

ETAP ANNUAL REPORT 2018/19

Introduction

In accordance with best practice, ETAP hereby presents a report summarising member's activities during the financial year 2018/19. 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 SCO and Force, secondly as a scrutiny body independent of both the Force and the SCO conducting Thematic Reviews.

During the year, following the transfer of governance responsibilities of the Fire Authority to the Staffordshire Commissioner ETAP extended their remit and took on similar responsibilities for overview of the Staffordshire Fire & Rescue Service.

As the Fire & Rescue Service is a separate organisation ETAP have held meeting specifically to manage Fire & Rescue Service activities. There have been 6 public meetings covering the Force and SCO and since the change of the 1st August 2018, 4 public meetings for the Fire & Rescue Service.

ETAP has also set up a sub group called the Finance Panel to assist in understanding the details of the different organisations. This group meets on a monthly basis to examine the regular budget reports along with progress reports from the Internal Auditors. This panel operates separate meetings for the Force & SCO and Fire & Rescue.

PRINCIPAL AREAS OF REVIEW

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

The Finance Panel reviewed the draft AGS of both the Force and SCO (2018/19) and were pleased to see the improvements by both organisations over the previous years versions. The Panel 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 Panel also received from RSM the draft HOIA Opinion for the same period which 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.

However, the HOIA also commented that the auditors have identified further enhancements to the framework of risk management, governance and internal control to ensure it remains adequate and effective. The Panel were able to take assurance from the Internal Audit Report that there are adequate systems of internal control in place.

2. Risk Management

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

The Panel has noted that there is continuing ongoing work seeking improvements as additional experience gained of using the registers. The Panel appreciated that whilst the Risk Management matrix in the Fire & Rescue Service was different, the control process across the three organisations and review processes were working well. Future consideration may result in SGB reviewing all the Strategic Risk Registers together on a regular basis throughout the year.

3. Governance

Both the Force and SCO continue to review the governance arrangements in place with a view to improve and streamline where possible.

With the addition of the Fire & Rescue Service Governance in August 2018 a similar governance structure at a strategic level was introduced. This also allowed the organisations to review the arrangements across all three organisations.

The Panel has strongly supported the changes, which are in line with best practice. This is a significant area that Audit Committees are required to review. The Panel plan to have a closer inspection of governance arrangements during 2019/20 and assess how the revised arrangements have bedded down.

At a lower level the Panel had a presentation recent from members of the Force Executive on how the Force are managing major on-going projects which covered both governance and risks associated with them.

4. Internal Audit

The representatives of the Panel took part in the appointment of the Internal Audit team early in the financial year for the Force and SCO. This was followed up after appointment of RSM by meeting Internal Audit during the creation of the plan and been consulted throughout the year where any proposed changes were raised. The Panel have also taken part in the planning for the Internal Audit plan for 2019/20.

Internal Audit attend all the ETAP public meetings and also attend the Finance Panel when Internal Audit reports were on the agenda and are fully discussed in detail. The Panel are pleased with the change in approach from a pure traditional approach to a wider consultative and advisory role which takes advantage of the wider experience of RSM in dealing with other clients.

In accordance with best practice the Panel members are planning to hold a private session with the both the Internal and External Auditors in late May 2019 to review the work and results for the 2018/19 audits.

5. External Audit

The External Auditors for the Force and SCO are EY whilst for Fire & Rescue they are 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. On the change of Fire Governance in August 2018 the continuance of Grant Thornton's appointment was confirmed. The working relationship with both sets of external auditors is well established and consultation on any new topics of concern are shared at an early stage to avoid concerns over details of impact on accounts and disclosure.

Both Internal Auditors have conducted an interim audit and no concerns have been raised. Draft accounts have been prepared and shared with External Audit and ETAP and will be published as drafts at end of May 2109. ETAP have planned independent meetings before the 2018/19 accounts are finalised.

6. Finance Panel

The Finance Panel meet on a monthly basis and have the time and expertise to examine the detail on the monthly budget reports and other finance issue including review of the annual budget setting, the MTFs, Treasury Management and more recently the plans surrounding collaboration of the support functions for the Force and Fire & Rescue Service.

The Finance Panel also discuss the detail on all audit reports and on occasion updates on risk registers and major projects. Early drafts of the Annual Governance Statements are 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 also give indication of time and effort that has been used on each report. Discussions on are currently in hand with all three organisations for topics to be examined in the future. The Panel have further developed an internal system for better recording reporting along with clearer documentation on agreed timetable and expected outcomes and benefits of the reports. Final recommendations once agreed and accepted are recorded and tracked at ETAP meetings to ensure they are actioned and implemented.

Topics during 2018/19 included:

- Independent Custody Visitor Quality Assurance
- Female Genital Mutilation
- Hotel and Travel Arrangements
- Out of Court Disposals
- Temporary Promotions

8. Panel Development

ETAP hold public meetings bi monthly for SCO/Force and hold separate ETAP meetings for the Fire & Rescue Service. However, the current plan is to arrange the timetable of meetings with the business process to ensure all items are on the agenda in a meaningful and timely manner. The Finance Panel continue to meet on a monthly basis for SCO and Force and on a bi monthly basis for Fire & Rescue Service. These arrangements are also under review to line up with business activity. In addition, there are meetings with officers on both the finance and thematic topics as required.

The Panel membership has changed over the year. The former Chair has stepped down after six years on the panel in addition to the numerous years served on the Police Authority. The Panel recruited four new members in autumn 2018 and the Panel now has thirteen members covering a wide and varied spread of different expertise and experiences.

The Panel have had a session on report writing early in the year and more recently a session on progress and planning management. These were to assist in preparing Thematic Reports and resulted in developing a better internal recording and reporting system.

8. Annual Self-Assessment of Audit Committee Effectiveness

As a part of established best practice for Audit Committees, the Panel has undertaken a self-assessment of its effectiveness covering the past twelve months. This period covered the twelve months 1st April 2017 to 31st March 2018. Due to the fact there was a change in Internal Audit in 2018 this exercise was managed internally using the same format as previous years. The exercise is taking place in June 2019 and RSM have agreed to facilitate. The Panel are also planning to seek feed-back from senior posts in all three organisations as to the working relationships with ETAP.

Robert T Simpson, FCMA CGMA

Chair ETAP