



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

**22 MARCH 2023**

**MINUTES OF MEETING**

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

**42. APOLOGIES FOR ABSENCE**

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

**43. EMERGENCY EVACUATION PROCEDURES**

Officers confirmed the emergency evacuation procedure for the venue.

**44. DECLARATION OF INTERESTS**

A declaration of interest was received from Cllr Wilcox who is a shareholder in an energy company called Good Energy.

**45. PUBLIC ACCESS**

None received.

**46. CHAIR'S BUSINESS**

Members and Officers introduced themselves.

1. The Chair outlined that the meeting was taking place at Police & Fire Headquarters. The meeting 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.
3. The Chair thanked Cllrs Ashe and Butters as this was their last AGECE meeting. They were wished well for the future.
4. The Chair advised that the Avon Fire Authority (AFA) had now published its pre-election guidance, which remained in place until the polls closed on 4 May 2023. Elections were taking place for the unitary authorities of Bath and North East Somerset, North Somerset and South Gloucestershire. Members and

Officers were encouraged to read the guidance and to act in accordance with it. FA meetings would continue to deal with the 'day-to-day' business for the AFA.

**47. MINUTES OF THE AUDIT, GOVERNANCE & ETHICS COMMITTEE HELD ON 22 NOVEMBER 2022**

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

**It was RESOLVED -**

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

**48. 2021/22 STATEMENT OF ACCOUNTS – REPORT OF THE TREASURER/ EXTERNAL AUDITORS ISA 260 REPORT**

The Interim Treasurer reminded Members that at the last meeting of this Committee, held on 22 November 2022, it was reported that the Authority was not able to publish its audited Statement of Accounts for 2021/22 by the statutory deadline of 30 November 2022. This was as a result of Deloitte (External Auditors) not being in a position to issue an audit opinion at that time.

Deloitte had advised the Authority that the main reasons for the delay were the impact of COVID-19 and the increasing complexities of Local Authority accounting, resulting in a number of Local Authorities not being able to meet the statutory deadlines to publish their audited accounts.

As a consequence of not meeting the statutory deadline, and in compliance with the Accounts and Audit Regulations 2015, the Authority approved the publication of a Statutory Notice, to be published on its website immediately after the November 2022 meeting, stating that it had not been able to publish its final accounts and its reasons why.

The Interim Treasurer added that it was pleasing that Members had now received the ISA260 for consideration. He added that overall, the report was positive but was aware that there were still some outstanding issues being worked on.

The Audit Lead from Deloitte highlighted that there were a number of areas outstanding. The outcome overall was positive and the audit procedures were complete excluding some pension fund information which was still awaited. Deloitte were challenging possible charges for providing this information.

Deloitte added that in relation to post balance sheets events, it had been advised that there were delays to the pension fund signing off their annual valuation and reviewing membership data as of 31 March 2022. There had been indications that there was a potential impact of on the pension fund of 5-10%. This was a sector wide issue, and that Deloitte would work with their specialists to understand what the impact was. This would have to be concluded before signing the audit opinion.

It was hoped by the end of the week, Deloitte would have a clear view of what this meant and what the next steps would be.

Deloitte confirmed that overall, the accounts presented were positive and they were expecting an unmodified audit opinion based on the tests to date. There was a comprehensive list of immaterial uncorrected mistakes which AGEC needed to consider and make sure they were comfortable that they remained uncorrected.

A Member questioned fluctuations in the figures for property valuations and agreed to email the figures he was questioning so that Deloitte/Finance could reconcile and explain those figures.

A question was also asked about the cycle of property valuations, and it was noted that only a desk-top valuation had been completed. It was asked where we were in the cycle and when the next in-person valuations of property would be carried out. The Clerk asked the Interim Treasurer, Head of Finance & Deloitte to clarify this when responding to the questions about valuation figures.

A Member raised a concern that the Accounts were running a year late, how confident were Deloitte that they would be on time in future years. Deloitte confirmed that in terms of the 2022/23 audit, resource had been planned over the summer and they looked to complete this in a timely manner. The current issue was the accounts could not be signed because the pension audit had not been completed. They were relying on third parties and therefore, it is difficult to confirm that the November deadline would be met.

