

# **SOUTH YORKSHIRE FIRE AND RESCUE AUTHORITY**

## **AUDIT AND GOVERNANCE COMMITTEE**

**11 SEPTEMBER 2023**

PRESENT: Councillor S Sansome (Chair)  
Councillors: S Alston, S Ayriss and D Hutchinson

A Dyson, C Pilkington and J Taylor  
(Independent Members of the Audit & Governance Committee)

S Ghuman, H Impey, S Loach, A Shirt and D Thorpe (Barnsley MBC)

DCFO T Carlin and L Haigh  
(South Yorkshire Fire & Rescue)

A Mullen  
(Internal Audit – RSM UK Risk Assurance Services)

Apologies for absence were received from: Councillor B Johnson,  
Councillor T Damms, C Smallman, P Hewitson and E Eruero

### 1 **APOLOGIES**

Apologies for absence were noted as above.

### 2 **ANNOUNCEMENTS**

Councillor Sansome reported that he had been invited to attend the next meeting of the Yorkshire and Humber Regional Audit Committee. If Members wished him to raise any points at the meeting on their behalf, they were asked to forward these onto Councillor Sansome.

An update would be provided at the next meeting to explain the role and remit of the Committee and how it could benefit this Committee.

### 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 24 JULY 2023

Councillor Sansome reported that he had not received any proposals from Members in relation to amending the start time/dates of future Committee meetings. If Members wish to submit any proposals, they were asked to forward these to Councillor Sansome, which could then be considered at a future meeting.

RESOLVED – That the minutes of the Audit and Governance Committee held on 24 July 2023 be agreed and signed by the Chair as a correct record.

9 QUARTERLY FRA/SYFR CORPORATE RISK REPORT

DCFO Carlin presented the Quarterly FRA / SYFR Corporate Risk Report, together with a progress update on the management of risk for the current period.

The following key points were noted:

- During March 2023, an Internal Audit was undertaken focusing on a Corporate Risk deep dive for Risk 8 IT Infrastructure Resilience, Risk 36 Industrial Relations and Risk 38 Financial uncertainty for the Service. The audit had resulted in an assessment of reasonable assurance. A medium action had also been agreed and had been considered in more detail during the Annual Review of Risk (2022/23) report.
- A 'source of assurance' exercise had been undertaken, creating a sources of assurance supporting document to the corporate risk management process.
- A sources of assurance column had also been added to the corporate risk register to show the evidence which had been identified and collated during the process.
- In July 2023, the CRMP Board had approved the purchase of a Risk System funded via the Digital Transformation Programme. It was anticipated that the system would be operational by the middle of 2024.
- There were currently two red corporate risks rated as high priority on the Risk Register. These were Risk 37 Embedding sustainability and Risk 38 Financial Uncertainty for the Service.
- Risk FRA05 Fire Control System, mitigating action 2 was recommended for closure. The overall risk would remain open at a corporate level, but close mitigating action 2.
- No new risks had been added to the Corporate Risk Register during the period.

In response to a question from A Dyson, DCFO Carlin explained how risks were identified and considered by the Local Resilience Forum (LRF) and the planning undertaken by the Service in response to the risks identified.

Councillor Sansome asked if the date and time of the next Risk Management training session could be circulated to Members. DCFO Carlin acknowledged the request.

In response to a question from Councillor Sansome, DCFO Carlin provided the Committee with an update on the current position in relation to the Fire Reform White Paper. It was confirmed that any risks arising would be presented to the Committee.

Councillor Sansome asked if the Manchester Arena Inquiry risk was now at a level which the Service were comfortable with.

DCFO Carlin explained that, in relation to operational response, the Service had actioned all of the learning points from the Manchester Arena Inquiry.

In relation to Risk 38 Financial Uncertainty, S Loach reported that the Authority were closely monitoring interest rates, inflation and other cost pressures. A key area of concern from a risk perspective, was in relation to the uncertainty around future funding levels. Currently, the Government were only providing a one-year finance settlement, which caused a significant risk to financial sustainability and caused uncertainty. The Authority would continue to lobby Government.

RESOLVED – That Members:-

- i) Noted the current position with respect to the overall risk management approach for corporate risks.
- ii) Considered and commented on the progress being made with the management and mitigation of corporate risks.
- iii) Approved the proposed closure of corporate risks.
- iv) Noted that the Committee would be provided with the date and time of the next Risk Management training session.

## 10 Q1 TREASURY MANAGEMENT REPORT

A report of the Treasurer was presented to provide Members with a review of the treasury management activities carried out on behalf of South Yorkshire Fire and Rescue during the first quarter of 2023/24, in accordance with statutory guidance.

