

**MINUTES OF THE AUDIT AND STANDARDS COMMITTEE
VIRTUAL MEETING HELD ON 4 MARCH 2021 AT 10.00am**

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

Mr J Atkinson, ACO FCS G Chambers and T/AC D Cook

Mr N Harris, Ernst & Young

Mr D Harris, RSM

20-21/AS/042 Apologies

42.1 There were no apologies.

20-21/AS/043 Declarations of Interest

43.1 There were no declarations of interest.

20-21/AS/044 Communications

44.1 The Committee received the Emergency Services News briefing and a briefing on Managing Risks in a Changing Environment from RSM.

44.2 Mr D Harris of RSM reported that, in the briefing on managing risks, RSM had analysed 16 different risk registers from Fire and Rescue Services across the country and the 264 risks contained therein. It was recognised that this provided useful comparative information.

44.3 The Chair requested that Officers assess these risks to determine whether there were any areas that had not been included in the Service's own Corporate Risk Register and that the Committee be informed of the outcome of this exercise.

RESOLVED:

That the briefings from RSM be received.

20-21/AS/045 Minutes

RESOLVED:

That the Minutes of the meeting held on 1 December 2020 be confirmed as a true record.

20-21/AS/046 Public Participation

46.1 There were no members of the public present.

20-21/ASC/047 Annual Audit Letter for year ending 31 March 2020

47.1 The Assistant Chief Officer and Treasurer presented a report on the Annual Audit Letter for Year Ended 31 March 2020 received from Ernst & Young, the Fire and Rescue Authority's external auditor. This included the fee information.

47.2 Mr N Harris of Ernst & Young advised that on 23 December 2020, an unqualified audit opinion on the Service's accounts had been issued, as well as an unqualified value for money conclusion. The timescales for the conclusion of the audit and presentation of this letter to the Committee had been impacted by the COVID-19 pandemic and the additional work that had been undertaken, particularly in relation to the valuation of property assets, which the auditors believed were subject to under valuation. He suggested that this be addressed prior to the commencement of the audit of the 2020/2021 accounts.

- 47.3 In respect of the audit fees, Mr N Harris confirmed that the audit fee for 2018/19 had recently been agreed by PSAA. The fee for the 2019/2020 audit had not yet been determined. The increase in fee had been reduced from £17,500 to £16,000 following discussions with the Service, and information to justify the increase, including the additional work involved on valuations and going concern assessments, had been provided to Officers. It was for the PSAA to determine if the fee was appropriate following submission of the views from both parties.
- 47.4 In response to a question from the Chair on whether Ernst & Young had the resources available to conduct the audit of the accounts for 2020/2021, Mr N Harris advised that it was hoped that the audit would be concluded by the end of September 2021. A number of measures had been implemented to expedite this process, including allocating the same team of auditors for continuity and the forgoing of the pre and interim audits in preparation for the main audit.
- 47.5 Comments were made about the sustainability of public sector audit and the level of fees that would be required to provide a high quality service. At present, Ernst & Young had been appointed as the external auditors as part of a five year contract with PSAA from 2018/19.

RESOLVED:

That the submitted Annual Audit Letter dated January 2021 be received.

20-21/ASC/048 Ernst & Young Quality Assurance Processes

- 48.1 The Committee received a report on the effectiveness of the quality assurance processes in place for the Fire and Rescue Authority's External Audit arrangements. In 2020 Ernst and Young published a Transparency Report, which provided a comprehensive overview of the quality assurance processes across the firm, including the Government and Public Sector engagements. A link to this was included within the report.
- 48.2 Mr N Harris reported on Ernst & Young's internal and external quality assurance processes. Ernst & Young's Audit Quality Strategy had been reviewed within the last six month period and the results of this would inform the 2020/2021 audit round.
- 48.3 Audits were also subject to internal quality reviews, with a sample of the previous year's audits being selected for scrutiny. One of Mr Harris's audits had been selected and he would report back to the Committee on any lessons learnt from the

process. External reviews of selected individual audits were also conducted by the Financial Reporting Council (FRC) and (Institute of Chartered Accountants in England and Wales (ICAEW).

- 48.4 Mr N Harris recognised that it was good practice to hold the Service's external auditors to account by requesting this report on an annual basis, as done by the Committee.

