



**ethics, transparency
& audit panel**
Building public trust in policing and fire and rescue



Item 2 (ii)

ETAP ANNUAL REPORT 2019/20

Introduction

In accordance with best practice, I hereby present the report summarising ETAP activities during the financial year 2019/20. This is in addition to the submission of quarterly reports on ETAP activities during the year by the Chair.

The role of ETAP covers two main aspects firstly; that of the statutory function of an Audit Committee for both the Staffordshire Commissioners Office (SCO) and Force, secondly as a scrutiny body independent of both the Force and the SCO conducting Thematic reviews. In addition, ETAP has similar responsibilities for overview and scrutiny of Staffordshire Fire & Rescue Service.

ETAP Meetings

There have been five public meetings covering the Force and SCO. As the Fire Service is, a separate organisation ETAP held separate public meetings usually on the same day as the Police meetings. The press have also attended a public meeting.

ETAP has a sub group, The Finance Panel, to assist in understanding the detailed workings of the different organisations. The Finance Panel examine the budget reports along with progress reports and updates from the Internal Auditors. The panel also oversee the way that all the organisations manage and control risk. During the year, the group moved from monthly meetings to alternative months in recognition of both the improvement in the quality of the financial reporting and assist the budget savings. There were six Finance Panel meetings during the year that took place in-between ETAP public meetings.

In addition, the Chair of ETAP and the Chair of Finance Panel continue to receive briefings from the SCO and Force Section 151 Officers on a monthly basis.

Due to current working arrangements, these meetings have been conducted virtually.

ETAP held a self-assessment session during the year that was facilitated by RSM the internal auditors and followed best practice and resulted in identifying two small improvements in procedures that have been adopted by the panel.

PRINCIPAL AREAS OF REVIEW

1. Annual Governance Statement (AGS) and Head of Internal Audit (HOIA) opinion

The ETAP reviewed the draft AGS of SCO (2019/20) and were pleased to see continued improvements over the previous versions. The members concluded that it was consistent with the views of ETAP on both the organisation's systems of internal control and accordingly supported the approval of the AGS. The Force were planning to have a draft of the AGS for the May ETAP meeting

The Finance Panel also received from RSM the draft HOIA Opinion for the same period that provided assurance on the system of internal control. The opinion confirms that there is an adequate and effective framework for risk management, governance and internal control for both the Force and SCO. This report will be received at the ETAP meeting in May.

The HOIA Opinion from the County Council Internal Audit has been shared in draft with the Section 151 Officer and is to be presented at the ETAP meeting in May. There are no issues of concern.

The Finance Panel were consulted on the change of Internal Audit arrangements for the Fire Service. They fully supported the move to have one set of internal auditors across all the three organisations. Similarly, ETAP were consulted over the move to have the finance departments located together and were in full agreement.

2. Risk Management

In addition to the HOIA Opinion, the Finance Panel examined the process of recording in place for Strategic Risk Registers of all three organisations. Risk management has been reviewed by all organisations and considerable improvements have been made and now implemented that have assisted in providing informed decision making by the Strategic Governance Boards.

The Finance Panel appreciated that whilst the matrix in the Fire Service was different the control process and review were working well. The Risk Champion member from ETAP has been invited to attend the Strategic Risk Review Board as an observer to note the approach to high-level risks across all three organisations and management and any common items that effect all organisations.

3. Governance

The Governance arrangements across all three organisations are regularly reviewed to identify the best practice. The intention is to improve, and streamline processes where possible. As more teams from the different organisations start to collaborate more closely a common approach to Governance and will become more common. There are plans for Internal Audit to conduct a review of progress made on the current collaboration project. The ETAP members are aware of significant changes to some support services and have had presentations from senior officers as to the control and governance of these projects that are in place.

4. Internal Audit

The Panel have taken part in the planning for the IA plan for 2020/21 and note that RSM are now auditor for all three organisations. The majority of the 2019/20 audit plans have been completed and an update will be given at the ETAP meeting in May.

In accordance with best practice the Panel members are planning to hold a private session with both the Internal and External Auditors to review the work and results for the 2019/20 audits. This may need to be a virtual meeting.

5. External Audit

The External Auditors for the Force and SCO are EY whilst for Fire it is Grant Thornton. The External auditors attend all the respective public meetings of ETAP and update the panel on progress and plans for audit along with providing copies of sector updates and developments for the future.

The working relationship with both sets of external auditors is well established and early consultation on any new topics of concern are shared as soon as possible to avoid concerns over details of impact on accounts and disclosure.

Both Internal Auditors have conducted an interim audit with no concerns being raised. Draft accounts have been prepared and are to be published as on the internet at the end of May 2120.

ETAP have planned independent meetings before the audit of the 2019/20 accounts are finalised. These may need to be a virtual meeting.

6. Finance Panel

The Finance Panel now meet on an alternative monthly basis and have the time and expertise to examine the detail on the monthly budget reports and other finance issues including review of the annual budget setting, the MTFS, Treasury Management and more recently the plans for merger of the support functions.

The Finance Panel also discuss the detail on all audit reports and updates on risk registers and major projects. An early draft of the SCO Annual Governance Statement was also reviewed.

7. Thematic Reviews

The Panel have published a number of thematic reviews during the year and copies are available on the SCO web site. The progress and updates are reported at every public ETAP meeting. These progress reports also give an indication of time and effort that used on each report. Once final recommendations are agreed and accepted, they are tracked to ensure that proper action and implementation has taken place. The updates on thematic recommendations are reported at ETAP meetings.

Recent topics that are now on the web include a review of Partnerships and a review on Commissioning.

During the year, there was a need to review some topics with a speedy turnaround. An agreed procedure is now in place and has been agreed with the relevant parties. These reports were for internal management and included Review of Strategic Risk Registers and Data Management.

Due to the current pandemic, all work and planning for thematic topics has been suspended.

8. Annual Self-Assessment of Audit Committee Effectiveness

As a part of established best practice for Audit Committees, ETAP has undertaken a self-assessment of its effectiveness covering the past twelve months. This period covered the period April 2018 to 31 March 2019. The exercise took place in June 2019 which RSM to facilitated and reported on the outcome and results of the exercise. The Panel are also planning to seek feedback from senior posts in all three organisations as to the working relationships with ETAP during 2019/20.

Robert T Simpson.

FCMA CGMA.

Chair ETAP.