



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

22 NOVEMBER 2022

MINUTES OF MEETING

PRESENT: Cllrs Ashe, Butters, Goggin (Chair), Payne, Tucker and Wilcox

The meeting started at 10.55 am due to a traffic incident which delayed attendees.

29. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Brown and James Mason, Independent Person.

30. EMERGENCY EVACUATION PROCEDURES

Officers confirmed the emergency evacuation procedure for the venue.

31. DECLARATION OF INTERESTS

There were no declarations of interest.

32. PUBLIC ACCESS

None received.

A Member raised whether the venue might be too remote for Members of the Public to get to and asked whether any feedback had been received. The Clerk mentioned that it was a challenge to find larger rooms suitable to hold Avon Fire Authority (AFA) meetings with availability for our meeting dates. Democratic Services do try to obtain rooms at HQ but there is a lack of availability. The Clerk requested that Members advise if there are any suitable meeting venues within their Unitary Authorities.

33. CHAIR'S BUSINESS

Members and Officers introduced themselves.

1. The Chair outlined that meetings were now taking place face-to-face. The meetings would however still be recorded and uploaded to the Avon Fire Authority (AFA) YouTube channel.
2. The Chair explained the voting system for the meeting, i.e., votes against a motion would be recorded first, followed by abstentions, then votes in favour.

34. MINUTES OF THE AUDIT, GOVERNANCE & ETHICS COMMITTEE HELD ON 22 SEPTEMBER 2022

Cllr Goggin moved and Cllr Payne seconded that the minutes be approved as a correct record of the meeting.

It was RESOLVED -

That the minutes of 22 September 2022 be approved as a correct record and signed by the Chair.

35. EXTERNAL AUDIT UPDATE

The Committee received a verbal update from Deloitte, the AFA's External Auditor (EA) and provided details of the progress made with the Statement of Accounts and the subsequent plans to complete the outstanding work.

It was advised that the EA had progressed with their audit of the Statement of Accounts and were around 70-80% complete. However, they had notified the Interim Treasurer that they were not in position to sign off the AFA's accounts by the deadline of 30 November. The key reasons stated were that there were areas requiring further testing, specifically in relation to property valuations and pensions, as well as resourcing issues and therefore they were not able to issue an audit opinion within the statutory deadline.

The EA confirmed that the AFA's 2021/22 Accounts audit had begun and was timetabled to be completed by February/March 2023. It was added that continuity was important and the lead individual had been off unwell but would return in January 2023 and re-start the audit in February.

It was pointed out there had been significant issues across the public sector in respect of signing off 2020/21 audits and around 40% were not yet signed off in other organisations.

A Member asked EA that there is a statutory requirement to publish the accounts by 30 November, and this had not been achieved, were there any consequences? The EA advised that there were none. The Clerk added that regulations state you have to provide an explanation for any delay and publish that on your website and then must complete the audit as soon as reasonably practicable.

The Committee then heard from the Interim Treasurer who advised that their report provided the Committee with the implications to the Fire Authority of the delay in the external audit, in particular, the requirement to publish a statutory

notice to state that the audited statement of accounts would not be published by 30 November 2022.

The Interim Treasurer reminded Members that this situation had occurred three years ago when he was working with the AFA. He added that he was not comfortable that the Accounts were not ready to present to the Committee on time, had raised this with External Audit and would continue to pursue completion and achieve assurances on their planning for the next audit.

The Interim Treasurer advised that in the circumstances, the AFA would publish a public notice on their website to advise that the statutory deadlines had not been met. He drew Members attention to Appendix 1. He raised that another issue was ideally he would like the audit completed as soon as possible as from an AFA point of view, the Accounts sign off starts the beginning of the financial planning cycle. Normally, he would review the report from the EA to establish whether there were any issues or errors and misstatements which can be addressed.

The EA advised that she was happy to have a discussion around any misstatements, but she was not aware of any emerging in the audit so far.

A Member advised that this was a concerning situation. The EA advised that Deloitte were working closely with each Authority to complete the audits as quickly as possible, but this is putting pressure on Deloitte and recruitment has been an additional problem. It was confirmed that the Financial Year 2022/23 looked to be on track and work would begin in July 23, and work would be completed alongside the Statutory Finance Officer.

It was asked whether the pandemic had contributed to the situation. The EA confirmed that there had been a significant impact including creating a backlog and issues relating to staff returning to work on a face-to-face basis.

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

It was RESOLVED –

That the Committee:

- a) Noted the delay with the External Audit process and explanation provided by external auditors Deloitte.**
- b) Approved the publication on the Fire Authority website of the draft Statutory Notice, included as an Appendix to the report, stating that Avon Fire Authority would not be able to publish the Statement of Accounts for 2021/22, as the audit had not been concluded.**

36. ANNUAL STATEMENT OF ASSURANCE 2021/22

The Committee received a report from the Head of Corporate Assurance regarding the Annual Statement of Assurance for 2021/22, for approval and publication and to recommend that the AFA Chair sign the foreword on behalf of AFA.

Members were advised that scrutiny and approval of the statement was delegated to this Committee and that the report was in accordance with the Fire and Rescue National Framework for England, which required that every Fire Authority publish an Annual Statement to give assurance to the community and to the Government on financial, governance and operational matters by 31 March for the previous year.

A Member suggested that a comment be added onto page 5, advising that the audited accounts have been delayed. It was noted that an explanation had been added to page 25, however, further details would be added onto page 5.

