



SOUTH YORKSHIRE  
FIRE & RESCUE  
AUTHORITY

# **AUDIT AND GOVERNANCE COMMITTEE**

## **ANNUAL REPORT 2020/21**

I am pleased to present the Audit and Governance Committee's Annual Report which once again provides evidence of the arrangements the Authority has in place to monitor, challenge and hold to account those responsible for managing its governance arrangements and the production and approval of its Annual Governance Statement.

The Authority hosts six meetings of its Audit and Governance Committee over the course of a municipal year which provides Members with greater capacity to consider in more depth the issues that impact on the management and delivery of the Fire and Rescue service in South Yorkshire. This has worked well in ensuring the timely presentation of reports and also the time available in meetings for their full consideration.

The Committee has continued throughout the COVID-19 pandemic to oversee the work of the Authority and Service. The Committee delivered this through holding virtual meetings during 2020/21, in line with the dates confirmed in the 'Membership and Attendance' section of the report.

As Chair of the Committee and Lead Member for Risk Management I am satisfied with the degree of briefings that take place in advance of meetings and the continuing access and engagement with officers from both the Service and Authority. The support offered to Members helps ensure that challenge is robust and that the overall objective of maintaining efficient and effective working practices is maintained.

I'd like to thank my colleagues on the Committee for their input, commitment and enthusiasm for the role. Special thanks go to the Independent Members who provide a particularly significant contribution to the work of the Committee.

I have enjoyed my year in office and hand over to the new Chair secure in the knowledge that the Audit and Governance Committee will continue to play a constructive and effective role in the work of the Fire and Rescue Authority.



***Councillor Pat Haith***  
***Chair of the Audit and Governance Committee***  
***2020/21***

# AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2020/21

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## **1. INTRODUCTION**

This report covers the Audit and Governance Committee's activities during the financial year 2020/21. It is prepared for the full Authority to demonstrate that the work undertaken has achieved the Committee's main responsibilities. The report outlines the Committee's:

- Role and responsibilities;
- Membership and attendance; and
- Work undertaken.

The Committee has met virtually on six occasions during the year via Microsoft Teams and Connect Remote link, together with a virtual Extra Ordinary meeting held on 29<sup>th</sup> June 2020.

Despite the restrictions placed on the Committee by the COVID-19 pandemic considerable progress was made in meeting statutory deadlines to approve the Authority's Annual Governance Statement, Governance Improvement Plan and the audited Statement of Accounts.

## **2. COMMITTEE INFORMATION**

### **2.1 Audit and Governance Committee Role and Responsibilities**

The Committee continues to provide an overview role on all aspects of governance and achieves this by:

- providing a forum for monitoring governance arrangements,
- receiving and discussing monitoring reports from internal and external sources, and
- making recommendations to the Authority for action to address any deficiencies.

The Committee performs the core audit committee functions recommended as good practice by the Chartered Institute of Public Finance and Accountancy (CIPFA). Its achievements are considered in Section 3 below.

The core functions are incorporated in the Committee's terms of reference which are attached as Appendix A. They are presented under the three main areas of activity, which are to oversee:

- Internal and external audit work;
- The regulatory framework; and
- The accounts.

Ideally, the Committee should be independent of the Authority's executive and scrutiny functions which, due to the limited number of Members, is difficult to achieve. However, in recognition of this, the Chair and Vice Chair of the Authority are precluded from membership of the Committee, but, in terms of resilience for 2020-21, the Chair of the Audit and Governance Committee was a Member of the Authority's Performance and Scrutiny Board which is responsible for scrutiny of the Authority's policy and business decisions.

In fulfilling its role the Committee raises awareness of the need for sound internal control arrangements and provides additional assurance to the Authority and its stakeholders through the results of its work.

## 2.2 Audit and Governance Committee Membership and Attendance

Membership comprises six Members of the Authority (with a quorum of three Members) and three appointed Independent Members with expertise in areas of the Committee's business.

The schedule of Members and Officers attendances is attached as Appendix B. The good practice guidance suggests that the Treasurer should attend regularly and that other senior officers should contribute as appropriate. The actual attendance recorded demonstrates that this was achieved.

