

**Draft V02**

**Item 1**

## **MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) FIRE & RESCUE MEETING held on Wednesday 27 March 2019**

### **Present:**

<b>ETAP members</b>	<b>Officers</b>
Bob Simpson - (BS) Chair	Glynn Dixon - SCO Chief Executive (GD)
Craig Brown (CB)	Jean Cass - SCO Governance Lead (JC)
David Davies (DD)	
Emma Christmas (EC)	<b>Fire Officers</b>
Jane Hackett (JH)	Becci Bryant - FARS Chief Fire Officer (BB)
Jane King (JK)	Corrina Bradley - FARS Financial Services Manager (CB)
John Wheatley (JW)	<b>Also in attendance:</b>
Sue Finney (SF)	Alex Cannon - Staffs County Council ICT Audit Manager (AC)
Tony Wilmot (TW)	Lorraine Noak - Audit Manager Grant Thornton (LN)
Clare Cowley (CC)	
Sue Westacott (SW)	

### **Observer**

Stephen Sweeney - Chair of the Police, Fire and Crime Panel (SS)

### **1. Declaration of interests and apologies.**

Declarations of Interest - No Declarations of Interest were received.

### Apologies

ETAP members Alan Edwards (AE), Alan McEntire (AM)

Victoria Farrar SCO Head of Gov & Assurance (VF), David Greensmith SCO Director of Finances.

### **Minutes & actions of the meeting held on the 7 February 2019**

#### Minutes of Previous Meeting

**AGREED** - That the minutes of the meeting held on the 7 February 2019 to be confirmed as an accurate and true record.

### **Actions**

#### Updates to actions from previous meetings

Item 1 - Review of Internal Audit arrangements carried forward

BB confirmed that there was no further update to the court case from the 1992 Pension Scheme

BB provided an update on the pension and pay costs covered on the last minutes on page 3 of the previous minutes.

Pension costs - the employer contribution rates, have increased from 1 April 2019. For 2019/20 Treasury were going to provide funding of 90% funding to cover the increases. This grant has now come through but only covers 78% of the increase. This has added an additional cost of approx. £400k to our costs. We have challenged this back through the National Chief's Council which has a direct link through to the Home Office and Treasury as not only Staffordshire was effected.

A Pay Proposal to the Fire Union, has come through as a multi-year settlement increase of 13.75%. This is more than is included in the MTFS and will rely on additional funding from Government to bridge the gap. There are a number of issues with this increase.

Q: SF, is the 13.75% increase over 3 years,

A: BB, Yes this is split over three years, with part of this starting in April 2019 with interim payments.

Q; JH, any deadline on the 78% funding challenge?

A: BB we were hoping to have heard from the Council as this was raised a few weeks ago but this is still outstanding.

BS these numbers are both significant for pay and pension costs

BB advised that that a number of things are happening including of financial planning scenarios over the next four years across the life of the MTFS in order to make savings internally.

BS thanked BB for this update

## **2. Internal Auditors - Staffs County Council**

### **i. Plan progress report 2018/19**

AC presented their latest progress report against internal audit activity carried out against the 2018/19 Internal Audit Plan

AC confirmed that all fieldwork is now complete for 2018/19's audits and all reports will be finalised within the next few weeks. The Outturn results will be presented at the next ETAP meeting on the 29 May.

AC confirmed that since the last ETAP meeting, 4 recommendation have been implemented they are currently monitoring the progress against 8 recommendations none of which are overdue.

Q: SF, the recommendations which are not yet completed, are there any cause for concern?

A: AC, there are no causes for concern since the recommendations are agreed before the final reports are issued.

Q: CB, page 10 you reference the bank accounts, is there a log of anyone who is logged in the bank account at any one time?

A: CB, Yes there is a log and only certain members of the team have access to the bank account.

BS thanked AC for the report and added a note of thanks for the timely completion of the all of the field work by year end.

ii. Internal Audit Strategy incorporating the Annual Audit plan and Service Level Agreement 2019/20

AC presented the Internal Audit Strategy, Annual Audit Plan and Service Level Agreement for 2019/20 and asked ETAP members to recommend their approval of these documents.

The internal plan summaries the work of internal audit during 2019/20. Any major revisions will be reports to ETAP during their meeting.

AC explained how the plan has been put together and confirm the key principles of the Audit plan:-

- Assurance Reviews with a high risk ranking
- Fundamental financial systems
- An initial contingency up to 5 days
- An allocation to undertake pro-active counter fraud work
- A programme of compliance audits as approved by the Director of finance, assets and Resources.

The plan consists of three areas; General Audits, Counter Fraud and Management time.

Q: SF, you have 3 days contingency within the plan, if anything came up from External Audit on the 2018/19 accounts, would you be able to accommodate this?

A: AC, Yes we would initial look to use those days and if we needed more days we would need to look to take other reviews out of the plan.

