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**REPORT AUTHOR:** COUNCILLOR F CHAPMAN

**SUBJECT:** AUDIT AND STANDARDS COMMITTEE

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Background Papers: None

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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.*

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**PURPOSE:**

To report on the meeting of the Audit and Standards Committee held on 14 June 2017

**RECOMMENDATION:**

1. That the submitted draft minutes of the meeting held on 14 June 2017 be received.
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1. Introduction

- 1.1 The draft Minutes of the meeting of the Audit and Standards Committee held on 14 June 2017 are appended for Members' consideration.
  - 1.2 The Audit and Standards Committee made the following recommendation to the the Fire Authority.

2. 17-18/ASC/015 Review of Standing Orders

**RECOMMENDED:**

The Fire and Rescue Authority be recommended to approve the amendments to Standing Orders set out in the Appendix B.

**COUNCILLOR F CHAPMAN  
CHAIR OF AUDIT AND STANDARDS COMMITTEE**

**MINUTES OF THE AUDIT AND STANDARDS COMMITTEE  
MEETING HELD ON 14 JUNE 2017 AT 10.00am**

Present: Councillors Chapman (in the Chair), Chatterley, Duckett, Headley and Saleem

Mr J Atkinson, ACO Z Evans, GC D Cook and Mr G Chambers

Ms K Storey, Ernst & Young

Mr D Harris, RSM

17-18/AS/001 Apologies

An apology for absence was received from Councillor Franks.

17-18/AS/002 Election of Vice Chair 2017/18

**RESOLVED:**

That Councillor Headley be elected Vice Chair of the Committee for 2017/18.

17-18/AS/003 Declarations of Disclosable Pecuniary and Other Interests

There were no declarations of interest.

17-18/AS/004 Communications

**Alf Hitchcock**

The Chair advised that the former Chief Constable of Bedfordshire, Alf Hitchcock, had been taken seriously ill and was currently in Bedford Hospital. The Assistant Chief Officer was asked to make contact with Mr Hitchcock and his family on behalf of Members.

**Audit Committee Members' Forum**

The Assistant Chief Officer reported on an invitation to Committee Members to attend an Audit Committee Members' Forum hosted by Ernst & Young in London on 7 July 2017 or in Luton on 11 July 2017. It was noted that this was specifically for members of Audit Committees. Committee Members were asked to contact Christine Smith with their availability.

**RSM Audit Committee briefing**

The Committee considered RSM's Emergency Services Sector Update for June 2017. This provided an update on a number of matters including potential

governance models for Police, Fire and Crime Commissioners, the cyber threat, gender pay gap reporting and the impact of the new intermediaries legislation.

In relation to the cyber threat, the Assistant Chief Officer reported that the ICT Shared Service was currently in the process of responding to a Home Office request on its security and confirmed that all its patches were up to date. The risk level for cyber security had recently been raised following the malware attack on the NHS.

An update on the upgrading of the emergency services communications network had been provided. The Public Accounts Committee had expressed concerns about the delay and deliverability of the Emergency Services Network (ESN) that would be replacing Airwave.

The Assistant Chief Officer advised that Service Operational Commander C Ball had provided an update on the situation locally. The Service was working locally, regionally and nationally to influence the implementation of ESN. A revised national timeline for the delivery of the project was expected by the end of June 2017, with works progressing towards anticipated delivery at the end of 2019. Confidence had been expressed that Airwave would be available during the transition and follow up period.

The Chair requested that the update from Service Operational Commander Ball be circulated to Members of the Committee for information.

The Assistant Chief Officer advised that a report on inclusivity would be submitted to a future meeting of the Fire and Rescue Authority and that the Service would be publishing its gender pay gap information by the end of March 2018.

The Assistant Chief Officer reported that the Service was being significantly affected by the introduction of the new intermediaries legislation which required the deduction of National Insurance and tax for 'off-payroll' workers employed through their own personal service companies or other intermediaries. This reduced the pay those individuals received and made it less profitable for them to work within the public sector, thereby increasing the risk that key talent may choose to work in the private sector. This was especially impactful on the ICT Shared Service, where there was a greater need for specialist contractors.

### **Ernst & Young Audit Committee Briefing**

The Committee then considered the Fire and Rescue sector Audit Committee briefing from Ernst & Young. Topics covered in the briefing included updates on Brexit, the Policing and Crime Bill and the consultation on proposals to stop senior fire officers from being re-employed after they had retired.