Deloitte confirmed that the accounts could not be signed at the meeting due to the delay in receiving information from the pension fund (they had completed investigations into the effects of Goodwin/McLeod and found that to be immaterial). In view of this the recommendations were amended.

The recommendations were moved by Cllr Goggin and seconded by Cllr Butters.

**It was RESOLVED that the Committee:**

- a) Reviewed and approved the draft 2021/2022 Statement of Accounts and Narrative Report.**
- b) Noted the delay in the receipt of pension information and the need to include any impact in the draft 2021/2022 Statement of Accounts before they are finalised and shared on the Fire Authority's website.**
- c) Delegated final approval of the 2021/2022 Statement of Accounts, once updated for this pension information, to the Fire Authority Chair, the AGEC Chair and the Interim Treasurer.**

#### **49. EXTERNAL AUDIT VALUE FOR MONEY REPORT 2021/22**

The Committee received the Annual report for 2021/22. Deloitte advised that the Value for Money report had been issued in draft form, as the report could not be

finalised until the final signing of the Statement of Accounts. However, they were not looking to complete any further work so had provided the final version.

This was a positive Value for Money statement with no significant weaknesses or recommendations and reflected the journey that the AFA has been on over the last number of years.

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

As the report could not be finalised until the final signing of the Statement of Accounts, the recommendations were duly amended.

**It was resolved that the Committee -  
a) noted the draft External Audit Value for Money report.**

## **50. ANNUAL GOVERNANCE STATEMENT 2021/22**

The Committee received the report from the Head of Corporate Assurance, Continuous Improvement and Planning. The draft Annual Governance Statement (AGS) 2021/22 was presented to AGEC on 22 September 2022 and approved by Members subject to paragraphs 8.2 and 8.3 being updated with the Deloitte's Audit Opinion and commentary on Value for Money, when published.

Deloitte had provided an updated report to this Committee on the audit for the year ended 31 March 2022 and an Annual Report for 2021/22. Their update report stated that, whilst Deloitte were still in the process of finalising their audit, they envisaged issuing an unmodified audit opinion on the Authority's financial statements.

The Annual Report stated that they had not identified any significant weaknesses in the Authority's Value For Money arrangements, and so had not reported any recommendations in respect of significant weaknesses.

Members were reassured that the AGS would only be published once Deloitte had finalised and confirmed their unmodified and unqualified opinion. In the unlikely event that these opinions change, the wording for paragraphs 8.2 and 8.3 would be referred back to AGEC for consideration.

The recommendations were moved by Cllr Goggin and seconded by Cllr Wilcox.

**It was resolved that the Committee -  
a) Approved the inclusion of paragraphs 8.2 and 8.3, as above, in the published AGS 2021/22 as soon as External Audit had finalised the audit of the accounts and confirmed their unmodified/unqualified opinion.  
b) Agreed that should the opinion of External Audit change on the conclusion of their audit, the wording of the AGS, in respect of paragraphs 8.2 and 8.3, will be referred back to the Committee for further consideration.**

## 51. INTERNAL AUDIT REPORTS AND INTERNAL AUDIT PLAN 2023/24

The Committee received a report from RSM UK Risk Assurance Services LLP (RSM) who are the AFA's Internal Auditors. Audit Reports were presented to this Committee for consideration, assurance, and review of management action plans.

The key points emphasised were –

### Internal Audit Report – Key Financial Controls Purchase to Pay

This audit was part of the three-year rolling internal audit strategy as a core assurance review to look at the financial control framework in place for the supplier payments process. The audit included a 'walk through' and testing of the purchase to pay process to ensure compliance against the key financial policies in place. They also reviewed the controls of checking and reporting of supplier data and the set up of and changes to suppliers, which is a high risk area.

