



ethics, transparency & audit panel

Building public trust in policing and fire and rescue



Draft V02

Item 1

MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) FIRE & RESCUE MEETING held on Wednesday 23 October 2019

Present:

ETAP members	Officers
Bob Simpson - (BS) Chair	Glynn Dixon - SCO Chief Executive (GD)
Alan Edwards (AE)	David Greensmith - SCO Director of Finance / FARS Director of Finance (DG)
Craig Brown (CB)	Jean Cass - SCO Governance Lead (JC)
David Davies (DD)	Victoria Farrar - SCO Head of Governance & Assurance (VF)
Emma Christmas (EC)	Becci Bryant - FARS Chief Fire Officer (BB)
Jane Barr (JBA)	Corrina Bradley - FARS Financial Services Manager (CBR)
Jane King (JK)	
John Wheatley (JW)	
Sue Finney (SF)	Also in attendance
Sue Westacott (SW)	Alex Cannon - Staff County council ICT Audit Manager (AC)
Tony Wilmot (TW)	Lorraine Noaks - Audit Manager Grant Thornton (LN)

Observer Sam De Vere – SCO Communication Officer

1. (i) Declaration of interests and apologies.

Declarations of Interest - No Declarations of Interest were received.

Apologies ETAP members Alan McEntire (AM), Claire Cowley (CC).

Minutes & actions of the meeting held on the 24 July 2019

Minutes of Previous Meeting

Corrections

Page 2, first paragraph, 1st line date to read 1 August 2018. 2nd line, sentence to read, 'the audit opinion will be included in the financial accounts, once signed off by the External Auditors'.

Page 2, should read 'as yet no topics have been started'

Page 3, third row from the bottom of the page, answer given by AC not SC.

Page 4, 9th row, sentence to read, 'the audit is now complete and subject to the sign off, the accounts are now complete'

DG added that there is now a hearing date for the pension liability, referred to on page 3, fifth paragraph of the minutes of the 18 December.

AGREED - That the minutes of the meeting held on the 24 July 2019 to be confirmed as an accurate and true record.

Actions

Updates to actions from previous meetings

- Item 1 – A copy of the Fire Protect Programme has been sent to members – complete
- Item 2 – Explanation of the life expectancy from LN as detailed below – complete

LN confirmed that the life expectancy for males between the ages of 45/65, is calculated on a 20 year co-ought; this takes the average mortality, from the year of birth to 89 years.

Any updates from last meeting

Members held a pre-meeting today at 10.00 - 10.30

2. Deputy Chairs feedback

i. Chair of the Finance Panel - Alan Edwards (AE)

AE advised that the Finance Panel last met in September. The panel were presented with the month 5 report which showed a good position of £380k below budget. Both pay and non-pay costs were lower than forecast and the cash position of £17m was in line with expectations.

AE confirmed that future pressures will come from pay awards and pension issues, but FARS face the future with in a relatively strong position and the rollover of the current settlement is welcome news.

The panel continue to be happy with the financial management arrangements and the reports to Finance Panel.

DG added, there is good news that the funding for next year will not be reduced as anticipated and will be increase by CPI. The referendum limited has been set at 1.99%, however from a sector point of view, we will be responding to the technical consultation and looking to push the referendum limit above the 1.99% to hopefully 2.99% or perhaps to the single £5 limit. Overall this means that the gap in the MTFS by 2023 is still the same as it was, but the path is a smoother for next year.

Q: BS, how is the consultation going with the merger of the two Finance Teams?

A: DG, Overall the consultation has gone well. There has been a couple of issues which we have listened to and as a result we have made a couple of minor changes to the structure. The 'slot in' letters have been issued and the 'Go Live' date is Monday 4 November.

CBR, added that as a department, everyone has approached the move in a very positive way. Although, this has been unsettling for the members of staff, the process has been handled very smoothly.

BB added, Finance is the fifth department under the collaboration piece. Governance was first, followed by HR, Estates, and Communications, all under Phase 1 of the agreement.

DG added that the collaboration will bring greater resilient for teams. The Estate Service merger has benefited from a larger team with greater expertise and experience along with the increased capacity to address issues on a common and consistent approach. The Fire Service Finance Team, which was a small group with a high reliance on key individuals, will now benefit from the greater expertise from being in a larger team with wider support and cover.

BS thanked AE for this report and BB, CBR and DG for their updates.

ii. Chair of the Thematic Review - David Davies (DD)

DD advised that members are now progressing with their first review of FARS. The review will focus on the Fire Protect programme. The response from the first meeting with FARS was very positive and members aim to complete their report by 24 January 2020

BB, the important bit within the whole thematic review is to have one eye on the future as well as the here and now. The fire safety and statutory responsibilities are going to change in light of the the Grenfell report and the Hackett review.