The report also provided Members with details on:

- The agreed Treasury Management Strategy for 2023/24;
- An economic summary for the year to date;
- An update on the Authority's borrowing and investment activities; and
- The Authority's Prudential and Treasury /.

The following key points were noted:

- During the quarter, the UK Bank Rate had increased from 4.25% to 5.00% and in turn rates had increased for borrowing and investments.
- Economic forecasters were currently predicting another rate rise, possibly at 5.50%.
- £2.0M of new short-term borrowing had been undertaken during the period to cover short term cash flow.
- An external borrowing requirement of up to £29.1M would be required by the end of 2025/26.
- In light of the current climate and rising interest rates, the Treasurer had recommended to defer £7.5M of the borrowing requirement in 2023/24.
- There had been a net decrease in investment balances of £2.5M during the period, primarily owing to the Firefighters Pension Grant received in July 2023.
- The Authority's Capital Financing budget was anticipated to underspend in the region of £0.5M as at quarter 1.
- A Finance Member Learning and Development session was scheduled for 3 October 2023 and would include an overview of Treasury Management.

Councillor Ayris suggested that it may be beneficial for the Authority to undertake a benchmarking exercise to compare the borrowing levels set by other Fire and Rescue Authorities (FRAs).

S Loach acknowledged the request and agreed to include a table in the Quarter 2 Treasury Management report, which would allow Members to compare the borrowing levels set by other FRAs.

C Pilkington said that it would be useful for Members to receive information from the LGA or from other sources to understand how some of the local authorities had got into financial difficulties.

S Loach replied that he would share a document with Members setting out further information around the local authorities which had already issued a Section 114 Notice or had highlighted significant cost pressures and risks. Assurances were provided that the Authority were monitoring this situation very closely.

A Dyson suggested that it would be useful to include information in future Treasury Management reports in relation to the performance monitoring undertaken by the Authority's Treasury Management Advisor.

H Impey replied that the Authority's external Treasury Management Advisor 'Link Group', did issue daily emails regarding investments and borrowing etc. Weekly updates were also issued on credit ratings of counterparties etc. It was agreed that further information would be circulated to Members.

RESOLVED – That Members noted:-

- i) The latest expectations for interest rates.

- ii) The activities undertaken during the year to support the Authority's borrowing and investment strategies.
- iii) The Authority's Prudential and Treasury Indicators.
- iv) Noted that a table would be included in the Quarter 2 Treasury Management report setting out the borrowing levels set by other Fire and Rescue Authorities (FRAs).
- v) Noted that a document would be shared with Members setting out further information in relation to the local authorities which had already issued a Section 114 Notice or had highlighted significant cost pressures and risks.
- vi) Noted that H Impey had agreed to provide Members with further information in relation to the performance monitoring information received from the Authority's Treasury Management Advisor.

11 FINAL ANNUAL GOVERNANCE STATEMENT 2022-2023 & FINAL GOVERNANCE STATEMENT PLAN 2023-2024

S Ghuman presented a report informing Members that it was a statutory requirement for the Authority to annually review its systems of governance and internal control, and to publish an Annual Governance Statement (AGS) with its Statement of Accounts.

The final Annual Governance Statement (AGS) for 2022-23 and the final Governance Improvement Plan (GIP) for 2023-24 were attached to the report for Members' consideration and approval.

The draft AGS and GIP documents had both been considered by the Audit and Governance Committee on 24 July 2023 and no material amendments or comments had been received.

Updates for each of the GIP areas for improvement for April to June 2023 (Quarter 1) were also included in the report.

A Dyson suggested that it may be beneficial to include a statement in the Consultation, Engagement and Service User Feedback section of the AGS, to set out that the Service supports users of all means, different languages and disabilities etc.

S Ghuman agreed to consider the suggestion for potential inclusion in the AGS.

RESOLVED – That Members:-

- i) Considered and approved the Annual Governance Statement (AGS) for 2022-23.
- ii) Considered and approved the Governance Improvement Plan (GIP) for 2023-24.

- iii) Noted that consideration would be given to the potential inclusion of a statement in the Consultation, Engagement and Service User Feedback section of the AGS, to set out that the Service supports users of all means, different languages and disabilities etc.

## 12 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

Members considered the 2022/23 Audit and Governance Committee Work Programme and were reminded that they could nominate topics for consideration at future meetings.

Members were informed that two additional items, the final AGS and GIP and a verbal update from the External Auditor on the Audit for the year ending 31 March 2022, had been added to the agenda for today's meeting.

RESOLVED – That Members:-

- i) Considered and agreed the updated Work Programme.
- ii) Considered and agreed to nominate topics for future meetings.