RESOLVED:

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

20-21/AS/049 Internal Audit Progress Report

- 49.1 Mr D Harris of RSM submitted a report on progress made against the internal audit plan for 2020/21. Two audits had been completed since the previous meeting of the Committee, relating to HR Support Staff Recruitment and Key Financial Controls. Three additional audits were scheduled for completion. Of the audits already completed during 2020/2021, only one partial assurance opinion had been awarded and this would not impact on the year-end audit opinion.
- 49.2 In relation to HR Support Staff Recruitment, an audit opinion of reasonable assurance had been awarded. Four management actions had been identified, 1 medium priority and 3 low priority. The audit had found that there were a number of well-designed controls in place; however, particular issues around evidencing had been identified, as only half of the samples had evidence of approval of new posts.
- 49.3 An audit opinion of substantial assurance had been awarded in relation to the audit of Key Financial Controls. One medium priority action was identified as the internal auditors had noted three instances of the inconsistent application of the quotation and best value rules detailed within the Procurement Policy from a sample of five transactions. These were likely to be as a result of human error.
- 49.4 The Assistant Chief Officer and Treasurer reported that in some of these instances, it may be a single supplier and may also relate to the urgency and risk involved in not being able to procure the item(s). Following the audit, procurement training was being provided to all budget managers throughout the Service.

RESOLVED:

That the report be received.

20-21/AS/050 Internal Audit Strategy 2021/22 to 2023/24

50.1 The Assistant Chief Officer and Treasurer introduced a report which set out the details of the Internal Audit tender process and timescales. The joint procurement process with Essex and Cambridgeshire Fire and Rescue Services was being led by Cambridge and the results of the process would be announced within the next few days. The newly appointed internal auditors would then be asked to consider a Strategy for submission to the next meeting of the Committee.

RESOLVED:

That the report be received.

20-21/AS/051 Audit and Governance Action Plan Monitoring -Exception Report and Summary Analysis

- 51.1 T/AC Cook 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.
- 51.2 Of the 8 high, 60 medium and 5 low priority actions arising from previous audits, only one medium priority action arising from the stock control audit was still in progress and this was subject to an extension request to May 2021, to allow for the new system to be implemented and training to be provided.
- 51.3 While the action itself related to formal training being provided to relevant staff, this had been impacted by delay in the implementation of a new system.
- 51.4 In response to concerns expressed about the length of time taken to complete this action, given that the original audit had been completed in April 2019, the Assistant Chief Officer and Treasurer reported that, in addition to the other 3 actions from the audit being completed, during this time, a member of the Procurement Team continued to provide guidance and help to

the Stores Team in order to ensure that stock transactions were processed correctly and accurately. Ad hoc stock spot checks had also been introduced.

- 51.5 The Assistant Chief Officer and Treasurer advised that, following the implementation of the new system in April 2021, all training should be completed by the requested completion date of the end of May 2021.
- 51.6 The Chair commented on an outstanding action arising from the Review of the Authority's Effectiveness relating to the introduction of Member Portfolio Leads. As this had only recently been introduced, an extension request was being made to allow for a period of time for the new system to bed in before it was reviewed. It was suggested that this be discussed at the Member Development Day that would take place in the spring or summer.

RESOLVED:

1. That progress made to date against action plans be acknowledged.
2. That the extension of the completion date for the outstanding medium priority action arising from the stock control audit to the end of May 2021 be agreed.
3. That an extension of the outstanding action arising from the Governance Review be extended to follow the Member Development Day to take place in Spring/Summer 2021.

20-21/AS/052 Financial Regulations Review

- 52.1 The Assistant Chief Officer introduced his report detailing the review and proposals to update the Authority's Financial Regulations as found in the Members' Handbook. The review took place once every two years and no material changes were being proposed.
- 52.2 The changes made included the removal of a reference to the Corporate Services Policy and Challenge Group, the updating of the title of the Chief Fire Officer and Chief Executive post and an increase to the Treasurer's write off limit from £2000 to £2500.

RESOLVED:

That the Authority's amended Financial Regulations be approved.

20-21/ASC/053 Review of Model Code of Conduct

- 53.1 The Secretary and Monitoring Officer submitted his report on the Model Councillor Code of Conduct recently published by the Local Government Association (LGA). The LGA had developed the Model Code in response to a report on ethical standards in local government published by the Committee on Standards in Public Life in January 2019. The Government had yet to respond to that report.
- 53.2 A meeting of local Monitoring Officers was being held that afternoon which the Secretary and Monitoring Officer would be attending and at which the Model Code would be discussed. It was hoped that a consistent approach could be adopted by the Authority and its constituent local authorities.
- 53.3 Recognising that it was in the Authority's discretion whether or not to adopt the Model Code, the Chair suggested, and it was supported by other Members of the Committee, that the Authority would wish to wait for the Government's response prior to deciding whether to adopt a new Code of Conduct.

RESOLVED:

That the Monitoring Officer consults with Bedford Borough Council, Central Bedfordshire Council and Luton Borough Council about the LGA's Model Code of Conduct and presents a further report to the Committee once the Government's response to the report on ethical standards in local government is published.

20-21/ASC/054 Review of Work Programme 2020/2021

- 54.1 The Committee received its updated work programme and noted the items to be considered at its next meeting.

RESOLVED:

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

20-21/ASC/055 Local Government Act 1972, Schedule 12A, Paragraph 3 of Part 1: Exclusion of the Public

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

Annual Review of Corporate Risk Management

The meeting closed at 11.18 am