BS extended the invitation for future review topics to BB.

BS thanked DD for this report.

3. Internal Auditors

- (i) Covering report**
- (ii) Progress update**

AC confirmed that all audits, with the exception of the Budgetary Control, have now been booked in with a start date if they haven't already commenced. AC gave members an update on the progress on Internal Audits as described in his report

Since the 6 July, Fire has implemented seven outstanding recommendations. Out of the 154 tracked recommendations since the start of the current contract in 2017, only 12 are currently outstanding. Four of these have passed their action dates, 2 relate to the Finance Integra Security System and 2 relate to Fire Fighters Pension. The remaining eight recommendations are planned for action and completion by the fire service later in the financial year.

Q: BS, what are the reasons for the delays in these 4 recommendations.

A: DG, relating to the two recommendations on Fire Fighter pensions;

1. Disaster Recovery, the testing will be further delayed as West Yorkshire are installing new servers and will not be carrying out further testing until January 2020. However, assurance has been given that daily backups are taken.
2. Delegated Authority, the authority is in place this just needs to be updated in relation to a couple of recent changes. The changes will be put through the Strategic Board on the 28 November 2019

A, CBR, relating to the two recommendations on the Integra System;

1. Penetration testing, the Head of ICT is carrying out a joint piece work with the SCC, discussions are underway and hopefully there will be an update by the end of Dec.
2. Business impact assessment – an update from Head of ICT is outstanding in this area.

Q: BS, relating to the update in December, will the tests have been carried out by then?

A: CBR, I don't know when the test will have been done, but hopefully this will be before the end of the financial year. By the end of the December, we will have a date in the diary for the test and an action plan will be in place.

ACTION: DG to advise on date for Disaster Recovery testing (Ongoing)

ACTION: DG confirm Delegated Authority actioned in November as planned (Dec 2019)

ACTION: CBR to confirm date of Penetration testing and to confirm the date of when the Business Impact assessment will be available from Head of ICT (Dec 2019)

Q: AE, the Police Fire Collaboration, what is the scope of this review?

A: AC, the scope of this work includes three objectives, 1, Project Governance and Management, 2, Management of Joint working functions and 3, Savings.

Q: SF, wasn't this meant to be a joint review between the SCC and RSM?

A: AC, Yes this is going to be a joint review with RSM. SCC are covering objective 1 and half of 2, and RSM are doing half of 2 and 3.

DG added, there are some issues with RSM around having a joint audit report. We will get two different opinions in the results; one from SCC and one from RSM.

SF added her concerns around this report, is someone making sure that everything is covered?

A: AC, we are working with RSM to make sure everything is done. For objective 2, we are working with RSM and having regular meetings with them. Once the work is done, we will be writing our reports individually.

(iii) National Fraud initiative 2018

AC briefing members on the progress against matches identified as part of the National Fraud Initiative (NFI) exercise.

The results are summarised in Appendix 1 of the audit report, Across 7 separate topics there were 140 matches provided by the Cabinet office for further investigation. With the exception of 46 matches in payroll, all other 94 items have now been investigated. IA confirmed that no fraud or errors have been identified. The Finance Team will examine the outstanding matches on payroll matches examined over the next few of weeks.
Action CBR to report on result of investigation of payroll matches (Dec 19)

Member commented that this is a very interesting report and gave them additional assurance and comforts that all matched items were properly investigated. Some members enquired if this type of report was available for Policing. DG agreed to consider use of similar exercise on police finances.

Action DG to provide feedback on use of NFI for police finances.

Q: BS, on page 3 under, Duplicated Creditors by Address, have these 6 records been corrected.

A: AC, I do not know without going into individual cases.

CBR commented that the Finance Team would be able to update and correct these records.

ACTION: CBR to confirm when the records have been corrected and updated (Dec 19)

4. External Audit

LN presented the abridged version of the annual audit letter. This is an outward focused document for the public and is required to be published for stakeholders. There is nothing new in this report, but this document formally concludes the 2018/19 audit.

The key messages are covered in the Grant Thornton Report on page 3, the audit opinion, pages 4-8 covers the financial audit, page 10 VFM and the audit fees charged are covered on page 11. The additional fees are subject to PSAA approval.

Q: SF, are you happy with the negotiation of additional fees of £4,500?

A: DG, Yes, the additional fees are consistence with those charged by the Borough and District councils within Staffordshire. We do recognise the pressures on audit now that the fees have been reduced.

LN added that the firms are going back to PSAA very shortly to discuss the fees. Their work has greatly changed now compared to the work that they tendered for.

BS thanked LN for their work and added it was good to see another completed end of year audit with a clear audit opinion. .

5. AOB

Date and time of next meeting Wednesday 11 December at 2pm