Present:

Councillor S Barker (Chairman)
Councillor C Riley
Councillor J Roberts

The following Officers were present in support throughout the meeting.

Deputy Chief Fire Officer, Adam Eckley
Finance Director and Treasurer, Mike Clayton

Also present:
Steven Lake, Tribal Business Assurance
Jonathon Wilson, Audit Commission

Trisha Adams, Minute Taker

Councillor G McEwen attended as an observer.

40 APOLOGIES

Apologies were received from Councillors Knapman and Wexham.

41 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members in respect of items included on the agenda.

42 MINUTES

The Committee received the minutes of the meeting held on 28 January 2010.

Resolved:

That the minutes be confirmed as a correct record and signed by the Chairman.

43 AUDIT RECOMMENDATIONS- REPORT ON PROGRESS AGAINST ACTION PLAN

The Finance Director & Treasurer’s report EFA/045/10 reported on the progress against action plans developed by the Service in
The Finance Director & Treasurer (FD&T) advised the Committee that Members’ comments at the last meeting had been accepted and the programme of laptop encryption had been completed by March 2010. The Chairman said that she was pleased to see that it was done.

The Chairman asked why the review of staff IT system access rights had been delayed to August 2010. The FD&T advised that it was a resource issue; DCFO Eckley said that there had been a delay in appointing the security manager, that IT department had four personnel vacancies. DCFO Eckley confirmed that the IT Transformation Programme had provided for a recruitment process to increase the department by six personnel, he said it was about ensuring that the right people were employed.

Resolved:

That Members reviewed the process.

44 AUDIT REPORTS

Report EFA/046/10 by the Finance Director & Treasurer provided five internal audit reports.

Sickness Management

Councillor Roberts suggested that the sickness management system was perhaps excessive and time-consuming particularly in relation to monthly reporting. The FD&T advised that previously Essex had one of the highest sickness absence levels across the Fire & Rescue Services and the public sector in general, since that time much had been done to address the issue, that the system was delivering results. Mr Lake explained that the last review for sickness management had resulted in limited assurance for sickness management, that many areas had not been good but there was a lot of good work now taking place. The FD&T confirmed that the Service would continue to monitor the programme’s people cost and productivity. Councillor Roberts said that he understood that improved sickness management had brought down absences but questioned whether the system could be simplified. DCFO Eckley advised that the reporting of monthly performance data was wide-ranging not specific to sickness, it enabled the Service to take action as problems were identified.
Review of the Personnel Management Arrangements

Councillor Roberts suggested that it should be written into all personnel job descriptions that they should be flexible if required to move their working location. The FD&T confirmed that uniformed personnel were contracted to work at any location in Essex. The FD&T said that this was not the case with support staff and arguably not the case with Control personnel, he said that in terms of employment law the location where people worked in practice was persuasive. Councillor Roberts referred to support staff moves from Hutton site to the Kelvedon Park (KP), the FD&T advised that in practical terms staff had been employed at Hutton and since their move to KP were now based there. The Chairman requested that Councillor Roberts’ comments be fed back to the Director Workforce & Development.

Appraisal Review of the Kelvedon Park Development Programme

The Chairman referred to Key Area 5.5, she suggested that there was no requirement for a business continuity plan. DCFO Eckley advised that the business continuity plan involved the Service utilising Hutton.

The Chairman referred to the loss of e-mail recently at County Hall. DCFO Eckley confirmed that the Service monitored all applications across the network constantly, further he added that a report would be brought to the Authority to advise the completion of the core infrastructure programme. The FD&T advised that internal audit reviews of ICT security had made a number of recommendations which were already being addressed in the ICT Strategy.

Review of the Travel and Subsistence Arrangements

The Chairman asked for an explanation of radio compensation. The FD&T advised that the compensation was paid to those who had radios put into private cars.

