

EAST SUSSEX FIRE AUTHORITY

Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, at 12:05 hours on Thursday 11 April 2013.

Members Present: Councillors Carden, Livings, Ost, Rufus, Sparks (Chairman), Tidy and Thomas.

N.B. Councillor Ost attended the meeting in place of Councillor Healy, Councillor Rufus in place of Councillor Duncan, and Councillor Tidy in place of Councillor Theobald, having been nominated by the Deputy Monitoring Officer in consultation with the relevant Group spokespersons.

Also present:

Mr. D. Prichard (Chief Fire Officer and Chief Executive), Mr. G. Ferrand (Assistant Chief Fire Officer), Mrs. C. Rolph (Assistant Chief Officer), Ms. L. Woodley (Deputy Monitoring Officer), Mr. D. Savage (Treasurer), Mr. R. Charman (Director of Financial Services), Mr. P. King (Ernst & Young Auditors) and Mrs. S. Klein (Clerk).

816. DISCLOSABLE PECUNIARY INTERESTS

816.1 It was noted that, in relation to matters on the agenda, no participating Member had any disclosable pecuniary interest under Section 30 of the Localism Act 2011.

817. APOLOGIES FOR ABSENCE

817.1 Apologies were received from Councillors Duncan, Fawthrop, Healy and Theobald.

818. ANY OTHER NON-EXEMPT ITEMS CONSIDERED URGENT BY THE CHAIRMAN/ CHAIRMAN'S BUSINESS

818.1 There were no urgent items. The Chairman welcomed Paul King, from Ernst & Young Auditors, who would be presenting Item 822 below, and Duncan Savage, now officially appointed as Treasurer to the Fire Authority on a fixed term contract.

819. TO CONSIDER PUBLIC QUESTIONS OR PETITIONS, IF ANY

819.1 There were none.

820. NON-CONFIDENTIAL MINUTES OF THE LAST SCRUTINY AND AUDIT PANEL MEETING HELD ON 15 NOVEMBER 2012

820.1 **RESOLVED** – That the minutes of the meeting of the Scrutiny & Audit Panel held on 15 November 2012 be approved as a correct record and signed by the Chairman. (Copy in Minute Book).

821. **CALLOVER**

821.1 Members reserved the following items for debate:

- 822. External Audit matters
- 823. Assurances to the External Auditor for the 2012/13 Audit
- 824. Draft Annual Governance Statement for 2012/13
- 825. Sussex Control Centre audit update
- 826. 2012/13 Value for Money review – Business Intelligence

821.2 **RESOLVED** – That all other reports be resolved in accordance with the recommendations as detailed below.

822. **EXTERNAL AUDIT MATTERS**

822.1 Members considered a joint report of the Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer which sought their approval of the recently published Audit Fee Letter 2012/13, Draft Audit Plan 2012/13, Audit Progress Report 2012/13, and Audit Fee Letter 2013/14. (Copy in Minute Book).

822.2 Paul King, Ernst & Young's Engagement Lead for ESFRS, was welcomed to the meeting and introduced the report. He confirmed that the Audit Fee Letter 2012/13 had been published in December 2012 and the Draft Audit Plan 2012/13 covered any points and assumptions. Mr. King also confirmed that the External Auditors' responsibilities to the Fire Authority were unchanged from previous years.

822.3 Mr. King informed Members that no significant financial risks had been identified in the Draft Audit Plan, and the general risk of misstatement due to fraud and error was a standard risk for all authorities. Mr. King brought to the Panel's attention the more general issue around the need to close the resource gap in the medium term and the pressures on funding generally. He also drew Members' attention to the misstatements limit of £54,600 which the Auditors considered 'clearly trivial'.

822.4 The Chief Fire Officer & Chief Executive was concerned that the Audit Commission had previously sought to make judgements on operational matters and Mr. King assured him that Ernst & Young's remit in meeting their VFM Conclusion responsibilities does not extend into reviewing the operational aspects of the Fire & Rescue Service, and they would be employing a light touch assessment. Councillor Thomas asked that the word 'operational' be removed from the audit approach in Section 3 (page 5) of the Draft Audit Plan and Mr. King agreed to this request. ('The robustness of the plans to move the Fire Authority to a more financially sustainable operational model over the medium term including the consideration of new ways of working.')

