

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Audit and Performance Management Committee
held at Headquarters, Shrewsbury
on Thursday, 1 March 2012 at 2.00 pm**

Members

Councillors Adams (from 3.05 pm), Carter, Hurst-Knight, Dr Jones (Chair), Mellings (Vice-Chair) and Murray

Officers

Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer (Human Resources) (for item 14a), Head of Finance, Head of Operations and Risk, Head of Area Command, Shropshire Rural Performance Group Commander and Executive Support Officer

External Bodies

Mr Patterson (Audit Commission)
Mrs Hall (Audit Services, Shropshire Council)

1 Apologies for Absence

Apologies for absence had been received from Councillor Kiernan who is recuperating from surgery. Councillor Adams had also advised that he may arrive late and subsequently arrived at 3.05 pm.

2 Declarations of Interest

There were no declarations of interest.

Before the business on the agenda was considered, the Chief Fire Officer announced that Shropshire and Wrekin Fire and Rescue Authority had been successful in its bid for capital and revenue funding to cover the cost of the new fire control system and related items. The Government has awarded the Authority a £1.8 million grant, of which £1 million of capital will cover expenditure so far. The remaining £800,000 revenue will be used for future developments.

3 Minutes

Members received the minutes of the meeting of the Audit and Performance Management Committee, held on 24 November 2011.

It was proposed by Councillor Mellings, seconded by Councillor Murray and

Resolved that the minutes of the meeting of the Audit and Performance Management Committee, held on 24 November 2011, be approved and signed by the Chair as a correct record

4 Public Questions

No public questions, statements or petitions had been received.

5 Audit and Performance Management Committee Proposed Work Plan 2012 / 2013

This report put forward a 2012 / 2013 Work Plan for the Audit and Performance Management Committee for consideration and approval by Members.

It was proposed by Councillor Mellings, seconded by Councillor Carter, and

Resolved that the Committee approve the Audit and Performance Management Committee Work Plan 2012 / 2013, attached as an appendix to the report, without amendment.

6 Audit Commission Matters

6a External Audit Statement of Audit Progress 2011/12

Mr Patterson presented the External Statement of Audit Progress Report to the meeting. A synopsis of the points raised follows.

Mr Patterson emphasised that the IT risk assessment referred to on page 2 of the report will focus on financial systems.

On page 3 of the report, Mr Patterson highlighted paragraph 8, which sets out two sales ledger controls that External Audit had been unable to evidence. As the income received through the sales ledger is not material to the financial statements, External Audit are not undertaking any further work on this issue but have advised that the Authority should strengthen these control arrangements.

With regard to the purchase ledger, as set out in paragraph 9 of the report, External Audit has identified that there was one control that was not operating as expected in 2010/11. This relates to the separation of duties between the ordering of goods and services. External Audit is to undertake substantive testing in relation to this issue.

Mr Patterson reported that with regard to the externalisation of the Audit Practice, as referred to on page 6 of the report, the Audit Commission is expected to announce the successful tenderers for each of the audit 'lots' on 6 March 2012, with further information becoming available towards the end of March. The current Audit team should be in place until the end of October and will endeavour to keep the Authority updated on any changes.

Finally, it was reported that the Authority has met or is in the process of meeting all of the key considerations that are set out on page 12 of the report.

Councillor Mellings referred to paragraph 25 of the report and commented that the briefing referred to was very helpful and recommended that Members should look at it.

Councillor Murray referred to page 10 of the report and asked for clarification of councils being able to 'retain a portion of their business rate growth'. Mr Patterson explained that councils will in future be able to retain any increase in business rates that is brought about by economic growth in the area. Councillor Carter commented that this is linked to Council Tax and those areas with a strong manufacturing base will gain from the changes. The Government is, however, trying to balance growth across all areas to ensure parity. The Chief Fire Officer (CFO) commented that it is likely that there will be some top-slicing of increases and it may well have an effect on the grant formula.

Resolved that the Committee note the contents of the report

6b Audit Plan 2011/12

Mr Patterson presented the Audit Plan 2011/12 to the meeting. A synopsis of the points raised follows.

Mr Patterson referred to pages 5 and 6 of the report and defined 'significant' risks as being those risks that require audit work outside the normal processes and 'specific' risks as being those that are not likely to happen but which could have a material impact, if they did.

With regard to the audit fee, as detailed on page 13 of the report, Mr Patterson reported that the 2012/13 is currently being consulted on and it is possible that it may be affected by the outsourcing of the Audit Practice.

Councillor Mellings asked if there was likely to be any capacity issues within the Finance Department in relation to the Audit. The Head of Finance (HoF) responded that the Department restructure has freed up two officers to work on the audit and a review of the new Finance Department structure will be presented to the Strategy and Resources Committee on 15 March 2012.

