

SOUTH YORKSHIRE FIRE AND RESCUE AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

10 JANUARY 2022

- PRESENT: Councillor T Smith (Chair)
Councillors: S Ayris, B Johnson, J Paszek and S Sansome
- A Dyson and C Pilkington
(Independent Members of the Audit & Governance Committee)
- H Impey, S Loach, M McCarthy, L Noble and A Shirt (Barnsley MBC)
- DCFO C Kirby and S Slater
(South Yorkshire Fire & Rescue)
- R Barnett and A MacDonald
(Internal Audit – RSM)
- E Eruero
(Office of the Police and Crime Commissioner)
- IN ATTENDANCE C Jamieson
REMOTELY: (Deloitte)

Apologies for absence were received from: Councillor R Frost,
N Copley and P Hewitson

1 APOLOGIES.

Apologies for absence were noted as above.

2 ANNOUNCEMENTS.

The Chair reported that Nicola Wright, Independent Member of the Audit and Governance Committee, had formally resigned from her role on 30 November 2021. It was noted that a recruitment process to fill the vacancy would be undertaken as soon as possible.

3 URGENT ITEMS.

None.

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS.

RESOLVED – That agenda item 16 entitled ‘Member only session with External / Internal Audit’ be considered in the absence of the public and press.

5 DECLARATIONS OF INTEREST BY INDIVIDUAL MEMBERS IN RELATION TO ANY ITEM OF BUSINESS ON THE AGENDA.

None.

6 REPORTS BY MEMBERS.

None.

7 TO RECEIVE ANY QUESTIONS OR COMMUNICATIONS FROM THE PUBLIC, OR COMMUNICATIONS SUBMITTED BY THE CHAIR OR THE CLERK AND TO PASS SUCH RESOLUTIONS THEREON AS THE STANDING ORDERS PERMIT AND AS MAY BE DEEMED EXPEDIENT.

None.

8 MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 22 NOVEMBER 2021

In response to a query from C Pilkington regarding the External Audit of the Authority's 2021/22 Statement of Accounts, C Jamieson reported that there was no specific update tabled on today's agenda. This was due to the update still being relevant which had been presented at the November 2021 Audit and Governance Committee meeting.

C Pilkington asked if there was a timescale when the final version of the Statement of Accounts for 2021/22 would be produced and presented to the Committee for sign off.

S Slater replied that the Service were currently awaiting receipt of the external valuers revised property valuations. As soon as this information was received, the Statement of Accounts for 2021/22 would be updated and forwarded on to the External Auditor for review.

Councillor Ayris asked if there were any significant property valuations which had depreciated following the revaluation exercise, which the Committee needed to be aware of.

S Slater replied that the Service were not expecting there to be any significant differences, however, this could not be confirmed until the work had been concluded.

S Slater reported that the Authority's Value for Money Statement had been issued to the External Auditor for review in December 2021. The External Auditor had responded with a number of questions, which the Service and Authority were currently considering. Responses to the questions would be collated and sent to the External Auditor shortly.

RESOLVED – That the minutes of the Audit and Governance Committee held on 22 November 2021 be agreed and signed by the Chair as a correct record.

9 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

Members considered the 2022 Audit and Governance Committee Work Programme and were reminded that they could nominate topics for consideration at future meetings which fall within the Committee's main areas of business i.e. overseeing internal and external audit activity; the Authority's regulatory framework for internal control; and the Authority's accounts.

RESOLVED – That Members considered and agreed the Work Programme.

10 INTERNAL AUDIT PROGRESS REPORT

A report was presented to provide the Committee with an update on progress against the Internal Audit Plan for 2021/22, approved by the Committee on 15 March 2021. The report also summarised the results of Internal Audit's work to date.

