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## SCRUTINY & AUDIT PANEL

**Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at County Hall, St Anne's Crescent, Lewes, East Sussex, BN7 1UE at 10.00 am on Thursday, 25 July 2019.**

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

Also present: D Whittaker (Chief Fire Officer), M Andrews (Assistant Chief Fire Officer), M Matthews (Assistant Director Safer Communities), L Ridley (Assistant Director Planning & Improvement), D Savage (Assistant Director Resources/Treasurer), L Woodley (Deputy Monitoring Officer), W Tricker (Finance Manager), L Stevenson (Risk & Insurance Officer), Helen Thompson (Ernst & Young LLP), Joanna Knightley (East Sussex County Council), Z Downton (Democratic Services Officer - Minutes), E Simpkin (Democratic Services Officer)

### **1 Declarations of Interest**

It was noted that, in relation to matters on the agenda, no participating Member had any interest disclosable in accordance with the provisions of the Fire Authority's Code of Conduct for Members.

### **2 Apologies for Absence/Substitutions**

There were none.

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

The Chief Fire Officer (CFO) wished to highlight to Members the week's events which had seen colleagues across the Service tackle two serious fires; one at the George Inn in Rye, East Sussex and one on the ranges at Lydd in support of Kent Fire and Rescue Service. The CFO felt it was important to recognise the contribution that had been made not only by the crews who worked hard in arduous conditions, but those who carried out essential roles to support operations in control, engineering or other parts of the Service. Panel Members and the CFO expressed their thanks for all the contributions Service staff had made during those incidents.

### **4 Non-Confidential Minutes of the last Scrutiny & Audit Panel meeting held on 5 June 2019**

**RESOLVED** – That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 5 June 2019 be approved as a correct record and signed by the Chairman. (*Copy in Minute Book*)

### **5 Callover**

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

Members reserved the following items for debate:

- 6 External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2018/19
- 8 Safety Events Statistics Report – Q1, 2019-20
- 9 Corporate Plan Progress Monitoring Quarter 4 2018/19

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

### **6 External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2018/19**

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which presented Members with the results of the External Auditor's Results Report (ISA 260) (Appendix 1) and the Authority's 2018/19 Statement of Accounts (Appendix 2). (*Copy in Minute Book*)

The Authority's External Auditor, Ernst & Young (EY), was obliged to produce an Audit Results Report (ISA 260) which reported formally on the outcome of the audit of the Authority's financial statements.

EY had substantially completed its audit of the Authority's financial statements for the year ended 31 March 2019. The ADR/T confirmed that there had been no material issues with the Accounts at the time of reporting.

Ahead of the meeting, the ADR/T had brought to Members' attention details of a pensions-related matter which might delay EY from completing its audit of the Accounts and issuing an audit certificate by the date of the Scrutiny & Audit Panel meeting. The ADR/T reminded Members of the background; that there had been a legal case challenging the transitional protections put in place by the Government as a number of public sector pension schemes moved from final salary to career average basis over recent years. Specifically, judgment had been given against the transitional protections in a case called McCloud/Sargeant which covered the pension schemes for judges and firefighters (FPS), but had implications for a wider range of schemes including the Local Government Pension Scheme (LGPS).

At the time the draft accounts had been issued (31 May 2019) the Government was still considering leave to appeal against the judgment, and accordingly the Authority had included a Contingent Liability note in the Accounts (LGPS Note 36 on page 69 and FPS Note 4 on page 76) setting out a high level assessment of the potential impact on scheme liabilities based on reports provided by and commissioned from GAD (Government Actuary Department) and using wording agreed at sector (FPS) and local (LGPS) level.

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

On 27 June 2019, the Supreme Court refused the Government leave to appeal the original decision and as a result it was necessary for the Authority to commission its actuary to reassess the Authority's pension liabilities and this was achieved through an IAS19 report. The updated reports had been received from the actuary on 10 July 2019 and updated accounts provided to EY on 14 July 2019.

The ADR/T updated Members that EY had now received national guidance from their pension team on their approach to auditing the revised IAS19 figures and the Authority was waiting for EY to carry out their internal checks and provide its audit certificate by the 31 July 2019 statutory deadline.

In conclusion, the ADR/T had set out amended recommendations for the Panel's consideration (as detailed in Resolutions i) to iv) below) to approve the publication of the unaudited accounts by the statutory deadline and to ensure that the Accounts could be re-issued once the audit certificate was provided.

Helen Thompson (Associate Partner, EY LLP) thanked the ADR/T for his summary. She understood that, in a change to previous years, the Audit Commission would not be making public a list of those authorities who had not published audited accounts either by 31 July 2019 or by 30 September (previous statutory deadline), in acknowledgement of a particularly challenging year for auditors and authorities. She confirmed that EY now had all the information needed in respect of the pensions matter and, subject to a non-material outcome of the outstanding work, EY expected to issue an unqualified opinion on the Accounts and intended to issue its audit certificate by 31 July 2019.

Ms Thompson highlighted to Members the salient points of EY's Audit Results Report (ISA 260) and thanked the ADR/T, Jo Knightley (Accountant, East Sussex County Council) and Warren Tricker (Finance Manager, East Sussex Fire & Rescue Service) for their patience and support to EY throughout the audit process. The Panel thanked Ms Thompson and acknowledged that there were no areas of concern within the Accounts at the time of reporting.