RSM reported that a reasonable assurance opinion was given for this area with two medium and two low priority management actions around updating policies and procedures, changes to supplier bank details and enhanced checking of supplier payments from Bristol City Council (BCC), prior to processing. These were for final checks for supplier payments and evidence of the approval process. It was good practice to record the final sign off of payments. It was noted that with an SLA in place with BCC, the Service should ensure an audit trail was in place.

In respect of control and supply changes, the Service is required to have evidence in place and an audit trail of the checks. In addition, the financial procedures should be updated annually to reflect current working practices.

The report was by exception and there were a number of well-designed controls found. Some good practice points were also included as the Service moved to Devolved Budgets.

The Head of Finance added that these actions had now been completed and evidence provided. There had also been changes to procedures to reflect the new way of working.

A Member asked about the Agresso and OSHENS packages and whether they had the ability to link with an active directory, so that the accounts were managed correctly. The Head of Finance explained that for Agresso this is provided by BCC and therefore AF&RS worked within their framework. However, there was no attendance at the meeting from Health and Safety to answer regarding OSHENS and it was agreed to take this question offline.

### Internal Audit report – Operational Assurance SOP H7

The audit focused on the second line assurance processes in place to ensure the Service was delivering operational activities in line with standards and background guidance from the National Fire Chiefs Council (NFCC). This included when station managers were using the online Health and Safety tool OSHENS.

A reasonable assurance opinion was reported with one medium and six low priority management actions. It was found that there were established policies and process documentation however, weaknesses were noted in the control framework such as evidence not being recorded on the Service's Health and Safety system (OSHENS) to support the operational assurance activities, and a lack of assurance flowing through the governance structure. The key area was around providing and retention of evidence.

### Progress Report

This document summarised the progress to date in delivery of the 2022/23 Internal Audit Plan. RSM highlighted that since the last meeting, two reports had been published with one piece of audit work still in progress, which was delayed due to personnel issues within the Health and Safety team. The final report would be presented to the next meeting.

RSM would be conducting follow up work throughout the year and to validate the actions closed. A summary position would be brought to a future meeting along with the Annual Report. It was advised that from the reporting completed so far, there was nothing to suggest a negative opinion.

### Internal Audit Plan 2023/24

RSM had worked with management to develop a programme of audits for the 2023/24 financial year that were risk-based, provided core assurance, management advice, as well as considering sector-specific issues.

RSM confirmed that the paper outlined the process undertaken including discussions with the Management team. Confirmation had been sought as to audits linked to key risks with the AFA. It should be considered whether the plan affects the assurance needs and if Members recognised the risks that should be considered. RSM could be flexible during the year if assurances needed to change. Other audits would be considered for future plans and there was a small element of contingency time available for flexibility next year.

The recommendations were moved by Cllr Goggin and seconded by Cllr Ashe.

**It was resolved that the Committee –**

**a) Considered the internal audit reports, the findings and agreed management actions for the following audits:**

- Key Financial Controls – Purchase to Pay (Appendix 1)**
- Operational Assurance – SOP H7 (Appendix 2)**

**b) Considered the Progress Report (Appendix 3)**

**c) Considered and approved the Internal Audit Plan 2023/24 (Appendix 4)**

## **52. UPDATE ON INTERNAL AUDIT RECOMMENDATIONS**

The Committee received a report from the Head of Corporate Assurance Continuous Improvement and Planning, 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 22 February 2023.

Significant progress had been made with the monitoring and completion of internal audit actions, with the final outstanding action for the audit year 2020-2021 now complete.

For 2021/22, three actions remained open and good progress had been made in the current financial year with four actions already completed. It was noted that the Operational Assurance H7 report had not been finalised and was not available at the time of writing the report.

The Corporate Assurance team recommended that with increased efficiency and fewer outstanding actions to monitor, from the next municipal year an update on Internal Audit Recommendations is provided to the AGEC twice a year. Progress would continue to be tracked by the Corporate Assurance team, and Internal Audit, regularly with updates available to Members on request.

A Member clarified that going forward, Members would receive internal audit and CRR in rotation (every other meeting) and this was confirmed. Members thanked contributors for the progress made.

