



ethics, transparency & audit panel

Building public trust in policing and fire and rescue



Draft V03

Item 1

MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) FIRE & RESCUE MEETING held on Wednesday 27 May 2020. (Virtual meeting held on MS Teams due to Covid19)

Present:

| ETAP members | Officers |
|--------------------------|---|
| Alan McEntire (AM) | Victoria Farrar - SCO Head of Governance and Assurance (VF) |
| Bob Simpson - (BS) Chair | Jean Cass - SCO Governance Lead (JC) |
| Clare Cowley (CC) | Glynn Dixon - SCO Chief Executive (GD) |
| Craig Brown (CB) | David Greensmith - FARS Director of Finance (DG) |
| David Davies (DD) | Becci Bryant - FARS Chief Fire Officer (BB) |
| Emma Christmas (EC) | Corrina Bradley - FARS Financial Services Manager (CBR) |
| Jane Barr (JBA) | |
| Jane King (JK) | Also in attendance |
| John Wheatley (JW) | Angela Ward - RSM Audit Manager (AW) |
| Sue Finney (SF) | Mark Stocks - Grant Thornton Partner (MS) |
| Sue Westacott (SW) | Lorraine Noak - Grant Thornton Audit Manager (LN) |
| Tony Wilmot (TW) | |

For information, BS confirmed the Officer Election results from this morning's Police Public meeting.

BS will continue to be Chair of ETAP, AE will continue to be Deputy Chair Finance Panel and, JK will replace DD, as Deputy Chair of Thematic Reviews.

Additional item

BS, before starting the formal agenda, asked BB for her comments on how the Fire Service is dealing with the effects of the current crisis.

BB advised, that at the start of the lockdown, a number of agreements were reached at national and local levels to allow fire crews to carry out of number of other essentials duties. This included the delivery of food parcels and PPE equipment.

Access has been restricted to fire stations with no community use allowed. BB advised that she has been unable to visits fire stations since the start of lockdown.

In additional, fire headquarters were shut down and home working was introduced and on-call training was suspended which mitigation the amount of contact with officers.

Staff absence numbers, at the height of the virus, the Fire Service had a max of 50 of people, who were either shielded or had a member of their family self-isolating. As at today, this figure now stands seven and at no stage did the Staffordshire Fire Service exceed the national service level of absence.

BS thanked BB for her update and confirmed how impressed he was with the amount of community work her officers had been undertaking.

1. (i) Declaration of interests and apologies.

Declarations of Interest - No Declarations of Interest were received.

Apologies ETAP member Alan Edwards (AE)

Minutes & actions of the meeting held on the 5 February 2020

One correction to be made to page 5

Paragraph **adjustments to the audit plan 2019/20** - last sentence, changes to the audit plan for 2019/20 will be made in agreement with should DG and CBR.

One correction to be made to page 6.

Final paragraph – last sentence should read ‘the initial risk assessment will include financial sustainability and partnership working’.

AGREED - That the minutes of the meeting held on the 5 February 2020 to be confirmed as an accurate and true record.

Actions

Updates to actions from previous meetings

- Item 1 - Internal Audit Report - completed
- Item 2 - Confirmation of Delegated authority - carried forward
- Item 3 - Confirmation of penetration testing – to be discussed with RSM Auditors
- Item 4 - Internal Audit plan 20/21 - review completed

Any updates from last meeting

Members held a pre-meeting today from 10.00.

2. Deputy Chairs feedback

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

In AE's absence BS presented his report from last week's Finance Panel meeting.

BS advised that the accounts are covered in today's meetings.

BS thanked AE for this report.

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

DD, advised that he had no updates to report since there has been no activities recently due to Covid19.

DD advised that JK would be replacing him as Deputy Chair.

BS confirmed that he had positive feedback from fire officers who had been contacted by ETAP members.

BS thanked DD for this report.

3. Police, Fire and Crime Panel (PFCP)

SF advised that the last meeting PFCP was held on Monday 10 February, items on the agenda included:-

- i. Revenue Budget Report 2020/21 (incl. Precept and MTFS);
- ii. Treasury Strategy;
- iii. Capital Strategy and Capital Programme.