## 13 INTERNAL AUDIT PROGRESS REPORT

A report was presented to provide the Committee with an update on progress against the Internal Audit Plan for 2023/24, approved by the Committee on 13 March 2023. The report also summarised the results of Internal Audit's work to date.

Members noted the following key messages:

- Audit dates for the 2023/24 Internal Audit Plan had been agreed with management and scoping meeting dates had also been agreed.
- One report had been issued as final since the last meeting in relation to Wellbeing Occupational Health and Absence Management.
- The audit of Wellbeing Occupational Health and Absence Management had resulted in a reasonable assurance opinion being provided with six medium and four low priority management actions being agreed. Further details were provided in Section 2 of the report and noted by Members.
- Since the last meeting, one briefing had been issued in relation to Emergency Services News Briefing – August 2023. Details of this briefing were included at Appendix B to the report.

In response to Members' questions around the audit of Wellbeing Occupational Health and Absence Management, DCFO Carlin confirmed that a return to work discussion took place with all employees who had been absent from work for any period of time. Assurances were also provided that a structured return to work process was in place. Furthermore, line managers had received training and guidance around the areas which they need to cover at the return to work meeting and also to ascertain if further support was required from the Service.

Members' attention was drawn to Appendix A of the report, which provided a status update for each Internal Audit as set out in the Internal Audit Plan for 2023/24.

It was confirmed that no changes had been made to the Internal Audit Plan since the last Audit and Governance Committee meeting held on 24 July 2023.

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

RESOLVED – That Members:-

- i) Considered and received the report.
- ii) Approved the updates to the Internal Audit Plan.

#### 14 EXTERNAL AUDIT VERBAL UPDATE

On behalf of the External Auditor, D Thorpe reported that Deloitte would be attending the November meeting to present its ISA 260 report. At this point, it was anticipated that the 2021/22 audit would be concluded, and the 2022/23 audit would have commenced.

RESOLVED – That Members noted the verbal update.

#### 15 ANY OTHER BUSINESS

S Loach informed Members that the Authority had received a consultation from Public Sector Audit Appointments (PSAA) inviting authorities to submit their views on PSAA's proposals for setting the fee scale for external audit providers for 2023/24. It was highlighted that external audit fees for 2023/24 would rise by 151%.

Confirmation was received that the Authority would be responding to the consultation. Furthermore, officers would strive to ensure that the Authority continues to receive value for money with regards to its external audit fees.

RESOLVED – That the update be noted.

#### 16 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.

#### 17 MEMBER ONLY SESSION WITH EXTERNAL / INTERNAL AUDIT

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

Actions Table

<b>No.</b>	<b>Action</b>	<b>Timescale</b>	<b>Officer(s)</b>	<b>Status / Update</b>
9.	That the Committee be provided with the date and time of the next Risk Management training session.	In due course.	DCFO Carlin / D Thorpe	<p><u>Update 21.09.23</u> An introduction to Risk Management is scheduled for 9/10/23 and 7/12/23 provided by SYFR.</p> <p>A Risk Management Training Session is also booked for 15 December 2023 with RSM.</p> <p><b>ACTION DISCHARGED</b></p>
10. (1)	That a table be included in the Quarter 2 Treasury Management report setting out the borrowing levels set by other Fire and Rescue Authorities (FRAs),	To be included in the Quarter 2 Treasury Management report.	S Loach / H Impey	<p><u>Update 19.10.23</u> Table included as part of the Quarter 2 Treasury Management Performance report.</p> <p><b>ACTION DISCHARGED</b></p>
10. (2)	That a document be shared with Members setting out further information in relation to the local authorities which had already issued a Section 114 Notice or had highlighted significant cost pressures and risks.	In due course.	S Loach	<p><u>Update 19.10.23</u> Document circulated via email to Members.</p> <p><b>ACTION DISCHARGED</b></p>
10. (3)	That Members be provided with further information in relation to the performance monitoring	In due course.	H Impey	<p><u>Update 19.10.23</u> Document circulated via email to Members.</p> <p><b>ACTION</b></p>



**Fire and Rescue Authority Audit & Governance Committee**  
**11/09/23**

	information received from the Authority's Treasury Management Advisor.			<b>DISCHARGED</b>
11.	Noted that consideration would be given to the potential inclusion of a statement in the Consultation, Engagement and Service User Feedback section of the AGS, to set out that the Service supports users of all means, different languages and disabilities etc.		S Ghuman / D Thorpe	<u>Update 21.09.23</u> This will be considered in the drafting of next year's Annual Governance Statement.  <b>ACTION DISCHARGED</b>

CHAIR