

**HUMBERSIDE FIRE AUTHORITY**  
**GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE**

**1 FEBRUARY 2016**

**PRESENT:** Independent Co-opted Members Mr D Chapman (Chairperson), Mr M Allingham, Mr J Doyle, Mrs P Jackson, Mr A Smith, Mrs M Thomlinson and Mr C Vertigans

Councillors Briggs, Hodgson and Sharpe attended as observers.

Executive Director Service Support/Section 151 Officer, Secretary/Monitoring Officer, Director of Emergency Response, Director of Public Safety, Director of Service Support, Committee Manager, Ms J Rae (External Audit – KPMG) and Mrs B Boyes (Internal Audit - MIAA) were also present.

The meeting was held at the Humberside Fire and Rescue Service Headquarters, Kingston upon Hull. Meeting commenced at 10.00 a.m.

*(The Chairperson welcomed all who were observing the meeting.)*

**PROCEDURAL**

**5009 DECLARATIONS OF INTEREST** - No declarations were made in connection with any of the items to be considered at the meeting.

**5010 MINUTES** – The minutes of the meeting of the Committee held on 2 November 2015 were submitted. A Member referred to Minute 4974 (Management Accounts 2015/16 – Based On Period Ending 30 September 2015) and suggested that the Committee should take up the offer by the Executive Director Service Support/Section 151 Officer to meet with the Committee to discuss the Authority's finances in more depth.

**Resolved** – (a) That the minutes of the meeting of the Committee held on 2 November 2015 having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson, and

(b) that the Committee meet with the Executive Director Service Support/Section 151 Officer following the meeting of this Committee to be held on 7 March 2016.

**5011 MATTERS ARISING FROM THE MINUTES** – No items.

**SCRUTINY PROGRAMME**

**5012 SCRUTINY PROGRAMME 2015/16 – TOPICS FOR SCRUTINY – DISCUSSION** – Further to Minute 4971 the Chairperson stated that no suggestions for Scrutiny topics had been received from the Authority/Corporate Management Team but that Members of the Committee had exchanged views regarding possible topics. Members considered that a suitable topic would be Project Management and Collaboration using the joint vehicle workshops project as a case study. Areas to consider were the rationale behind the decision to proceed with the venture, its cost effectiveness, lessons learned and to determine whether it was the right business-decision. The results from this exercise could be employed when considering other collaborative projects.

A Member stated that the Committee had previously asked why there is often an underspend on capital projects which led Members to feel that the timeline for the physical project seemed unrealistic at times. A Member suggested that the joint vehicle workshops would be a good capital project to review as it was already up and running, would allow lots of avenues to be subject to scrutiny and then allow the Committee to focus on collaboration. A Member added that the workshops project would give Members a clear idea of

collaboration in terms of what went well or not so well, and by having a retrospective look at that project give empiric evidence as a model for possible other collaborative projects.

A Member referred to the Management Accounts elsewhere on the Agenda for this meeting and commented that the Central & Brough capital schemes were £3.5m behind projected expenditure although the traffic light system used in the report showed the scheme in the 'green light' category. The Chairperson stated that the Members concerns could be dealt with under the Agenda item relating to the Management Accounts. The Monitoring Officer/ Secretary stated that the Committee appeared to have in mind 2 separate topics (Collaboration and also Project Management). The Chairperson indicated that "Collaboration" was the main issue for the Committee. The Monitoring Officer/Secretary advised the Committee that it would need to scope to topic so that it is clear what the Committee is looking for in terms of outcomes and suggested that Members might start drawing up a scoping document and circulate it to Officers. Mrs B Boyes (MIAA) reminded the Committee that they did have a scoping form and suggested that it might be helpful if she circulated to Members the audit specification for some upcoming audit work. In terms of timescale for commencing the review the Chairperson suggested that it might be around May 2016 before the Committee commenced its review. Mrs B Boyes stated that that timescale might allow the Committee the opportunity of using the audit work for the review. The Monitoring Officer/Secretary stated that the next step would be for Members to submit their scoping document to the next meeting of this Committee. The Executive Director Service Support/Section 151 Officer mentioned that both the Director of Service Support and he were on the Board of the Joint Workshops and that the Board was looking at the governance arrangements of the entity jointly with Humberside Police and suggested that that work might be helpful in the context of the proposed scrutiny review. The Chairperson stated that the Committee's deliberations did not preclude Corporate Management Team and/or the Authority from suggesting any other topics for scrutiny.