The Committee was assured that it had considered all the issues stated above.

### **RESOLVED:**

1. That the communications be received.

2. That Members of the Committee confirm with Christine Smith whether or not they are able to attend the Audit Committee training provided by Ernst & Young in London on 7 July 2017 or in Luton on 11 July 2017.
3. That the update on the Emergency Services Network from Service Operational Commander Ball be circulated electronically to all Members of the Committee for information.

#### 17-18/AS/005 Minutes

##### **RESOLVED:**

That the Minutes of the meeting held on 16 March 2017 be confirmed and signed as a true record.

#### 17-18/AS/006 Terms of Reference

Members were requested to review the Terms of Reference for the Audit and Standards Committee and agreed that there were no changes required.

##### **RESOLVED:**

That the Terms of Reference be received.

#### 17-18/AS/007 Annual Audit Fees 2017/18

Ms K Storey, Ernst & Young, submitted the proposed annual audit fees for 2017/18. The audit fee remained unchanged from the previous years at £30,222.

Mr G Chambers, the Head of Finance and Treasurer, reminded the Committee that, from 2018/19, the Authority had agreed to take part in the co-ordinated appointment of external auditors through Public Sector Audit Appointments (PSAA).

The Chair congratulated the Head of Finance and Treasurer and his team for their work in ensuring that the auditors had access to all the relevant information and that additional audit work above that which was quoted for at the beginning of the year was not required.

##### **RESOLVED:**

1. That the letter dated 5 April 2017 submitting the indicative external Annual Audit Fees for 2017/18 be received.
2. That the hard work of the Head of Finance and Treasurer and his team in assisting the external audit process be recognised.

#### 17-18/AS/008 Internal Audit Annual Report 2016/17

Mr D Harris of RSM introduced a report on the progress made against the internal audit plan for 2016/17.

The Head of Internal Audit's opinion for 2016/17 was that the organisation had an adequate and effective framework for risk management, governance and internal control. Further enhancements to the framework of risk management, governance and internal control had been identified to ensure that it remained adequate and effective.

Of the eight internal audits undertaken during the year, seven had been awarded an opinion of reasonable assurance and one of substantial assurance. The follow-up audit had identified that good progress against actions arising from previous audits had been made.

**RESOLVED:**

That the report be received.

17-18/AS/009 Internal Audit Progress Report 2017/18

Mr D Harris of RSM introduced a report on the progress made against the internal audit plan for 2017/18. The remaining four audits from 2016/17 had been completed since the last meeting of the Committee. A schedule of the work for 2017/18 audit assignments was included in the report.

Mr Harris added that a suggestion made at the last meeting of the Committee to split the audit of the payroll review into two parts was currently being considered.

Members noted that an internal audit of Collaboration was scheduled to commence in July 2017.

**RESOLVED:**

That the internal audit progress report for 2017/18 be received.

17-18/AS/010 Audit and Governance Action Plan Monitoring: Exception Report and Summary Analysis

Assistant Chief Officer Evans 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.

Over the reporting period, there had been 2 high, 21 medium and 38 low priority actions agreed. Of these, 7 medium and 8 low priority actions were still in progress. None were outstanding and no extensions had been requested.

All actions set out in the Annual Governance Statement Action Plan 2015/16 had also been completed.

**RESOLVED:**

That the report be received.

17-18/AS/011 2016/17 Annual Governance Statement

Mr G Chambers, the Head of Finance and Treasurer, submitted the 2016/17 Annual Governance Statement to the Committee for its approval prior to external audit.

The Committee was advised that the Authority would be asked to approve the final Annual Governance Statement and the Statement of Accounts for 2016/17 by the

end of July this year, a year earlier than required. This had previously been undertaken at the September meeting.

The Head of Finance and Treasurer reported that the Annual Governance Statement had been updated in accordance with the revised format and seven principles as set out in the CIPFA/Solace Good Governance in Local Government Framework that had been published in 2016. It also detailed the review of effectiveness of internal control and referred to internal and external audits undertaken throughout the year.

The action plan for 2017/18 was to continue the two actions identified in the previous year's statement: to continue to address the medium term funding gap and to complete the actions arising from the review of effectiveness and that this be formally reviewed by Members as part of the following year's process.

