

## **SCRUTINY & AUDIT PANEL**

### **Minutes of the meeting of the SCRUTINY & AUDIT PANEL held as a Virtual Meeting at 10.00 am on Thursday, 21 May 2020.**

Present: Councillors Barnes (Chairman), Taylor, Smith, Evans, Lambert and Osborne

Also present: D Whittaker (Chief Fire Officer), M O'Brien (Deputy Chief Fire Officer), M Andrews (Assistant Chief Fire Officer), L Woodley (Deputy Monitoring Officer), D Savage (Assistant Director Resources/Treasurer), L Ridley (Assistant Director Planning & Improvement), M Matthews (Assistant Director Safer Communities), H Scott-Youldon (Assistant Director People Services) P Jassal (Finance Manager), K Pearce (ITG Manager), M Lloyd (Senior Responsible Officer Project 21), N Chilcot (Audit Manager, East Sussex County Council), H Thompson (Ernst & Young LLP), C Porter ITG Project Co-ordinator), L Stevenson (Risk & Insurance Officer), E Curtis (Communications Manager), A Blanshard, (Senior Democratic Services Officer) and E Simpkin (Democratic Services Officer)

#### **34 Declarations of Interest**

There were none.

#### **35 Apologies for Absence**

There were none.

#### **36 Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items**

The Chairman suggested that the Panel add a review of the impact of the IRMP proposals on the existing fleet capital programme to its work programme. Members were in agreement.

#### **37 Non-Confidential Minutes of the last Scrutiny & Audit Panel meeting held on 30 January 2020**

**RESOLVED:** That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 30 January 2020 be approved as a correct record and signed by the Chairman.

#### **38 Callover**

Members reserved the following items for debate:

39 External Audit Update and Fee Letter 2020/21

40 Internal Audit Strategy and Plan 2020/21

41 2019/20 4<sup>th</sup> Quarter Corporate Risk Register Review

## **Unconfirmed minutes – to be confirmed at the next meeting of the Scrutiny & Audit Panel**

- 42 Assessment of the Corporate Framework & Annual Governance Statement for 2019/20
- 43 Project 21 Future Mobilising – May 2020 Progress Update

### **39 External Audit Update and Fee Letter 2020/21**

The Panel received a report from the Assistant Director Resources/Treasurer (ADR/T) which informed the Panel of progress on the external audit of the 2019/20 financial accounts and the proposed external audit fee for 2020/21.

The ADR/T highlighted the changes to the statutory deadlines for publishing the draft and final audited accounts as a result of the Covid-19 pandemic, which had been pushed back to 31 August and 30 November 2020 respectively. The current intention was to publish draft accounts by 31 July (albeit this relied on a number of external factors) to allow the audit of accounts to begin early July and continue throughout August. It was expected the final accounts would be brought to an additional Scrutiny & Audit Panel meeting in September for approval (to be confirmed). The Panel's attention was drawn to comments from the PSSA that fee variations were likely to arise for most if not all bodies. EY was also reviewing its fees for all clients and initial proposals indicated an increase in fees to just over £50,000. The ADR/T was working with EY to understand the process and timescales, however over doubling of fees was not something which was welcomed.

Helen Thompson (EY) introduced the Audit Progress Update highlighting the impact that Covid-19 was having on procedures and timescales. EY continued to working remotely to support the audit with the main impacts being the changes to timescales and around the valuation to property, plant and equipment following guidance issued by valuers. There would be ongoing concerns regarding financial viability, however she noted the assurances which had been given by East Sussex Fire & Rescue Service (ESFRS) as to the financial management and regular meetings with officers were working well.

With regard to fees, Ms Thompson added that there had effectively been a reduction in fees over last 10 years whilst regulatory pressures had increased. Conversations would continue and all firms were in the process of providing information to the PSAA. Ms Thompson reassured the Panel that this would not impact on the work being undertaken by EY and their aim to deliver to a quality audit which offered assurance and a safe opinion.

The Panel commented on the position of ESFRS as a statutory body and the fact that the full financial impact of Covid-19 on public sector funding was not yet known. Ms Thompson agreed and highlighted the importance for the audit to consider individual challenges and ensure that appropriate plans were in place. The ADR/T added that officers were working to understand both the in-year and longer term impacts of Covid-19 on income from both council tax and business rates. Further details would be reported to the Policy &

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Resources Panel in July and included in the update of the Medium Term Finance Plan to the Fire Authority in September.

