
REPORT AUTHOR: COUNCILLOR F CHAPMAN
SUBJECT: AUDIT AND STANDARDS COMMITTEE

For further information on this Report contact: Nicky Upton
Democratic and Regulatory Services Supervisor
Tel No: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To report on the meeting of the Audit and Standards Committee held on 6 December 2017.

RECOMMENDATION:

That the submitted Minutes of the meeting held on 6 December 2017 be received and the recommendations of the meeting, as noted below, be considered.

1. Introduction

1.1 The draft Minutes of the meeting of the Audit and Standards Committee held on 6 December 2017 are appended for Members' consideration.

1.2 The Audit and Standards Committee made the following recommendation to the Fire Authority.

17-18/ASC/36 Statement of Assurance

That the Chair be authorised to sign off the Statement of Assurance for 2016/17, subject to the minor amendments to the formatting and to the section on external audit, on behalf of the Committee for reporting to the full Fire and Rescue Authority meeting.

COUNCILLOR F CHAPMAN
CHAIR OF AUDIT AND STANDARDS COMMITTEE

**MINUTES OF AUDIT AND STANDARDS COMMITTEE
MEETING HELD ON 6 DECEMBER 2017**

Present: Councillors R Saleem, F Chapman (Chair), J Chatterley, D Franks,
M Headley (Vice-Chair) and Y Waheed

ACO Z Evans, Mr G Chambers and AC D Cook

17-18/ASC/29 Apologies

There were no apologies.

17-18/ASC/30 Declarations of Disclosable Pecuniary and Other Interests

Councillor Chapman disclosed a local interest in the Statement of Assurance (Minute 17-18/AS/036 refers) as a trustee of Hazard Alley, a safety centre located in Milton Keynes.

17-18/ASC/31 Communications

Firefighters Pension Changes Dispute

The Assistant Chief Officer advised that the Appeals Court was sitting this week to hear both the firefighters and judges cases in relation to the changes to the Firefighters Pensions Scheme and its transition and protection arrangements. An update would be provided to Members when an outcome was known.

In response to a question, the Assistant Chief Officer confirmed that the legal costs were being funded through a cost-sharing agreement in place between all Fire and Rescue Services.

Emergency Services Sector Update

The Committee received the Emergency Services Sector update from RSM and considered the following questions:

Does your organisation know the answers to the NAO's questions on cyber security and are ongoing assurances received on these matters?

A gap analysis was being undertaken to identify the level of compliance with the ten recommendations set out by the National Audit Office and ISO standards.

An internal audit of risk management was being undertaken in February 2018 and the audit report would be submitted to this Committee for information following its completion.

Are you satisfied with the level of specialist fire safety staff and is this having an impact operationally?

The Assistant Chief Officer confirmed that the Service was satisfied with its level of specialist fire safety staff. There were currently 8.5 FTE allocated to this resource.

In response to a question relating to the Grenfell Tower inquiry, the Assistant Chief Officer advised that an email had been received that morning from the National Fire Chiefs Council (NFCC) who were running workshops to consider Dame Judith Hackitt's interim Independent Review of Building Regulations and Fire Safety report. Post the workshops the NFCC would formulate a National response.

Are you aware of the recommendations in the report and what is your service doing about it? Do you understand what data you hold?

In relation to the use of big data, the Committee was advised that the Service had a good understanding of the Exeter data set, along with its limitations. In addition to the Exeter data, the Service also produced its own local MOSAIC data to inform its prevention and protection work.

Have you considered this data and recommendations as part of the implementation of GDPR and wider projects in this area?

These were being considered and the Service's internal auditors, RSM, had been asked to undertake an audit to assist in this process.

Area Commander Cook reported that a GDPR project had been created, with actions being identified and tracked. This was not currently a corporate project reported to Members through the Policy and Challenge Groups and it was suggested that an update report on the progress of this project be submitted to the next meeting of the Corporate Services Policy and Challenge Group.

