



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

**11 FEBRUARY 2022**

**MINUTES OF MEETING**

**PRESENT:** Councillors Ashe, E Brown, Butters, Goggin (Chair), Payne, Tucker and Wilcox and James Mason (Independent Person)

The meeting started at 11 am

**41. APOLOGIES FOR ABSENCE**

Apologies for absence received from Danielle Neale, Treasurer.

**42. EMERGENCY EVACUATION PROCEDURES**

Officers confirmed the emergency evacuation procedure for the venue.

**43. DECLARATION OF INTERESTS**

There were no declarations of interest.

**44. PUBLIC ACCESS**

None received.

**45. CHAIR'S BUSINESS**

Members and Officers introduced themselves.

1. The Chair outlined the continuing need for restrictions due to COVID-19. As there are limits on the numbers of press or public able to attend in person, the meeting would be recorded and uploaded to the Avon Fire Authority (AFA) website.
2. The specific conditions relating to the venue regarding emergency evacuation and duration of the meeting were explained.

3. 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.

#### **46. MINUTES**

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

Noted that the action under minute No. 35 (6) had been completed.

**RESOLVED – that the Minutes of 24 November 2021 be approved as a true record and signed by the Chair.**

#### **47. EXTERNAL AUDIT – VALUE FOR MONEY REPORT**

The Committee received the External Auditors (Deloitte) Annual report for 2020/21.

Deloitte informed the Committee that the annual auditor letter concluded the audit for this year and formed part of a formal report which had to be done each year. There had been some changes this year in relation to Value for Money (VFM) which meant it was a new style of report with a slightly different context, including highlighting several issues relating to generic significant audit risks.

Deloitte explained that their references to significant risk in these documents are standard audit terminology and every audit had to identify potential areas of significant risks, and how they could be mitigated. Therefore, these are potential generic risks for organisations, and not necessarily an indication of a specific issue in the Service. In terms of these risks Deloitte confirmed the AFA was consistent with other FA's and nothing unusual was identified in the controls around governance. In terms of VFM, AFA performance was consistent with the audit opinion and an unqualified opinion had been concluded. This meant that there were no problems found and that a positive outcome had been achieved.

In answer to a question regarding two misstatements, the External Auditor clarified that the key point was materiality, and, in these cases, it was found that both were immaterial and could remain uncorrected as they had no impact on the audit opinion. It was not unusual to find misstatements in audits.

**RESOLVED – That the External Auditors Annual report for 2020/21 be noted.**

#### **48. EXTERNAL AUDIT – 2021/22 EXTERNAL AUDIT PLAN (Verbal update)**

The Committee received a verbal update regarding the 2021/22 External Audit Plan from Deloitte.

Members were informed that the Plan was currently being drafted and that following discussions with AFA, the External Auditors were not expecting anything

unusual as no changes had been made to accounting policy, guidance, or accounting standards. It was expected that significant risks and materiality would be consistent with past performance and there was nothing likely to be found that could be considered unusual. When completed, the draft Plan would be shared and circulated before the next AGEC meeting.

**RESOLVED – That the verbal update regarding the 2021/22 External Audit Plan from Deloitte be noted.**

#### **49. INTERNAL AUDIT UPDATE AND AUDIT REPORTS**

The Committee received a report of the Internal Audit Manager and Head of Internal Audit summarising progress made against the Internal Audit Plan for 2021/22 to date, and Internal Audit assignments completed since the last AGEC meeting, for 2021/22 (by RSM Risk Assurance Services LLP, the Fire Authority's internal auditors).

Key points emphasised were –

##### Internal Audit Progress

1. Two audits had been concluded since the last AGEC meeting, one further audit training was at interim report stage.
2. Two further audits were underway regarding Transformation and Follow Up both of which would be presented to the next Committee meeting.
3. The training report was interim however delivery of the internal audit plan was otherwise running to the approved timetable with all fieldwork and reporting due to be completed by the year end.
4. The audit of processing of Immediate Detriment pension cases had been paused, as this was a dynamic situation and was unlikely to take place in the current financial year.

##### Training

5. Three medium and four low category actions had been agreed in principle with management, but the report remained interim because there was a need for further testing for clarification. This testing had also widened the original scope of the audit. That scope change was important for completeness but had extended the timescales. Therefore, further training and data quality testing would be undertaken in the coming weeks to provide an assurance opinion by the year end.

