

## SCRUTINY & AUDIT PANEL

**Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at via Webex at 10.00 am on Thursday, 21 January 2021.**

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

Also present: D Whittaker (Chief Fire Officer & Chief Executive), M O'Brien (Deputy Chief Fire Officer), M Matthews (Assistant Chief Fire Officer), L Woodley (Deputy Monitoring Officer), D Savage (Assistant Direct Resource/Treasurer), L Ridley (Assistant Director Planning & Improvement), N Cusack (Assistant Director Operational Support & Resilience), P Jassal, J Olliver, H Thompson, E Simpkin, A Blanshard

### **36       Declarations of Interest**

There were none

### **37       Apologies for Absence**

There were none

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

The Chairman agreed to allow a discussion on the Public Sector Audit Appointments (PSAA) Consultation, details of which had been shared with Members in advance of the meeting.

### **39       Non-confidential Minutes of the Scrutiny & Audit Panel held on 12 November 2020**

**RESOLVED:** That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 12 November 2020 be approved as a correct record and signed by the Chairman.

### **40       Non-Confidential Minutes of the Scrutiny & Audit Panel meeting held on 26 November 2020**

**RESOLVED:** That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 26 November 2020 be approved as a correct record and signed by the Chairman.

### **41       Callover**

Members reserved the following items for debate:

42       2020/21 Third Quarter Corporate Risk Register Review

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- 43 Annual Audit Letter 2019/20
- 44 Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) – Progress and Update Report
- 45 On Call Pay Review – Internal Audit Report

### **42 2020/21 Third Quarter Corporate Risk Register Review**

The Panel received the report of the Assistant Director Resources/Treasurer (ADR/T) which presented Members with the latest quarterly review of Corporate Risk. The report discussed the third quarter position and detailed the business risks identified and how they had been or were being mitigated. There were no risks proposed for addition or deletion this quarter.

Members asked for some details regarding risks relating to workforce planning and a market supplement for professional service jobs, specifically whether options for further collaboration were being explored. The CFO explained that the collaboration framework was kept updated by the Assistant Director People Services (ADPS). There was a large amount already underway, including collaborations regarding Fleet. ESFRS and West Sussex FRS were employing a joint strategic fleet manager which would provide opportunities to look at key strategic work. ESFRS had also appointed a secondee from London Fire Brigade to provide oversight to work regarding Business Safety. Members expressed an interest in receiving an annual update on collaboration work. The ADPS explained that there were some professional posts across the organisation that had proved to be hard to recruit to, it would only be for those posts that a market supplement would be considered, and even then this would only be after consideration had been given to secondments or collaboration with other organisations including councils and the police.

Members then asked whether Officers knew if Covid-19 vaccinations might be given to frontline staff. The CFO informed the Panel that under the Government's Vaccination criteria, Firefighters were not considered to be key workers and therefore would only become eligible for a vaccination due to their age profile. The CFO had written to the MPs representing the Service area to ask for their support to influence the Government to change this approach, Firefighters were undertaking a lot of close contact work with Covid-19 patients. Despite this lack of vaccinations, the CFO was very satisfied that the Covid-19 working practices that ESFRS had introduced were managing risk where possible. The Deputy Chief Fire Officer (DCFO) added that there was work being conducted on a memorandum of understanding to take unused vaccines, but this would be in very small numbers. Those Fire Fighters who were working to support SECAMB had been vaccinated. The Panel were very surprised that Firefighters were not considered key workers for the purposes of the Government's vaccination programme.

There was a suggestion that the risk regarding the UKs exit from the EU should be split as it was felt that whilst some risks remained, there was a

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likelihood that some of those risks that had been predicted would not now happen. The DCFO agreed that while it was fair to say that the risk of immediate disruption had dissipated, it was felt sensible to leave it on the register at the current time.

**RESOLVED** – That the Panel:

- a) noted the Q3 Corporate Risk Register including updates made since Q2; and
- b) did not identify any further information or assurance required from Officers

### **43 Annual Audit Letter 2019/20**

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which asked Members to consider and approve, on behalf of the Fire Authority, the Annual Audit Letter 2019/20.

The Authority's external auditor, Ernst & Young (EY), had recently published the Annual Audit Letter 2019/20 relating to East Sussex Fire Authority. The Letter summarised the external auditor's work relating to 2019/20 the majority of which had previously been reported to the Panel in the Audit Results Report for 2019/20. The Letter would be published on the Authority's website.