**Resolved** – (a) that the Committee approves Collaboration as its next topic for scrutiny and that a scoping document be submitted to the next meeting of this Committee, and

(b) that Mrs B Boyes (MIAA) be asked to define and circulate to Members an outline of the forthcoming internal audit capital management review.

## **GOVERNANCE**

**5013 UPDATE: MATTERS ARISING/FEEDBACK FROM FIRE AUTHORITY** – The Monitoring Officer/Secretary submitted a report summarising the consideration given by the Authority at its meeting on 11 December 2015 to the draft minutes of the meeting of the Committee held on 2 November 2015 and also providing feedback on other items considered by the Fire Authority on 11 December 2015. The Chairman stated that it was pleasing that the Authority had approved the Committee's recommendations following the scrutiny review of Business Safety.

**Resolved** – That the report be noted.

## **AUDIT**

**5014 Management Accounts to 31 December 2015** - The Executive Director Service Support/Section 151 Officer submitted a report containing the Authority's Management Accounts and Prudential Indicators for the period ending 31 December 2015. The summary estimated outturn position from the Management Accounts and Prudential Indicators was as follows:

- Revenue Budget - £956k underspend;
- Capital Programme - £5.488m total expenditure against an allocation of £12.945m;
- Pensions Account - £12.258m deficit.

A copy of the accounts for the period ending 31 December 2015 was attached to the report.

Further to Minute 5012 a Member queried that the Central & Brough capital schemes were £3.5m behind projected expenditure although the traffic light system used in the report showed the scheme in the 'green light' category. The Executive Director Service Support/Section 151 Officer stated that both those schemes had progressed exactly on schedule and explained that the budget provision was made in the knowledge that there would be some slippage and in accordance with the Authority's accounting practices whereby expenditure is simply put in the projected start year for the scheme and which removed the need to obtain ad hoc approval of variations in the profiling expenditure as a scheme proceeds. The Chairperson reminded Members that the Committee had agreed to meet with the Executive Director Service Support/Section 151 Officer to discuss the Authority's finances in more depth (Minute 5010 refers) and suggested that Members would have a better understanding of the budgeting process for capital schemes after that meeting. A Member queried the progress of the East Coast and Hertfordshire Control Room Consortium project. The Executive Director Service Support/Section 151 Officer stated that the scheme was behind its original timeline as reported and was anticipated to conclude in late 2016. A Member sought clarification regarding the underspend in respect of vacant posts. The Executive Director Service Support/Section 151 Officer stated that that was because the Authority had a recruitment freeze at the present time in most employment areas pending the outcome of reviews; that the Authority will only use Agency staff in certain circumstances; that a report would be submitted to the March 2016 meeting of the Authority regarding the Early Voluntary Release scheme, and also that it was necessary to manage the workforce down in the next six to twelve months.

**Resolved** – That Members take assurance from the report and the Authority's financial position for the period ending 31 December 2015.

**5015 2015/16 Annual Accounts Closedown Timetable** – The Executive Director Service Support/Section 151 Officer submitted a report indicating that the Fire Authority was required by statute to produce accounts on an annual basis and including the timetable to ensure the Authority produces accounts for 2015/16 on an efficient and timely basis. The Authority must make available for audit its draft (signed by the Section 151 Officer) Annual Accounts by 30 June 2016. This year the aim was to produce the Final (Audited) Annual Accounts that have been approved by the Fire Authority by 31 July 2016 (This timescale becomes mandatory from 2017/18).

