

MINUTES OF AUDIT AND STANDARDS COMMITTEE MEETING HELD ON 1 DECEMBER 2020

Present: Councillors M Headley (Chair), P Duckett, R Berry, K Choudhry, J Gambold and I Shingler

Councillor J Chatterley was present as an observer

Mr J Atkinson, ACO G Chambers, SOC G Jeffery, T/AC D Cook and Mr P Hughes

Mr N Harris, Ernst & Young

Mr D Harris, RSM

20-21/ASC/28 Apologies

28.1 An apology for absence was received from Councillor S Khurshid.

20-21/ASC/29 Declarations of Disclosable Pecuniary and Other Interests

There were no declarations of interest.

20-21/ASC/30 Communications

30.1 The Committee received the RSM Business Continuity Planning – COVID-19 briefing from RSM.

RESOLVED:

That the RSM Business Continuity Planning – COVID-19 briefing be received.

20-21/ASC/31 Minutes

RESOLVED:

That the Minutes of the meeting held on 22 September 2020 be confirmed as a true record.

20-21/ASC/32 Public Participation

32.1 There were no members of the public present.

20-21/ASC/33 External Audit Progress Report (Ernst & Young)

33.1 Mr N Harris of EY provided an update on the audit of the Statement of Accounts 2019/20.

33.2 That since the last progress report to A&SC, there were no material amendments or matters arising associated with the accounts.

33.3 EY resolved the material differences on valuations but there would be updated commentary in the final ISA260 on the fact this arose because of an understatement of land (comparative values) and overstatement on buildings (residual lives and CAPEX), with a recommendation on valuation methodology for next year.

33.4 EY cleared the consultation processes associated with the FRAs going concern disclosure note.

33.5 EY received Pension Fund audit assurances from PF auditor with only one immaterial exception on a net £49,207 understatement of the Fire Authorities share of Pension Fund investment assets (rate of return on investment assets) and therefore a reduction in the IAS19 net pension liability at the balance sheet date. The Authority is unlikely to amend for this item and will include reasons why in the letter of representation.

33.6 That EY were now in the final stages of completing the audit, but were unable to finish by 30th November because of EYs resource constraints associated with a combination of sickness absence of the Manager on the engagement and the impact of senior staff completing other Major Local Audits and only returning to conclude outstanding items from the first visit until very recently. This was a matter for which Mr Harris apologised for the inconvenience caused to the Authority's finance team at this late stage.

33.7 EY expected to finish the audit as soon as possible and Mr Harris' recommendation was that the A&SC could continue to take delegated authority through the Chair of A&SC to authorise for issue the audited accounts and letter of representation when advised subject to their being no further material matters arising (which is now considered extremely unlikely).

33.8 Mr G Chambers, the Assistant Chief Officer requested the Committee to delegate authority to himself as Treasurer of the Authority and the Chair to approve the letter of representation on behalf of the Authority, subject to no material considerations being identified in the final stages of the audit work. This would then be circulated to all Committee Members for information.

33.9 He also requested that authority be delegated to him to make any final minor amendments to the Statement of Accounts.

33.10 In response to a question from the Chair regarding the value of the additional work undertaken on the property valuations, Mr Harris advised that, if this matter, particularly in relation to obsolescence and land value, had not been resolved satisfactorily, it could have led to a qualified audit opinion being issued.

33.11 In response to a further question from the Chair, the Assistant Chief Officer reported that NPS, the organisation that had carried out the property valuations on behalf of the Authority, had been asked to conduct another review on 31 March 2021 and liaise with EY to address the areas of irregularity that had been highlighted through this year's audit process with a view to less work being required on property valuations for the 2020/21 audit of the Statement of Accounts.

RESOLVED:

1. That the external audit progress report be agreed.
2. That the Treasurer, in consultation with the Chair, be delegated authority to make any final amendments to the Statement of Accounts.
3. That the Treasurer, in consultation with the Chair, be delegated authority to approve the letter of representation.

20-21/ASC/34 Internal Audit Progress Report (RSM)

34.1 Mr D Harris of RSM submitted a report on progress made against the internal audit plan for 2020/21.

34.2 Two reports, on HR - Recruitment and Key Financial Controls, were in the draft stage and would be presented to the next meeting of the Committee.

34.3 The internal audits completed to date, with only one partial assurance opinion being issued, would not impact negatively on the year-end audit opinion. There were no changes to report to the internal audit plan for 2020/21.

34.4 The final audit report on Cyber Security had been submitted to the Committee with the report. Eleven actions had been identified, five low and six medium priority actions. Issues were identified across the Boundary Firewalls and Internet Gateways, Secure Configuration, Malware Protection and Patch Management control themes. Progress was being made, recognising that this was a complex area requiring constant attention. All eleven management actions had been agreed.