## 3. COMMITTEE WORK PROGRAMME FOR 2020/21

The Committee maintains a Work Programme for its main areas of activity which is considered at each meeting. The reports received this year are shown in Appendix C; the outcomes of the Committee's work in relation to these are summarised below. The "boxed" bullet points in *italics* identify the Committee's main responsibilities; the details below each box identify how these have been achieved. Section 5 highlights particular achievements, including the exercise of functions where the Committee is empowered to act on the Authority's behalf.

### 3.1 Regulatory Framework

- *To review and receive assurance on the effectiveness of the Authority's Constitution in respect of:-*
  - *Contract Standing Orders and procedures;*
  - *Financial Regulations and procedures;*
  - *Codes of Conduct and Behaviour.*
- *To monitor the effective development and operation of risk management.*
- *To approve the Authority's anti-fraud and anti-corruption strategy and "whistle-blowing" policy, and to monitor the arrangements for those and the complaints process.*
- *To oversee the production of, and approve, the Authority's Annual Governance Statement.*
- *To consider the Authority's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.*

#### The Committee has:

- Considered quarterly reports on both the Authority's and Service's Risk Registers and considered the movements in individual risks and their categorisation. It is worth noting that, from January 2021, the Authority and Service Risk Registers were combined with the approval of Members and the reporting format strengthened;
- Approved an update to the Corporate Risk Management Strategy document for publication on the Authority's website (June 202);
- Approved the Authority's Annual Governance Statement 2019/20;
- Received progress update reports on the Governance Improvement Plan 2020/21;
- Received Information Governance Update reports providing information on the Service's compliance with the Data Protection Act 2018, the UK General Data Protection Regulation (UK GDPR), and requests received under the Freedom of Information Act 2000.
- Received reports on the Compliments and Complaints received during the year; and
- Received a progress update report detailing HMICFRS's 'Responding to the Pandemic' national report and South Yorkshire Fire and Rescue's (SYFR's) HMICFRS COVID-19 inspection outcome letter.

### 3.2 Internal Audit and External Audit

*Audit Activity:-*

*To consider the following internal Audit reports:-*

- *Annual Plan and Strategy and performance measures;*
- *Progress reports (actual against the Plan) including summaries of the result of individual audits, internal control issues arising, and action plans implementation (including external audit action plans);*
- *Annual Report on Internal Audit activity and performance achievements and the opinion on the Authority's internal control arrangements.*
- *To consider the External Auditor's governance report and Annual Audit Letter and other significant reports.*
- *To commission work from Internal and External Audit.*

#### ***Internal Audit***

##### **The Committee has:**

- Received and considered Barnsley MBC's Head of Internal Audit's interim and final Annual Report for 2019/20, including the assurance opinion on the Authority's internal control arrangements;
- Welcomed RSM UK Ltd as the Authority's new Internal Auditor from 2020/21 onwards;
- Received and approved the Internal Audit Strategy 2020/21 – 2022/23 (including the 2020/21 Internal Audit Plan);
- Received and considered regular reports from RSM on the Internal Audit Team's progress against the Annual Plan, including summaries of the reports issued and management's response;
- Received a report detailing RSM's approach to demonstrating compliance with the Public Sector Internal Audit Standards (PSIAS); and
- Received the draft Internal Audit Strategy 2021/22 – 2023/24 (including the 2021/22 Internal Audit Plan).

#### ***Deloitte (Appointed External Auditors) (see also Accounts below)***

##### **The Committee has:**

- Noted the Annual Audit Letter on the 2019/20 External Audit.

### 3.3 Accounts

*To approve the annual Statement of Accounts focussing on:-*

- The suitability of, and any changes in, accounting policies;*
- Major judgmental issues, e.g. provisions.*

- To receive and agree the response to the external auditor's report to those charged with governance on issues arising from the audit of the accounts, focussing on significant adjustments and material weaknesses in internal control reported by the external auditor*

#### *Treasury Management*

- To scrutinise, and make recommendations to the Authority on the Treasury Management Strategy and policies, and to monitor the implementation of policies and practices.*

#### **The Committee has:**

- Considered the Unaudited draft Statement of Accounts 2019/20;
- Approved the Audited Statement of Accounts 2019/20;
- Noted Deloitte's External Audit report to those charged with Governance (ISA 260) 2019/20;
- Noted the Annual Treasury Management Report 2019/20;
- Received a Treasury Management mid-year Update report; and
- Noted the Treasury Management Strategy and Policy Statement for 2021/22.