822.5 Members noted that the audit fee for 2012/13 had been substantially reduced from the previous year, reflecting the efficiencies achieved and the reduction in size of the Auditors; it was also confirmed that the indicative fee scale for 2013/14 remained unchanged at £41,021. Mr. King said explained that the new contracts had been let last year for 5 years with a possible further extension for 3 years; the fees were fixed for the 5 year period, i.e. there would be no annual up-rating for inflation, and should only change if the Audit Commission or the NAO agree a change to the scope of the audit engagement.

822.6 Mr. King gave a brief update on the Audit Progress Report for 2012/13 and confirmed that there were no significant additions to the Draft Audit Plan, no independence issues to report, and no conflicts of interest.

822.7 **RESOLVED** – That the reports recently issued by Ernst & Young be approved.

823. **ASSURANCES TO THE EXTERNAL AUDITOR FOR THE 2012/13 AUDIT**

823.1 Members considered a joint report of the Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer that sought confirmation of the Panel's arrangements regarding compliancy issues on risk of fraud and other legal and regulatory requirements as required by External Audit to meet the latest International Standard on Auditing. (Copy in Minute Book).

823.2 Subject to the views of the Panel, the Chairman would be required, on behalf of the Panel, to sign a letter to Ernst & Young, the External Auditors, confirming that satisfactory arrangements were in place regarding the Panel's responsibilities for being assured of the organisation's compliancy issues on risk of fraud and other legal and regulatory requirements; this assurance was required by 30 April 2013 by External Audit to meet the International Standard on Auditing.

823.3 Councillor Sparks expressed his confidence that the Authority's governance arrangements were very secure.

823.4 **RESOLVED** – That the report be approved.

824. **DRAFT ANNUAL GOVERNANCE STATEMENT FOR 2012/13**

824.1 Members considered a joint report of the Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer which sought the Panel's approval of the draft Annual Governance Statement for 2012/13 to accompany the draft Statement of Accounts 2012/13. (Copy in Minute Book).

824.2 The Fire Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency, and effectiveness. In discharging this overall responsibility, Members and senior officers are responsible for putting in place proper arrangements for the governance of the Fire Authority's affairs, the effective exercise of its functions, the management of risk and the stewardship of the resources at its disposal. These arrangements have to be summarised in an Annual Governance Statement in a nationally agreed format which has to accompany the Statement of Accounts but, under recent national guidance, no longer needs to be included within them.

824.4 Councillor Sparks asked officers to clarify whether there had been any employment claims made against the Fire Authority during 2012/13. ACO Rolph would let Members have this information in due course.

824.5 **RESOLVED** – That the draft Annual Governance Statement be approved to accompany the Statement of Accounts.

825. **SUSSEX CONTROL CENTRE AUDIT UPDATE**

- 825.1 Members considered a joint report of the Chief Fire Officer & Chief Executive and Treasurer which covered Phase 2 of the Internal Audit of the Sussex Control Centre, carried out by East Sussex County Council. (Copy in Minute Book).
- 825.2 This Panel had considered the report on Phase 1 of the Audit at their meeting in September 2012 and this report, therefore, covered Phase 2 of the Audit. Members noted that the Audit had received a partial assurance because controls required to monitor, control and report were still in development. The Auditors had recognised that this was due to the total cost of the project still not being fully known due to the award of contract not having taken place at the time of the audit, as well as pension issues resolution and transitional costs. Seven recommendations had been made from the audit and ACO Rolph confirmed that these had now been completed.
- 825.3 The Treasurer assured Councillor Tidy that WSCC are working in alignment with ESFA and that their internal auditors are working closely with ESFA's auditors to ensure that the work and costs are shared equally and complement each other. ACO Rolph explained to Members how the Project Board operates and confirmed that there were no barriers to the project at officer level
- 825.4 **RESOLVED** – That the report be noted.

