



Minutes of the Finance & Audit Committee held at 10:00 hours on Wednesday 26 July 2023 at the Dorset & Wiltshire Fire and Rescue Service Headquarters, Salisbury

Members present:

Cllr Kevin Small (Chair) Cllr Pete Barrow
Cllr Richard Biggs Cllr Rebecca Knox
Cllr Pip Ridout

Officer attendance:

Deputy Clerk & Monitoring Officer, Grace Evans
Head of Financial Services & Treasurer, Ian Cotter
Deputy Chief Fire Officer (DCFO), Derek James
Assistant Chief Fire Officer (ACFO) - Director of Community Safety, Andy Cole
Assistant Chief Officer (ACO) - Director of Service Support, Jill McCrae
Head of Corporate Support, Vikki Shearing
Corporate Communications & Engagement Manager, Emily Cheeseman
Democratic Services Officer, David Shaw

Guests:

Michelle Hopton - Deloitte LLP (via MS Teams)
Dan Newens - South West Audit Partnership (SWAP) Internal Audit Services

23/17 Welcome

23/17.1 The Chair opened the meeting and welcomed attendees.

23/18 Apologies

23/18.1 Apologies were received from Cllr Paul Hilliard, Cllr Byron Quayle, Chief Fire Officer (CFO), Ben Ansell and Assistant Chief Officer (ACO) - Director of People Services, Jenny Long.

23/19 Code of Conduct and Declaration of Interests

23/19.1 The Chair asked the meeting for any disclosures of pecuniary interests under the Localism Act. There were no disclosures.

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23/20 Public Questions

23/20.1 No questions were received from members of the public.

23/21 Review and approve Minutes of the Finance & Audit Committee meeting on 8 March 2023

23/21.1 The Chair asked Members to review and approve the minutes from the last meeting.

23/21.2 RESOLVED: Members approved the minutes and they were signed by the Chair as a correct record.

23/22 External Audit Plan 2022-23

23/22.1 Michelle Hopton, Deloitte LLP, provided a verbal update by MS Teams.

23/22.2 Michelle Hopton highlighted the two significant audit risks, capital expenditure and management override of controls and explained the audit procedures to be undertaken by external audit in these areas. Michelle Hopton stated that no issues had been identified in the testing of capital expenditure in the 2021-22 audit and that there had been no past issues on management override. In addition, the review of the 2021-22 pension's liability valuation was due to be completed by the year end. It was also highlighted that there was a significant backlog across all local authorities in the completion of prior year audits and it was intended that the Authority's 2021-22 audit would be completed by the year end.

23/22.3 In reply to Members' questions, Michelle Hopton stated that the outcomes from the 2022-23 audit would be reported to the December committee meeting; that the audit of the Wiltshire Council Pension Fund was separate to the external auditor's review of the Authority's pension liability; that the audit of capital expenditure focused on the risks associated in this area; that the testing of value for money effectiveness focused on the governance arrangements to ensure value for money, including Member and officer structures; that the interaction with His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and their ratings were reflected in external audit's work, and that the arrangements for efficiency and effectiveness would consider weaknesses, outcomes and controls, should any issues be found, and would recommend further controls to close any gaps identified.

23/22.4 Following debate, Members suggested that future reports could reflect the distinction between Member and officer governance structures; the interaction with HMICFRS and also the opinions of internal audit when seeking evidence of significant weaknesses.

23/22.5 RESOLVED: That the External Audit plan for 2022-23, in particular the significant audit risks highlighted, be received and noted.

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23/23 Draft Statement of Accounts 2022-23, Annual Governance Statement and Financial Outturn 2022-23

23/23.1 Head of Financial Services & Treasurer, Ian Cotter, presented the report.

23/23.2 Ian Cotter referred to an additional variance resulting from a late adjustment to the National Non-Domestic Rates Return (NNDR3) from Bournemouth, Christchurch and Poole Council which was not reflected in the draft statement of accounts being presented but which would be adjusted in the accounts submitted for external audit.

23/23.3 In reply to a question from Cllr Pete Barrow, the officers updated the Committee on the arrangements for the lease of Authority buildings held under Private Finance Initiatives (PFI) and the potential financial implications arising when ownership reverted to the Authority. It was noted that a strategic review of the Authority's estate was being commissioned to assess future options, including a review of the current provision at Five Rivers.