The PFCPP accepted the precept for 2020/21.

BS thanked SF for her update.

4. Presentation to include a summary of: -

Staffordshire Fire and Rescue Draft Statement of Accounts 2019/20

DG's presentation included a summary of the accounts, this included:-

Financial Summary

Final outturn for 2019/20 delivered a balanced position overall
Service continues to be high performing, despite significant funding reductions since 2012.
HMICFRS inspection in year - Service judged to be "Good" in all areas
Exceeded savings target for the year
Direct contribution to Capital £1.1m
Capital expenditure of £1.9m, savings achieved in year
Investments (cash) held as at 31 March, £15.5m
Capital Financing Requirement (excl. PFI) £23.3m, down £1.1m in year and £7.5m in last 6 years, supported by £17m long term borrowing
Specific (Earmarked) reserves held at £7.1m, reserve strategy approved (includes earmarked funding for new vehicles incl. ALP)
General reserve unchanged, £1.9m

The statutory accounts had a deficit on the Provision of Services (Page 34) of £8.7m for the year (£25.4m deficit 2018/19). This includes adjustments that have to be made to comply with

the code of practice on local authority accounting and IFRS (these are not chargeable to tax payers):

Pension Costs IAS19

Depreciation (replaces Minimum Revenue Provision (MRP))

Asset impairment / revaluations

Grants treatment under IFRS

Balance sheet Review

Balance sheet shows a deficit of £414m (P35)

Includes total pension deficit of £474m

Excluding the pension adjustment the authority has net assets of £60m

Total current assets as at 31 March - £20.4m

Long Term Borrowing £17.1m

Gross Debt (Capital Financing Requirement excl. PFI) remains unchanged at £23.3m (down £7.5m in last 6 years). Treasury strategy to continue to use internal cash in lieu of borrowing.

DG asked ETAP members to note the following points:-

The Annual Governance Statement and positive assurance opinion received from Internal Audit

That LGPS report from the actuary Hymans has not been received – this is expected 28 May
Collection fund data this year has been based upon a 3 year average – this will be amended for actuals

Draft accounts to be published by 31 May

Grant Thornton due to commence audit in June, as per original timetable

Final presentation to ETAP on 29 July prior to the accounts being approved and signed

BS thanked DG for his presentation and asked members if they had any questions.

Q: BS, has the police moved into the Hanley site yet?

A: BB, advised that the force has not yet moved to the Hanley Site. The Service is waiting for news on the schedule of works, which is expected to be a nine week programme.

Q: BS, relating to the Tamworth site, have you seen any benefit yet of moving the police into the fire station?

A: BB, there are some financial benefits and relationship benefits with people being able to see each other face to face.

Q: SF, are you expecting any delays in the valuation in the Pension Fund?

A: LN confirmed that resources are in place and the plan is for the audit to be finished on time. However, initial indications are that the figures from the Staffordshire County Council Pension Fund may be delayed. Grant Thornton cannot sign the accounts off until the pension information is received.

Q: BS, due to the current lockdown and the current availability of firefighters, has this affected the ability of getting crews out?

A: BB, during lockdown there were 2/3 of on-call staff available. This situation has been reflected across all of the country.

BS thanked DG for his presentation and offered his thanks to DG, CBR and the Finance Team on the production of the draft accounts within the agreed timescale.

BS, asked that if members had any queries to send these directly to him and he will pass these to DG.

5. Internal Auditors Staffs County Council (SCC) Outturn report for 2019/20

DG presented this highlights of this report on behalf of the County Council.

Four audits have finalised since the last ETAP report:-

Financial Ledger and Bank
Payroll processing procedures
Fire Fighters Pensions administration and Pensions Payroll
Health and Safety Audit

40 recommendations were made during the year, 9 of which had medium priorities and 31 low priorities.

As of the 31st March 2020, 12 of the 40 recommendations had already been implemented with a further 3 risks accepted. Of the 25 that have yet to be implemented, 19 of these have not yet passed their agreed action date, leaving 6 that are now overdue.