Ms K Storey, Ernst & Young, suggested an amendment to the external audit section on page 16 to refer to a value for money conclusion, rather than opinion.

**RESOLVED:**

That the Annual Governance Statement be approved for its inclusion in the draft 2016/17 Statement of Accounts that will be presented to external auditors, subject to a slight amendment to the wording in the external audit section.

17-18/AS/012 Review of Code of Conduct and Annual Report on Standards

Mr J Atkinson, the Secretary and Monitoring Officer, presented a position statement on developments relating to the standards function during 2016/17. No complaints had been received against Members of the Authority and no wider standards issues had come to light.

The view was expressed that paragraphs 4.14 and 4.15 under the leadership section in the Code of Conduct should be reviewed to clarify the ability of Members to challenge decisions made and to have robust debate about issues without fear of being reported under the Standards regime.

**RESOLVED:**

1. That the report be received.
2. That the Secretary and Monitoring Officer review sections 4.14 and 4.15 of the Code of Conduct in line with the discussions noted above and resubmit the Code of Conduct to the next meeting of the Committee for approval.

17-18/AS/013 New Internal Audit Reports

The Committee received the Governance: Transparency and Decision Making audit report for information. This had received an opinion of reasonable assurance with 3 medium and 4 low priority actions identified. These related primarily to information which must be published or was recommended for publication on the Service's website.

The Assistant Chief Officer advised that this audit report would also be submitted to the next meeting of the Corporate Services Policy and Challenge Group.

Mr D Harris, RSM, commented that there were a number of other authorities that had the same identified issues with the publication of information on their websites, as it was noted that the publication and subsequent updating of the relevant information could be a time-consuming task.

**RESOLVED:**

That the audit report be received and the associated management comments/actions which will be added to the Audit and Governance Action Plan Monitoring report for Corporate Services Policy and Challenge Group be noted.

17-18/AS/014 Corporate Risk Register and Review of Corporate Risk Management

Group Commander D Cook presented an update on the review of the Corporate Risk Register. All changes and updates to risks would be considered by the relevant Policy and Challenge Group.

There had been changes to two risk ratings in the Corporate Services Risk Register: CRR39 (*if we have inadequate data management due to poor implementation, inappropriate specification of requirements or poor quality control measures then we are at risk of using the wrong information throughout the organisation and thus potentially affecting the delivery of our services*) and CRR38 (*if we suffer virus/hacking damage to business critical or vital computer systems then this will significantly affect our ability to deliver risk critical services such as emergency response*) had been updated as a result of the recent malware attack on the NHS. The inherent impact had been increased to 4 for both risks.

There had also been three updates to risks in the Corporate Services Risk Register. Most notably, CRR43 (*if the Service suffers a terrorist attack then there is the potential for elements of the Critical National Infrastructure (CNI) to be compromised, our ability to respond to emergency incidents could be significantly affected, we would be unable to fulfil our duties under the Civil Contingencies Act and our reputation could be adversely affected*) had been updated following the recent terrorist attack in Manchester. Communication between relevant partner agencies had been maintained in response to the increase in national threat level to 'critical'.

There had been no changes to the risk ratings in the Service Delivery Risk Register. CRR22 (*if we have inadequate or incomplete operational pre planning policies, procedures or information available to us then we can potentially risk injury or even death to our fire-fighters and staff*) had been updated as the Service was working with the National Operational Guidance programme to provide standard operational doctrine.

In relation to the Human Resources Risk Register, the inherent likelihood of CRR32 (*if there is a serious vehicle collision involving a vehicle being driven by Service personnel for work purposes then there is the potential for serious injury or even death to our staff members, a negative reputational impact and the potential for legal action*) had been reduced from 3 to 2 due to control measures being introduced.

There had been an update to CRR25 (*if operational personnel either individually or collectively at any or all levels do not meet the minimum level of competence to safely deal with the full range of incidents which may be encountered, particularly areas of competencies relating to: - Incident Command – Use of Breathing Apparatus – Compartment Fire Behaviour – Water related incidents – High-rise incidents – Work at Height- then there is the potential to cause significant injury or even deaths to our staff*) following the peer review of the Service's Safe Work at Height operational policy and procedures against a national CFOA toolkit. The Service was the first in the country to be subject to a peer review in this area and the initial feedback had been very positive.