It was noted by a Member that there was a reduction in the figures relating to 'on-call' firefighters in 2021 and 2022 in the table on page 11 of the Statement of Assurance, and queried whether there was a reason for this. The Director of Corporate Services (DoCS) advised that the overall number had reduced by 5, secondary contracts and On Call had also changed and Wholetime firefighters also took secondary On Call contracts. A Member asked for details of the minimum break required between shifts, it was confirmed that this was 9 hours minimum.

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

It was resolved that the Committee -

- a) Approved the annual Statement of Assurance 2021/22 for publication; subject to the additional comment being added on page 5 regarding the delayed accounts**
- b) Recommended that the Chair of the Fire Authority signs the foreword on behalf of the full Fire Authority.**

37. INTERNAL AUDIT UPDATES AND REPORTS

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

The key points emphasised were –

Internal Progress Report

- This report provided the Audit, Governance & Ethics Committee (AGEC) with an update on delivery of the 2022/23 internal audit plan.
- One advisory audit assignment report (Business Cases & Benefits Realisation) had been finalised since the last AGEC meeting. This report was presented to this meeting for consideration.
- The audit plan remained on track to be delivered by year end.
- Currently the Pension audit is not taking place this year, with the Operational Assurance audit in its place from January 2023.
- Sector briefings are included in the report for information purposes.

The Key Financial Controls review took place a few weeks ago and would be brought to the next AGEK meeting.

Business Cases and Benefits Realisation

- This advisory audit was undertaken as part of the new three-year rolling internal audit strategy, to look at the change management processes across Avon Fire & Rescue Service (AF&RS).
- Whilst there is no formal assurance opinion, RSM had agreed seven medium actions with management to address current risks.
- The Service had identified gaps within the current control framework and are addressing these, in part, through the Transformation Programme. At the time of the audit, a change management framework was being developed. However, there had been delays in its development due to resourcing limitations and as a result the actions raised as part of this review reflected interim measures whilst development is being carried out.
- Interviews carried out during the audit with various teams across the Service, identified that a consistent approach is required for change management. At present there was a lack of consistent terminology and understanding of what constitutes a project/programme and what remained business as usual.

RSM advised that an Audit on the Transformation programme last year had been completed, and this report was the next step for looking at change management outside of and beyond, the Transformation programme. The Programme Management Officer was fully focused on the Transformation Programme and management were already aware of gaps in the wider Service in the interim. There were interim measures in place and a framework to deliver to budget and meet objectives and realise benefits.

A Member enquired about Control 5 on page 62 and the progress made following feedback from staff. The DoCS explained that this was an educational piece, i.e., when a user was required to complete a Business Case. The Service would be reissuing the project framework and guide. Training would take place alongside a refresher of management training. As there were no further updates available, it was agreed that an update would be provided offline when available.

A Member asked about CR19 on page 55 regarding the findings and implications, as it read as if Business Cases had been signed off without suitable information being available to decision makers. The RSM Manager outlined that in their findings, there were a few Business cases where sections of information were missing on the form. In addition, in the meeting minutes, cases had been approved and discussed but further action was still required. However, RSM couldn't find any evidence of follow up on these required actions. The form would be updated to ensure that the proposer looks at other areas such as IT and Learning & Development before submitting their business cases. There was already a requirement to ensure other key departments such as finance and HR were consulted on the business case and its implications. The DoCs confirmed that on occasion Business Cases had been approved, because of an urgent business

need, subject to additional points that had been discussed verbally, being included within the paperwork. Therefore, there was a need to confirm that the amended business case were on record. In addition, the learnings from some Business Cases were that they were too narrow in some areas and had not considered a referral to all necessary areas of the Service. The template would be updated to confirm referral to all necessary departments along with a checklist on the front page.

The Member then asked if the Business Cases identified in March, April and May would they be revisited and checked. The RSM Manager advised that she would provide case details to the DoCS to carry out sample testing.

It was resolved that the Committee –

a) Considered the internal audit progress report for 2022/23 to date

b) Considered the internal audit report, the findings and agreed management actions for the Business Cases and Benefits Realisation audit

38. UPDATE ON INTERNAL AUDIT RECOMMENDATIONS

The Committee received a report from the Head of Corporate Assurance which updated Members on progress with the completion of the Internal Audit recommendations and management actions, as approved by the Service Leadership Team (SLT) on 27 October 2022.

A Member asked about the process of implementing devolved budgets and any feedback that can be given including learning. The DoCS advised that there were no updates available as the Service was currently running a 'shadow year' to set up processes and training with a go-live date of 5 April 2023. The feedback received so far is that the process was going well and that the training had been helpful.

The RSM Manager agreed and advised that they had just completed a review of financial controls which included two comments on devolved budgets which would be presented at the next meeting.

It was resolved that the Committee –

Noted the progress made against the Internal Audit recommendations and management actions.

39. DATE OF NEXT MEETING

RESOLVED – that the date of the next meeting be held on 22 March 2023 at 10.30am.

40. EXCLUSION OF THE PRESS AND PUBLIC

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

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 1 of the Local Government Act 1972 and that in accordance with Schedule 12A, Part 2, paragraph 10 of the Local Government Act 1972 the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

41. EXTERNAL AUDITOR APPOINTMENT FROM 2023/24

The Committee received a report from the Director of Corporate Services (DoCS) which outlined that the Authority's current External Auditors (for the accounting periods 2018/19 to 2022/23 inclusive) were Deloitte LLP. They were appointed by Public Sector Audit Appointments (PSAA), a national scheme which had the authority to appoint and allocate external auditors to opted in bodies following a procurement exercise.

Chair

The meeting ended at 11.55 hrs.