



**AVON FIRE AUTHORITY
AUDIT, GOVERNANCE & ETHICS COMMITTEE (AGEC)**

29 JUNE 2022

MINUTES OF MEETING

PRESENT: Councillors Ashe, Goggin (Chair), Tucker and Wilcox

The meeting started at 10.30 am

1. ELECTION OF CHAIR FOR MUNICIPAL YEAR

It was proposed by Cllr Tucker and seconded by Cllr Ashe that Cllr Goggin be elected Chair of the Audit, Governance and Ethics Committee for the 2022-2023 Municipal year. There were no other nominations.

RESOLVED – that Cllr Goggin be elected Chair of the Audit, Governance and Ethics Committee for the municipal year.

2. APOLOGIES FOR ABSENCE

Apologies for absence received from Cllrs Brown, Butters and Payne.

3. EMERGENCY EVACUATION PROCEDURES

Officers confirmed the emergency evacuation procedure for the venue.

4. DECLARATION OF INTERESTS

There were no declarations of interest.

5. PUBLIC ACCESS

None received.

6. CHAIR'S BUSINESS

Members and Officers introduced themselves.

1. The Chair outlined the continuing need for restrictions due to COVID-19. As no press or public were able to attend in person, the meeting would be recorded and uploaded to the AFA website.
2. The Chair explained the voting system for the meeting, ie votes against a motion would be recorded first, followed by abstentions, then votes in favour.

7. MINUTES

Cllr Goggin moved, and Cllr Wilcox seconded that the Minutes be approved as a correct record of the meeting.

RESOLVED – that the Minutes of 11 February 2022 be approved as a correct record and signed by the Chair.

8. EXTERNAL AUDIT PLAN 2022/23 FOR APPROVAL

The Committee received the External Auditors (Deloitte) Audit Plan for 2022/23.

The Deloitte representative presented the Audit Plan to the AGEC Committee for the 2021/22 audit of Avon Fire and Rescue and drew attention to the key messages in the paper:

1. Audit Plan - planning work had been informed through discussion with the Treasurer, the Finance Team and the review of relevant documentation from across the Authority.
2. Key risks – ‘significant audit risks’ had been identified for the Authority. It was confirmed this was the standard terminology used for all audits and was not specific to this organisation. These risks were presented as a summary dashboard on page 13 of the paper. The risks were based on Deloitte’s risk assessment procedures, incorporating the impact of issues identified in the prior year audit.
3. Regulatory change – the audit was carried out under the Code of Audit Practice issued by the National Audit Office (NAO). Management and the Committee would be kept up to date with sector and technical updates as they arise.
4. The materiality benchmark had used 2% of gross expenditure (total forecast expenditure per the March 2022 Revenue Financial Report) as the benchmark for determining materiality. The audit lead confirmed this materiality level would be updated based on the gross expenditure as per the 2021/22 accounts.
5. Under UK auditing standards there is a mandatory presumed risk of revenue recognition due to fraud. The audit lead confirmed this risk was rebutted for the Avon Fire Authority (AFA), as the majority of income received is from Council Tax & precepts received from the Local Authorities. As such the auditors would review ‘Capitalisation of expenditure’.

6. 'Management override of controls' was a standard risk identified on every audit, was not specific to this Authority and was not a matter of concern but would be looked at and continually monitored.

In response to questions:

7. Contract breaches were more of a Value For Money issue and therefore not considered to be a significant risk to be audited in terms of accounting judgements and journal controls.
8. And Fraud Scope in the plan was about a general standard and not specifically about the AFA.

It was moved by Cllr Goggin and seconded by Cllr Wilcox that the External Auditors Audit Plan for 2022/23 be approved.

On being put to the vote it was unanimously -

RESOLVED – That the External Auditors Audit Plan for 2022/23 be approved.

9. 2021/22 DRAFT STATEMENT OF ACCOUNTS AND NARRATIVE REPORT

The Treasurer presented the draft 2021/2022 Statement of Accounts and Narrative Report (Appendix 1), together with a copy of the draft Public Notice requirement (Appendix 2).