Councillor Roberts referred to the £561,716 mileage costs, he said that the reimbursement of the VAT would be a considerable sum but many personnel were not submitting VAT receipts, he asked the FD&T to confirm that the Service had notified staff of the requirement to attach VAT receipts to expense claims. The FD&T confirmed that it had been explained to staff that VAT receipts were a requirement and that compliance would be monitored at the end of April.

Councillor Riley asked for an explanation of ‘Excess Travel Allowance’, the FD&T advised that the budget provision is for occasions where support staff are relocated and are compensated for a longer journey to work.
Review of the General Ledger Maintenance Arrangements

- Recommendation – A clear narrative and explanation be recorded on all journal transfer sheets to identify the reason for the adjustment/transfer

  The Chairman highlighted that paperwork was not cross referenced. The FD&T advised that the Service had accepted the recommendation and had updated procedures.

- Recommendation – Staff be reminded of the requirement that supporting documentation is to be placed in the Journal Entries file

  Mr Lake advised the committee that he was confident that this was not a significant or systemic problem and an isolated incident. The Chairman suggested that the matter be looked at again at a later date, the FD&T confirmed that it was reviewed every year.

Resolved:

That Members noted the contents of the report.

45 ANNUAL GOVERNANCE REVIEW

Report EFA/047/10 by the Finance Director & Treasurer asked the Committee to review the governance framework and the effectiveness of the system of internal audit. A gap analysis measured existing governance arrangements against expectations.

Embed values into organisational behaviour
Complete implementation of the appraisal system

The FD&T updated Members with the Director Workforce Development response to the above, he said that the above items were work in progress, the appraisal system was more widely used but not applicable in every area.

In response to the Chairman’s enquiry the FD&T advised that the wording of the Governance Framework was not sacrosanct. The Chairman’s view was that the Framework was purely outward facing rather than inward, and that when Members met with firefighters they reported that they did not feel fully engaged regarding some issues. The FD&T advised that the Framework had been defined by the Society for Local Government Chief Executives and that the thrust of it was outward facing, he said that the Service had always taken the view that the staff were stakeholders and since stakeholders were referred to that did include staff.
The Chairman asked who carried out the Value for Money review referred to in page 8 of the report. The FD&T advised that in part it linked into the financial priorities and justifying the relative spend 2010-11. The Chairman enquired as to what stage Members were involved, the FD&T confirmed Members’ involvement at the workshop scheduled for 24 May 2010. The Chairman said that when looking at budget priorities, Members should be offered a variety of options. The FD&T confirmed that Service management were alert to the requirement and had identified a range of proposals. The Chairman said that if things needed to happen additional Fire Authority meetings should be held, that Members should be fully aware. DCFO Eckley agreed that clear political direction was required, that the intention of the workshop in May was to engage all Members and to discuss a sliding scale of savings. The Chairman said that it was important for the entire Authority to make decisions not just one committee.

Resolved:

That Members;

1. Noted the revised Local Code of Corporate Governance Gap Analysis (Appendix 1 to report EFA/047/10)
2. Agreed that an effective system of internal audit has been in place during the year to 31 March 2010; and
3. Approved submission of the Annual Governance Statement (Appendix 2 to report EFA/047/10) to the Policy and Strategy Committee Meeting in June 2010.

46 INTERNAL AUDIT ANNUAL PLAN 2010/11

Report EFA/048/10 contained the internal auditor’s Internal Audit Annual Plan 2010-11.

In response to the Chairman’s enquiry Mr Lake confirmed that there was a three year plan sitting behind the annual plan.

The Chairman enquired about the proposed review of ICT – Implementation of changes to SAP. The FD&T advised that SAP was a workforce management process, it would give the Service a better handle on where the resources were for prearranged outduties and training. The Chairman said that she was surprised at the level of money spent on overtime and training, that it seemed rather a lot. In response to her request Mr Lake agreed to produce a detailed scoping document for consideration by the Committee before the review. The Chairman asked if the Authority was looking for changes to accounting procedures, the FD&T referred to the introduction of Financial International Reporting Standards, he said that there was no plan to do a specific internal audit and that it would be picked up
as part of the external audit plan. Mr Wilson advised that there were
a number of requirements for next year’s (2010-11) audit, he said that
some Authorities would be employing consultants, some would be
carrying out the work in-house as the EFA.

