

**MINUTES OF THE AUDIT AND STANDARDS COMMITTEE
MEETING HELD ON 6 JULY 2018**

Present: Councillors Headley (Chair), Chapman, Chatterley, Downing, Duckett and Waheed

Mr J Atkinson, ACO Z Evans, Mr G Chambers and Mr J Harrison

Ms K Storey, Ernst & Young

Ms L Wright, RSM

18-19/AS/001 Apologies

1.1 There were no apologies.

18-19/AS/002 Election of Vice Chair 2018/19

RESOLVED:

That Councillor Duckett be elected Vice Chair of the Committee for 2018/19.

18-19/AS/003 Declarations of Disclosable Pecuniary and Other Interests

3.1 There were no declarations of interest.

18-19/AS/004 Communications

- 4.1 The Committee received the March 2018 Emergency Services sector update from RSM.
- 4.2 The Assistant Chief Officer referred to the questions set out for the Committee's consideration and responses were provided as follows:
- 4.3 *Have you considered the resource requirements of the new inspection arrangements?*
- 4.4 The Assistant Chief Officer advised that the Service had allocated an Area Manager as the Service Liaison Lead, with one middle manager providing dedicated support and a consultant with contracted hours to support the process.
- 4.5 Indications from other Fire and Rescue Services that had already been inspected had been that the inspection required over 500 hours of Officer support and was an extremely intensive process. The Strategic Briefing would be held on 18 July 2018, with the full inspection commencing in the first week of August 2018.
- 4.6 *What plans do you have in place to collate the information that will be requested?*
- 4.7 The Officers mentioned above would be responsible for collating the information requested.
- 4.8 *Have you talked to police colleagues about how they deal with the inspections?*
- 4.9 Discussions had been held with police colleagues to support organisational learning.
- 4.10 *Do you have effective or automated mechanisms to track the actions that arise from the inspection?*
- 4.11 Monitoring of the actions arising from the inspections would be incorporated into the current processes tracking actions arising from Internal Audits and would be regularly reported.
- 4.12 *Have you revised your integrated risk management plan in line with the framework and are you covering all the priorities above?*
- 4.13 It had been agreed at the full FRA that the Service's Community Risk Management Plan would be developed throughout 2018.
- 4.14 *Will you have the revised plan approved and in place from April 2018?*
- 4.15 The Plan was currently in progress and it was anticipated that it would be published in 2019.

4.16 *How do you compare (in relation to response times)?*

4.17 *Are there any outliers for your FRS that need further investigation and action?*

4.18 In relation to these two questions, benchmarking information was considered by the Service Delivery Policy and Challenge Group when the performance targets for the forthcoming year were set.

4.19 The Chair suggested that the Service Delivery Policy and Challenge Group be requested to consider this information and any reporting requirements.

4.20 *Do you have clear policies and procedures for firefighters to be aware of for dealing with attacks on firefighters?*

4.21 The Assistant Chief Officer reported that there were only a small number of cases locally and primarily related to displays of aggressive behaviour. Processes such as lone working and reporting policies were in place.

4.22 These statistics were not currently reported to the Human Resources Policy and Challenge Group. It was agreed that the number of attacks on firefighters should be reported to that Policy and Challenge Group as part of health and safety reporting so that Members could maintain an oversight.

RESOLVED:

1. That the communication be received.
2. That the Service Delivery Policy and Challenge Group consider the benchmarking information in relation to response times and any reporting requirements.
3. That the number of attacks on firefighters be reported to the Human Resources Policy and Challenge Group as part of the health and safety reporting so that Members can maintain an oversight.

18-19/AS/005 Minutes

RESOLVED:

That the Minutes of the meeting held on 28 March 2018 be confirmed and signed as a true record.

18-19/AS/006 Terms of Reference

- 6.1 Members were requested to review the Terms of Reference for the Audit and Standards Committee.
- 6.2 The Chair reported that, unlike the Policy and Challenge Groups, the Committee had decision making responsibility in relation to some of the areas in its current Terms of Reference. He suggested that these be set out in bold to highlight them.
- 6.3 The Assistant Chief Officer advised that, arising from an internal audit, it had been suggested that the annual review of the terms of reference be set out in the document

RESOLVED:

That the Terms of Reference be updated to highlight in bold the delegated responsibilities of the Committee and specify that the Terms of Reference are reviewed annually.

18-19/AS/007 Annual Audit Fees 2018/19

- 7.1 Ms K Storey, Ernst & Young, submitted the proposed annual audit fees for 2018/19. The fee for 2018/19 had been reduced by 23% from the fees applicable for 2017/18. Therefore, the indicative fee for 2018/19 was £23,271.

RESOLVED:

That the letter dated 17 April 2018 submitting the external Annual Audit Fees for 2018/19 be received.

