

# **SOUTH YORKSHIRE FIRE AND RESCUE AUTHORITY**

## **AUDIT AND GOVERNANCE COMMITTEE**

**11 MARCH 2024**

PRESENT: Councillor T Smith (Chair)

Councillors: S Alston and M Chaplin

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

H Impey, S Loach, C Smallman and D Thorpe (Barnsley MBC)

DCFO Strelczenie and L Haigh (South Yorkshire Fire & Rescue)

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

J Boyle (External Audit - KPMG)

### IN ATTENDANCE

REMOTELY: P Mason (External Audit - Deloitte)

Apologies for absence were received from: Councillor S Ayris,  
Councillor K Wyatt and C Pilkington

### 1 APOLOGIES

Apologies received as above.

### 2 ANNOUNCEMENTS

None.

### 3 URGENT ITEMS

None.

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

RESOLVED – That agenda item 19 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 15 JANUARY 2024

RESOLVED that the minutes of the Audit and Governance Committee held on 15 January 2024 be signed as a true and accurate record.

9 COUNTER FRAUD

L Haigh presented the Counter Fraud report.

Members' attention was drawn to the attached appendices which included updated versions of:

- SYFRA Anti-Fraud and Corruption Strategy
- SYFRA Anti-Fraud and Corruption Policy
- SYFRA Fraud Response Plan
- SYFRA Corporate Prosecution Policy
- SYFRA Anti Bribery Policy
- Gifts, Hospitality and Discounts Policy

The key points were noted as follows:

- Updated dates on review had been completed.
- The owner of the documents had changed from Director or Support Services to Director of Finance and Procurement
- The documents had been amended to say all fraud will be referred to the Police who will then decide whether to pursue the case. The previous versions said Barnsley Internal Audit, (who no longer function as auditors for the Authority), may choose to prosecute under the Local Government Act Powers.
- The documents had been updated to state that Director of Finance and Procurement would have the lead responsibility for counter fraud, previously this was Internal Audit when Barnsley provided this.
- The Director of Finance and Procurement would commission support from IA or in house specialists as needed to complete investigations.
- The Fraud Response plan had been shortened to remove detail relating to Internal Audits previous approaches and to reflect the existing responsibilities.

- The Anti-bribery policy had been updated to reflect the current reporting routes.
- Gifts and Hospitality Policy had updated links to the Fire and Rescue Authority (FRA) constitution.

Councillor Smith queried the monetary limit of gifts for Members and SYFR staff.

L Haigh responded that people were encouraged to declare any gifts and discouraged from taking any gifts regardless of monetary value.

D Nuttall confirmed that as per the Constitution the threshold was £25 for Members' gifts.

A Dyson asked if the gifts policy included online subscriptions.

L Haigh responded that this could be referenced in the policy.

Councillor Chaplin queried how the Service dealt with bogus invoices.

L Haigh informed Members that the finance team undertook training and was part of the general control environment.

Councillor Alston asked if new members of staff viewed counter fraud policies as part of their induction.

L Haigh confirmed that as part of induction training new staff had to sign up to the counter fraud policies.

Councillor Chaplin asked a supplementary question regarding if counter fraud policies were included in refresher training for staff.

L Haigh responded that the Service was currently developing a mandatory training package for staff that focused on counter fraud.

RESOLVED that Members: -

- (i) Note the changes and approve the South Yorkshire Fire and Rescue Authority (SYFRA) documents named above.

## 10 PROGRESS AGAINST OUTSTANDING EXTERNAL AUDIT ACTIONS

L Haigh presented the Progress Against Outstanding External Audit Actions report.

Members' attention was drawn to Appendix A which tabled all recommendations, management responses and further action where required.

The key points were noted as follows:

There were twenty recommendations within the 2020/21 Annual Audit Report. Due to the timing of receiving the recommendations not all points were cleared, however

following resolution of the ongoing audits of 2021/22 and 22/23 accounts all these points would be addressed.

From the 2020/21 recommendations all except for four were now closed. The four exceptions were:

- Delayed Review of Governing Documents - Deloitte had identified that key governing documents have exceeded the review date. This review was progressing but was not yet completed. Existing governance documents remained in place pending the review.
- Useful Economic Lives - It was recommended that where assets were in the register with a zero net book value, the useful life was reviewed. This would be reviewed as part of a wider review of the fixed asset register that would take place later this calendar year.
- Land Registry - It was recommended that the Land Registry name for the Handsworth Training Centre be updated as it is showing as St John Fisher Secondary School (the previous building name). The Estate team had been notified and this would be updated accordingly.
- Impairment Exercise - It was recommended that management review if there were any impairment indicators in relation to vehicles and equipment. This would be reviewed as part of a wider review of the fixed asset register that would take place later in the calendar year.

Appendix A also included eleven recommendations from the draft ISO 260 following the 2021/22 Annual Audit:

- Eight recommendations have been completed,
- Three recommendations needed to be clarified with external audit so the most appropriate management response could be agreed and actioned.

Appendix A also includes nine recommendations from the 2020/21 VFM review:

- Two points had been closed.
- Two points needed to be clarified with external audit so the most appropriate management response could be agreed and actioned.
- Five points were in progress.