Members' noted the following key messages:

- Fieldwork dates had been agreed with management for all of the remaining Internal Audits scheduled for 2021/22.
- Fieldwork was currently underway for the Risk Management Internal Audit and a draft report had been issued for the HR Transactions and GDPR Compliance Internal Audit. Both reports would be presented at the next Audit and Governance Committee on 14 March 2022.
- Two reports in relation to Payroll and Fleet / Transport Management had been issued since the last meeting.
- The Payroll audit had resulted in a substantial assurance opinion being issued with two low priority actions agreed with management.
- The Fleet / Transport Management audit had resulted in a reasonable assurance opinion being issued with four low and three medium priority actions agreed with management.
- Planning meetings were scheduled with key contacts of each audit and audit assignment sheets would be issued in due course.
- A draft Internal Audit Plan for 2022/23 had been produced following a meeting with the Executive Team and was being presented at today's meeting for comment.

Members' attention was drawn to Appendix A of the report, which set out current progress against the Internal Audit Plan for 2021/22. Internal Audit were currently on track to complete all of the Internal Audits included in the Audit Plan for 2021/22, by 31 March 2022.

It was confirmed that no changes had been made to the Internal Audit Plan since the last Audit and Governance Committee meeting held on 22 November 2021.

Since the last meeting, Internal Audit had provided management with an Emergency Services News Briefing.

Members' noted the Key Performance Indicators (KPIs) detailed in Appendix C to the report.

RESOLVED – That Members received the report.

11 DRAFT INTERNAL AUDIT STRATEGY 2022/23 - 2024/25 (INCLUDING THE INTERNAL AUDIT PLAN 2022/23)

R Barnett presented a report which set out the draft Internal Audit Strategy 2022/23 – 2024/25, for the review, challenge and approval by Members.

The report contained a detailed one-year Plan for 2022/23, and a suggested three year rolling Strategy of audit coverage. Members noted that the Strategy would be revisited each year to ensure it remains current and reflects the risk profile of the organisation.

The report also briefly described the rationale and process for setting the Plan, that it was based on a risk assessment process, historical data and consultation.

The proposed risk-based and core assurance audits for Internal Audit coverage in 2022/23 were set out within the report for Members' information.

Indicative days had been allocated to each area of audit activity with flexibility built into the Plan when work would be undertaken during the year, including the possibility of deferring work to the following financial year. All proposed changes to the Plan, or when work would be undertaken would be discussed and agreed with management and reported within Internal Audit progress reports to the Committee.

In preparing the Internal Audit Plan for 2022/23, Internal Audit had worked closely with management to produce an audit programme which remains flexible, agile and mindful of the continuing developments and challenges around COVID-19.

The Chair asked the Committee if there were any additional audit areas that may benefit from potential Internal Audit coverage during 2022/23.

A Dyson reported that he would like Internal Audit to consider coverage around three additional areas. Firstly, based on reputational risks, he felt that there should be planned work to gain assurances around whether the Service's Communications Strategies are up to date and appropriate for stakeholders.

The second area for consideration was around Strategic Partnerships and in particular, the role undertaken by the Service and partners. He felt that Internal Audit work should be undertaken in Quarter 4 when financial settlements were known.

Lastly, noting that the Plan was split into risk-based audits and core assurance audits, A Dyson said that it may be useful to include an additional number of days (e.g. 6 days) in the Audit Plan to examine selected risks contained on the Risk Register. Specifically where changes in risk scores and new risks had been identified and agreed, he felt that Members of the Committee may wish to select a number of risks and ask Internal Audit to examine the background evidence and provide assurances in the form of a letter, rather than in a formal report, to confirm that risks have been appropriately analysed and found to be managed correctly, or to highlight any concerns.

R Barnett acknowledged A Dyson's suggestions and said that discussions would need to take place with management to consider these areas for potential inclusion in the Audit Plan.

