

# MINUTES OF THE MEETING OF THE ROYAL BERKSHIRE FIRE AUTHORITY'S AUDIT AND GOVERNANCE COMMITTEE



Held on Wednesday 28 September 2016 at 6.30pm

Brigade Headquarters, Newsham Court, Pincents Kiln, Calcot,  
Reading, Berkshire Rg31 7DS

**Members:**

(\* present)

- \* Councillor Alistair Auty
- \* Councillor Christine Bateson
- \* Councillor Adrian Edwards
- \* Councillor John Ennis
- \* Councillor Carol Jackson-Doerge
- \* Councillor Iain McCracken
- Councillor Philip Mirfin
- \* Councillor Mohammed Rasib
- \* Councillor Ishrat Shah

**In Attendance:**

Conor Byrne (Head of Finance and Procurement, HOFPP)  
Moir Fraser (Clerk)  
David Guest (External Auditor, Ernst & Young)  
Dan Harris (RSM)  
Becci Jefferies (Head of HR and Learning Development, HHRLD)  
Simon Jefferies (Head of Risk and Performance, HORP)  
Katie Mills (Head of Corporate Services, DOCS)  
Nikki Richards (Head of Business Information and Systems, HBIS)

## 18. APOLOGIES FOR ABSENCE

An apology for inability to attend the meeting had been received from Councillor Philip Mirfin.

## 19. DECLARATIONS OF INTEREST

In accordance with the provisions of the Fire Authority's Local Code of Conduct there were no declarations of interest received from Members.

There were no Declarations of Interest received from Officers.

## 20. MINUTES OF THE MEETING HELD ON 28 JULY 2016

**Resolved:**

That the Minutes of the meeting held on 28 July 2016 be approved as a true and correct record and signed by the Chairman subject to the inclusion of the following amendment. **Item 14 (Quarterly Performance Report (2015/16) – Quarter 4 (January-March 2016) Page 11 second paragraph, fourth sentence** should refer to an HR Advisor and not a Health and Safety Advisor.

**Action**

## **21. CONSIDERATION OF ANY MATTERS PROPERLY REFERRED TO THE COMMITTEE FOR DECISION**

There were no matters referred to this Committee for decision.

## **22. INTERNAL AUDIT UPDATE**

Conor Byrne (Head of Finance and Procurement, HOFP) introduced the report which outlined audit activity during 2016/17. The HOFP explained that progress with audit work was set out in Appendix A to the report. Dan Harris from RSM, the appointed internal auditors, noted that no common weaknesses had been identified to date during audits undertaken that financial year.

Management had requested that a number of the audits (Sickness Absence Management, IT Systems and Fire Fighter Pension Administration) be postponed for operational reasons and that the follow up of the Emergency Services Mobile Communications Project be pushed back in the 2017/18 programme in order for it to add value. The delayed reports would now be brought to the December 2016 meeting.

Dan Harris noted that one final report had been issued (the audit of the Emergency Services Mobile Communications Project (ESMCP) which was set out in Appendix B) since the last meeting and it had provided reasonable assurance and would therefore not impact negatively on the Head of Internal Audit Opinion. The auditors stated that the Authority could take reasonable assurance that the controls which the organisation relied on were suitably designed and consistently applied.

The review of the ESMCP had been requested in order to provide independent scrutiny and assurance about the project following a verbal update on the scheme at the previous meeting. Dan Harris stated that he was conscious of the timescales in light of the guidance being issued by Central Government. RSM had been asked to consider the evidence and following the audit he was confident that the local arrangements were robust, in place and functioning. Five low priority issues were identified which required management actions namely:

1. A Project Initiation Document (PID) to be approved;
2. Terms of Reference for the IRMPB to be reviewed;
3. Project Tracker Plan to be maintained;.
4. Risk Register to be inserted into the Tracker Document;
5. Business Continuity Plan to be formally documented.

Nikki Richards (Head of Business Information and Systems, HBIS) noted that 4 of the 5 issues had now been addressed. The PID had been approved, the terms of Reference had been updated (without any significant changes being made), the Project Tracker Plan had been updated once the responsible officer returned from leave, it had been agreed that the risk register would not be inserted into the Tracker Document and the tab had been removed (the project risk register was an internal document) and the fact that the only option was to remain with the current supplier had now been articulated in the PID.

The Chairman asked to be provided with the latest figures in respect of Core Skills training.

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**RESOLVED THAT:**

- (a) the report be noted.