Councillor Smith asked J Boyle if the outstanding actions would be investigated by KPMG as the incoming auditors.

J Boyle responded that KPMG would conduct independent work that would inform the audit planning process and risk assessment. Members were informed that some actions may be duplicated or even reopened due to difference in opinions between the outgoing and incoming external auditors.

Councillor Smith asked if there was anything the Committee could do to support the incoming auditor.

L Haigh responded that the priority was to complete the 2021/22 and 2022/23 audits.

J Boyle further added that progress had been slower than in a normal audit environment and it was appreciated that audits needed to take place chronologically. Outstanding documents had been RAG rated in regard to priority and timescales would be agreed on receipt of the outstanding information requested.

Councillor Alston asked if timescales for the completion of the outstanding actions and audit work had been agreed.

L Haigh suggested to submit further update reports to the Committee until all audit recommendations were completed.

A Dyson agreed that it would be useful to receive further update reports regarding progress against outstanding external audit actions.

RESOLVED that Members note the progress in addressing audit points and those that remain to be addressed.

## 11 INTERNAL AUDIT PROGRESS REPORT

A MacDonald presented the Internal Audit Progress Report.

The key points were highlighted as below:

- Fieldwork for the remaining audits for the 2023/24 internal audit plan had been completed or had commenced, with the reports due to be presented at the next Audit and Governance Committee meeting.
- One report had been issued as final since the last meeting: Commercial Premises Inspections, details of which were provided in Appendix A. A draft report had been issued for the Stocks and Stores Departmental review, this would be presented to the next Audit and Governance Committee meeting.

In regard to Commercial Premises Inspections, the review had led to the agreement of four medium and two low priority actions with management. The medium management actions agreed were as follows:

- The Service should reassess its existing risk-based scoring system and explore the incorporation of a "medium" risk category within its Risk Based Audit Programme.
- Through sample testing on twenty commercial inspections, RSM identified that among the fifteen high-risk inspections, two had been conducted beyond the required five-year frequency. Therefore, the Business Fire Safety Team should prioritise high risk premises for business safety assessments, focussing on premises nearing their five-year frequency deadline.
- Where inspections required correspondence sent to the responsible owner of fire safety at the premises due to actions being identified, the details require management review and approval. It was identified that management did not perform internal reviews on audits that had no issues identified to

ensure competency of work. The Business Fire Safety Management Team should conduct random assessments on completed audits to ensure staff are competently completing Business Safety Audits.

- Through sample testing on twenty commercial inspections, RSM identified that in four instances the follow up visit date had either passed or had not been booked in yet. The Business Fire Safety Team should review the follow up and re-visit procedures to ensure consistency across all districts.

Councillor Smith asked if the 5-year period should be shortened.

A MacDonald informed Members that this was set nationally and was not a local decision.

A Dyson queried resilience and recruitment within the Business Fire Safety team.

DCFO Strelczenie responded that for the Service to conduct future planning in this area a successful bid had recently been undertaken for the Service to have in house training for entry level officers. There was a national issue regarding the recruitment and retention of Business Fire Safety officers due to higher salaries available in the private sector.

A Dyson asked if there was any scope for thematic inspections at premises such as warehouses.

DCFO Strelczenie responded that robust legislation was in place which emphasised the role of the responsible person to ensure premises and buildings were fit for purpose. Premises such as warehouses would be well engineered with features such as sprinklers, and the Business Fire Safety team had conducted thematic inspections such as the inspection of buildings over 18m post-Grenfell.

Councillor Chaplin queried if there was any data regarding the 11,000 high risk buildings and if they had any fire incidents in the 5-year period.

DCFO Strelczenie responded that this data could be sourced for Members, and if any of these premises had a fire incident this would immediately be followed by a risk-based audit inspection.

RESOLVED that Members: -

- (i) Consider and receive the report;
- (ii) Approve the updates to the Internal Audit Plan; and
- (iii) Be provided with data regarding fires at high-risk buildings between Commercial Premises Inspections.

A MacDonald presented the Internal Audit Strategy for 2024/25 – 2026/27.

The draft report was presented at the 15 January 2024 Audit and Governance Committee and no material comments or amendments were received.

A Dyson asked if there were any equality, diversity and inclusion standards that needed to be included when undertaking the inclusion, diversity, and culture leadership risk-based audit.

A MacDonald responded that RSM would look at controls rather than compliance, but this would be looked at when undertaking scoping work.

A Dyson queried if RSM would focus on positive risk and risk appetite when undertaking the risk management core assurance audit.

A MacDonald informed Members that this would be considered alongside the focus of the rollout of the new risk management system.

RESOLVED that Members approve the content of the Internal Audit Strategy 2024/25 – 2026/27, whilst acknowledging the need to maintain flexibility.

### 13 COMPLIMENTS AND COMPLAINTS MONITORING REPORT

DCFO Strelczenie presented the Compliments and Complaints Monitoring Report.

The Service recorded forty-eight externally received compliments, a 60% increase from the previous 6-month period. Twenty-seven compliments mention attendance and quality of work of staff, thirteen related to visits and events attended by the Service, six for rescues of people or animals or assisting other services and two for staff conduct and appearance.