A Member asked whether there was likely to be any implications for the accounting requirements following the Government's proposal to transfer responsibility for Fire Services from the Department for Communities and Local Government to the Home Office. The Executive Director Service Support/Section 151 Officer stated that it was envisaged that accounting would remain as at present.

**Resolved** - That the Committee take assurance that the Fire Authority has robust plans in place to produce the Annual Accounts by the required deadlines.

#### **EXTERNAL AUDIT (KPMG)**

**5016 Draft External Audit Plan 2015/16** – Ms J Rae (KPMG) submitted a draft audit plan setting out the work that the External Auditor proposed to undertake for the 2015/16 audit. The audit team would discuss and agree reports with officers before issuing them to the Governance, Audit and Scrutiny Committee and the Fire Authority in line with the following timetable:

<u>Planned Output</u>	<u>Indicative Date</u>
External Audit Plan	February 2016
Interim Report (if necessary)	April 2016
Report to Those Charged with Governance (ISA 260 Report)	July 2016
Annual Audit Letter	October 2016

The report included a table showing the planned attendance of KPMG representatives at meetings of the Committee and the Authority and indicated that the audit fee did not permit attendance at all scheduled meetings in the year. Mrs Rae drew Members' attention to new guidance issued by the National Audit Office for the Value For Money (VFM) audit which applied from the 2015/16 audit year and stated that she would circulate a copy of the guidance to Members, and also the audit fee for 2015/16 9 (£31,897) which was a 25% reduction on the current fee. The Audit Plan would be submitted to the next meeting of the Authority for approval. Members drew Mrs Rae's attention to some minor typographical errors in the report.

**Resolved** – (a) That the draft Audit Plan 2015/16 be noted, and

(b) that it be noted that Mrs Rae will circulate copies of the new guidance from the National Audit Office to Members.

### **INTERNAL AUDIT (MIAA)**

**5017 Internal Audit Update** – Mrs Boyes (Internal Audit - MIAA) submitted a report outlining internal audit activity since the last meeting as follows:

Internal Audit Plan 2015/16 – Progress Update - The report provides a progress update of 2015/16 Internal Audit activity against the agreed plan. A summary was provided at Appendix 1 to the report which showed that the Fees and Charges review (covering 'other' income but excluding HFR Solutions) had been reported (copy attached at Appendix 2 to the report) with the main issue being around the clarity and formality of the Service's approach to levying fees and charges. The overall objective was to assess the Authority's fees and charges procedures for 'other income' to ensure there is an effective approach to cost recovery and income generation, whereby all appropriate charging opportunities are taken. This review took an advisory approach and therefore did not assign an assurance level. Appendix 3 reported on the project governance element of the Change Readiness review which, owing to the evolutionary nature of this area, concludes on the overall direction of travel and provides a baseline assessment further to which future challenge activity can and should be undertaken around project management methodology, reporting, risk management and role clarity.

With regard to Appendix 2 to the report a Member queried whether the recommendation that the monitoring arrangements for other income should be reviewed would have a material impact on the budget for next year. Mrs Boyes stated that other income did not include large sums of money. The Executive Director Service Support/Section 151 Officer acknowledged the need for a review of charges and stated that it was likely that that work would be carried out during the first six months of this year. A Member referred to recommendation 4 of the review of Fees and Charges and sought clarification regarding the statement that HFR Solutions owed £137k for the first quarter recharge for secondment and equipment costs. The Executive Director Service Support/Section 151 Officer stated that the Authority recovers all costs charged to HFR Solutions and the issue raised was simply a matter of timing, and also assured Members that very few accounts are written-off by the Authority as irrecoverable. A Member sought clarification regarding the statement on page 3 of the report that "BTEC and Princes Trust income is not included in the budget calculations (as this is not guaranteed)". Mrs Boyes stated that at the time of setting the budget it was not known whether any income would be received; that it was about having discipline in budgeting procedures, and that the Authority does not really know in advance of the financial year what income might be received. The Director Public Safety stated that the Government changed its policy in terms of how the funding would be used.