34.5 Mr P Hughes, the Head of ICT, confirmed that three of the medium priority had been completed and three were in progress. The Service had received its Cyber Security Essentials Plus accreditation earlier in June 2020. This was a constantly evolving area with persistent threats and the audit demonstrated that the Committee could be reassured that there was a robust framework in place.

RESOLVED:

That the report be received.

20-21/ASC/35 Review of the Effectiveness of the Fire and Rescue Authority's Internal Auditors

- 35.1 Mr G Chambers, the Assistant Chief Officer and Treasurer, submitted his report on the effectiveness of the Authority's internal auditors, RSM, advising that the review of the effectiveness of the Authority's external auditors would be submitted to the Committee's next meeting.
- 35.2 The Committee noted that the internal audit contract was due to expire early in the new year and that arrangements had been made to re-procure internal audit services in collaboration with Cambridgeshire and Essex Fire and Rescue Services, with Cambridgeshire leading the procurement process.
- 35.3 RSM conformed with the Global Institute of Internal Auditors (IIA) International Professional Practice Framework (IPF). In complying with these standards, internal audit services were required to have an External Quality Assessment (EQA) every five years. RSM's last review had been undertaken in 2016, with the next external review being conducted in 2021.
- 35.4 Mr D Harris of RSM advised that, in addition to the external assessment, regular internal quality assurance exercises were undertaken.

RESOLVED:

That the effectiveness of the Fire and Rescue Authority's Internal Audit arrangements be confirmed.

20-21/ASC/36 Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis

- 36.1 The Assistant Chief Officer and Treasurer introduced the report which provided 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 reports on those actions currently in progress, progress to date on current action plans and proposals to extend the original timing for completion.
- 36.2 Three extension requests to the original completion dates had been submitted to the Committee for approval. These related to stock control and procurement.
- 36.3 In relation to stock control, there had been delays to the upgrade as the external provider had been unable to access and test the system due to the Service's Firewall. The testing was due to take place in November and, as such, an extension to January 2021 was being requested.

- 36.4 The two actions against procurement were related with an extension of the completion and approval of the Commissioning Review Plan to January 2021 requested due to work pressures. The second action related to progressing the Procurement Activity Plan and the Commissioning Review Plan which was dependent on the Review Plan being completed and approved by the Service Corporate Management Team. An extension to February 2021 was requested.
- 36.5 The Chair expressed the view that, whilst he understood the reasons for the extensions being requested, the delays to the actions due to be completed in October 2020 could have been reported to the previous meeting of the Committee on 22 September, as it should have been apparent at that stage that the original completion dates would not be met.
- 36.6 The Committee was advised that a more robust process for chasing progress against actions arising from internal audit reports had been implemented so that any delays would be identified and reported to the Committee at an earlier stage.

RESOLVED:

1. That progress made to date against action plans be acknowledged.
2. That the extension requests relating to stock control to January 2021 and procurement to January and February 2021 be agreed.

20-21/ASC/37 Review of 'Monitored Policies'

- 37.1 The Assistant Chief Officer and Treasurer introduced his report detailing the outcome on the review of the policies on Protected Reporting (Whistleblowing), Anti-Fraud, Bribery and Corruption incorporating the National Fraud Initiative (NFI), Use of Regulation of Investigatory Powers Act 2000 (RIPA) and the Authority's Complaints and Compliments process. The complaints and compliments received were set out in Appendix B of the report.
- 37.2 The Committee noted that there had been no whistleblowing reports received during the year, no cases of suspected fraud and no requests for direct surveillance under RIPA.
- 37.3 In response to a question on the complaints regarding inappropriate behaviour, three of which had been received and one upheld during the year to date, the Committee was advised that the complaint upheld related to the behaviour of a uniformed member of staff who was not on duty at the time. The incident had been referred through the Service's disciplinary process and the complainant had been satisfied with the course of action taken.
- 37.4 The Committee also noted that one complaint had been received in relation to inappropriate use of social media but this had not related to a member of staff. The individual concerned had purported to be employed by the Service but there was no record of an individual of that name having been employed by the Service, either currently or historically.

37.5 The outstanding complaint regarding damage to property when gaining entry for the Ambulance Service had been subject to an investigation. The complainant had been advised of the outcome and no additional communication had been received.

RESOLVED:

That the arrangements in place for the Protected Reporting (Whistleblowing) policy, the Anti-Fraud, Bribery and Corruption policy incorporating the National Fraud Initiative (NFI), Use of Regulation of Investigatory Powers Act 2000 (RIPA) and the Authority's Complaints and Compliments process and their review be noted.