RESOLVED – That Members:-

- i) Reviewed, challenged and approved the content of the Internal Audit Strategy 2022/23 – 2024/25, whilst acknowledging the need to maintain flexibility, especially in light of the impact of COVID-19.
- ii) Agreed to receive monitoring reports from the Head of Internal Audit at each Audit and Governance Committee meeting to demonstrate the progress made against the Internal Audit Plan 2022/23, including details of where delivery has materially varied from the agreed Plan.
- iii) Noted that discussions would take place between R Barnett and management to consider additional Internal Audit work (suggested by A Dyson) for potential inclusion in the Internal Audit Plan for 2022/23.

12 GOVERNANCE IMPROVEMENT PLAN (GIP) 2021/22

A report was submitted informing Members that it is a statutory requirement for the Authority to annually review its governance arrangements and systems of internal control, and to publish an Annual Governance Statement (AGS) separately alongside its Annual Statement of Accounts. Following the review undertaken for 2020/21, the Audit and Governance Committee had approved the AGS for 2020/21 on 13 September 2021, and the forward looking GIP for 2021/22.

Progress towards demonstrating that the proposed actions have been implemented is monitored on a quarterly basis by the Audit and Governance Committee in accordance with the Committee's agreed work programme.

Members noted that officers continue to review the Governance Improvement Plan (GIP) 2021/22 as part of the officer Governance Co-ordination Group.

As reported to the Committee in September 2021, the approved Governance Improvement Plan (GIP) for 2021/22 contained three carry forward issues from the 2020-21 GIP, and two new issues – one around Fire Reform, which is a national issue, and the second around establishing a dedicated, engaging and proactive Service Improvement Team, which is a local (South Yorkshire) issue.

The updated GIP was attached at Appendix A to the report and noted by Members.

RESOLVED – That Members considered the updated Governance Improvement Plan (GIP) for 2021/22 and noted the progress made to date.

13 QUARTERLY FRA / SYFR CORPORATE RISK REPORT

A report of the Chief Fire Officer / Chief Executive and Clerk was received to provide Members with a corporate risk update, presenting a merged Authority and Service Corporate / Strategic Risk Register, including a progress update on the management of risk for the current period.

DCFO Kirby reported that, since the previous quarterly Risk Report, the remit for three of the Service's Area Managers had temporarily changed. Where this impacts who the Corporate Risk Manager is, the Risk Register had been updated accordingly at Appendix A and captured in the Risk Manager column.

Assurances were provided to the Committee that delegated ownership of every risk contained on the Corporate Risk Register was now considered at all of the Service's internal Boards and Committees.

In addition, the Terms of Reference of all the Service's internal Boards and Committees had been updated to reflect that they would review any relevant corporate risks that sit under their control and consider any management or mitigation actions that would reduce the risk score.

A summary of the position regarding the high priority risks (where the current risk rating is between 15 and 25, a 'red' risk) was detailed in the report and noted by Members.

There was currently one risk (threat) Risk 24 – Immediate Detriment Case (McCloud and Sargeant Pensions ruling) that was currently rated as 'red' on the Risk Register, which could have a major impact on the Service. Further details were presented within the report and noted by Members.

During the period, one new risk, Risk 34 - Industrial Action by Support Staff had been identified and raised to highlight and address the risk and impact of industrial action by support staff.

Councillor Ayris asked if information could be provided on the number of current on-going formal trade union disputes, which were not contained on the Corporate Risk Register.

DCFO Kirby acknowledged the request and agreed to provide information after today's meeting.

Members noted that Risk 4 – Industrial Relations – National and Risk FRA13 – Stronger Safer Communities Reserve (SSCR) Fund were both recommended for closure. Further details were presented within the report and noted by Members.

Members noted that the 'Horizon Scanning' section in the report had continued as an addition to the quarterly report which provided an overview of risks or issues which may be upcoming for the Authority and Service, but which could not be currently mitigated against.

RESOLVED – That Members:-

- i) Noted the current position with respect to the overall management of corporate risk.
- ii) Considered and commented on the progress being made with the management and mitigation of corporate risks.
- iii) Noted that DCFO Kirby had agreed to provide Members with the number of current on-going formal trade union disputes, which were not contained on the Corporate Risk Register.