826. **2012/13 VALUE FOR MONEY REVIEW – BUSINESS INTELLIGENCE**

- 826.1 Members considered a report of Councillor Paul Sparks, Member Lead on the Value for Money (VfM) Review of Business Intelligence, which sought the Panel's approval of the findings of the report. (Copy in Minute Book).
- 826.2 The Review had been conducted as part of the approved 2012/13 VfM Review & Business Review and Audit Programme, with Councillor Sparks as the Lead Member for the Review. Due to a number of staffing adjustments and additional higher priority workloads, the available resource was reduced to one Team Member for most of the review period, in addition to undertaking other workloads, and, therefore, the exacting scope of the original review could not be accommodated and a decision was made to concentrate on the part of the review dealing with the Business Intelligence needs of the organisation rather than on Strategic Planning. It was still considered worthwhile to review Strategic Planning, but Members noted that this had been re-phased back into 2013/14.

826.3 With regard to the evidenced outcome using the approved VfM review methodology, Members noted that a number of exemplar areas had been used and an overall score of 'Adequate Performance' had been achieved. As a strategic review was being undertaken concurrently by Actica to support the strategic direction and medium term plans for Information Management within ESFRS, it was noted that no specific recommendations had been made in the review, but a set of 'Improvement Expectations' had been included in the Executive Summary which, unless they were addressed, would lead to a deterioration in the overall scoring on economy, efficiency and effectiveness.

826.4 Councillor Ost asked whether the 'final score' of D was good; the Chief Fire Officer & Chief Executive said that it was not good enough. Councillor Tidy asked whether there were sufficient funds available to deliver the Improvement Expectations and the CFO&CE confirmed that there was money available in Reserves, but part of the problem was the availability of suitably qualified and experienced staff. With IMD staff engaged in other projects, the project was being phased in as money and staff became available. Councillor Livings proposed that the recommendation be changed from 'approve' (the report) to 'note' the report and the Panel agreed to this.

826.5 **RESOLVED** – That the report be noted.

827. **FUTURE BUSINESS AUDIT/REVIEW PROGRAMMES FOR 2013/14 TO 2017/18**

827.1 Members considered a report of the Chief Fire Officer & Chief Executive which sought the Panel's endorsement of a reduced Business Audit/Review programme for 2013/14 to 2017/18. (Copy in Minute Book).

827.2 **RESOLVED** – That the reduced Business Audit/Review programme be approved.

828. **STANDING ORDERS – PETITIONS**

828.1 Members considered a report of the Monitoring Officer which proposed a revision to Standing Order 25. (Copy in Minute Book).

828.2 **RESOLVED** – That a revised Standing Order 25, the addition of a new Standing Order 26 dealing with petitions, and the renumbering and consequential amendments to Standing Orders be approved.

829. **STANDING ORDERS – AMENDMENTS TO CONTRACT STANDING ORDERS**

829.1 Members considered a report of the Monitoring Officer which proposed revisions to Contract Standing Orders 13.3, 13.6 and 13.9. (Copy in Minute Book).

829.2 **RESOLVED** – That revisions to Contract Standing Order 13.3(b), 13.6(b) and 13.9(b) and the necessary amendments to the Members' Handbook be approved.

830. **SCRUTINY & AUDIT MATTERS PROGRESS REPORT (OCTOBER 2012 TO MARCH 2013)**

830.1 Members considered a report of the Chief Fire Officer & Chief Executive which presented a summary of progress on the main issues for which the Scrutiny & Audit Panel has responsibility. (Copy in Minute Book).

830.2 **RESOLVED** – That the Panel notes the corporate progress made during the 3rd and 4th Quarters 20012/13 on various corporate risk, scrutiny, and audit matters.

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

831.1 **RESOLVED** – That item number 832 be exempt under paragraphs 1, 3 and 4 of Schedule 12A to the Local Government (Access to Information) (Variation) Order 2006 and, accordingly, is not open for public inspection on the grounds that it includes information relating to any individual, information relating to the financial or business affairs of any particular person (including the Authority holding that information), and information relating to any consultation or negotiations, or contemplated consultation or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

The meeting concluded at 13:20 hours.

Signed

Chairman

Dated this

day of

2013