### **4. COMMITTEE WORKING ARRANGEMENTS**

At its July 2020 meeting Members considered and agreed the Committee's Annual Report for 2019/20 which was presented to the full Authority and published on the Authority's website.

The Committee put in place a Work Programme covering six meetings per year, together with an Extra Ordinary meeting held during 2020/21.

### **5. ACHIEVEMENTS**

The Committee has undertaken specific functions delegated by the Authority. Achievement of these are summarised below:

*Delegated Functions:*

#### **The Committee has approved / agreed:**

- The Annual Governance Statement 2019/20.

## AUDIT AND GOVERNANCE COMMITTEE TERMS OF REFERENCE (Delegated Powers)

*(Approved 26 June 2017)*

### **Audit**

*The Audit and Governance Committee shall comprise of 6 elected Members of the Authority – including 2 Minority Party Members and, ideally those Members who do not sit on the Performance and Scrutiny Board. It will also include up to 3 independent members and will exclude the Chair and Vice-Chair of the Authority.*

The Committee will meet six times per year including:

- **May** - to review the internal control & governance issues prior to the drafting of the Authority's Annual Governance Statement. This is achieved via the Audit and Governance Committee's work programme through the receipt of Internal Audit progress reports, Risk Management reports etc.
- **July** – to approve the Authority's Annual Governance Statement prior to it being signed off by the Chair of the Authority & Statement of Accounts prior to it signed off by the Chair of Audit and Governance Committee.
- **September** – to receive and consider the external Auditor's Annual Governance report.
- **November / January** – to consider and approve planned progress reports on items related to the Committee's functions.

### ***Audit Activity***

To consider the following internal audit reports:

- Annual plan and strategy and performance measures;
- Progress reports (actual against the plan) including summaries of the results of individual audits, internal control issues arising, and action plans implementation (including external audit action plans);
- Annual report on internal audit activity and performance achievements and the opinion on the Authority's internal control arrangements.
- To consider the external auditor's governance report and annual audit letter and other significant reports.
- To commission work from internal and external audit.

### ***Regulatory Framework***

- To review and receive assurance on the effectiveness of the Authority's Constitution in respect of:-
  - Contract standing orders and procedures;
  - Financial regulations and procedures.
- Codes of conduct and behaviour.
- To monitor the effective development and operation of risk management.

- To approve the Authority's anti-fraud and anti-corruption strategy and "whistle-blowing" policy, and to monitor the arrangements for those and the complaints process.
- To oversee the production of, and approve, the Authority's Annual Governance Statement.
- To consider the Authority's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

### ***Accounts***

- To approve the annual Statement of Accounts focussing on:-
  - The suitability of, and any changes in, accounting policies;
  - Major judgmental issues, e.g. provisions.
- To receive and agree the response to the external auditor's report to those charged with governance on issues arising from the audit of the accounts, focussing on significant adjustments and material weaknesses in internal control reported by the external auditor.

### ***Treasury Management***

- To scrutinise and make recommendations to the Authority on the Treasury Management Strategy and policies, and to monitor the implementation of policies and practices.

