policy was in the process of being updated and should be completed by the end of Quarter 2. An extension was being requested to September 2022.

13.3 The Committee thanked RSM for highlighting areas that might be of concern and to Officers for supporting the resolution of any issues by implementing the agreed management actions.

RESOLVED:

1. That progress made to date against action plans be acknowledged.
2. That the four extension requests above be approved.

22-23/ASC/014 Review of Code of Conduct and Annual Report on Standards

- 14.1 Mr J Atkinson, Monitoring Officer, introduced his report on developments relating to the standards function during 2021/22. No complaints had been lodged against Members of the Authority during this time.
- 14.2 Further to a previous report submitted to the Committee in March 2021, the Monitoring Officer requested that Members consider whether the Authority should seek to adopt the model Code of Conduct prepared by the Local Government Association. It was noted that the Model Code of Conduct produced by the Local Government Association had not been widely adopted by local authorities, and Central Bedfordshire was the only one of the three constituent authorities that had done so.
- 14.3 In previous discussions, the Monitoring Officer had also been requested to advise the Committee on the Government's response to the report on standards in public life. The relevant Minister responded to this in a very neutral manner.
- 14.4 Given that local government elections were due to take place in May 2023, it was not deemed appropriate to adopt a new model Code of Conduct at this time.

RESOLVED:

1. That the update on standards be received.
2. That the Local Government Association's Model Code of Conduct not be adopted at this time.

22-23/ASC/015 Work Programme 2022/23

15.1 The Committee considered the proposed work programme for 2022/23. It was noted that the Committee would receive the External Audit Plan for 2022/23 at its next meeting on 29 September 2022 and the Statement of Accounts 2021/22 at its meeting in January 2023, subject to the completion of the external audit.

15.2 No additions were made to the Work Programme.

RESOLVED:

That the Committee's Work Programme for 2022/23 be received.

22-23/ASC/016 Annual Review of entire Corporate Risk Register

RESOLVED:

That, pursuant to Sections 100A(2) and 100A(4) of the Local Government Act 1972, the public be excluded from the discussion of the following item on the grounds that the matters to be discussed involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act (as amended):

Item

Corporate Risk Register

The meeting ended at 11.18 am