The key matter for the Panel's attention was within section 7 of the report, after the previous discussion regarding scale fees, the ADR/T had met with EY and it was his advice to the Panel that the first proposed variation was too high and should not be approved but that the variation relating to specific costs incurred in the conduct of the audit should be approved. The ADR/T added that whatever decision the Panel took the final consideration and approval would be that of the PSAA in due course. The Panel were informed that the Senior Leadership Team had agreed budget provision to cover the £4,342 in the current year, should the PSAA agree the £27,533 it would create an additional unfunded pressure on the 2020/21 budget.

Members reiterated previous comments to EY that they were very satisfied with their work on the audit of the Authority, however they were very concerned about the scale of the fee variation. There was some discussion about whether the Authority may be in the position to retender the contract for external audit. They ADR/T advised that the contract was collective through the PSAA and it would be very difficult for the Fire Authority to go alone as not many firms would tender for Local Authority work and it would be at a very significant cost. It was a national issue and the sector would work together with the PSAA on a resolution. The ADR/T assured Members that they would work hard to ensure that their views would be made very clear to the PSAA.

**RESOLVED** – The Panel:

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- i. Approved, on behalf of the Fire Authority, the Annual Audit Letter 2019/20; and
- ii. considered EY's proposed fee variations and agreed to:
  - a. continue negotiations on the fee scale rebasing for £27,533;
  - b. the fee for additional work during the 2019/20 audit of £4,342.

### **44 Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS)- Progress and update report**

The Panel received the report of the Assistant Director Planning & Improvement (ADP&I) which provided Members with an update in the Service's activity in relation to Her Majesty's Inspectorate of Constabularies and Fire & Rescue Services (HMICFRS) inspection process. The report included a summary of progress taken to address the "areas for improvement" identified in the first inspection, the results of the Covid-19 inspection undertaken in November 2020 and provided information regarding preparations for the next inspection in early 2022.

The Chief Fire Officer (CFO) informed the Panel that the Covid-19 inspection had taken place virtually in November and that both the Chairman and the CFO had taken part in the process. A letter, on which the CFO had been given the opportunity to comment, would be sent to the Service and published. The process had been largely positive and assured that ESFRS had performed well operationally, financially and in its regulatory capacity. There had been positive feedback from staff with regard to the Service's approach to staff wellbeing. The Panel were informed that there would also be a collective report on the whole Fire Sector, in which there was a critique of the national response and some services had received criticism.

Members were satisfied with the work that the Services was undertaking to address the points raised in the original inspection and were confident that everything would be in a good state by the next inspection. The CFO confirmed that in order to deliver these improvements the Service had been required to allocate additional resourcing.

**RESOLVED** – The Panel noted the progress against the areas identified for improvement and the plans for the next inspection process.

### **45 On Call Pay Review - Internal Audit Report**

The Panel received the report of the Deputy Chief Fire Officer (DCFO) informing Members of the matters considered by the Senior Leadership Team (SLT) relating to the Internal Audit Follow-Up Review of Retained Pay. Following a computer systems failure in 2018 pay claims for On Call staff had to be dealt with through an alternative manual process, the Fire Authority requested an independent review of these manual procedures to provide assurance that the correct payments had been made. The audit reported that

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partial assurance could be provided and made recommendations for management actions to address any areas of weakness.

The Follow-Up Review gave an unchanged partial assurance opinion. A draft management response had been prepared which proposed that no further action or investigation be undertaken, the reasons for which were set out in the report. The DCFO explained that the Assurance & Governance Group had instigated a review of the process by which the implementation of agreed actions from Internal Audit reviews were tracked and monitored. The group were now receiving quarterly monitoring reports in order to identify any delays in or failure to address internal audit recommendations and ensure appropriate action is taken.

Members accepted that this matter involved small sums but wanted to be assured that the Service was confident that the computerised systems were accurate and contained the correct information. The ADPS provided the Panel with assurances that this was being addressed and that there were new measures in place to ensure that it would not happen again. The Panel agreed that the most important matter was to ensure that lessons had been learned rather than pursuing small overpayments at a disproportionate cost.

**RESOLVED** – The Panel agreed to:

- i. note the Internal Audit Report; and
- ii. approved the proposed management decision that no further action be taken by ESFRS.

The meeting concluded at 11.20 am

Signed

Chairman

Dated this

day of

2021