**23. ANNUAL GOVERNANCE STATEMENT 2015/16**

Conor Byrne (Head of Finance and Procurement, HOFP) explained that the purpose of the report was to seek approval of the Annual Governance Statement (AGS), by the Committee. The AGS was based on the draft statement which had been published on the website since July 2016. It contained a look back over the 2015/16 year and a look forward to 2016/17.

The HOFP stated that the Authority was responsible for ensuring that its business was conducted in accordance with the law and that public money was safeguarded and properly accounted for. The Local Government Act 1999 also required the Authority to make arrangements to secure continuous improvement in the way it exercised its functions. As part of this work the Authority was required, under the Accounts and Audit Regulations 2015, to produce an AGS. CIPFA guidance recommended that the Audit and Governance Committee scrutinise the AGS which set out the extent to which the Authority complied with its governance statement.

The HOFP stated that one of the major changes that had taken place in 2015/16 was the work that had been undertaken to restructure the Fire Authority and its underpinning governance arrangements. That work had now been concluded and the revised governance structure had been enacted.

In addition there had also been a review of the Authority's Senior Management Structure whereby the number of Directors had been reduced from five to four and the number of Heads of Service had been reduced from thirteen to eight.

The HOFP noted that the Contract Standing Orders would be re-written in Quarter 2 of 2016/17 and the Financial Regulations would also be revised that year. Core Skills training would continue to be rolled out in 2016/17 and internal controls would continue to be strengthened.

The Chairman noted that while in 2015/16 the Audit and Governance Committee had been responsible for Members' conduct and the Charter for Member Development this function had now been transferred to Organisation Development.

Following a query being raised by Councillor Carol Jackson-Doerge it was agreed that the paragraph on training would be adjusted to state: 'Training needs of Members and officers are identified through appraisal and review processes. Appropriate training is made available to staff to ensure that individuals are able to undertake their current roles effectively and that they have the chance to develop to meet their, and the Authority's needs.' Officers noted that it would be possible to arrange specific and targeted training for Audit and Governance Members should they wish to undertake it.

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Councillor Adrian Edwards was pleased to note that savings of £162k had been made as a result of the Senior Management Restructure. The Committee agreed that this should be articulated in the Statement.

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The Chairman requested that the section on Partnership Working be updated to reflect that in addition to the services listed some partnership working was also being undertaken with the Local Authorities where appropriate. This was specifically in relation to Member Development where Bracknell Forest Council had

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been approached to provide assistance.

**RESOLVED THAT:**

- (a) The Annual Governance Statement be approved.

**24. AUDIT RESULTS REPORT – ISA 260 MANAGEMENT REPRESENTATION LETTER, STATEMENT OF ACCOUNTS 2015/16 AND TREASURY MANAGEMENT REPORT 2015/16**

Conor Byrne (Head of Finance and Procurement, HOFP) asked the Committee to consider the content of the Audit Results Report, the management representation letter and the Statement of Accounts. The Committee was also asked to discuss and consider the Treasury Management Report and recommend it to the Fire Authority for approval.

In terms of the Statement of Accounts the HOFP noted that at year end there had been a £12k revenue overspend on a £33.8m budget and an explanation of the variances was set out on page 83 of the paperwork. He noted that this figure could be contrasted with the £10m deficit shown on the Comprehensive Income and Expenditure Statement. The reason for the variance was due to the different ways pension costs were accounted for. This was due to the way that pensions were funded nationally. The HOFP reassured Members that Central Government were responsible for picking up the tab for the fire fighters pension fund. The Chairman queried, why if the expenditure was underwritten by the Government, it had to be shown on the Authority's financial statements. Officers commented that Central Government were reluctant for the costs to appear on their statements. The Local Government Pension Scheme was supposed to be self funding and it was therefore subject to ongoing changes to get it to that position.

In terms of reserves the HOFP stated that earmarked reserves totalled £8.9m ((£8.3m in April 2015). The Development Fund was being used to fund capital projects. Once all of this reserve had been depleted it would be necessary to borrow money to complete the capital projects. The General Fund Balance totalled £2.3m. The HOFP stated that the Authority's reserve levels were currently very healthy.

The accounts for the Trading Company were consolidated into the Authority's Statements of Accounts as they were not considered to be materially significant (£200k). In response to a query from the Chairman the HOFP explained that a verbal update on the Trading Company was provided at Management Committee meetings.

The HOFP stated that Treasury Management largely related to investment income from the call account. The internally managed funds earned an average rate of return of 0.54% which compared favourably with the 7 day LIBID rate of 0.36%. The budget assumption was that balances would earn an average of 0.30%. The Chairman queried where authority for decisions about treasury management resided. The HOFP explained that the Treasury Management Strategy was agreed at the February Fire Authority meeting and investment was based on the parameters set out in the Strategy. Members agreed to recommend the Treasury Management Report to the Fire Authority for approval.