The overall audit opinion for the 2019/20

A "Substantial" assurance opinion on the overall adequacy and effectiveness of Staffordshire Commissioner Fire and Rescue Authority's governance, risk and control framework (i.e. the control environment) can be given for the 2019/20 financial year.

DG expressed his thanks to Staffs County Council Audit Services.

BS added that it is reassuring to see another Substantial Assurance Report from the County Council and he is sure that the same level of service will continue in 2020/21 from RSM.

6. Internal Auditors Plan 2020/21 RSM

AW gave a verbal update to give assurance that work has started on their 2020/21 plan with the rest of the audit programmed in accordingly.

The first audit was a review of Safeguarding and Mental Health and Wellbeing. This review included a survey with ten questions sent to all the Fire Service staff to get their take on the support and provision of mental health and wellbeing within the Fire Service. 176 responses were returned. There is a slight delay in producing the draft report due to the large volume of responses. This report will be presented with the progress paper at the next ETAP meeting in July.

Q: DD, what will happen to the Mental Health survey answers?

A: AW, in terms of the results, once they have been analysed the draft report be passed to the Management Team. The management response will be included as part of the final audit report.

Q: SW, given that you have had a good response, presumably you will share the results with staff?

A: AW, yes the results will be shared with staff.

BB added her assurance that whatever the recommendations are made in the audit, these will be taken very seriously and addressed by the Fire's Wellbeing Culture Group

BS thanked AW for this her update.

7. External Auditors Grant Thornton

i. Audit Plan for 2019/20.

MS confirmed that the audit plan focused on:-

Significant risks – these include, management override of controls, Pension liability, and land and buildings.

Materiality level – this has been set at just below £1m. (2% of gross expenditure)

Value for money – Grant Thornton has carried out an interim risk assessment. Given the track record of the organisation, in terms of its financial management, which is good, and the partnership workings in the particular merger with the Police and Crime Commissioner, which has, have gone well, the auditors have decided this is not area of significant risk that they need to focus on. However, this area under review in light of the current pandemic

ii. Audit Plan Addendum 2019/20.

MS introduced this report and advised that its purpose was to provide an update to the planned scope and timing of the statutory audit of the Staffordshire Fire & Rescue Service as previously reported in the audit plan to those charged with governance.

MS also confirmed that in addition to the audit risks communicated to those charged with governance in their Audit Plan, recent events have led them to update their planning risk assessment and reconsider their audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic.

Q: DD, you mention that the need for auditors to demonstrate increase skepticism and challenge. Do auditors need to have additional training or do you feel that they have the necessary skills already?

A: MS, Grant Thornton do train their staff all the time and professional skepticism is one area that is heavily influenced by the Financial Reporting Council (FRC). The onerous has increased on audit to understand various areas and Grant Thornton are investing very heavily in their staff.

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| NOTED: ETAP members noted the External Audit Plan 2019/20 & Audit Plan Addendum |
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iii. Informing the risk audit assessment

MS advised that the purpose of this document was to have an effective two-way communication between the Authority's external auditors and the Police, Fire and Crime Commissioner (PFCC), as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where the external auditors are required to make inquiries of the PFCC under auditing standards.

This two-way communication assists both the auditor and the PFCC in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the PFCC and supports the PFCC in fulfilling the responsibilities in relation to the financial reporting process.

As part of the risk assessment procedures the external auditor is required to obtain an understanding of management processes and the PFCC's oversight of the following areas:

- General Enquiries of Management;
- Fraud;
- Laws and Regulations;
- Going Concern;
- Related Parties; and
- Accounting Estimates.

MS advised that he presented the document to ETAP members to give them the opportunity to have input on the process and asked if there was anything else that members wish to bring to the auditors attention.

BS, advised that he was not aware of any issues that needed to be brought to the auditors attention but he asked that ETAP members review the documents and let him have any comments which he would pass to MS.

LN, advised that, the risk assessment document, had already been shared with the Commissioner as he is 'those charged with governance'.

BS thanked MS for the audit plan and report.

8. AOB

Date and time of next meeting Wednesday 29 July at 2pm.