##### Fleet Management

6. A reasonable assurance opinion had been reported and three medium and two low category actions had been agreed with management.
7. The main finding related to a lack of centralised Fleet Management Policies, and processes, requiring manual work arounds due to limitations of the current systems. These were now in the process of being upgraded.

### Devolved Budgets

8. A reasonable assurance opinion had been concluded and four low category actions agreed with management.
9. The Service was looking to further enhance budgetary control through the roll out of devolved budgets during 2022/23, which reflected good practice across the Public Sector and was above what was normally found in the Fire Service sector. The actions taken would support the development of good practice and ensure effective processes going forward with greater accountability across the Service.

In response to Members questions the following points were clarified –

1. A shortage of wi-fi in garages would be addressed in the ongoing upgrading of premises, the AFA's IT provider was aware of this, and it would be addressed during the upgrade process.
2. While the numbers needed further testing, there were several potential reasons for some operational staff being out of date with required training/qualifications and this did not necessarily mean they were not competent in these areas due to other types of training and development. For example, Maintenance Of Operational Skills processes (MOST) and experiential learning through local drills and on the job experience. Other reasons for being out of date could relate to absences from work (sickness for example) and/or the availability and cancellation of training courses which had been impacted by the pandemic. However, the Service await the final audit outcome and findings in this regard and are committed to making improvements. Going forward high-risk areas would be given special focus and the auditors and Members could be assured that this matter was being closely looked at. While interim, the training report had come to AGECC for transparency and to help demonstrate the commitment to making the recommended improvements asap rather than wait for the report finalisation.
3. Driver training was a longer-term issue to address as it could take up to 12 months for a driver to qualify, the People & Culture Committee would be considering this matter further at its next meeting when it received a quarterly update report on maintenance/shortage of skills across the workforce.
4. If they had capacity, Ambulance drivers would be unable to help AFA with driver shortages as they were LGV licensed whereas fire staff needed HGV licences.
5. Improved data recording and reporting of training data in Firewatch would be identified and addressed, with mechanism to ensure improvements were maintained.
6. Diversity and Inclusion issues were not part of the scope for this training audit, but the Diversity, Inclusion, Cohesion and Ethics (DICE) advisory audit had included some recommendations relevant to this area. Completion of

the DICE advisory management actions were monitored internally and by the Committee.

#### **RESOLVED –**

- 1. That the Internal Audit Progress Report for the audit year 2021/22. (Appendix 1). b) be noted.**
- 2. That the internal audit reports, the findings and agreed management actions for the following audits:**
  - Training – Interim Report (Appendix 2)**
  - Fleet Management (Appendix 3)**
  - Devolved Budgets (Appendix 4) be noted.**

#### **50. UPDATE ON INTERNAL AUDIT MANAGEMENT ACTIONS**

The Committee received a report of the Deputy Director of Corporate Services updating Members on progress with completing key Internal Audit recommendations and management actions as of 2 February 2022. This date reflected the internal deadlines for paper completion.

Key updates emphasised were -

1. Audit Plan 2020-2021 - 36 Internal Audit recommendations were issued in the 2020/21 audit year of which 6 were low and 13 medium priorities. 17 were advisory. 21 recommendations had been completed or superseded, and 15 were in progress.
2. Audit Plan 2021-2022 - two further audit reports had been finalised since the last Committee, i.e., Fleet Management and Financial Controls – Devolved Budgets. A further audit on Training was almost complete, pending some final testing and confirmation of assurance rating. The assurance rating outcome of this audit would be confirmed formally at the next Committee meeting. A total of 11 Internal Audit actions were issued in the 2021/22 audit year of which 2 actions had been completed, and 9 actions were not yet due for completion.
3. Extension of completion dates - it had been agreed at the January meeting of the Service Leadership Team (SLT) that the target date for completion of some audit actions be extended in the following areas to realign with current internal capacity and resource pressures, and work prioritisation, which had in part been impacted by the pandemic
  - 4 x DICE actions (advisory audit only)
  - 2 x Risk Management audit
  - 2 x Follow-up
  - 4 x Business Continuity actions

Noted that, of the 4 DICE advisory actions, two were due to be completed in full or part during February 2022 and, of the 4 business continuity actions, two had been partially completed.

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

## **51. CORPORATE RISK REGISTER**

The Committee received a report of the Deputy Director of Corporate Services regarding keeping the Corporate Risk Register (CRR) under review and seeking assurance of appropriate management action. The CRR was a key tool in the effective identification and management of organisational risk. Appendix 1 to the report provided a summary of the changes made to the Corporate Risk Register.