14 TREASURY MANAGEMENT STRATEGY AND POLICY STATEMENT 2022/23

A report of the Treasurer was submitted to outline the Authority's Treasury Management Policy and Strategy for the 2022/23 financial year.

The report provided Members with an overview of:

- The Treasury Management Policy Statement;
- The Authority's Capital Expenditure Plans;
- The Authority's Minimum Revenue Provision (MRP) Policy Statement;
- The Authority's Borrowing Strategy;
- The Annual Investment Strategy; and
- The Authority's Prudential and Treasury Indicators.

Members noted that the Treasury Management Strategy and Policy Statement for 2022/23 would be presented for approval as part of the 2022/23 budget setting proposals to the Fire and Rescue Authority on 21 February 2022.

Members were made aware that the 2022/23 Strategy continued to focus on reducing the Authority's exposure to interest rate volatility and ensuring that any surplus funds are invested securely.

It was noted that there remained continued uncertainty in the economy and the outlook of future interest rate rises. In December 2021, the Bank of England's interest rates had risen from 0.10% to 0.25%. To limit the impact of further interest rate rises and to ensure cost certainty, the proposed Strategy was for the Authority to maintain a minimum proportion of fixed rate borrowing of 70% over the period to 2024/25.

It was expected that there would be some additional borrowing reflective of the Capital Investment Plans in the Authority's updated Medium Term Financial Strategy.

Members noted that officers would address the Authority’s fixed rate borrowing requirement through the options included in the 2022/23 Strategy and the approach would be closely monitored on an ongoing basis to ensure that the overall borrowing position is managed as cost effectively as possible.

H Impey reminded Members that a Treasury Management Awareness session would be held virtually on 8 February 2022 as part of the Authority’s Corporate Advisory Group to consider the budget / precept.

Councillor Johnson noted that the Authority was expected to have between £10M and £20M to invest during 2022/23 according to current forecasts. He asked if a more accurate figure could be provided.

H Impey agreed to provide an accurate figure after today’s meeting.

RESOLVED – That Members:-

- i) Approved the Treasury Management Policy and Strategy Statements attached at Appendices A and B to the report. Which included the following:
 - The Treasury Management Policy Statement;
 - The Borrowing Strategy;
 - The Investment Strategy;
 - The Prudential and Treasury Indicators demonstrating the affordability of capital investment plans; and
 - The Minimum Revenue Provision Statement setting out the proposed prudent method of charging to revenue for the repayment of debt.
- ii) Noted that H Impey had agreed to provide Members with an accurate figure in relation to the Authority’s expected investments to be made in 2022/23.

15 EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest not to disclose information outweighs the public interest in disclosing it.

16 MEMBER ONLY SESSION WITH EXTERNAL / INTERNAL AUDIT

At the conclusion of the meeting a Member only session was held with External and Internal Audit colleagues.

Actions Table

No.	Action	Timescale	Officer(s)	Status / Update
13.	DCFO Kirby to provide Members with the number of current on-going	ASAP	DCFO Kirby	<u>Update 24.01.22</u> Please see the information sheet attached to the