Councillor Dr Jones referred to page 14 of the report and asked for clarification of the recommendation that 'the Authority improve the quality of working papers'. Mr Patterson explained that ensuring that there is a clear paper trail for complex transactions and for those transactions, which require information from other departments, assists with the auditing of these transactions.

Resolved that the Committee note the contents of the Plan

7 Government's Response to the Future of Local Public Audit

This report provided Members with an update on the Government's response to the consultation on the Future of Local Public Audit, published in January 2012.

Mr Patterson explained that the new auditor for 2012/13 will be appointed with effect from 1 September 2012, with the existing audit team remaining in place for the interim period. Contracts will be awarded for either three or five years, so it will be 2015 before the proposals set out in the report affect this authority. Mr Patterson also advised that Members would be able to gain more information from the link that is given at the end of the report.

Resolved that the Committee note the update provided in relation to the Government's response to the consultation on the Future of Local Public Audit

8 Internal Audit Programme 2012/13 to 2015/16

This report set out a four-year programme of audit work for the period 2012/13 to 2015/16 and recommended that the Fire Authority approve the programme of audits for 2012/13, as set out in the appendix to the report.

The HoF presented this report and explained that, whilst it sets out a four-year audit programme, the Committee is only being asked to approve the programme for 2012/13. This is so that ensuing years can be reviewed, and amended, for relevance as necessary.

The HoF also reported that the current Service Level Agreement (SLA) with Shropshire Council for Audit Services expires on 31 March 2012. Costs per day for audit services are to increase from £250 to £275 and this will be firmed up through the new SLA.

It was proposed by Councillor Carter, seconded by Councillor Mellings, and

Resolved that the Committee recommend that the Fire Authority:

- a) Note the extension of the Internal Audit contract with Shropshire Council as the provider;
- b) Approve the programme of audits for 2012/13, as set out in the appendix to the report; and
- c) Note the proposed programme of audits for years 2013/14 to 2015/16

9 Information and Communications Technology Systems Failure and Internal Audit

This report summarised the issues identified following the internal audit of the failure of information and communications technology (ICT) systems and identified actions to rectify the situation.

The CFO thanked Mrs Hall and the specialist IT auditors for their work. Progress is being made against the recommendations that came out of the audit and the CFO is comfortable that the Service is ahead of schedule with the implementation of the recommendations.

Councillor Mellings asked if Internal Audit would be validating the responses to the recommendations. Mrs Hall confirmed that Internal Audit would be incorporating this as part of the Audit Plan for 2012/13 that had been considered at item 8 on this agenda

Resolved that the Committee note the contents of the report

10 Risk Management Group – Internal Audit Progress Monitoring Report

This report provided Members with an update on the monitoring of recommendations made by Internal Audit that is undertaken by the Risk Management Group. It specifically covered details about the progress made against outstanding recommendations.

The Head of Operations and Risk (HOR) updated the Committee following work that had been undertaken with Internal Audit on 29 February 2012. The number of 'significant' risks is likely to be reduced from 21 to 11 (4 have definitely been signed off and another 6 will possibly be). Of the 67 risks that 'require attention' 27 have definitely been signed off, reducing the total to 40 with another 10 possibly being signed off as well.

Mrs Hall commented that it was encouraging to see the progress made in addressing the recommendations put forward by Internal Audit.

Resolved that the Committee:

- a) Note the progress that has been made against the outstanding recommendations; and
- b) Note that the Risk Management Group will continue to monitor progress against all recommendations, reporting progress to this Committee on a regular basis.

11 Annual Governance Statement

11a Timetable

This report informed Members of the process, which will be put in place to ensure that the Authority's Annual Governance Statement (AGS) is ready for inclusion in the Final Accounts for 2011/12.

The HOR explained that the timetable has been altered this year to ensure that the Annual Governance Statement is not completed too early in the year, thus ensuring that it ties in better with the Final Accounts.

The HOR also informed the meeting that as of 1 April 2012, he will be taking up a new position in the Service and a new Head of Operations and Risk will be appointed.

It was proposed by Councillor Mellings, seconded by Councillor Murray, and

Resolved that the Committee agree the proposed Annual Governance Statement timetable, as detailed in paragraph 5 of the report

11b Improvement Plan 2011/12

This report summarised the progress made to date against the improvements contained in the Annual Governance Statement (AGS) Improvement Plan 2011/12.

The HOR reported that, as can be seen in the appendix to the report, there are currently two areas of the AGS Improvement Plan that are still to be completed. The first of these is the Asset Management System (AMS), which the Deputy Chief Fire Officer (DCFO) is leading on, and on which work is progressing. The second is training for Risk Management Group members. The completion date of this area has slipped pending the appointment of a new officer with reference for risk.