BS commented that in Appendix 3, there was a large number of topics with a high risk scoring. Members discussed this and it was agreed that this was the gross score prior to any mitigating evidence.

Member felt it would have been helpful to add a note to this effect to the report.

Q: DD, asked about the 3% increase as included under Financial Implications in page 1 of the report.

Member discussed this increase and it was agreed that AC would report back to the panel with the full details of this increase

Q: BS, there has been a vehicle maintenance collaboration for some time, is there work for more collaborative work in this area?

A: BB, there has always been a plan to work towards a single employer model for this particular area of work. This is an aspiration and would involve a large piece of work to work towards a separate entity and would involve a different working model.

GD added that the scope needs to be done around Collaboration audit. Transport services are not in phase 1 or 2 of the collaborative work and will be looked at in the future.

Q: CB, on page 11 in regard to data analytics, how many days do you think you will be able to save?

A: AC, we have built 8 days into this year's plan as we need to develop, I cannot say how many days we can save, but we can save days on next year's plan.

Q: SF, asked AC to confirm that FARS are paying for you develop the plan?

Q: SF asked FARS officers if they were happy paying for this development work?

A: AC, the development work is within the cost of the current audit plan.

A: CB, Yes we are happy that you are developing the tool.

BB clarified who receives the benefit from the development from this work

Q: SF, Where is external risk to the organisation assessment and addressed?

A: BB, this is reported through the Strategic Risk Register reported through the Commissioner at the Strategic Governance Board.

EC added that she has met with DG will write up her report and will ask that future Strategic Risk Registers for Fire are presented regularly to the Finance Panel.

**ACTION:** AC to report back on the full details of this 3% increase.

**AGREED:** ETAP members agreed the Audit Strategy incorporating the Annual Audit plan and Service Level Agreement 2019/20

i. Update to the Internal Audit Charter 2019/20

AC presented the Audit Charter for 2019/20 and confirmed that this is the first time has brought the charter to the Panel.

The audit charter is a formal document and sets out;

- internal audit's position within the organisation;
- its reporting lines;
- access to personnel, information and records;
- the scope of internal audit activities; and
- what the term Board means (e.g. the Ethics, Transparency & Audit Panel)

BS reminded members that this is an important document as it sets out what internal audit is undertaking to give ETAP members assurance.

Q: CB, page 13, under note, ETAP members will agree KPIs?

A: BS effectively we are agreeing these in the audit plan that we have reviewed today; this is not a formal process but included in other documents including the progress report

Q: TW, what is the amount of collaborative work between Internal and External auditors.

A: LN, I do meet or speak with the Interim Chief Internal Auditor from Staffs County Council at least 3 or 4 times per year and I also meet AC at these ETAP meetings. I also review the documents for presented at these meeting to ensure that there is no duplication.

BS noted that it is good practice for ETAP members to meet Internal and External Auditors separately in private. This meeting will shortly be arranged prior to the sign off the accounts.

Q: GD, What can we expect from the Chief Internal Auditor?

A: BS, They are giving us an overall opinion at the year end and referred GD to details on page 4 of the document under responsibilities.

JW added that they are giving us an overall opinion based upon their testing.

AC confirmed that on Page 11 of the report, confirms how they come to their audit opinion is reached.

BS thanked AC for this report.

<b>AGREED:</b> ETAP members agreed the Internal Audit Charter 2019/20
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### **3. External Auditor – Grant Thornton**

#### **i. Progress report**

LN presented their update progress report and sector update.

Referring to page 4 of the report, LN confirmed the overall update to date:-

Commenced their Interim visits started in February 2019 and they have completed two visits to date testing 9 months of the year;

Updated their review of the control environment and their understanding of the financial systems;

Reviewed Internal Audit report findings and carried out some work early work on the emerging accounts standards due to a couple of changes this year;

Substantive testing completed;

They have found no significant issues that would have any material effect on the accounts;

Their final audit begins on the 10 June and they will bring their findings to the Panel before the end of July 2019;

Value for money assessment found one significant risk found around governance relating to the new arrangements with Police and are looking into what internal audit are doing to ensure there is no duplication work.

BS thanked LN for their report

## **ii. Audit Risk Assessment**

LN introduced this document to the Panel and confirmed that they may not have seen this style of report before.

LN confirmed that the purpose of this report was communicate with those 'charged with governance', an oversight of the following areas; fraud, laws and regulations, going concern, accounting estimates and related parties.

LN confirmed that since this was issued to the Panel, GD has made two minor amendments.

LN confirmed that other auditors write to those affected parties; a different style compared to their assessment.

GD welcomed this different approach and members thanked LN for this very useful document.

## **4. AOB**

Closed of meeting at 12.50

**Date and time of next meeting Wednesday 29 May at 14.00**