

MINUTES OF AUDIT AND STANDARDS COMMITTEE INFORMAL MEETING HELD ON 3 MARCH 2022

Present: Councillors C Atkins (Chair), R Berry, J Burnett, P Duckett, D Franks and J Gambold

Councillor J Chatterley was present as an observer

Mr J Atkinson, ACO G Chambers, Mr S Frank and Mr J Harrison

Mr N Harris and Ms J Kriek, EY

Mrs S Rowlett, 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.

21-22/ASC/41 Apologies

41.1 An apology for absence was received from Councillor I Shingler.

21-22/ASC/42 Declarations of Disclosable Pecuniary and Other Interests

42.1 There were no declarations of interest.

21-22/ASC/43 Communications

43.1 The Committee received two communications from RSM: the Emergency Services News Briefing November 2021 and a report setting out RSM's Conformance with the IIA Standards and Codes of Practice.

43.2 The Assistant Chief Officer and Treasurer referred to the questions to the Committee set out in the Emergency Services News Briefing relating to the new Protection Fire Standard. He provided reassurance to the Committee that the Service was working to implement the requirements of the new standard as this had formed part of the HMICFRS inspection. He also confirmed that the Service had responded to consultation on the Fire Standard for Investigation.

- 43.3 Mrs S Rowlett reported that RSM was subject to an external quality assessment every five years and that RSM had been awarded the highest rating of 'generally conforms'.
- 43.4 The Head of Strategic Support and Assurance advised that all consultations from the NFCC were responded to by the Service. As the Specific Point of Contact for the Service he was responsible for coordinating this process.

RESOLVED:

That the communications from RSM be received.

21-22/ASC/44 Minutes

RESOLVED:

That the Minutes of the meeting held on 2 December 2021 be confirmed as a true record.

21-22/ASC/45 Public Participation

- 45.1 There were no members of the public present.

21-22/ASC/46 Audit Results Report and Fees (Results of 2020/21 audit including any matters outstanding)

- 46.1 The Committee received the Audit Results Report and Fees received from Ernst & Young (EY), the Fire and Rescue Authority's external auditor.
- 46.2 Mr N Harris, from EY, provided an update on the position in relation to the audit of the Statement of Accounts for 2020/21, which was nearing completion. He hoped that the audit would be concluded by the end of the month, as there was only a small number of areas where work was outstanding and the external auditors were liaising with the Assistant Chief Officer and the Chief Accountant in respect of these. There were no material matters to bring to the Committee's attention.
- 46.3 Mr Harris advised the Committee that, similar to 2019/20, EY would be seeking a scale fee rebasing, this year of approximately £17,468, as a result of additional work that needed to be undertaken. It was noted that the fee increase in 2019/20 had been referred to Public Sector Audit Appointments Ltd (PSAA) to make a determination, with a reduced increase being approved by that body. Mr Harris added that PSAA had already prescribed a range of minimum fee levels.
- 46.4 In response to a question, Mr Harris expressed the view that it was not envisaged that the conclusion of the audit would identify any matters which would result in a qualified audit opinion. The issue related to valuations had been resolved for the 2020/21 accounts.

46.5 Following discussion of the position of the Committee on an increase in scale fee, it was agreed that a similar position be maintained and any increase be referred to PSAA to enable the Service to obtain the best value for money possible.

RESOLVED:

1. That the submitted Audit Results Report and Fees for the year ended 31 March 2021 be received.
2. That the Fire and Rescue Authority be recommended to refer the fee increase proposed by EY to PSAA for determination.

21-22/ASC/47 2020/21 Statement of Accounts and Annual Governance Statement post audit

- 47.1 The Assistant Chief Officer and Treasurer submitted the 2020/2021 Statement of Accounts and the Annual Governance Statement to the Committee for its consideration. The Statement of Accounts was virtually unchanged from the version that had been submitted to the Committee's meeting in July 2021.
- 47.2 The Chief Accountant confirmed that he was working with EY to resolve queries relating to the outstanding areas. There had been no material changes to the accounts. The year-end underspend of £878,000 had been allocated to the Transformational Earmarked Reserve.
- 47.3 The General Reserve balance as at 31 March 2021 was £2.4 million, with specific earmarked reserves totalling £5.105 million. The cash flow forecast for the next 18 months would be provided to EY so that the going concern evaluation could be completed.
- 47.4 In response to a question, the Assistant Chief Officer reported that a provision for pay award and pension costs had been set aside for the 2021/22 accounts.
- 47.5 As it was recognised that the Committee could not make a formal decision as it was being held remotely, the Assistant Chief Officer confirmed that there was no issue with postponing the approval of the Statement of Accounts and Annual Governance Statement to the meeting of the Authority which was taking place on 24 March 2022.
- 47.6 Mr Harris advised that, in any event, the letter of representation could not be signed until the audit had been concluded.