20-21/ASC/38 Report on Registration of Interests and Gifts/Hospitality

38.1 Mr J Atkinson, the Secretary and Monitoring Officer submitted his report on the registration of interests and gifts/hospitality by Members and Officers during the past year.

38.2 All register of interest forms had been submitted and there had been no declarations of gifts or hospitality.

RESOLVED:

That the contents of the report be noted.

20-21/ASC/39 Statement of Assurance

39.1 Area Commander Jeffery introduced the Service's Annual Statement of Assurance 2019/20 to the Committee for approval. The Service was required to provide such a Statement in line with the Fire and Rescue National Framework for England. The Statement included information on financial assurance (including the audit arrangements for the Annual Statement of Accounts), governance framework, operational assurance and future improvements.

39.2 An overview of service activity was included in the Statement and this illustrated that there had been a reduction in Accidental Dwelling Fires, Accidental Dwelling Fire Injuries, for which Bedfordshire had recorded the lowest number in the region, Road Traffic Collisions and Road Traffic Collision Injuries. There had also been a considerable reduction in mobilisations to false alarms from Automatic Fire Alarms following a change in Service policy in 2017. The Service had also recorded the highest level of Home Fire Safety Checks/Safe and Well Visits in 2019/20.

39.3 A summary of the collaborative work the Service was engaged with was also included in the Statement.

39.4 Councillor Duckett reported that, in a meeting with Central Bedfordshire Council, the East of England Ambulance Service representative had paid tribute to the work of the Service in progressing collaboration with the Ambulance Service and expressed appreciation for the effort involved in this.

- 39.5 In response to a question, Area Commander Jeffery explained how referrals were made for Safe and Well visits. These were largely made by the Service's partner organisations in the health service and local authorities. Referrals could also be made via the Council's website.
- 39.6 The Committee was advised that there was a Service Officer who was embedded within the local authorities whose sole purpose was to improve fire safety in Houses in Multiple Occupation (HMOs).
- 39.7 The Chair commented that, as the external audit had not been completed by 30 November 2020 as planned, the section in the Statement of Assurance relating to this should be updated.

RESOLVED:

That the Chair be delegated authority to sign off the Statement of Assurance for 2019/20 for reporting to the full Fire and Rescue Authority Meeting, subject to the section on the external audit of the Statement of Accounts 2019/20 being updated by the Assistant Chief Officer and Treasurer in consultation with the Chair.

20-21/ASC/40 Corporate Risk Register - Exception Report

- 40.1 The Committee received an update on the progress against the Corporate Risk Register and the eight corporate risks identified within the Register, one which was very high, two high and five moderate.
- 40.2 T/Area Commander Cook provided the following updates against the corporate risks:
- Risk 1 (the Service does not have the capacity or capability to respond to significant events and meeting service delivery requirements): a new course management system went live on 17 September 2020. A PDR Pro upgrade was taking place and the ISO audit on training had been carried out in October 2020. The report on findings was awaited. The risk score remained unchanged.
 - Risk 2 (Failure to meet service delivery legislative prevention and protection requirements): two progress actions had been closed. The overall risk score remained unchanged.
 - Risk 4 (Insufficient funds to deliver the organisation's CRMP): Brexit implications had been added as an additional risk control measure. The Brexit risk score had been reviewed and the Service continued to liaise with its treasury management advisors. The risk score remained unchanged.
 - Risk 6 (Death or serious injury in the workplace due to BRFS activities): shortlisting for the Learning and Development Manager post was being undertaken. New National Operational Standards had been developed. The Service's Health and Safety Adviser was reviewing the updated Death in Service Guidance issued by the National Fire Chiefs Council.

- Risk 8 (The Service fails to effectively record, track and maintain its key assets and business critical equipment): the Head of ICT had allocated specific resource to resolve issues with ICT connectivity issues plaguing progress with the fleet system. Two stations had been transferred to a fully electronic inventory system and this would be rolled out to other stations. There was no change to the overall risk score.

40.3 There were no updates to the other corporate risks and the risk score for the COVID Risk Register remained unchanged.

40.4 The Committee noted that the controls and risks were being reviewed regularly.

RESOLVED:

1. That the continuing progress of the Service's Corporate Risk Register be acknowledged.
2. That the continuing progress of the Services COVID-19 Register be acknowledged.
3. That the Committee's assurance that the risks and controls were being regularly reviewed and the work involved in doing this be recognised.

20-21/ASC/41 Review of Work Programme 2020/21

41.1 The Committee considered the updated work programme for 2020/21.

RESOLVED:

That the Committee's Work Programme for 2020/21 be received.

The meeting ended at 11.12 am