

AT A MEETING of the HFRA Standards and Governance Committee held at Fire and Police HQ, Eastleigh on Thursday, 26th July, 2018

Chairman:

* Councillor Liz Fairhurst

* Councillor Jonathan Glen

* Councillor Roger Price

* Councillor Geoffrey Hockley

* Councillor Sharon Mintoff

*Present

Also present with the agreement of the Chairman:
Councillor Chris Carter, Chairman of the Fire Authority
Maria Grindley and Adam Swain, Ernst and Young

35. APOLOGIES FOR ABSENCE

All Members were present and no apologies were noted

36. DECLARATIONS OF INTEREST

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

37. MINUTES OF PREVIOUS MEETING

The minutes of the last meeting were reviewed and agreed and signed by the Vice Chairman, who was present at the previous meeting.

38. DEPUTATIONS

There were no deputations for this meeting.

39. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Maria Grindley and Adam Swain from Ernst and Young to the meeting.

40. **EXTERNAL AUDIT RESULTS REPORT 2017/18**

The Committee received the External Audit report (Item 6 in the Minute Book) on behalf of the Treasurer.

External Audit thanked officers for their hard work to meet the 31 July deadline this year and congratulated the Authority on getting everything ready for sign-off for the meeting. The 'significant' risks identified in the report were standard risks to be identified, but these had been tied off and there was nothing of concern.

In Section 4 of the report (Page 31 of the pack) one unadjusted difference had been listed in relation to the pension fund asset figure on the LGPS scheme, where the Authority's share of the pension fund asset had been understated by £195,000. It was explained that this was due to a difference between the December 2017 asset value estimate and March 2018 estimate, in which time the stock market value had changed. As both were estimates, this was purely a timing issue and not a concern that would need management going forward.

RESOLVED:

The Standards and Governance Committee received the External Auditor's HFRA Audit results Report for 2017/18

41. **INTERNAL AUDIT PROGRESS REPORT 2017/18 & 2018/19**

The Committee considered a report from the Chief Internal Auditor (Item 7 in the Minute Book) regarding the Internal Audit progress report for 2017/18 and 2018/19. The paper gave Members an overview of internal audit work completed, as well as the status of 'live' reports.

It was confirmed that actions that remained incomplete were in Section 4 of the progress report, starting on page 66 of the pack. It was confirmed that management actions that remained incomplete were in Section 4 of the progress report, starting on page 66 of the pack. It was confirmed that an audit review will remain on the list until all issues related to it have been completed. It was noted that some outstanding actions relate to external factors out of the control of management. Members felt that it would be helpful if narrative could be provided to explain why older issues remained in the table in case the item was looked at independently from the pack. This can be achieved by referencing to the report of the Chief Officer on the Implementation of Internal Audit Recommendations – progress report.

On Page 4 of the progress report, it was confirmed that 'Limited' referred to the category of the assurance opinion, and referred to significant weaknesses identified that could place the achievement of system objectives at risk. The Chief Fire Officer assured Members that it was important for weaknesses to be identified so that they could be rectified and that a new role, Director of Performance and Assurance, had been created specifically to focus on improving these areas. The Chief Internal Auditor was confident that the weaknesses identified would be managed effectively by Directors and their

teams and that a good working relationship had been paramount in identifying risks in emerging systems at an early stage.

RESOLVED:

The Standards and Governance Committee noted the progress of internal audit work for the period ending June 2018.

42. **ANNUAL INTERNAL AUDIT REPORT AND OPINION 2017/18**

The Committee considered a report from the Chief Internal Auditor (Item 8 in the Minute Book), which provided Members with an opinion on the adequacy and effectiveness of the Authority's framework of risk management, internal control and governance operated for the year ending 31 March 2018.

The report had been reformatted slightly to give justification for the 'limited' opinion from Audit. It was explained that audit work relating to both the shared services with Hampshire County Council and the Police (for example Human Resources and Facilities Management) and areas specific to HFRS were taken into account in forming the internal audit opinion. The chart on page 7 of the appendix (page 83 of the pack) showed a summary of the audit opinions given in each of these areas.

On page 9 of the appendix (page 85 of the pack) the key observations were listed where a limited assurance had been given. Members requested that updates on progress with these come back to Committee in three months time. Committee discussed the process with Disclosure and Barring Service (DBS) check and it was confirmed that whilst re-checks were not obligatory, it was in the policy to do so, and therefore important this was maintained. Officers agreed to review the policy around DBS checks and decide whether this was something that should go to CMT for a formal review.

RESOLVED:

a) The Standards and Governance committee accepted the Chief Internal Auditors annual report and opinion statement for 2017/18.

b) That an extraordinary Standards and Governance Committee meeting be arranged for October 2018 to review progress on areas given limited assurance by the Chief Internal Auditor.

c) Officers agreed to review the policy around DBS re-checking and decide whether it would need formal review at CMT going forward.

d) Officers would confirm which staff received a DBS check upon joining the Fire Authority and this information would be brought back to the next committee meeting in October 2018.

43. **IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS -
PROGRESS REPORT**

The Committee received a report from the Chief Fire Officer (Item 9 in the Minute Book), which provided Members with an overview of the work done to oversee the implementation in internal audit recommendations and their respective actions.