Councillor Dr Jones asked for an update on progress with the AMS. The DCFO explained that the pilot had been delayed by information and communication technology issues both with the system itself and within the service. These issues are now being resolved, which will allow progress to be made with Service wide implementation of the AMS.

Resolved that the Committee note the progress made against each of the improvements contained in the AGS Improvement Plan 2011/12

12 Review of Anti-Fraud and Corruption Strategy

This report requested the Committee to recommend that the Fire Authority re-affirm the Anti-Fraud and Corruption Strategy (attached as an appendix to the report) following the annual review conducted by officers.

It was proposed by Councillor Carter, seconded by Councillor Mellings, and

Resolved that the Committee recommend that the Fire Authority:

- a) Re-affirm the Anti-Fraud and Corruption Strategy, with the first bullet point on page 1 being amended to read 'promote prevention'; and
- b) Delegate authority to the Monitoring Officer to amend the wording as necessary to reflect the requirements of forthcoming regulations

13 Review of Whistleblowing Policy

This report requested the Committee to recommend that the Fire Authority re-affirm the Whistleblowing Policy (attached as an appendix to the report), following the annual review conducted by officers.

The HoF highlighted that both the Treasurer and Monitoring Officer will be available for private 'surgeries' on the day of Fire Authority meetings to enable individuals to raise issues that they feel would be better discussed with an independent person.

It was proposed by Councillor Mellings, seconded by Councillor Carter, and

Resolved that the Committee recommend that the Fire Authority re-affirm the Whistleblowing Policy, without amendment

14 Performance Monitoring

14a Public Value Performance Measures 2011/12

This report presented a summary of the Service's performance for the period April to December 2011, as recorded against the Public Value performance measures set out in the 2011/12 Service Plan.

The DCFO drew the Committee's attention to Appendix A to the report, which shows that, of its eight Public Value Measures, the Service is predicted to achieve four and to fail to achieve the remaining four. Further commentary, as detailed below, was then provided on the four measures that are predicted to fail.

Aim 1b - the first fire engine will arrive with minimum competent crew of 4 staff on 100% of occasions - is predicted to fail by 0.6%, although this is largely attributable to retained crew availability rather than a lack of competent staff. The DCFO reminded Members that the Fire Authority has agreed to change this measure for 2012/13 to move the crewing level element to Aim 1a.

Aim 2a – accidental fires will be maintained to not more than 616 fires during 2011/12 – is predicted to fail, although more current data is now available, which shows that this is now likely to fail by less than the 32 indicated in the report. Performance against this measure appears to have been skewed by higher than normal incident levels experienced in April and August 2011.

Aim 2b – fire crimes will be maintained to not more than 1,114 fires during 2011/12 – is also predicted to fail. Again performance against this measure seems to have been skewed by high numbers of incidents in April and August 2011. Analysis of incident type shows that these are mainly small fires with there being a drop in arson / dwelling fires etc. The recently revised Fire Crime Strategy has been implemented with adjustments being made to take account of geographical locality

Aim 3b – injuries sustained to staff through firefighting will be maintained to not more than 25 injuries during 2011/12 – is currently predicted to fail by 14. The Assistant Chief Fire Officer (Human Resources) explained that there are no trends in relation to this that are of concern to officers. The poor performance appears to be linked to increased levels of both incidents and training. Overall, levels of accidents have been reducing and officers are confident that there is no strategy failure. The Health and Safety Officer is also working on accident reporting, which may impact on performance.

It was proposed by Councillor Carter, seconded by Councillor Hurst-Knight, and

Resolved that the Committee:

- a) Note the report's contents regarding performance for the period April to December 2011; and
- b) Provide an 'unqualified' opinion, as set out at Appendix B to the report, on performance to date to the Strategy and Resources Committee, which may aid the Committee in the setting of future targets on behalf of the Fire Authority

**14b Retained Duty System Performance Monitoring
October to December 2011**

This report provided information regarding the ongoing performance and management of the Retained Duty System in Shropshire.

The Shropshire Rural Performance Group Commander (GC) highlighted that there was an error in the title of the report, which should read October to December 2011 not July to September 2011.

Councillor Adams arrived at this point (3.05 pm).

Councillor Hurst-Knight asked if any specific work had been undertaken to recruit female firefighters in Bridgnorth. The GC said that the Service strives to attract applicants from all sectors of the community but that this is a particularly under-represented group. The GC suggested that emphasis could be placed on the recruitment of females at the next open day to be held at Bridgnorth.

Resolved that the Committee note the contents of the report

The meeting closed at 3.10 pm.

Chair.....

Date.....