David Guest stated that Ernst and Young's findings in relation to its 2015/16 audit were set out in the Audit Results Report. The report confirmed that they had

## DRAFT

substantially completed their audit of the financial statements for the year ended 2015/16. They expected to conclude that the Authority had put in place proper arrangements to secure value for money for its use of resources and that it would be issuing an unqualified opinion. There were no unadjusted audit differences. The audit had identified several audit differences which had been amended.

The materiality limit had increased from £792k (presented to the March 2016 Audit and Governance Committee meeting) to £802k due to higher operating expenditure in 2015/16. The basis of the assessment was 2% of gross operating expenditure which was consistent with previous years. A separate materiality was established for the Firefighters Pension Fund. The level was £95k based on 1% of the benefits payable in 2015/16.

The following audit risks had been identified in the audit plan:

- The accounting for Milne vs GAD;
- The accounting for the joint control room
- The risk of management override;
- Value for money

Audit assurance was gained over these issues and was set out in more detail in the 'addressing audit risks' section of the report.

The impact of BREXIT presented an unknown risk and could for example have an impact on Treasury Management and a watching brief on the impact would have to be maintained.

The Chairman noted that in 2017/18 the accounts would have to be closed within a shorter timeframe and he queried what steps were being put in place to deal with this. David Guest noted that discussion were taking place with the HOFPP to see where items could be transitioned more quickly over the next two years. The 2016/17 close down would be used as a dry run to help identify things that could be done earlier. The HOFPP stated that the timing would create pressure for both the auditors and the Authority.

Members approved the wording of the management representation letter.

The external auditors thanked the authority's staff for their assistance during the audit. The Chairman thanked the external auditors for their input and stated that it was reassuring to have a system of checks and balances in place.

### **RESOLVED THAT:**

- (a) the Audit Results Report be noted;
- (b) the management representation letter be approved;
- (c) the 2015/16 Statement of Accounts be approved;
- (d) Following consideration by the Committee, the Treasury Management Report be recommended to the Fire Authority for adoption

### **25. DRAFT STATEMENT OF ASSURANCE**

Simon Jefferies (Head of Risk and Performance, HOPR) provided the Committee with a draft copy of the Statement of Assurance (SoA) for the 2015/16 financial

year. The process demanded that the RBFRS formally confirmed the adequacy of arrangements for the effective management of the financial, governance and operational matters in the service. The statement also confirmed the extent to which the requirements of the Fire and Rescue National Framework for England (July 2012) had been met.

The HORP noted that this was the fourth SoA that the RBFA had issued. For the second year running the operational element of the document had been subject to external moderation by a team from Cambridgeshire Fire and Rescue Service. They had highlighted the quality of self assessment and internal moderation findings. They had also commented on the considerable progress that had been made over the previous twelve months.

The HORP noted that:

- Financial management requirements were fully met (previously fully met);
- Governance requirements were substantially met. An external auditor had been appointed to audit the governance arrangements of the authority. They had identified further enhancements to the framework of risk management, governance and internal control to ensure that it remained effective (previously substantially met).
- Operational requirements were fully met (previously substantially met).
- National Framework requirements were fully met. (previously substantially met).

The Chairman congratulated Officers on the improvements that had been made.

**RESOLVED THAT:**

- (a) the summary judgements within the Statement of Assurance for each of the four key areas of finance, governance, operations and delivering the National Framework be noted;
- (b) the Committee agreed to recommend the RBFA Statement of Assurance to the Fire Authority for publication.

**26. SOCIAL MEDIA POLICY**

Katie Mills (Head of Corporate Services, DOCS) asked Members to endorse the Social Media Protocol for Members which would require Fire Authority approval.

Social media was a highly effective communication tool and the policy was deigned to support Members by providing advice and guidance on the use of social media. Training would be provided to Members and any ongoing support would be available from the HOCS.

The Chairman commented that while it would be good to have the policy in place it was the practical application that was the key issue.

**RESOLVED THAT:**

- (a) the Social Media protocol for Members be endorsed;
- (b) the Protocol be recommended to the Fire Authority for approval.

## 27. TRANSITION FUND UPDATE

Conor Byrne (Head of Finance and Procurement, HOFPP) informed the Committee of bids which had been approved from the Transition Fund and set out expenditure to the end of quarter 1 of 2016/17.