It was confirmed that the report had been shortened to focus on areas of greatest risk and the new role focusing on performance and assurance would primarily concentrate on aligning the different assurance systems.

In the table on page 92 of the pack, it was confirmed that despite some deadlines being moved under 'Business Continuity', this was due to some areas not being completely tied off, and officers were content that the delay posed no risk. It was also confirmed that all training regarding budget management under 'Budgetary Control' had been completed by those who it applied to and was scheduled to run periodically as a refresher or to capture new employees. Further updates to these areas would be discussed at a proposed extraordinary Standards and Governance Committee meeting for October 2018.

RESOLVED:

- a) The progress made towards implementation of the internal audit management actions was noted and a direction of travel regarding the actions would be reported back at an extraordinary meeting proposed for October 2018.
- b)

44. **ANNUAL ACCOUNTS 2017/18**

The Committee considered the Annual Accounts for 2017/18, (Item 10 in the Minute Book) as reported by the Treasurer.

The draft Statement of Accounts were published by the statutory deadline of 31 May and then audited by Ernst and Young before being approved by the Standards & Governance Committee. There was one unadjusted difference regarding the two estimates, as discussed as part of the External Audit report (Item 6).

It was confirmed that the Annual Governance Statement (AGS) (Page 180 of the pack) had been amended slightly to reflect the Internal Audit Opinion and would be approved as part of the Statement of Accounts.

In paragraph 3.1.1 of the AGS (Page 181 of the pack) it was noted that reference to the Police and Crime Commissioner (PCC) attending meetings would be altered to reflect the changes made to the proposed consultation document for the Combined Fire Authority that went to the Full Authority meeting in June. This would mean the wording in paragraph 3.1.1 of the AGS being amended from "The Police and Crime Commissioner (PCC) attends Authority meetings..." to "Police and Crime Commissioner (PCC) 'can' take part in Authority meetings and has the ability to speak on items on the agenda..."

RESOLVED:

- a) The attached Statement of Accounts for 2017/18 were approved subject to the amendments to the Annual Governance Statement minuted above.
- b) The Treasurer was given delegated authority to approve any minor amendments to the Statement of Accounts as required.
- c) The Letter of Representations contain in Appendix 2 was considered and signed by the Committee

45. ICT PROJECT - UPDATE ON FINANCIAL MANAGEMENT ACTION PLAN

The Committee received a report from the treasurer (Item 11 in the Minute Book), which provided an update on the management action plan submitted in response to the internal audit reports on the ICT transformation project overspend and budgetary control.

It was confirmed that the relevant training had been put together and completed by all applicable staff. Information was also now available on the web, brought into a single pack and source of reference. The only remaining outstanding actions related to project management checking by the PMO to ensure that highlight reports were being completed appropriately, and this was to be included as part of the formal review process going forward. It was acknowledged that some actions would effect several systems and so work was being done to ensure everything came together.

The Committee recognised the amount of work done by officers to get processes in place and welcomed an update on progress at an extraordinary meeting in October 2018

RESOLVED

- a) The Standards and Governance Committee noted the update on the management actions detailed in Appendix 1.
- b) An update would be provided to Members at an extraordinary Standards and Governance Committee meeting proposed for October 2018.

46. INFORMATION GOVERNANCE

The Committee received a report from the Chief Fire Officer (Item 12 in the Minute Book), which provided an update of Information Governance in HFRA and progress towards preparing for the new General Data Protection Regulation (GDPR).

A revised report had been published and covered various data legislations including Freedom of Information (FOI) requests and data protection. There would be audits on GDPR going forward and so this was a new focus for officers alongside other data systems in place.

The officer summarised the report and confirmed that appropriate training would be provided for all staff, with Green Book staff and Station Managers and above

having specialised training, as well Watch Manager level and below. Limited assurance had been given due to the Information Asset Register being a newly implemented system, but this was a new system that would be closely monitored and soon embedded as part of day-to-day workings.

Despite some concerns from Members regarding actions in the original report, it was confirmed that these were all in hand and had already been included as part of previous audit papers for discussion.

RESOLVED:

- a) The Standards and Governance Committee noted the performance in respect of Information Governance.

47. **FIRE PENSION BOARD ANNUAL REPORT**

The Committee received the annual Pension Board report from the Chief Finance Officer (Item 13 in the Minute Book) for noting.

At the start of the item, Cllr Price declared a non-pecuniary interest as a member on the Fire Pension Board.

The officer summarised the report and highlighted the increase in activity and monitoring around pensions since the 2015 scheme and subsequent changes, with different areas working well in partnership for a proactive approach. An Employer Pensions Manager had also been employed at Hampshire County Council to oversee pensions and the Fire Authority would also benefit from this appointment.

It was confirmed that three retired members of staff had not completed the declaration regarding the 30 year pension contribution holiday, but after several communications being sent, these were no longer being pursued.

It was acknowledged by Committee that the Fire Fighter Pension Scheme was very complicated with several Fire Services getting caught out by the changes in 2015, but many steps had been taken to ensure this would not happen again.

RESOLVED:

- a) The contents of the report were received and noted by the Standards and Governance Committee.

Chairman,