## APPENDIX B

### MEMBER/OFFICER ATTENDANCE AT AUDIT & GOVERNANCE COMMITTEE MEETINGS

Member/Officer	27 May 2020	29 June 2020 Extra Ordinary Meeting	27 July 2020	14 Sept 2020	23 Nov 2020	11 Jan 2021	15 Mar 2021
<b>Members</b>							
Councillor P Haith (Chair)	✓	✓	✓	✓	✓	✓	✓
Councillor S Ayris	✓	r/a	✓	✓	✓	✓	✓
Councillor C Ransome	✓	✓	r/a	✓	✓	✓	r/a
Councillor S M Richards	r/a	✓	✓	r/a	✓	r/a	✓
Councillor C Hogarth	✓	✓	✓	✓	✓	✓	✓
Councillor C Ross	✓	✓	✓	✓	✓	✓	✓
Dr A Billings	r/a	rep	rep	rep	rep	rep	rep
C Pilkington (Independent Member)	✓	✓	r/a	✓	✓	✓	✓
N Wright (Independent Member)	✓	✓	✓	✓	✓	✓	✓
A Dyson (Independent Member)	✓	✓	✓	r/a	✓	✓	✓
<b>Officers (Authority)</b>							
Treasurer (NC)	rep	rep	rep	✓	rep	rep	rep
Deputy Clerk (MMc)	✓	✓	✓	✓	✓	✓	✓
Service Improvement & Scrutiny Officer (LN)	✓	✓	✓	✓	✓	✓	✓
Senior Democratic Services Officer (AS)	✓	✓	✓	✓	✓	✓	✓
<b>Internal Audit (Barnsley MBC)</b>							
Head of Internal Audit (RW)	✓	✓	✓	✓			
<b>Internal Audit (RSM)</b>							
Partner (RB)	✓	✓	r/a	r/a	✓	✓	r/a
Audit Manager (AM)	✓	✓	✓	✓	✓	r/a	✓
<b>External Audit (Deloitte)</b>							
Audit Director (PH)	r/a	r/a	r/a	✓	✓	r/a	✓
Senior Audit Manager (CJ)	r/a	✓	✓	✓	✓	r/a	r/a
<b>Officers (Service)</b>							
Deputy Chief Fire Officer (CK)	✓	✓	✓	✓	✓	✓	✓
Director of Support Services (SB)	✓	✓	rep	✓	✓	✓	✓
Data Protection Officer (ED)	n/r	n/r	n/r	✓	n/r	n/r	✓

#### Notes:

- ✓ = attended
- r/a = apologies for absence recorded
- n/r = not required for meeting
- rep = sent representative
- Shaded cells = membership not current at the time of the meeting

**APPENDIX C**

**AUDIT AND GOVERNANCE COMMITTEE ACTIVITY**

Function / Issue	27 May 2020	29 June 2020 Extra Ordinary Meeting	27 July 2020	14 Sept 2020	23 Nov 2020	11 Jan 2021	15 Mar 2021
<b>Risk Management</b>							
Corporate Risk Management and Strategy Refresh	Noted						
FRA Risk Register – Quarterly Update	Noted			Noted			
Service Corporate Risk Register Report	Noted			Noted			
Authority and Service Combined Corporate Risk Register						Noted	
<b>Regulatory Framework</b>							
Annual Governance Statement 2019-20		Noted		Approved			
Governance Improvement Plan 2020/21		Noted		Noted		Noted	
Compliments and Complaints Monitoring Report				Noted			Noted
Information Governance Updates (inc. FOI & GDPR)				Noted			Noted
HMICFRS COVID-19 Inspection Update							Noted
<b>Internal Audit</b>							
BMBC - Head of Internal Audit's Interim Annual Report 2019/20	Noted						
BMBC - Head of Internal Audit's Final Annual Report 2019/20				Noted			
RSM - Internal Audit Progress Report			Noted	Noted	Noted	Noted	Noted
RSM - Draft Internal Audit Strategy 2020/21-2022/23 (Including the 2020/21 Internal Audit Plan)	Noted & Agreed						
RSM - Quality Assurance & Improvement Programme					Noted		
RSM – Draft Internal Audit Strategy 2021/22-2023/24 (Including the 2021/22 Internal Audit Plan)							Noted & Agreed
<b>External Audit</b>							
Report to those charged with governance (ISA 260) 2019/20				Noted	Updated Report Noted		
Annual Audit Letter on the 2019/20 External Audit							Noted
<b>Accounts</b>							
Unaudited Statement of Accounts 2019/20		Noted					
Audited Statement of Accounts 2019/20				Approved	Updated Accounts Approved		
Annual Treasury Management Report 2019/20			Noted				

Function / Issue	27 May 2020	29 June 2020 Extra Ordinary Meeting	27 July 2020	14 Sept 2020	23 Nov 2020	11 Jan 2021	15 Mar 2021
Mid-Year Treasury Management Report 2020/21					Noted		
Treasury Management and Policy Statement 2021/22						Noted	
<b>Committee Working Arrangements</b>							
Work Programme	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed
Future Cycle of Audit & Governance Committee Meetings			Noted				
Audit Committee Annual Report 2019/20			Approved				

(The term "Noted" is used to include resolutions to note and to receive reports).