As part of the 2015/16 budget process the Fire Authority had approved the setting up of a £2m Transition Fund which was to cover costs associated with redesigning the service, achieve the new strategic direction and balance the budget in the medium term.

All bids were considered by the Corporate Management Team (CMT) and some bids had been rejected as they had been deemed to be unsuitable as they did not meet the agreed criteria for expenditure from this fund. Some of these bids had however been funded from elsewhere.

Of the £2m bids up the value of £1,058m had been approved, £354k had been spent and £942k was still available to spend. Three projects had been completed within allocated budget of £92k.

Councillor Adrian Edwards noted that £43k of the £43k budget for HR Advisor Projects had been spent but that this had delivered a number of outcomes. He asked if a breakdown of costs against each outcome was available. Becci Jefferies (Head of HR and Learning Development, HHRLD) explained that a contractor had been employed to provide cover in a number of areas while the TVFCS was put in place and the staffing restructure took place. A breakdown was therefore not available instead a pay as you go approach had been adopted to meet a specific need.

In relation to the Engagement Lead, Councillor Edwards queried if there was a specific budget set aside for the production of 'The Shout'. Nikki Richards (Head of Business Information and Systems, HBIS) explained that the content and development was undertaken by existing resources the additional costs were associated with printing. The HBIS was responsible for production of the newsletter.

Councillor Edwards queried whether the Core Skills Programme was outsourced. The HHRLD stated that this project had been the subject of a tender process and a contractor was in place. Councillor Edwards noted that to date only £16k of the £104k bid had been spent. Officers confirmed that some additional expenditure had been incurred but that this was not reflected in these figures which referred to expenditure in quarter 1.

Councillor Edwards noted that £46k of the £68k bid for the Group Manager –IRMP had been spent. Simon Jefferies explained that the project had run from November to November and that the programme was now complete. There would not be anymore expenditure against this project.

Councillor Edwards asked Officers to explain what the funding for the Temporary Procurement Resource was for. The HOFPP explained that as part of the restructure the Finance and Procurement functions were being amalgamated. There were currently vacancies in the Procurement Team and until the restructure was completed it would not be appropriate to fill the vacancies. The funding was therefore to provide temporary cover until the restructure was completed.

Councillor Edwards noted that there was an additional bid of up to £163k for ad hoc support (HR Advisor) and that to date only £25k had been spent. The HHRLD explained that the funding was to support the next phase of the restructure and that there would soon be expenditure against this bid.

Councillor Edwards asked if the £55k bid for the Benenden Healthcare would be sufficient. Officers stated that the bid was based on indicative discussions with the provider so they anticipated that it would be. Members felt that this was an excellent scheme which should help employees to return to work more quickly. Officers explained that this was one element of a raft of measures that were being put in place to address sickness absence.

Councillor Carol Jackson-Doerge commented that it would be useful to include information relating to timescales in the database and that where projects were completed and no more draw down of funds was expected this should be articulated too. Members supported this approach.

**RESOLVED THAT:**

- (a) the report be noted

**28. QUARTERLY PERFORMANCE REPORT (2016/17) – QUARTER 1  
(APRIL TO JUNE 2016)**

Simon Jefferies (Head of Risk and Performance, HORM) provided the Committee with progress against performance targets agreed by the Fire Authority for the first quarter of 2016/17. It reported progress against four key areas: service provision targets; corporate health targets, organisational development and Integrated Risk Management Plan (IRMP) Priority programmes and corporate risk. The report had been reviewed by the Strategic Performance Board (SPB). Commentary against each measure was supplied by the Responsible Officer.

Members felt that it would be useful to have a discussion as to whether performance should be measured against the previous quarter or whether it should be measured against the same quarter of the previous year. This would allow for seasonal variations but might also be problematic where data was not accurate or where new measures were introduced. Councillor Christine Bateson also commented that especially for amber indicators it would be useful to include a trend arrow. The HORM noted that discussions had already taken place about standardising the way RAG data was presented in various documents and that this would be fed into that discussion when the new measures were agreed.

**RESOLVED THAT:**

- (a) the performance against Service Provision and Corporate Health measures for the targets agreed by the Fire Authority for 2016/17 be noted;
- (b) the progress made on the two priority programmes be noted;
- (c) the position of corporate risk be noted.

**29. DATE OF NEXT MEETING**

DRAFT

Tuesday 06 December 2016 at 6.30pm, Brigade Headquarters, Newsham Court,  
Pincents Kiln, Calcot, Reading, Berkshire RG31 7SD.

*The meeting concluded at 19.43 pm*