



**SOUTH YORKSHIRE
FIRE & RESCUE
AUTHORITY**

AUDIT AND GOVERNANCE COMMITTEE

ANNUAL REPORT 2018/19

Draft for agreement at the Audit and Governance Committee on 22nd July 2019

Final version to be presented to the full Authority on 16th September 2019

Foreword

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
2018/19

AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2018/19

CONTENTS	Page
1. Introduction	4
2. Committee Information <ul style="list-style-type: none">• Role and Responsibilities• Membership and Attendance	4 - 5
3. Committee Work Programme 2018/19 <ul style="list-style-type: none">• Regulatory Framework• Internal Audit and external Audit• Accounts	5 - 7
4. Committee Working Arrangements	7
5. Achievements	7
Appendices:	
• Appendix A - Terms of Reference	8 - 9
• Appendix B - Members and Officers Attendances	10
• Appendix C - Committee Activity	11-12

1. INTRODUCTION

This report covers the Audit and Governance Committee's activities during the financial year 2018/19. 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 and the Chair of the Audit and Governance Committee does not ordinarily sit on 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 2018/19

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 2017/18;
- Received progress update reports on the Governance Improvement Plan 2017/18 & 2018/19;
- Reviewed Inventory Write-offs, Write Backs and Vehicle Disposals Annual Report;
- Monitored the Freedom of Information (FOI) requests received by the Service and the response times achieved;
- Received update reports on the progress made by the Service following the introduction of the Data Protection Act (DPA) 2018 and the General Data Protection Regulation (GDRP) in May 2018;
- Approved the 2017/18 Annual Statement of Assurance;
- Received a report on the progress being made by the Service to improve the Procurement Service within South Yorkshire Fire and Rescue.
- Received reports on the Compliments and Complaints received during the year.

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 2017/18, 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 the Internal Audit Charter 2018 to 2020;
- Received the Internal Audit Planning Consultation paper for 2019/20 and the Internal Audit Plan 2019/20 report;
- 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 a report of the Service's Internal Control Management Assurance Framework (ICMAF).

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

The Committee has:

- Noted KPMG's Annual Audit Letter 2017/18;
- Noted KPMG's ISA 260 Report 2017/18;
- Approved KPMG's Letter of Representation;
- Noted KPMG's Audit Opinion for 2017/18;
- Noted Deloitte's Audit Fee Letter for the year ending 31 March 2019; and
- Received Deloitte's External Audit Plan for 2018/19.

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 2017/18;
- Approved the Statement of Accounts 2017/18;
- Noted KPMG's report to those charged with Governance (ISA 260);
- Noted the Treasury Management Annual Report for 2017/18; and
- Received a Treasury Management Update report.

4. COMMITTEE WORKING ARRANGEMENTS

At its July 2018 meeting Members considered and agreed the Committee's Annual Report for 2017/18 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 2018/19.

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 2017/18; and
- Annual Statement of Assurance 2017/18.