RESOLVED:

1. That the current version of the 2020/21 Statement of Accounts and Annual Governance Statement, that are in the final stages of being externally audited, be recommended to the Authority for approval.
2. That any final amendments be delegated to the Treasurer, in conjunction with the Chair of the Audit and Standards Committee where material.

3. That the draft letter of representation be recommended to the Authority for approval, prior to the Treasurer and Chair approving and signing the final version following the completion of the audit.

21-22/ASC/48 Internal Audit Progress Report

- 48.1 Mrs S Rowlett of RSM introduced the report on progress made against the internal audit plan for 2021/22. The Data Quality to support the Community Risk Management Plan (CRMP) audit had been completed and had been awarded partial assurance, with 1 high, 3 medium and 2 low management actions identified. It had been found that the Authority had not transparently considered key risks identified in national and local risk registers within the CRMP and that actual KPI performance reported to the Fire Authority did not trace accurately back to source data through sample testing.
- 48.2 Two other audits, on the Key Financial Controls and Management of Assets, were ongoing. The Risk Management Audit had commenced earlier in the week.
- 48.3 Following a query received at the previous meeting, Mrs Rowlett explained how RSM arrived at the audit opinion. This was a combination of the number and level of management actions identified and professional judgement.
- 48.4 The audit report on Debrief and Organisational Learning had been drafted and was currently with the Service's Corporate Management Team for comment.

RESOLVED:

That the report be received.

21-22/ASC/49 Internal Audit Plan 2022/23

- 49.1 Mrs S Rowlett of RSM introduced the three year Internal Audit Strategy for 2022/23 to 2024/25.
- 49.2 Following consultation with the Service's corporate management team, two audit areas had been identified for 2022/23: ICT – Digitalised Systems User Proficiency and Data Quality – Information Management and Governance Arrangements including GDPR. This is in addition to the core governance and financial areas of annual audit.
- 49.3 Members referred to comments made by staff at stations regarding difficulties with accessing hardware and software and supported the audit of the ICT user proficiency.

RESOLVED:

That the submitted report be received and the audit plan for 2022/23 be approved.

21-22/ASC/50 Internal Audit Actions Update

- 50.1 The Head of Strategic Support and Assurance submitted a summary of actions arising from internal audit reports over the last three financial years to date and from the current Annual Governance Statement and progress to date on current action plans, highlighting progress being made in the areas of business continuity and cyber security.
- 50.2 There were no extension requests to be considered at the meeting.
- 50.3 In response to a question, the Assistant Chief Officer confirmed that the actions arising from the audit of stock control and procurement, which had been the subject of previous extension requests, had now been completed.

RESOLVED:

That progress made to date against action plans be acknowledged.

21-22/ASC/51 Review of Work Programme 2021/22 and forward plan for 2022/23

- 51.1 The Committee was asked to review the work programme for 2021/22 and to request additional reports for the Audit and Standards Committee meetings for 2022/23.
- 51.2 Mrs S Rowlett of RSM advised that, as the Internal Audit Strategy had been presented to this meeting, it could be removed from the Work Programme for the Committee's next meeting.
- 51.3 In response to a question, Mr N Harris was unable to provide a date by which the external audit of the Statement of Accounts from 2021/22 would commence. He would be attending a meeting the following week at which resources would be allocated to concluding the remainder of the 2020/21 audits and he would have a better understanding of the timescales involved after that time. The proposed timescale would then be discussed with the Assistant Chief Officer and Chief Accountant.
- 51.4 The Committee considered the comments of Mr Harris relating to the recommendations arising from the Redmond Review, which included the creation of a new system leader to oversee, procure, manage and regulate the external audits of local authorities in England.

RESOLVED:

That the work programme for 2022/23, with the removal of the Internal Audit Strategy, and the 'cyclical' Agenda Items for each meeting in 2022/23, be noted.

21-22/ASC/52 Corporate Risk Register - Exception Report

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