18-19/AS/008 Internal Audit Annual Report 2017/178

- 8.1 Ms L Wright, RSM, introduced the annual report on progress made against the internal audit plan for 2017/18.
- 8.2 The internal audit opinion for 2017/18 was that the organisation had an adequate and effective framework for risk management, governance and internal control, and that the work of the internal auditors had identified further enhancements to the framework of risk management, governance and internal control to ensure that it remained adequate and effective.
- 8.3 It was acknowledged that there had been no high priority actions arising from internal audits during 2017/18, and the number of medium priority actions was relatively low.

- 8.4 In response to a question about the land and property owned by the Service, the Head of Finance and Treasurer advised that all properties were valued by an external organisation on behalf of the Service every five years. The Service did not lease any of its assets and owned its property assets outright. The valuations were audited by the external auditor, and Ms K Storey confirmed that there had been no issues to report to the Committee in respect of these.
- 8.5 The Service participated in the One Public Estate (OPE) programme for Bedfordshire and, as Members were aware, OPE funding had been awarded to fund a feasibility study for a joint Police and Fire and Rescue Headquarters. The Police were already co-located in a number of the Service's stations.

RESOLVED:

That the report be received.

18-19/AS/009 Internal Audit Progress Report 2018/19

- 9.1 Ms L Wright of RSM introduced a report on the progress made against the internal audit plan for 2018/19. The work was largely in the planning and delivery phase, with governance fieldwork having commenced.

RESOLVED:

That the internal audit progress report for 2018/19 be received.

18-19/AS/010 Audit Results Report – Results of 2017/18 Audit including Matters Outstanding

- 10.1 Ms K Storey of Ernst and Young tabled a communication schedule for uncorrected misstatements relating to the share of the Pension Fund deficit position as a result of an increase in net assets at year-end.
- 10.2 This information had arisen following the Statement of Accounts having been agreed with the Head of Finance and Treasurer on 29 June 2018, with a communication from the auditor of Bedfordshire Pension Fund having been received earlier in the week, identifying that there had been a better than forecast outturn than the figures that had been estimated.
- 10.3 The position of the Authority had improved by £161,000 and as the auditors were required to report on changes in materiality over £28,000, this was being drawn to the attention of Members. This was in the context of the total pension liability for the LGPS being approximately £14 million.

- 10.4 The Committee agreed that, as it was not material to the accounts, the accounts did not require adjustment, although it was noted that the letter of representation would have to be amended to refer to this.
- 10.5 Ms K Storey then gave a brief overview of the remainder of the audit work, including valuation of PPE and property. Value for money had not been identified as a significant area of risk.
- 10.6 The Committee was advised that the original version of the Annual Governance Statement submitted to the external audit had included a paragraph from 2016/17 that was no longer relevant. The Head of Finance and Treasurer confirmed that the version submitted with the agenda for the Committee's approval was the updated version.
- 10.7 In response to a question, the Head of Finance and Treasurer reported that the level of general reserves held by the Authority, £2.6 million, was close to the average level of reserves for Combined Fire and Rescue Authorities. The level of reserves in comparison to the overall budget was currently 9%, slightly higher than the 5% that was recommended. However, during the budget setting process for 2019/20, it was likely that proposals would come forward to reduce the level of general reserves.
- 10.8 The Assistant Chief Officer advised that the management of reserves was one of the Key Lines of Enquiry that had been identified by the HMICFRS Inspection Team.

RESOLVED:

1. That the submitted external Audit Results Progress Report for 2017/18 be received.
2. That it be noted that the change in materiality had been considered and that it be agreed that the accounts do not need to be adjusted.

18-19/AS/011 Draft Annual Governance Statement, Statement of Accounts and Letter of Representation

- 11.1 Mr G Chambers, the Head of Finance and Treasurer, submitted the 2017/18 Statement of Accounts, including the Annual Governance Statement, following its audit, in accordance with the earlier closure of accounts which required them to be completed by the end of May 2018 and approved by the Committee by the end of July. This required a significant amount of work from both Service staff and the external auditors.
- 11.2 The Assistant Chief Officer added that the dedication of staff to meet the early closure led to many members of the Finance Team coming into work at weekends. The Committee recognised this dedication and wished that its thanks be recorded and passed on to all relevant staff.