	formal trade union disputes, which were not contained on the Corporate Risk Register.			minutes. ACTION DISCHARGED																		
11.	Discussions to take place between R Barnett and management to consider additional Internal Audit work (suggested by A Dyson) for potential inclusion in the Internal Audit Plan for 2022/23.	ASAP	R Barnett & Management Team	<u>Update 18.01.22</u> A discussion took place following the meeting and it was agreed these reviews would be of value. The Internal Audit Plan will be updated to reflect these additional reviews and reissued for formal approval at the next Committee meeting in March. ACTION DISCHARGED																		
14.	H Impey to provide Members with an accurate figure in relation to the Authority's expected investments to be made in 2022/23.	ASAP	H Impey	<u>Update 18.01.21</u> Monthly investment balances for the Authority for the year to date (2021/22) are shown below. We are anticipating monthly balances to be comparative in terms of amounts and for cashflow levels to follow a similar pattern during 2022/23. <u>SYFRA Investment Balance 2021/22</u> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>30/04/2021</td><td style="text-align: right;">2,700,000</td></tr> <tr><td>31/05/2021</td><td style="text-align: right;">1,700,000</td></tr> <tr><td>30/06/2021</td><td style="text-align: right;">1,700,000</td></tr> <tr><td>31/07/2021</td><td style="text-align: right;">19,700,000</td></tr> <tr><td>31/08/2021</td><td style="text-align: right;">17,700,000</td></tr> <tr><td>30/09/2021</td><td style="text-align: right;">13,700,000</td></tr> <tr><td>31/10/2021</td><td style="text-align: right;">13,000,000</td></tr> <tr><td>30/11/2021</td><td style="text-align: right;">11,000,000</td></tr> <tr><td>31/12/2021</td><td style="text-align: right;">9,500,000</td></tr> </table> ACTION DISCHARGED	30/04/2021	2,700,000	31/05/2021	1,700,000	30/06/2021	1,700,000	31/07/2021	19,700,000	31/08/2021	17,700,000	30/09/2021	13,700,000	31/10/2021	13,000,000	30/11/2021	11,000,000	31/12/2021	9,500,000
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Information Sheet for Action 13 - Summary of current formal collective disputes

Date Dispute Registered	Rep Body	Subject of Dispute	Lead Officers	Brief Update on status
Nov-21	FBU	Area Manager Continuous Duty System - failure to abide by NJC agreements; failure to reach agreement with FBU.	DCFO, Head of HR	Dispute Stage 1 meeting held Dec 2021. Local discussions ongoing and each party seeking legal advice.
Dec-20	FBU	Crewing Policy - use of On Call staff to fill gaps in wholetime availability	Head of ER, Head of HR	Local discussions ongoing. New draft Crewing Policy close to agreement.
Aug-20	FBU	Covid-19 Self-isolation/Quarantine – application of government and NJC guidance to employee leave	Head of ER, Head of HR	Local discussions ongoing. Management have presented options for resolution. FBU seeking further adjustments.
Apr-20	FBU	Covid Response - National Tripartite Agreement - Gaining Access - use of Green Book staff to support SYP and YAS.	ACO, Head of HR	Local discussions not able to reach agreement. Issues raised nationally. No response to date.
Mar-20	FBU	Half Pay/No Pay Policy - concern the policies are not being applied correctly in some cases	ACO, Head of HR	Dispute Stage 1 meeting held in July 2020. No further response from FBU.
Dec-19	FBU	Disciplinary Procedure - application of sanctions across multiple contracts; application of multiple sanctions; use of CCTV policy; use of personal mobile phone footage in process	DCFO, Head of HR	Internal Dispute procedure exhausted. Joint referral to NJC Joint Secretaries for conciliation. Meetings held in Jan 2022. Further work underway and will reconvene conciliation process in Feb 2022.

Dec-19	FBU	Day Staffing - FBU seeking to withdraw from the collective agreement with SYFR, on grounds it is not a family-friendly duty system	Head of ER, Head of HR	Ongoing local discussions. Management have presented options for resolution with evidence that it is a family-friendly duty system. FBU seeking joint referral to TAP (NJC Technical Advisory Panel), but management feel can be resolved locally. An earlier referral to TAP (Royal Berkshire FRS) had determined their similar duty system was family-friendly. SYFR duty system is proving to be more popular now.
Nov-18	FBU	Operation Shield (fixing anti-burglary information signs to lampposts in collaboration with SYP)	ACO, Head of HR	Dispute stage 1 and stage 2 meetings held. No further response from FBU. Work appears to have ceased.

CHAIR

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