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	14 May 2018	25 June 2018 Extra Ordinary	23 July 2018	17 Sept 2018	26 Nov 2018	14 Jan 2019	18 Mar 2019
Members							
Councillor P Haith (Chair)	✓	✓	✓	✓	✓	✓	✓
Councillor S Ayriss	✓	✓	✓	✓	✓	✓	✓
Councillor T Damms	✓	✓	✓	✓	r/a	r/a	✓
Councillor C Ransome	✓	✓	✓	✓	✓	✓	✓
Councillor M Maroof	r/a						
Councillor C Rosling-Josephs	r/a						
Councillor T Hussain		r/a	✓	✓	✓	r/a	r/a
Councillor R Taylor		r/a	r/a	✓	✓	r/a	✓
Dr A Billings	rep	Rep	rep	rep	r/a	r/a	r/a
A Bingham (Independent Member)	✓	r/a	r/a	✓	✓	✓	✓
C Pilkington (Independent Member)	✓	✓	✓	✓	✓	✓	✓
N Wright (Independent Member)	✓	r/a	✓	✓	r/a	✓	r/a
Officers (Authority)							
Treasurer (NC)	rep	✓	✓	rep	rep	rep	rep
Head of Internal Audit (RW)	✓	Rep	✓	✓	✓	✓	✓
Risk & Governance Manager (AH)	✓	✓	n/r	✓	n/r	✓	n/r
Monitoring Officer (AF)	rep	✓	rep	rep	rep	rep	rep
Deputy Clerk (MMc)	✓	r/a	✓	✓	✓	✓	✓
Principal Policy Officer (LN)	✓	✓	✓	r/a	r/a	✓	r/a
JAGU Representative	✓	✓	✓	✓	✓	✓	✓
Officers (Service)							
Chief Fire Officer (JC)	r/a	r/a	r/a	✓	r/a	r/a	r/a
Deputy Chief Fire Officer (MB)	✓	✓	✓	r/a	✓	r/a	
Deputy Chief Fire Officer (AJ)							✓
Assistant Chief Fire Officer (AJ)	✓	r/a	r/a	r/a	✓	✓	
T/Assistant Chief Fire Officer (TC)							✓
Director of Support Services (SB)	✓	✓	✓	✓	✓	✓	r/a
External Audit							
Director, KPMG (CP)	r/a	r/a	✓				
Audit Manager, KPMG (AW)	✓	✓	r/a				
Director, Deloitte (PH)				n/r	✓	✓	✓
Audit Manager, Deloitte (CJ)				✓	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	14 May 2018	25 June 2018 Extra Ordinary	23 July 2018	17 Sept 2018	26 Nov 2018	14 Jan 2019	18 Mar 2019
Risk Management							
FRA Risk Register – Quarterly Update	Noted			Noted		Noted	
Service Corporate Risk Register Report	Noted			Noted		Noted	
Regulatory Framework							
Governance Improvement Plan 2017/18	Noted						
Governance Improvement Plan 2018/19						Noted	
Annual Governance Statement 2017/18 Governance Improvement Plan 2018/19		Approved	Approved				
Annual Statement of Assurance 2017/18				Approved			
Inventory Write Offs, Write Backs and Vehicle Disposals Annual Report			Noted				
Compliments and Complaints Monitoring Report	Noted				Noted		
Freedom of Information Requests	Noted				Noted		
General Data Protection Regulation (GDPR) Update	Noted				Noted		
Progress Report on Procurement Service Improvements			Noted				
Internal Audit							
Internal Audit Progress Report	Noted		Noted	Noted	Noted	Noted	Noted
Internal Audit Charter 2018/19	Noted						
Head of Internal Audit Annual Report 2017/18	Noted						
Internal Audit Planning Consultation Paper for 2019/20					Noted		
Internal Audit Plan 2019-20 Report							Noted
Internal Audit Charter 2018 to 2020 – February 2018 Update							Noted
Internal Audit Quality Assurance and Improvement Programme (QAIP)					Noted		
Internal Control Management Assurance Framework (ICMAF)						Noted	
External Audit							
KPMG – Annual Audit Letter 2017/18					Noted		
KPMG - ISA 260 Report 2017/18			Noted				
KPMG – Letter of Representation			Approved				
KPMG – Audit Opinion			Noted				
Deloitte – Audit Fee Letter for the year ending 31 March 2019				Noted			

Function / Issue	14 May 2018	25 June 2018 Extra Ordinary	23 July 2018	17 Sept 2018	26 Nov 2018	14 Jan 2019	18 Mar 2019
Deloitte – External Audit Plan 2018/19							Agreed
Accounts							
Unaudited Statement of Accounts 2017/18		Noted					
Statement of Accounts 2017/18			Approved				
Treasury Management Annual Report 2017/18			Noted				
Treasury Management Update					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 2017/18			Approved				

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