### **RESOLVED** – That the Panel:

- (i) Approved the 2018/19 Statement of Accounts (the Accounts) for publication by 31 July 2019, without the audit certificate if necessary;
- (ii) Agreed that if the audit certificate was not forthcoming before 31 July 2019, the Authority would publish the Accounts and, in line with the Accounts and Audit Regulations 2015, also publish a notice explaining why there was no audit certificate;
- (iii) Approved delegation to the Assistant Director Resources/Treasurer to re-issue the Accounts with an audit certificate if there were no material changes (after consultation

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

with the Chief Fire Officer/Chief Executive and the Chairman of the Scrutiny & Audit Panel); and

- (iv) Noted that if, on receiving the audit certificate, there were material changes to the Accounts then those would need to be presented for re-approval by the Fire Authority at its scheduled meeting on 5 September 2019.

### **7 Contract Standing Orders - Waivers Summary August 2018 to date**

The Panel received the report of the Assistant Director Resources/Treasurer which appraised Members of the waivers granted in the remainder of the financial year 2018/19 and thus far in 2019/20, as required by Contract Standing Order (CSO) 7.4. *(Copy in Minute Book)*

**RESOLVED** – That the Panel noted the contents of the report and did not consider it necessary to receive any further information.

### **8 Safety Events Statistics Report - Q1, 2019-20**

The Panel considered the report of the Deputy Chief Fire Officer (DCFO) which provided Members with a summary of safety events data and hazard reports received by the Health, Safety & Wellbeing Team during Quarter 1 of 2019/20, and which also included the report for the shared 3F Key Performance Indicators (KPIs), East Sussex Fire and Rescue Service Home Office Statistics, Level 2 Accident Investigations tracker and age and gender data. *(Copy in Minute Book)*

The Panel commented that it was positive to see a reduction in the number of reported safety events in comparison with the same quarter in 2018/19, although the rise in manual handling incidents was also noted.

The Panel noted the recent incidents at the Service Training Centre (STC), Maresfield involving people from an adjacent site and questioned the potential for further disruption to operational training in light of the approved planning application by Wealden District Council for a hotel and coffee outlet opposite STC on the Ashdown Business Park. The Chief Fire Officer (CFO) explained that the Service was in full consultation with East Sussex County Council officers, Police and the neighbours on the adjacent site following the incidents. The Service would continue to inform neighbouring sites of programmed dates for training that involved live burns. The CFO reassured Members that the situation was being monitored and the Service intended to maintain good relations with all neighbours. In respect of the new businesses to be built in the vicinity, the Service's intention was to mitigate any concerns and build a rapport with its new neighbours, accepting that the new neighbours were commercial businesses.

Members of the Panel asked that a letter be written on their behalf to remind Wealden District Council Officials of the critical and strategic importance of

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

the Operational Training Centre to the Service. The CFO would draft the letter on behalf of the Panel's Chairman.

**RESOLVED** – That the Panel:

- i) Considered the Quarter 1 health and safety statistics for 2019/20 as set out in the report;
- ii) Continued to monitor and scrutinise performance in 2019/20; and
- iii) Had not identified any areas where Members required further assurance.

### **9 Corporate Plan Progress Monitoring Quarter 4 2018/19**

The Panel considered the report of the Assistant Director Planning & Improvement (ADP&I) which demonstrated progress made on the key actions up to the end of Quarter 4 2018/19, against the Service's Corporate Plan 2018/19. (*Copy in Minute Book*)

The Panel asked for clarity of the risks under Activity Title: 1.1.1.9 – Deliver Information Security Step Change Programme. The ADR/T explained that the need for improved Information Security Management Systems had been identified as part of the process to outsource IT service delivery to Telent. A range of key risks had subsequently been addressed as part of the contractual transformation milestones with Telent. He highlighted the work the Service had carried out with Aristi (an external information security consultancy) to progress the Service's Information Security Management Strategy; such as project plan and IT health check. An action plan would be put in place to address the range of issues that had been identified, with detailed internal reporting on a regular basis through the IT Strategic Board, on which Fire Authority Member Councillor David Tutt attended in his role as Lead Member for IT. The ADR/T agreed that a further update would be brought to the next Panel meeting in Autumn 2019. The Panel requested that Councillor Tutt be invited to the next Panel meeting to update Members on the work of the IT Strategic Board, following the Board's quarterly meeting in October 2019.

The Panel noted the progress of the project to rollout Corporate Wifi across all Service facilities and locations (Activity Title: 1.1.4.11, page 186 of the agenda). The ADR/T reported that delivery of the project was planned for the end of 2019.

**RESOLVED** – That the Panel:

- i) Noted the achievements, progress, and work to date, as detailed in Appendix 1 against the activities set out in the 2018-19 Corporate Plan; and

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

- ii) Requested further clarification and information in respect of 'Activity Title 1.1.1.9 - Deliver Information Security Step Change Programme' (as set out on page 185 of the Agenda), and noted that an update would be brought to the next meeting of the Scrutiny & Audit Panel.

**10 2019/20 First Quarter Corporate Risk Register Review**

The Panel considered the report of the Assistant Director Resources/Treasurer which provided Members with the latest quarterly review (Quarter 1, 2019/20) of Corporate Risk. The report identified the business risks and how they had or were being mitigated, under Appendix 2. (*Copy in Minute Book*)

**RESOLVED** – That the Panel:

- a) Noted the Quarter 1 2019/20 Corporate Risk Register, including any changes made since Quarter 4 2018/19; and
- b) Had not identified any issues where it required further information or assurance.

**11 2018/19 Annual report of the ESFRS Local Firefighters' Pension Board**

The Panel received the report of the Assistant Director - Organisational Development, Human Resources, Training & Assurance which informed Members of the matters considered by the Pension Board during 2018/19. (*Copy in Minute Book*)

**RESOLVED** – That the Panel noted the annual report of the Pension Board 2018/19 and had not identified any matters of concern in the administration of the Firefighters' Pension Schemes.

The meeting concluded at 11.05 am

Signed

Chairman

Dated this

day of

2019