



SOUTH YORKSHIRE
FIRE & RESCUE
AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

ANNUAL REPORT 2019/20

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 seven 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.

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.

As Chair I will continue to strive to ensure the consideration of any aspect of operation that will improve the Authority's commitment to excellence in governance.



Councillor Pat Haith
Chair of the Audit and Governance Committee
2019/20

AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2019/20

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1. INTRODUCTION

This report covers the Audit and Governance Committee's activities during the financial year 2019/20. 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 met on six occasions, together with an Extra Ordinary meeting during the year which provided flexibility in meeting statutory deadlines to approve the Authority's Annual Governance Statement, Governance Improvement Plan and receive the unaudited Annual 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 is a Member of the Authority's Performance and Scrutiny Board which is responsible for scrutiny of the Authority's policy and business decisions. This will be reviewed at the Annual Meeting in 2021.

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 2019/20

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;
- Approved the Authority's Annual Governance Statement 2018/19;
- Received progress update reports on the Governance Improvement Plan 2019/20;
- Reviewed the Inventory Central Stores Annual Report;
- Received Information Governance Update reports providing information on the Service's compliance with the Data Protection Act 2018, the General Data Protection Regulation (GDPR), and requests received under the Freedom of Information Act 2000.
- Approved the 2018/19 Statement of Assurance and Annual report;
- Received reports on the Compliments and Complaints received during the year;
- Approved a new Code of Corporate Governance;
- Approved a suite of Counter-Fraud Framework Policies;
- Noted a report in respect of the Service Level Agreement (SLA) between Barnsley MBC and the Fire and Rescue Authority; and

- Considered a report setting out advice from Counsel in respect of the Service Level Agreement (SLA) between Barnsley MBC and the Fire and Rescue Authority; and
- Made a final decision that no further market testing of the SLA should be carried out on Value for Money grounds.

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 the Head of Internal Audit's Annual Report for 2018/19, including the assurance opinion on the Authority's internal control arrangements;
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress against the Annual Plan, including summaries of the reports issued and management's response;
- Received detailed reports on Internal Audit recommendations that have remained outstanding longer than six months after the date of the individual reports;
- Considered and accepted a report on Internal Audit Independence;
- Received the Internal Audit Planning Consultation paper for 2020/21;
- Received a report on the Internal Audit Quality Assurance and Improvement Programme (QAIP) as required by the Public Sector Internal Audit Standards 2017; and
- Received verbal update reports on the procurement of Internal Audit services for the Fire and Rescue Authority.

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

The Committee has:

- Noted Deloitte's Annual Audit fee for the year ending 31 March 2020
- Noted the Annual Audit Letter on the 2018/19 External Audit; and
- Received Deloitte's External Audit Plan for 2020.

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 Statement of Accounts 2018/19;
- Approved the Statement of Accounts 2018/19;
- Noted Deloitte's report to those charged with Governance (ISA 260);
- Noted the Treasury Management Annual Report for 2018/19;
- Noted the Treasury Management Strategy for 2020/21; and
- Received a Treasury Management Update report.

4. COMMITTEE WORKING ARRANGEMENTS

At its July 2019 meeting Members considered and agreed the Committee's Annual Report for 2018/19 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 2019/20.

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 2018/19; and
- Annual Statement of Assurance 2018/19.