Key points emphasised were –

1. The national deadline for the approval of the 2021/2022 Statement of Accounts and Narrative Report had moved from the end of September to the end of November 2022.
2. A report would be submitted to AGEC at its November 2022 meeting, after the External Audit and the statutory Public Notice requirement with the final 2021/2022 Statement of Accounts
3. At the time of producing the draft Statement of Accounts for the June 2022 AGEC meeting, the AFA had not received all the information required for its external property valuation. Therefore, the top-level valuation uplift, of £3.32m, had been reflected within the draft accounts, with the full accounting break-down to be updated when the detailed valuation report was received from the external valuer. This position had been agreed with External Audit, the Fire Authority Chair and the AGEC Chair. It was proposed the draft Statement of Accounts would be updated once this external property valuation had been received, before sharing the draft accounts on the website in July.
4. The Treasurer was pleased to confirm a break-even position had been achieved on the FA's 2021/2022 Revenue budget.

In response to Members questions the following points were clarified –

5. The override provision was there to cover certain costs that could not be borne by the taxpayer.
6. The FA's timeframe regarding decision making in regard to the Estate's Strategy would be set by the full AFA and not AGECE.
7. It was confirmed the draft Statement of Accounts could be scrutinised by the public within the statutory Public Notice period and the period of public scrutiny would commence when the refreshed accounts were published, following the receipt of the external property valuations

It was moved by Cllr Goggin and seconded by Cllr Ashe that the draft 2021/2022 Statement of Accounts and Narrative Report, to enable the Fire Authority to meet its Public Notice requirement, be noted and approved.

RESOLVED –

1. **That the draft 2021/2022 Statement of Accounts and Narrative Report, to enable the Fire Authority to meet its Public Notice requirement, be approved.**
2. **That the delay in the receipt of the external property valuation report and the need to include this information in the draft Statement of Accounts, before the draft Statement of Accounts and Narrative Report was shared on the Fire Authority's website in July, be noted.**
3. **That final approval of the draft Statement of Accounts, once updated for this final property valuation, be delegated to the Fire Authority Chair, the AGECE Chair and the Treasurer.**

10. UPDATE ON INTERNAL AUDIT RECOMMENDATIONS

The Committee received a report of the Corporate Assurance Manager updating Members on progress with completing Internal Audit recommendations and management actions as approved by The Service Leadership Team (SLT) on 26 May 2022.

RESOLVED –

That the progress made against the Internal Audit recommendations and management actions be noted.

11. INTERNAL AUDIT REPORTS (This item Included agenda items 12 and 13 as published on the agenda)

The Committee received a report from RSM UK Risk Assurance Services LLP (RSM) who are the AFA's Internal Auditors -

1. To summarise the Internal Audit assignments completed since the last AGECE meeting, for 2021/22 from RSM Risk Assurance Services LLP.

2. To present the Internal Audit Annual Report and Opinion for 2021/22.
3. To present for approval the Internal Audit Plan for 2022/23.

Key points emphasised were –

Training Report

A further two medium category actions had been agreed around maintenance of skills and training data and evidence retention to provide assurance over the accuracy of data relied upon around Firefighter training and competencies. Noted that the context of the timing of this audit, with the pandemic, had a potential impact on training availability.

Transformation Report

A reasonable assurance opinion had been reported and three medium and one low category actions had been agreed with management along with processes in place to ensure continued transparency of delivery.

Follow Up Report

Reasonable progress had been made with 60% of actions being implemented in full, and 40% in progress. Seven of the ongoing actions are from advisory internal audit reviews such as Diversity and Inclusion and Risk Management.

Annual Report

The report summarised the work of internal audit for the 2021/22 financial year, and internal audit opinion found that the AFA had an adequate framework. However, further enhancements to ensure the framework remained effective had been identified, including Performance Management Training, Fleet Management, Financial Controls, Transformation and the Follow up.

2022/23 Internal Audit Plan

Following the re-tender for internal audit services and the reappointment of RSM as the Service's internal audit provider, the Committee was asked to consider if the proposed plan met its needs and if there were any areas of risk or concern missing from the plan.

Internal Audit update

Following the re-tender for internal audit services, RSM had agreed a series of actions with management to further enhance the internal service and experience. This included an SLT workshop on internal audit to improve understanding of the audit process. A programme of 'nugget' training for AGEC Members on topical areas such as risk, effective governance, cyber security would be developed, together with further and more obvious benchmarking in audit reports. Cross cutting themes would also continue to be included in the Annual Report and monthly and quarterly management meetings.