**RESOLVED:** That the Panel noted:

- (i) the progress on the external audit of the 2019/20 accounts;
- (ii) the change in the audit timetable; and
- (iii) the external audit fee for 2020/21.

### **40 Internal Audit Strategy and Plan 2020/21**

The Panel received a report on the Internal Audit Plan for East Sussex Fire Authority covering the period 1 April 2019 to 31 March 2020.

The Panel particularly welcomed the inclusion of Home Fire Safety Visits, Project 21 (Mobilising & Control) and Occupational Health Provision. The Panel asked whether consideration had been given to including business safety audits and high rise buildings in future audits given they appeared on the corporate risk register.

The Chief Fire Officer (CFO) explained that with revised Fire Safety legislation relating to building safety coming into force shortly the Fire Authority would be receiving one-off grant funding in the region of £510k to facilitate work in this area and would be contributing to national returns of fire safety audits on all high-rise properties of 11 stories or higher.

The ADR/T also offered reassurance that work on business safety visits had been carried out as part of the 2018/19 internal audit which had returned a partial assurance opinion. Areas to strengthen had been identified which had been helpful in making improvements in advance of the HMICFRS inspection. Follow up work was currently being completed, the outcome of which would be included in the annual audit report which was due to be presented to the Panel in July.

The Panel highlighted the importance of ensuring that Government understood that risk was not limited to high-rise buildings but also included multi-occupancy accommodation for the vulnerable, such as hospices and care homes. It was noted that an update report on the implementation of the Grenfell action plan would be coming to the next Panel meeting.

*NB: Councillor Evans had left the meeting due to technical issues.*

**RESOLVED:** That the Panel approved the proposed internal audit plan for 2020/21.

### **41 2019/20 4th Quarter Corporate Risk Register Review**

## **Unconfirmed minutes – to be confirmed at the next meeting of the Scrutiny & Audit Panel**

The Panel received a report on the latest quarterly review of Corporate Risk set out the business risks identified and how they had or were being mitigated. Two new business risks relating to the spread of infectious pandemic diseases and an ageing workforce were recommended for inclusion on the register.

The Panel asked for clarification as to why there was no specific risk relating to the financial impact of Covid-19, accepting that the Fire Authority was not quite in the same financial position as other local authorities. The ADR/T confirmed that the register presented the corporate position as at 31 March 2020 and that financial impact risks would be reflected in the risk register as the situation developed.

**RESOLVED:** That the Panel:

- i) noted the Q4 Corporate Risk Register including changes made since Q3; and
- ii) agreed the proposed new risks R16 Spread of infectious pandemic diseases and R17 Ageing workforce.

### **42 Assessment of the Corporate Framework & Annual Governance Statement for 2019/20**

The Panel received a report from the Deputy Chief Fire Officer, Assistant Chief Fire Officer, Deputy Monitoring Officer and Assistant Director Resources/Treasurer which set out how the Fire Authority had assessed the effectiveness of its governance arrangements. The report sought approval of the Annual Governance Statement in line with the Accounts and Audit Regulations 2015.

The Chairman drew the Panel's attention to an additional recommendation regarding the approval of the Statement of Assurance, as detailed in recommendation (iii) below.

**RESOLVED:** That the Panel:

- (i) confirmed that they were satisfied with the level of assurance provided to them through this report and the Authority's governance framework and processes;
- (ii) approved the Annual Governance Statement for signing by the Scrutiny & Audit Panel Chairman and the Chief Fire Officer; and
- (iii) approved the Statement of Assurance for signing by the Scrutiny & Audit Panel Chairman and the Chief Fire Officer.

### **43 Project 21 Future Mobilising - May 2020 Progress Update**

## **Unconfirmed minutes – to be confirmed at the next meeting of the Scrutiny & Audit Panel**

The Panel received a report from the Deputy Chief Fire Officer which provided an update on the progress of Project 21, the purpose of which was to determine and deliver the future operating model for Fire Control services for East Sussex Fire & Rescue Service from September 2021 onwards.

Members welcomed the report and were pleased to note that the project was on track. The Panel looked forward to receiving further updates.

**RESOLVED:** That the Panel:

- i) noted the progress made on Project 21 since 9 January 2020 as set out in appendix 1 to the report; and
- ii) noted the forward plan for Project 21 and the updated target go-live date for Project 21 of 28 September 2021.

The meeting concluded at 10.45 am

Signed

Chairman

Dated this

day of

2020