Members were reminded that SLT reviewed the CRR monthly, and the Service Leadership Board (SLB) reviewed the highest-level, and newly emerging, risks at their regular meetings.

Members were advised of further updates and amendments –

1. Four CRR's scores had increased in January and two had decreased.
2. CR01 (Performance Targets) had increased from 12 to 15 primarily due to the Service being off target for working days/shifts lost to sickness, Return to Work (RTWI) completion within 15 days and community fire safety activities. The link between those performance areas and pandemic was discussed.
3. CR08 (Financial Capacity) had risen from 12 to 14 due to the impact of a team member leaving at a key point in the accounts and budget setting.
4. CR11 (Financial Systems) had increased from 13 to 18 because the team member leaving had a potential impact on the work to prepare for the end of financial services contract in March 2023, with that contract including the provision of the core finance system.
5. CR14 (Governance) had increased from 14 to 18 due to short term capacity issues and recruitment challenges in the Corporate Assurance team. In mitigation an interim post had been created pending a permanent appointment due to commence on 20 April 2022. Regarding maternity leave in the team, this had been backfilled to reduce the risk further.
6. CR15 (Pensions) risk remained high at 21 due to ongoing challenges related to the age discrimination and immediate detriment issues.
7. CR12 (Cyber Security) reduction in risk had been further reviewed since paper circulation and risk remained at 20, as opposed to 18, due to ongoing national cyber risks.
8. CR06 (Control & Mobilising) officers confirmed awareness of changes to ISDN & PSTN circuits in favour of IP/SIP technology over network for Telephony by 2025.
9. CR13 (Loss of IT systems) risk reduced from 20 to 18 due to ongoing improvements in infrastructure.

## **RESOLVED –**

- 1. That the Corporate Risk Register and the controls and mitigation in place to manage the risks be endorsed and noted.**
- 2. That the appropriate management of the corporate risks be endorsed and noted.**

### **52. PUBLIC SECTOR AUDIT APPOINTMENTS (PSAA) INVITATION TO BECOME AN OPTED-IN AUTHORITY FOR EXTERNAL AUDIT SERVICES**

The Committee received a report of the Head of Procurement and Deputy Director of Corporate Services regarding the Authority's current External Auditor's Deloitte LLP. They were appointed by Public Sector Audit Appointments (PSAA) following a procurement exercise run nationally by the PSAA and then allocated to this Authority. This appointment terminates on 31 March 2023.

Members were informed that -

1. PSAA had been re-appointed by the Secretary of State in the role of appointing person. This meant that they had the ability to appoint and allocate external auditors to eligible principal bodies for the period commencing April 2023.
2. The Fire Authority had the option to opt into the PSAA national scheme again with the PSAA then appointing an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.
3. If the Authority wished to opt-in this must be done by 11 March 2022.
4. The external auditor for the audit of accounts had to be appointed before the end of December 2022.
5. The relevant regulations required that the decision to accept the invitation and to opt in must be made by the Members of the Authority (meeting as a whole).
6. If the Authority opted out, there would need to be a locally run procurement process.
7. The risks and benefits for both approaches were outlined in the paper.
8. The recommendation of the Audit, Ethics and Governance Committee (AGEC) would need to be presented to the Fire Authority on the afternoon of the 11 February 2022 by the AGEC Committee Chair.

Members considered the options available open to them and noted the resource implications of not opting in to the PSAA national scheme and its associated risks. On balance, while comment was made about the potential for fuller information on both options and clarifications given about how the allocation process worked, the Committee favoured opting in.

The recommendation was moved by Cllr Goggin and seconded by Cllr Butters, and it was unanimously -

**RESOLVED –**

**That the recommendation for the Fire Authority to become an opted-in Authority by joining PSAA's national scheme for the appointment of External Auditors be approved.**

**53. DATE OF NEXT MEETING**

**RESOLVED – that the date of the next meeting be held on 18 May 2022 at 10.30am.**

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

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

**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.**

**55. CONFIDENTIAL MINUTES**

15.1 Confidential Minutes of the Meeting held on 24 November 2021.

**RESOLVED – that the Confidential Minutes of 24 November 2021 be approved as a true record and signed by the Chair.**

**56. APPOINTMENT OF INTERNAL AUDITORS**

Members considered a report regarding the provision of Internal Audit Services which was a statutory requirement and an essential part of good governance arrangements.

The meeting ended at 12.20 pm

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Chair