Over the same period, the Service received fifteen complaints from members of the public, which was an 11% decrease compared with the number received in the previous six-monthly reporting period. Three complaints were upheld, eleven complaints not upheld, and one complaint investigation was ongoing. South Yorkshire Fire and Rescue Authority received no complaints.

RESOLVED that Members: -

- (i) Note the number of compliments received; and
- (ii) Note the number of complaints received and processed.

### 14 GOVERNANCE IMPROVEMENT PLAN (GIP) 2023/24

D Thorpe presented the Governance Improvement Plan (GIP) 2023-24 report.

It was noted that the GIP 2023-24 was considered and approved by the Committee at the September 2023 meeting. Officers continued to routinely update the GIP, and progress towards demonstrating that the proposed actions identified had been implemented was monitored by the Audit and Governance Committee in accordance with the Committee's agreed work programme.

Member's attention was drawn to Appendix A which contained the updated GIP 2023-24.

RESOLVED that Members consider the updated Governance Improvement Plan (GIP) for 2023/24 and note the progress made to date.

15 AUDIT AND GOVERNANCE COMMITTEE SELF ASSESSMENT EXERCISE

D Thorpe presented the Audit and Governance Committee Self-Assessment Exercise Report.

It was noted that CIPFA states that is best practice for audit committees to complete a self-assessment regularly.

The Committee submitted their assessment via email with a final version signed by the Chair.

The Committee reported good performance across all areas, and suggested areas of improvement such as the development of an action plan to identify weaknesses and plans to evaluate how the Committee adds value to the Service.

It was noted that the high turnover of Members this municipal year had affected the work of the Committee.

RESOLVED that Members: -

- (i) Consider and agree the Self-Assessment Exercise attached; and
- (ii) Consider and agree to review the Self-Assessment Exercise annually.

16 QUARTER 3 TREASURY MANAGEMENT REPORT 2023/24

H Impey presented the Quarter 3 Treasury Management Report 2023/24.

The key points were noted as follows: -

- The UK economy performed better than expected during 2023, but the outlook was currently weak, and the economy remained vulnerable to shocks especially due to recent news regarding a recession in Q4 of 2023. The latest forecasts were for the recent downward trends in CPI to stall over the next few months before starting to decline more decisively again in February 2024.



- Interest rates were a key driver of the Authority's treasury management activities and were closely monitored by officers.
- No new borrowing was undertaken during the period. The Authority's borrowing strategy was to limit its exposure to interest rate risk whilst maintaining an appropriate level of internal borrowing in order to reduce its financing costs.
- The Authority had an external borrowing requirement of up to £19.4 Million by the end of 2025/26 and around £19.2 Million of this would need addressing through fixed rate borrowing to meet the Authority's agreed exposure targets.
- Considering the current climate and rising interest rates, the Treasurer had recommended to defer the £4.8M borrowing requirement in 2023/24.
- During Quarter 3, the Authority had continued to invest cash short-term in order to take advantage of enhanced investment rates. These were arranged to ensure a better return during a period where the Authority is experiencing higher cash balances. All investments were placed with organisations in line with the approved annual investment strategy.
- The Authority had operated within the prudential and treasury indicators set out in the agreed strategy and in compliance with the Authority's Treasury Management Practices, which was set out in Appendix 1.

Councillor Alston queried risks when undertaking internal borrowing.

H Impey responded that internal borrowing was an extremely low risk approach if cash flows allowed. The Authority received the pension grant in July so cash flow resources could be spread throughout the year in lieu of extended borrowing.

Councillor Alston asked about the Fire Authority benchmarking data featured in Appendix 4 and queried if SYFRA being an outlier was positive or negative.

H Impey informed Members that it was difficult to compare authorities on a like for like basis however the data indicated an effective use of internal balances in lieu of expensive external borrowing. The Authority also had the lowest level of investment balances as at 31 March 2023, which created low credit and counterparty risk.

RESOLVED that Members note: -

- (i) The latest expectations for interest rates;
- (ii) The activities undertaken during the year to support the Authority's borrowing and investment strategies; and
- (iii) The Authority's Prudential and Treasury Indicators.

## 17 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

D Thorpe presented the Audit and Governance Committee Work Programme.

It was noted that the Information Governance Updates Report (incl FOI & GDPR), the ISA 260 2022/23 and Audited Statement of Accounts 2022/23 would now be presented at the May Audit and Governance Committee meeting.

A Dyson asked if a report could be included on the work programme that reviewed external and internal audit could be carried out. It was noted that this type of reporting could be used to improve the impact of the service alongside performance.

D Thorpe responded that this would be discussed with the SYFR Executive Team.

J Boyle informed that the Committee that it was KPMG's intention to present their audit planning report at the May Committee, dependent on receiving any outstanding information.

RESOLVED that:-

- (i) Members consider and agree the updated Work Programme;
- (ii) Members consider and nominate topics for future meetings; and
- (iii) That a review of internal and external audit report should be presented at the Committee in due course.

18 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.

19 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.

CHAIR