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.
- **June** – 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	13 May 2019	29 May 2019 Extra Ordinary Meting	22 July 2019	16 Sept 2019	25 Nov 2019	13 Jan 2020	16 Mar 2020
Members							
Councillor P Haith (Chair)	✓	✓	✓	✓	✓	✓	✓
Councillor S Ayris	✓	✓	✓	✓	✓	✓	r/a
Councillor T Damms	✓	✓					
Councillor C Ransome	✓	r/a	✓	✓	✓	r/a	r/a
Councillor R Taylor	✓	r/a					
Councillor T Hussain	r/a						
Councillor S M Richards			✓	✓	r/a	✓	r/a
Councillor C Hogarth			✓	✓	✓	✓	✓
Councillor C Ross			✓	r/a	✓	✓	✓
Dr A Billings	r/a	r/a	rep	rep	rep	rep	r/a
A Bingham (Independent Member)	✓	r/a	✓	r/a			
C Pilkington (Independent Member)	✓	r/a	✓	r/a	✓	✓	✓
N Wright (Independent Member)	✓	r/a	✓	r/a	✓	r/a	r/a
A Dyson (Independent Member)					r/a	✓	✓
Officers (Authority)							
Treasurer (NC)	rep	rep	rep	rep	rep	✓	r/a
Head of Internal Audit (RW)	✓	r/a	✓	✓	✓	✓	✓
Risk & Governance Manager (AH)	✓	r/a					
Deputy Clerk (MMc)	✓	✓	✓	✓	✓	✓	✓
Principal Policy Officer (LN)	✓	r/a	✓	✓	✓	✓	✓
JAGU Representative	✓	✓	✓	✓	✓	✓	✓
Officers (Service)							
Deputy Chief Fire Officer (AJ)	✓	✓	r/a	✓	✓		
T/Assistant Chief Fire Officer (TC)	✓	r/a					
Assistant Chief Fire Officer (TC)			✓	r/a	r/a		
T/Deputy Chief Fire Officer (TC)						✓	r/a
T/Assistant Chief Fire Officer (SH)					✓	r/a	r/a
Director of Support Services (SB)	✓	rep	✓	✓	✓	✓	✓
External Audit							
Director, Deloitte (PH)	r/a	r/a	✓	r/a	✓	r/a	✓
Audit Manager, Deloitte (CJ)	✓	r/a	✓	r/a	r/a	r/a	r/a

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	13 May 2019	29 May 2019 Extra Ordinary Meeting	22 July 2019	16 Sept 2019	25 Nov 2019	13 Jan 2020	16 Mar 2020
Risk Management							
FRA Risk Register – Quarterly Update	Noted			Noted		Noted	
Service Corporate Risk Register Report	Noted			Noted		Noted	
Regulatory Framework							
Draft Governance Improvement Plan 2019/20	Noted						
Governance Improvement Plan (Forward Looking) 2018/19		Noted					
Annual Governance Statement 2018/19		Approved					
New Code of Corporate Governance	Approved						
Statement of Assurance and Annual Report 2018/19				Approved			
Inventory Central Stores Annual Report			Noted				
Compliments and Complaints Monitoring Report	Noted				Noted		
Information Governance Updates (inc. FOI & GDPR)	Noted				Noted		
Review of Counter Fraud Framework Policies						Approved	
Service Level Agreement with Barnsley MBC / FRA				Noted			
Service Level Agreement with Barnsley MBC / FRA – Counsel’s Advice					Noted		
Internal Audit							
Internal Audit Progress Report			Noted	Noted	Noted		Noted
Internal Audit Independence				Noted			
Head of Internal Audit Annual Report 2018/19	Noted						
Internal Audit Planning Consultation Paper for 2020/21					Noted		
Internal Audit Planning – Member Discussion							Noted
Internal Audit Quality Assurance and Improvement Programme (QAIP)					Noted		
Internal Audit Procurement Update						Noted	Noted
External Audit							
Annual Audit fee for the year ending 31 March 2020	Noted						
Report to those charged with governance (ISA 260) 2018/19			Noted				
Annual Audit Letter on the 2018/19 External Audit					Noted		
External Audit Planning Report 2020							Noted

Function / Issue	13 May 2019	29 May 2019 Extra Ordinary Meeting	22 July 2019	16 Sept 2019	25 Nov 2019	13 Jan 2020	16 Mar 2020
Accounts							
Unaudited Statement of Accounts 2018/19		Noted					
Audited Statement of Accounts 2018/19			Approved				
Treasury Management Annual Report 2018/19			Noted				
Treasury Management Update					Noted		
Treasury Management Strategy 2020/21						Noted	
Committee Working Arrangements							
Work Programme	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed
Future Cycle of Audit & Governance Committee Meetings		Agreed					
Audit Committee Annual Report 2018/19			Approved				

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