With regard to Appendix 3 to the report Mrs Boyes drew Members' attention to the list of 'Challenge Questions for User Evaluation' set out in Appendix A to that paper. The Executive Director Service Support/Section 151 Officer stated that the

Authority was currently in a formal consultation process on the Administration Review and that a Programme Board (comprising the Chief Fire Officer & Chief Executive, the Deputy Chief Fire Officer and he) had been set up; that a lot had been learned from the review processes, and that there had been a lot of engagement with staff affected by the review and with 1:1 discussions between staff and an information session hosted by the Chief Fire Officer & Chief Executive.

Follow Up of 2014/15 Recommendations - Appendix 4 to the report provided details of follow up activity in respect of 2014/15 reviews of:

- non-allocated support vehicles
- business community safety and technical fire safety

This showed that some recommendations for those reviews had been addressed but some remained ongoing. Mrs Boyes stated that she aimed to change the way in which the report was presented for next year. The purpose of the report was to give Members assurance as to what had been actioned and reasons for any delays.

**Resolved** - That the Committee notes the progress against the 2015/16 Internal Audit Plan and issues arising.

**5018 Proposed Internal Audit Plan 2016/17** – Mrs Boyes (Internal Audit - MIAA) submitted a report describing how MIAA, as the Authority's Internal Audit partner, proposed to deliver internal audit services in 2016/17. The proposed plan attached at Appendix A to the report was presented in the context of the agreed 3 year strategy of which 2016/17 will be the third year. The report confirmed that the risk based Internal Audit Plan had been developed in compliance with national standards and guidance and provided detail about the MIAA planning methodology and how their work in the year informs the Director of Audit Opinion which in turn contributes to the Authority's Annual Governance Statement. In terms of the proposed audit coverage the local risk assessment undertaken by MIAA set out in Section Two of the report outlined the process MIAA had followed to arrive at the areas for review. The draft plan takes into account the organisation's strategic objectives and risks and previous internal audit coverage and will be further developed through a process of stakeholder consultation. Accordingly the views of Corporate Management Team and TDG were being sought along with the GAS Committee in advance of requesting consideration and approval from the Authority. Appendix A to the report set out the proposed detailed operational plan for 2016/17, as well as outlining the scope of the reviews. Mrs Boyes stated that a more finalised plan will be submitted to the next meeting of this Committee prior to submission to the Fire Authority in March 2016 for approval. The Executive Director Service Support/Section 151 Officer referred to Appendix A and stated that the feeling was that more audit work should be done in the workforce management area and that this should be built into the audit plan.

**Resolved** – That the report be noted.

**5019 INSPECTION OF MEMBER REGISTERS** – The Member Registers of Interests and Declarations of Gifts and Hospitality were made available for inspection by any Member of the Committee as part of their monitoring role.

**5020 INSPECTION OF OFFICER REGISTERS** – The Officer Registers of Interests and Declarations of Gifts and Hospitality were made available for inspection by any Member of the Committee as part of their monitoring role.

**5021 ANY OTHER BUSINESS** – The following matters were briefly discussed:

- Scrutiny Programme 2014/15 – Human Resources: Part 1: Advisory and Transactional Services & Part 2: Succession Planning – Final Report – The Chairperson referred to Minute 4769 and stated that the Committee would welcome some feedback on how the outcomes of the HR review had been received.

- Member Training - The Executive Director Service Support/Section 151 Officer stated that building on from scrutiny he was proposing to arrange a half day training session during March 2016 for Members of the Authority on 'Systems Thinking' and would include the Members of the GAS Committee and that he would circulate some information in advance of that session.
- Discussion with the Executive Director Service Support/Section 151 Officer Regarding Authority's Finances – Further to Minute 5010 above the Executive Director Service Support/Section 151 Officer said that his briefing will centre on the revenue budget and the capital programme.
- Government Consultation - Enabling Closer Working between the Emergency Services – In response to a query by a Member the Executive Director Service Support/Section 151 Officer gave a brief oral update with regard to the Government's response to the consultation.

*Meeting closed at 11.15 a.m.*