The Assistant Chief Officer referred Members to the section on contract management and the questions relating to life-cycle management arrangements.

Ernst & Young Audit Committee Briefing

Ernst & Young's most recent Fire and Rescue Sector Audit Committee Briefing was tabled and reference was made to the following questions set out in the briefing document:

What actions has your organisation taken to ensure that it is best placed to achieve the financial accounts early closure timetable of 31 July 2018?

The Committee was advised that Mr J Harrison, the Service's Chief Accountant, had attended an Ernst and Young briefing on preparedness for an earlier closure of accounts and a number of actions were being taken forward in this respect.

Is your fire authority prepared for the first inspection by HMICFRS? What actions do you need to take in order to meet the requirements?

A senior Officer in the Service had been allocated the task of preparing data for the inspection. This included the documentation of any audits or actions undertaken.

Have you assessed how the changes to the pension schemes will affect your authority's pensions contributions and pensions liability? Do you have arrangements in place to ensure all the changes are applied correctly?

These had been taken into account in the preparation of the Authority's Medium Term Financial Strategy.

RESOLVED:

That the communications be received.

17-18/ASC/32 Minutes

RESOLVED:

That the Minutes of the meeting held on 31 March 2017 be confirmed and signed as a true record.

17-18/ASC/33 Annual Audit Letter for year ended 31 March 2017

Ms K Storey of Ernst & Young reported that Ernst & Young had issued the Service with an unqualified audit opinion in relation to both the statement of accounts and the value for money statement.

Members' attention was drawn to the narrative text setting out the Service's planned actions to ensure that the closure of accounts was completed by 31 July 2018.

RESOLVED:

That the Annual Audit Letter dated October 2017 be received.

17-18/ASC/34 Internal Audit Progress Report

Mr D Harris introduced the internal audit progress report. He advised that the final reports had been issued in relation to the audits of procurement and collaboration and that the draft audit report on Key Financial Controls had been issued in November. This had received an opinion of substantial assurance.

Four further audits were scheduled for completion during the fourth quarter. The final audit reports would be submitted to the appropriate Policy and Challenge Group or Committee.

RESOLVED:

That the report be received.

17-18/ASC/35 Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis

The Assistant Chief Officer submitted the summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Authority's current Annual Governance Statement.

Members' attention was drawn to the actions in progress. Two low priority recommendations arising from the audit of Governance- Transparency and Decision Making had been subject to extension requests and were still progressing.

It was noted that the monitoring reports presented to the Committee would provide evidence for the HMICFRS as to how actions were monitored.

RESOLVED:

That the report be received.

17-18/ASC/36 Statement of Assurance

Area Commander Cook introduced the 2016/17 Statement of Assurance to the Committee for approval. The annual production of a Statement of Assurance was a requirement under the National Framework. The Statement included information on financial assurance, the governance framework, operational assurance and future improvements.

Changes to the previous Statement of Accounts were set out in red text.

Ms K Storey suggested changes to the external audit section of the report and advised that she would email these to the Assistant Chief Officer for incorporation into the final version of the Statement.

In relation to road safety activity, the Chair requested that the Service consider involvement in the work undertaken by Hazard Alley in Milton Keynes. A number of children from Bedfordshire had visited the facility, largely with the support of Crime Beat, but she requested more support from the Service to promote the work of Hazard Alley and encourage visits from the Authority's area, recognising the impact of early education on behaviour and awareness.

The Assistant Chief Officer confirmed that the Service was supportive of Hazard Alley; however, there was a difficulty around transport as the facility was not located within the County. The Service also supported the Fire House in Luton.

A Member requested information on the number of visits by children from Bedfordshire, broken down into the three unitary areas. The Chair advised that this information was available and could be provided.

Inconsistent formatting on pages 18-19 of the report was identified and would be rectified in the final version of the Statement.