**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/015 Review of Standing Orders

Following a request from Members at the Annual General Meeting of the Fire and Rescue Authority, the Secretary and Monitoring Officer presented a report reviewing the Standing Orders governing the election of the Authority's Chairperson and Vice-Chairperson. This would require an amendment to the current Standing Order 2. An update to Standing Order 21, governing all appointments to the Authority, to clarify the resolution of situations where two candidates had an equality of votes, had also been proposed.

It was proposed that the Secretary and Monitoring Officer preside over the election of the Chairperson and that, in the event that there was an equality of votes for any appointment, the appointment would be decided by the drawing of lots.

Members agreed with the amendment to Standing Order 2 to allow the Monitoring Officer to preside over the election of the Chairperson.

The Secretary and Monitoring Officer was asked to give further consideration to paragraphs 5 and 6 to clarify the position when there are a number of abstentions and no candidate receives an overall majority of the vote. Also, it was suggested that the Standing Orders should provide for the rerun of an election prior to the drawing of lots.

**RESOLVED:**

That the Secretary and Monitoring Officer be asked to give further consideration to the wording of paragraphs 5 and 6 of Standing Order 21 and circulate the proposed revision to Members of the Committee.

17-18/AS/016 Work Programme

The Committee considered the proposed work programme for 2017/18. The Assistant Chief Officer advised that, as September's meeting had been brought

forward to 26 July 2017 to enable the Authority to submit its final Statement of Accounts to the Committee prior to 31 July, there were a number of cyclical items which the Committee may wish to defer from the meeting as it was unlikely that there would be any changes to report.

This was agreed subject to this being reviewed with the Chair prior to the circulation of the agenda.

In response to a comment by the Chair, the Committee was advised that RSM, the Authority's internal auditors, would be able to provide audit training to all Members at the Member Development Day in November 2017.

**RESOLVED:**

1. That the Committee's Work Programme for 2017/18 be received.
2. That the following items be removed from the Committee meeting on 26 July 2017 subject to the Chair's agreement prior to the publication of the agenda for that meeting: Internal Audit Progress Report, Audit and Governance Action Plan Monitoring and Corporate Risk Register.

The meeting closed at 11.12am

Standing Order 2

Chairperson and Vice-Chairperson of the Authority

1. The Chairperson and Vice-Chairperson of the Authority shall be appointed at the annual meeting for the ensuing year. When a casual vacancy occurs for either of these offices, an appointment to fill the vacancy shall be made at the next meeting (other than an extraordinary meeting).
2. ***The Monitoring Officer shall preside over the election of the Chairperson.***
3. ***Subject to paragraph 4 below, the election of the Chairperson and Vice-Chairperson of the Authority shall be conducted in accordance with the provisions of Standing Order 21.***
4. ***If, following an election, two candidates have the same number of votes, the appointment shall be determined in the following manner:***
  - 4.1 ***The election shall be conducted again and if, following this second election, both candidates still have the same number of votes, then the appointment shall be decided by drawing lots.***
  - 4.2 ***At any point during the election process, the Monitoring Officer may adjourn the meeting for a short period to allow discussions to take place.***

Standing Order 21

Appointments by the Authority

1. Every candidate nominated to represent the Authority in any capacity or for any position to be filled by the Authority, shall be openly proposed and seconded.
2. At the close of nominations, the Chairperson shall state the names of the candidates who have been duly proposed and seconded and the number of vacancies to be filled if the number is limited.
3. If the number of nominations does not exceed the number of vacancies or if the number of vacancies is not limited, the Chairperson shall immediately put the appointment of the duly nominated candidates collectively as a substantive motion upon which no amendment may be moved.
4. If the number of nominations exceeds the number of vacancies, there shall be a secret ballot of the members present at the meeting in which each

member of the Authority may vote for as many candidates as there are vacancies to be filled.

5. No candidate shall be appointed unless the number of votes cast in his/her favour exceeds half the number of persons voting. If in any ballot no candidate received the number of votes entitling his/her to be appointed, the names of those who receive no votes and the name of the one who received the least number of votes shall be struck off the list and a fresh ballot be taken, and so on, until all the vacancies are filled.
6. ~~*If following an election two candidates seeking appointment to a position have the same number of votes, the appointment to that position shall be decided by drawing lots.*~~
7. Any ballot shall be conducted by the Monitoring Officer whose return shall be final and conclusive.

NOTE:

The proposed amendments to standing orders are shown in italics.