AGEC Report Streamlining

The Service would continue working with RSM to further streamline reports produced for AGECEC, to ensure that Members received the most relevant and key information.

It was moved by Cllr Goggin and seconded by Cllr Wilcox that the Internal Audit reports be noted and approved.

RESOLVED –

- 1. To note the internal audit reports, the findings and agreed management actions for the following audits:**

Training – Final version (Appendix 1)

Transformation (Appendix 2)

Follow Up (Appendix 3)

- 2. To note the internal audit annual report and opinion for 2021/22 (Appendix 4)**
- 3. To note and approve the internal audit plan for 2022/23 (Appendix 5).**

12. CORPORATE RISK REGISTER

The Committee received a report concerning the Corporate Risks Register (CRR) emphasising that the CRR was a key tool in the effective identification and management of organisational risk.

Members were informed that for this meeting the CRR had been separated into two reports, with four risks needing to be considered in exempt session because there were contractual matters which were pertinent to Member scrutiny of the risk assessments and management actions.

The following corporate risks would be considered in exempt session: CR11 – Financial Systems, CR12 – Cyber Security, CR13 – Loss of IT Systems General, CR15 – Pensions.

Key points made were -

1. The SLT had recently reviewed the breadth of risks captured in the CRR and identified the potential need to add a risk regarding 'Environmental Compliance and Net Zero Carbon' to the CRR.
2. Progress against the Net Zero Fire Authority commitment was being monitored by the SLT, Service Leadership Board (SLB) and Performance, Review and Scrutiny Committee and the Service's scorecard measures and reports on yearly progress towards this target.
3. As the target spanned across multiple years and included cross-Service independencies SLT considered it essential to have further regular

oversight of risks in respect of Net Zero compliance and, more widely, any emerging environmental risk impacting on the Service.

4. SLT were currently in the process of developing and defining the risk ensuring there was no duplication with the current health and safety and premises risk definitions. A proposal would be submitted to a future SLT meeting as a new addition to the CRR.

Members welcomed the CRR update and the improvements that had been made to its format.

It was moved by Cllr Goggin and seconded by Cllr Wilcox that the CRR be noted subject to risk scores in red appearing in bold and an amendment regarding the date the initial risk score was set being added to the CRR in future reports.

RESOLVED –

1. That the CRR in respect of the risks in this non-Exempt report and the controls and mitigation in place to manage these risks be noted.
2. That the date that the initial risk scores in the CRR were set be included in future reports.

13. DATE OF NEXT MEETING

Moved by Cllr Goggin and seconded by Cllr Wilcox.

RESOLVED – that the date of the next meeting be held on 22 September 2022 at 10.30am.

14. EXCLUSION OF THE PRESS AND PUBLIC

The recommendation was moved by Cllr Goggin and seconded by Cllr Tucker.

RESOLVED –

That the public be excluded from the meeting during the following items of business on the grounds that they contained exempt information pursuant to Schedule 12A, Part I of the Local Government Act 1972 and that in accordance with Schedule 12A, Part II, paragraph 10 of the Local Government Act 1972 the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

15. CONFIDENTIAL MINUTES

17.1 Confidential Minutes of the Meeting held on 11 February 2022.

Cllr Goggin moved, and Cllr Wilcox seconded that the Minutes be approved as a correct record of the meeting.

RESOLVED – that the Confidential Minutes of 11 February 2022 be approved as a correct record and signed by the Chair.

16. CORPORATE RISK REGISTER INCLUDING COMMERCIAL CONTRACTS

The Committee received an exempt report regarding specific items of the Corporate Risks Register (CRR).

Members were informed that the CRR was not usually an exempt agenda item but on this occasion commercial contract information formed part of the risk assessment and management mitigations in four areas of corporate risk.

After detailed consideration the recommendation of the report was then moved by Cllr Goggin and seconded by Cllr Wilcox, and it was unanimously -

RESOLVED –

That the risk assessment for the four areas of corporate risk, relating to -

CR11 – Financial Systems

CR12 – Cyber Security

CR13 – Loss of IT Systems General

CR15 – Pensions

and the controls and mitigation in place, as discussed and considered, be noted, and endorsed.

Chair

The meeting ended at 12.20 pm