RESOLVED:

1. That the Chair be authorised to sign off the Statement of Assurance for 2016/17, subject to the minor amendments to the formatting and to the section on external audit, on behalf of the Committee for reporting to the full Fire and Rescue Authority meeting.
2. That a report on the Service's involvement with Hazard Alley be submitted to a future meeting of the Service Delivery Policy and Challenge Group, including usage figures for Bedfordshire children broken down by unitary authority area and the resource implications of greater involvement from the Service which Cllr Chapman would provide.

17-18/ASC/37 Review of Code of Conduct

The Secretary and Monitoring Officer introduced his report on the Code of Conduct. The Authority had referred the whole Code to the Committee for review following its agreement to changes recommended by the Committee at its meetings in June and September 2017.

Appended to the report was illustrative text for a Code dealing with the conduct expected of Members and co-opted members of the Authority when acting in that capacity as issued by Government.

In response to a question about misinformation spread through social media, the Secretary and Monitoring Officer advised that the behaviour was covered in the Code, although it did not explicitly refer to the misuse of social media.

It was noted that two of the ten paragraphs set out in the Government's illustrative text were not included in the Authority's Code, namely the fourth and sixth paragraphs relating to obligations and accountability, and it was suggested that, for the sake of completion, they should be added.

The wording of paragraphs 7.2.1 and 7.2.2, relating to interests was also questioned. The concern relating to paragraph 7.2.1 related to the widening of the area that the Member or a member of his/her family or close associate would be affected more than the majority of Council taxpayers from the ward or electoral area the Member had been elected, which was the standard clause for local authority Codes, to the FRA's administrative area. It was also unclear what was meant by electoral area.

The view was expressed that paragraph 7.2.2 was covered by 7.2.1 and was not required. There were also other areas of the Code that could be streamlined or amalgamated.

RESOLVED:

That the Secretary and Monitoring Officer be asked to review the Code of Conduct, particularly in relation to the section on interests, and to ascertain if there were any areas that could be amalgamated to produce a more streamlined document and to include those paragraphs in the illustrative text provided by Central Government and submit a report to the next meeting of the Committee.

17-18/ASC/38 Review of 'Monitored Policies'

The Assistant Chief Officer presented the annual review of the policies on Protected Reporting (Whistleblowing), Anti-Fraud, Bribery and Corruption Policy incorporating the National Fraud Initiative (NFI), Use of Regulatory Powers Act 2000 (RIPA) and the Authority's Complaints and Compliments Process.

The Protected Reporting (Whistleblowing) Policy had been updated in line with changes in legislation. No complaints had been received under the Policy in the twelve month period ending in November 2017.

No cases of suspected fraud had been reported and no RIPA authorisations had been required in 2017.

In response to a question, Area Commander Cook advised that the Service had procedures for the authorisation of covert surveillance, with Service Operational Managers required to provide the final sign-off.

The Assistant Chief Officer suggested that the RIPA Policy be recirculated to Members for their information.

The Assistant Chief Officer referred to the breakdown of compliments and complaints received in 2016/17 and 2017/18 to date. Three complaints had been received during the year to date, all of which had been upheld.

The 2016/17 National Fraud Initiative had commenced in October 2016. Matches were released in January 2017. Out of 54 matches, investigations were ongoing in relation to two cases.

RESOLVED:

1. That the Protected Reporting (Whistleblowing) policy, the Anti-Fraud, Bribery and Corruption Policy incorporating the National Fraud Initiative (NFI), use of the Regulation of Investigatory Powers Act 2000 (RIPA) and the Authority's Complaints and Compliments process be reviewed and the arrangements for their review be noted.
2. That the Service's RIPA Policy be forwarded to Members of the Committee for information.

17-18/ASC/39 Report on Registration of Interests and Gifts/Hospitality

The Secretary and Monitoring Officer presented his report and advised that all Members had completed and submitted their registration of interest forms and no entries had been made in the gifts and hospitality register.

RESOLVED:

That the report be acknowledged.

17-18/ASC/40 Review of the Audit and Standards Committee Effectiveness

The Assistant Chief Officer introduced her report on proposals for the review of the Fire and Rescue Authority's effectiveness in 2017/18.