The recommendations were moved by Cllr Goggin and seconded by Cllr Ashe.

**It was resolved that the Committee –**

- a) Noted the progress made against the Internal Audit recommendations and management actions.**
- b) Approved the proposed change in Internal Audit Recommendations reporting frequency, from four times a year to twice-yearly, commencing in the new municipal year.**

## **53. CORPORATE RISK REGISTER**

The Committee received a report from the Head of Corporate Assurance, Continuous Improvement and Planning who updated Members on progress on the review of the Corporate Risk Register (CRR) and to seek assurance of appropriate management action.

Risk owners are required to review and update each risk to align with the SLT monthly reviews, or if there is a significant change in the interim. This ensured each risk score remained current and that the level of risk is reflected in the level of controls in place and mitigations planned. Risks are red, amber, or green depending on their rating, with red indicating the highest scoring risks, due to a combination of likelihood and impact.

The CRR is subject to regular review and 'deep dives' by SLT and presented to AGECE twice a year. The Service Leadership Board (SLB) review the highest-level and newly emerging risks and the Treasurer reviews financial risks on a regular basis.

Member's attention was drawn to p244, where three risks were rated high but remained static. CR03 – Response and Rescue risk rating was now likely to reduce following the recent pay award and the avoidance of industrial action.

As reported to AGECE Members in June 22, a new risk was identified and added to the CRR - CR021 Environmental Compliance and Net Zero carbon.

A Member advised that they were concerned to see the governance score at 20, graded amber on page 261. Members were advised that there were a number of reasons including the impact of waiting for the External Audit opinion on the accounts. This information was used as a major control of our governance risk. There was also the potential of industrial action which would have made a significant change to staff capacity. We were also waiting for the final report of an independent Governance Review and a vacancy in the governance team was also having impact.

A Member mentioned that they were concerned about Bath fire station not being re-built as hoped and was this an enhanced risk. The Clerk confirmed that there was not a representative from Property Services at the meeting, however, this had been addressed in previous meetings. The Director of Corporate Services (DoCS) advised that Members would have seen from the recent capital programme updates, that the Service did not intend to move forward with the re-development of Bath or Weston within the next financial year. This was due partly to the current financial situation and that borrowing costs were high. From a premises point of view, there is the potential that some aspects of work would be required on the building and £100k had been set aside for this work.

The Assistant Chief Fire Officer, Service Delivery confirmed that money had been put aside for maintenance whilst the re-build was on pause. There would be an ongoing review on how we would make the building as environmentally effective and efficient as possible. There would be no difference to the operational service provided. The DoCs advised that consideration would be given to the estates strategy over the next financial year including the impact of the future use of the Joint Training Centre following the end of the PFI.

A Member added that in respect to CR06, they were pleased to see the Emergency Services Network delay had been acknowledged. It was requested that a briefing take place to explain to Members how the Service was mitigating this risk. The Clerk advised that this topic could be added to a future Member Briefing.

The recommendations were moved by Cllr Goggin and seconded by Cllr Butters.



**It was resolved that the Committee –**

- a) Reviewed the CRR in respect of the risks in this report and considered the controls and mitigations in place to manage these risks.**
- b) Considered whether the Committee needed any further information to be assured of the appropriate management of these corporate risks.**

**54. DATE OF NEXT MEETING**

**RESOLVED – that the date of the next meeting be held on 27 June 2023 at 10.30am.**

**55. EXCLUSION OF THE PRESS AND PUBLIC**

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

**RESOLVED –**

**That the public be excluded from the meeting during the following items of business on the grounds that they contain 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.**

**56. CONFIDENTIAL MINUTES OF THE ORDINARY MEETING OF THE AUDIT, GOVERNANCE & ETHICS COMMITTEE HELD ON 22 NOVEMBER 2022**

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

**It was RESOLVED -**

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

**57. ELECTRICITY CONTRACT AWARD**

The Committee received a report from the Environmental Manager.

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Chair

The meeting ended at 11.51 hrs.