The Chairman enquired as to when the audit had last reviewed
pensions. The FD&T advised that pensions were administered by
ECC, and that the data supplied to ECC was reviewed under the
Service's payroll audit.

The Chairman asked about an audit of energy consumption, the
FD&T advised that it was reported within the Environmental
Performance Report. DCFO Eckley confirmed reduction in the
organisational carbon footprint, he said that energy consumption was
monitored at the 20 largest premises. Mr Wilson said that the Audit
Commission would be assessing the use of natural resources within
the cyclical Use of Resources Assessment.

Councillor Riley asked for clarification that three additional days were
planned for Tribal's internal audit. The FD&T confirmed that the
amount of days had increased from 70 – 73. Mr Lake advised that
the annual report which would be brought to the next meeting would
show a reduction in the days required to carry out the review of asset
management and a saving in the current year. The Chairman asked
what difference the change made to the budget, the FD&T advised
that it would amount to a £700 increase. The Committee enquired as
to when the contract with Tribal would expire, the FD&T advised that
Tribal had been appointed jointly by Cambridgeshire & Peterborough,
Bedfordshire & Luton and Essex F&R Services to provide internal
audit, that the contract would expire during the current year and the
Services would commence the tendering process again. The FD&T
said that a report regarding the tendering process would be brought
to the next meeting, Members would be able to determine their
involvement in the selection process.

Resolved:

That Members noted the contents of the Audit Reports.

47 DRAFT AUDIT OPINION PLAN

Report EFA/049/10 contained the Audit Commission’s Audit Opinion
Plan for the audit of the 2009/10 financial statements.

Mr Wilson highlighted that the indicative fee was as projected in the
previous year’s fee letter, further that it was relative to the fee in
2006/07 and still below that. The Chairman asked why the Authority
was assessed as medium risk, Mr Wilson advised that it was due to
previous material misstatements and disclosure issues. In response
to Councillor Roberts who had pointed out that the issues had been addressed, Mr Wilson said that there was still additional work and that although there would be little change in relation to SORP, the Authority should be in a strong position going into IRS.

Mr Wilson referred to page 5, item 7 of the report, he said that the review date would be rescheduled.

The Chairman asked where the Authority was in restating the balance sheet for 2008/09. The FD&T advised that work was complete in terms of opening the balance sheet. For 2009/10 the closing balance sheet would be under IFRS as well as the existing regulations, in 2010/11 it would be as per IFRS. Members were aware that most property leases would be classified in a different way under IFRS, the FD&T advised that CIPFA had not yet issued final guidance. Mr Wilson said that the Audit Commission would be auditing three balance sheets and that the fee for 2010 incorporated a refundable uplift for IFRS since it had been agreed that the additional work required was to be funded centrally by the Audit Commission.

The Chairman referred to the Risk Area ‘Health Inequalities Work’, she suggested that the Authority had more to bring to safeguarding child protection than health inequalities. DCFO Eckley said that health inequalities had been more of an issue two years ago. The Chairman said that Members should be aware of what the Audit Commission considered a priority for management. The Finance Director & Treasurer advised that ACFO Thomson had recently attended a workshop organised by the Audit Commission regarding safeguarding children, ACFO Thomson had relayed the view that there had been issues that ECFRS should be involved in. In response to the Chairman’s enquiry DCFO Eckley advised that currently there was nothing specific to Member engagement in this risk area. DCFO Eckley said that an information report regarding health inequalities would be prepared for the Audit, Grievance & Review Committee and the work programme would specifically note the impact on the Authority Use of Resources Assessment.

Resolved:

That Members noted the contents of the Audit Opinion Plan.

DATE OF NEXT MEETING: 7 July 2010

Signed
Chairman …………….. 7 July 2010