It was agreed that a discussion should take place on the following questions:

- Does the Committee consider that they have been effective and discharged their responsibility in regard to the Group's/Committee's terms of reference?
- Considering the Committee's terms of reference are there any areas that have not been considered and should be addressed?
- Does the Committee consider any training and development would assist them with the areas of work of the Committee?

The Assistant Chief Officer referred to the training on effective governance provided for all Members of the Authority at the Member Development Day on 1 November 2017. As a result of this training, a report on the review of the entire Corporate Risk Register would be submitted to the March 2018 meeting of the Committee.

During a discussion on the content of the training, the view was expressed that the Committee could do more to explain its work to both internal and external stakeholders. Although this was not set out in the Committee's terms of reference, it was an important area as it was recognised that the Committee performed a different role from the Policy and Challenge Groups and was a decision making body.

The Assistant Chief Officer replied that the work of the Committee was set out in the Annual Governance Statement and the Review of Effectiveness, as well as the Statement of Assurance.

It was suggested that the Committee could produce an annual report detailing its work or that, if Members were satisfied that this information was contained elsewhere, stakeholders could be signposted to the relevant documentation.

The Committee agreed that it had effectively discharged its duties in regard to its terms of reference and that there were no areas of the terms of reference, as they currently stood, that had not been addressed.

Members commented on the audit training received and agreed that this should be provided on an annual basis.

RESOLVED:

1. That the recorded Minutes of the meeting be fed into a facilitated meeting to be held on 18 January 2018 to review the Fire Authority's Effectiveness in 2017/18.
2. That Members be offered training on effective governance from RSM in November 2018.
3. That a review be undertaken on how the work of the Committee is currently recorded and published and that the outcomes of this be reported to the Committee for further consideration.

17-18/ASC/41 Corporate Risk Register

Area Commander D Cook presented an update on the review of the Corporate Risk Register. There had been no changes to individual risk ratings and the following updates had been reported to the Corporate Services Policy and Challenge Group:

CRR29 (If we do not communicate well, both internal and external to the Service, then we will suffer from poor staff morale, miss the opportunity to promote ourselves and the excellent work we do and potentially impact upon our ability to deliver a full range of services): focus groups had been held with the service provider Zengenti to inform the 'look and feel' of the proposed platform.

CRR05 (If we are unable to provide adequate asset management and tracking facilities then we may cause serious injuries to our staff due to a lack of safety testing. We may also incur unnecessary significant costs and be in breach of health and safety legislation): the current paper-based system was being reviewed by the Technical Support Manager. Research into cloud based asset tracking systems would be undertaken in Summer 2018.

CRR04 (If there are a large number of staff absent from the workplace then our ability to deliver services to our communities is severely compromised and our reputation will be adversely affected): the Service offered vaccinations to its staff.

Area Commander Cook also reported on the following update that would be provided to the Human Resources Policy and Challenge Group at its meeting in January 2018:

CRR40 (if there is a retirement of large numbers of operational officers over a short period of time then we lose significant operational and managerial experience within the Service which could ultimately affect our service delivery and wider corporate functionality in the shorter term): the Service continued to attract experienced operational staff on transfer. Corporate Management Team regularly undertook analysis of the establishment profile.

RESOLVED:

1. That the continuing development of the Service's Corporate Risk Register be acknowledged.
2. That it be acknowledged that the appropriate Policy and Challenge Groups have considered and reviewed controls proposed to reduce the identified risks.

17-18/ASC/42 Review of Work Programme 2017/18

The Committee considered the proposed work programme for 2017/18. In addition to the review of the risk register which had previously been discussed, the Committee would also receive a report on the direction of service performance reports at its next meeting.

Ms K Storey advised that the annual audit fees to be considered at the July 2018 meeting of the Committee would relate to 2018/19.

RESOLVED:

That the Committee's Work Programme for 2017/18 be received, with the addition of the reports requested at the meeting.

The meeting ended at 11.43 am