- 11.3 Mr J Harrison reported that a mop up session would be held with the external audit team and that improvements on the process for next year would be discussed.
- 11.4 The Head of Finance and Treasurer gave a brief overview of the report and confirmed that the letter of representation had been updated to refer to the amended pension liability. He and the Chair would sign the letter of representation following the meeting, subject to the approval of the Committee.
- 11.5 Mr J Harrison highlighted a number of key areas in the accounts, including the £486,000 underspend. A large proportion of the underspend related to the employees-operational budget. This underspend had been reported throughout the year and related to workforce planning and difficulties in recruiting and retaining RDS firefighters. The underspend was incorporated into the corporate earmarked reserves figure in the table on reserves in the report. It was noted that that figure also took into account the reserves that had been utilised during the year.
- 11.6 The Assistant Chief Officer added that workforce planning was considered regularly by the Corporate Management Team. The Service was planning to run another recruitment campaign in June 2019 and continued to consider transfers-in.
- 11.7 There were three actions set out in the Annual Governance Statement: to continue to address the medium term funding gap, to complete the actions arising from the 2017/18 Review of Effectiveness and to conduct a salary benchmarking exercise.
- 11.8 There was a £332 million pound deficit relating to defined benefit pension schemes. £1.5 million of assets under construction had been completed and had moved into operational assets during the year. There were seven appliances remaining in construction.
- 11.9 There had been an increase in net current assets due from the Government in relation to pension to £2.177 million, as there had been a number of lump sum retirements during the year. Mr Harrison reported that the Home Office paid 80% of the forecast pensions in June and that the remaining amount would be paid the following year. This could impact on cash flow.
- 11.10 In response to a question, the Head of Finance and Treasurer confirmed that provision had been made in the contingent liabilities in relation to the working hours case currently going through the European courts that could have a significant impact on the RDS nationally.
- 11.11 In response to a query, the Head of Finance and Treasurer reported that he would investigate whether the figure included for the expenses claimed by the Assistant Chief Fire Officer was correct. If it was not, this could be amended under his delegated authority.
- 11.12 It was noted that the Public Works Loan Board Loan Interest had been paid before 31 March 2016/17 so it had been reported as a nil figure for that year. In 2017/18, the interest had been paid on 5 April 2018.

- 11.13 The Chair referred to the legal action being taken against cartel price fixing in relation to trucks of 6 tonnes or over purchased, financed or leased between 1997 and 2011.
- 11.14 The Head of Finance and Treasurer reported that this was likely to be ongoing for some time, but that it was anticipated that between £38,000- £48,000 would be recovered by the Authority during the current financial year.
- 11.15 It was suggested that further Member training on the Statement of Accounts be provided following the elections in 2019, as there may be a number of new Members on the Committee.

RESOLVED:

1. That the current version of the 2017/18 Statement of Accounts and Annual Governance Statement that have now been externally audited be approved.
2. That any final amendments be delegated to the Treasurer.
3. That the updated letter of representation be approved.

18-19/AS/012 Audit and Governance Action Plan Monitoring: Exception Report and Summary Analysis

- 12.1 The Assistant Chief Officer presented a 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. A small number of low priority actions had required extensions.
- 12.2 The actions arising from the Annual Governance Statement 2016/17 had been completed.

RESOLVED:

That the report be received.

18-19/AS/013 Review of Code of Conduct and Annual Report on Standards

- 13.1 Mr J Atkinson, the Secretary and Monitoring Officer, gave a verbal update on developments relating to the standards function during 2017/18. No complaints had been received against Members of the Authority and no wider standards issues had come to light.
- 13.2 As a result of ongoing consideration of the Code of Conduct by the Committee the previous year, which had resulted in changes to the Code being adopted by the Authority at its meeting on 26 April 2018, it was suggested that the Code of Conduct not be reviewed at this time.

13.3 The Secretary and Monitoring Officer reported that he was attending a national Standards conference the following week and that he would report back to the Committee as necessary.

RESOLVED:

1. That the update on standards be received, and that it be noted that no complaints had been received against Members during 2017/18.
2. That no further changes are required to the Authority's Code of Conduct at this time as it was reviewed and approved by the Fire Authority on 26 April 2018.

18-19/AS/014 Corporate Risk Register and Review of Corporate Risk Management

- 14.1 The Assistant Chief Officer presented an update on the review of the Corporate Risk Register. All changes and updates to risks had been considered by the relevant Policy and Challenge Group.
- 14.2 There had been three changes and two updates to individual risk ratings in the Corporate Services Risk Register. One risk rating had increased as a result of the new HMICFRS inspection regime and the pending pay award negotiations which were still ongoing.
- 14.3 There had been one change and one update to individual risk ratings in the Service Delivery Risk Register and one change and one update to the individual risk ratings in the Human Resources Risk Register arising from reduced levels of risk.

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.

18-19/ASC/015 Work Programme

- 15.1 The Committee considered the proposed work programme for 2018/19.
- 15.2 The Chair commented that the calendar of meetings for the Committee may need to be reconsidered in light of the earlier closure of the accounts.

15.3 In this respect, Ms K Storey advised that Ernst and Young would be submitting the Annual Audit letter to the Committee's September meeting rather than the December meeting.

RESOLVED:

That the Committee's Work Programme for 2018/19 be received, subject to the Committee receiving the Annual Audit letter at its September meeting.

The meeting closed at 11.05am