23/23.4 Cllr Richard Biggs referred to the earmarked reserves as set out on page 64 of the Statement of Accounts in relation to the Emergency Services Mobile Communications Programme (ESMCP) and Ian Cotter explained the distinction between the Authority's own earmarked reserves and grant reserves for ESMCP funding provided by the Home Office. Councillor Biggs also highlighted the exit package cost bands on page 73 of the Statement of Accounts and Ian Cotter explained that these were mainly associated with voluntary redundancies arising from the restructure of the prevention team.

23/23.5 RESOLVED:

- 1. That the Draft Statement of Accounts 2022-23, including the Annual Governance Statement be noted.**
- 2. That the carry forward of £2.6m for capital projects not completed in 2022-23 be approved.**

23/24 Internal Audit Annual report and Opinion 2022-23

23/24.1 Dan Newens from SWAP presented the report, which highlighted that substantial assurance had been awarded overall, following the delivery of the year's internal audit programme.

23/24.2 It was noted that all six priority 3 management actions for 2022/23 had now been completed.

23/24.3 RESOLVED: That the findings of the Internal Audit Annual report and Opinion 2022-23 be noted.

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23/25 Internal Audit Quarterly report – Quarter 1

23/25.1 Dan Newens from SWAP presented the report.

23/25.2 In reply to a question from Cllr Biggs, Dan Newens and Assistant Chief Fire Officer (ACFO) Andy Cole explained how female firefighters had high levels of representation through internal industrial relations, in officer staff support networks and also through the Fire Brigade’s Union. Cllr Rebecca Knox commented that substantial assurance for industrial relations was a positive outcome and that local arrangements would be important in the future.

23/25.3 Cllr Biggs also enquired about cyber security. Dan Newens clarified that the audit related to data backups only and that cybersecurity remained a key risk in the strategic risk register. Members commented that it would be beneficial if there was evidence of the third-party data backup arrangements that were in place.

23/25.4 RESOLVED: That the findings of the audits be noted and the management responses be approved.

23/26 Internal Audit Progress report

23/26.1 Assistant Chief Officer (ACO) Jill McCrae presented the report.

23/26.2 In reply to Cllr Knox’s question regarding the benefits of e-learning training for new staff joining the Service, ACO McCrae explained that, where required, modules included an assignment test at their conclusion to test understanding.

23/26.3 RESOLVED: That the progress made in Audit Improvement Plan Activities be noted.

23/27 Performance Report - Quarter 4

23/27.1 ACO McCrae reported on KLOE 6 sub diagnostic – *To what extent do we manage our impact upon the environment? and also KLOE 6 sub diagnostic - to what extent do we show sound financial management of non-pay costs, including estates, fleet and equipment through benchmarking, contract renegotiation and procurement?*

23/27.2 In reply to a question from Cllr Barrow, ACO McCrae reported that a target for carbon reduction by the Service would be brought to the Authority as part of the new Community Safety Plan in 2024. In reply to a question from Cllr Biggs, ACO McCrae explained that the risks with the new procurement arrangements/framework focused on the Service’s resources to be able to respond to the new requirements. Cllr Biggs additionally asked if the Service’s PFI sites, for example Poundbury, were excluded from sites for potential energy saving. The officers confirmed that 15 sites were being considered and that Poundbury was not included as a priority site.

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- 23/27.3 Ian Cotter reported on KLOE 7 sub diagnostic - *to what extent do we have a track record for achieving savings and avoiding any residual future budget gaps?*
- 23/27.4 In reply to a question from Cllr Pip Ridout, Ian Cotter and Deputy Chief Fire Officer (DCFO), Derek James explained the Service's work on fire prevention and its continuing commitment to core prevention activity.
- 23/27.5 DCFO James, reported on KLOE 10: *How well do we ensure fairness and diversity?*
- 23/27.6 In reply to a question from Cllr Ridout, DCFO James explained the measures that were put in place to ensure there was no exclusion during recruitment.
- 23/27.7 RESOLVED: Members reviewed and approved the Quarter 4 2022-23 Performance, as detailed in Appendix A of the report.**
- 23/28 Strategic Risk Register**
- 23/28.1 ACO McCrae introduced the report.
- 23/28.2 The Head of Corporate Support, Vikki Shearing, referred to risk reference 301 – regarding the inability to protect the Service against cyber threats and attacks. It had been intended to reduce this risk to directorate level following a substantial audit opinion, but it would remain on the Strategic Risk Register. There was the possibility that at the time of the review for the cyber essentials' standard accreditation in December 2023 that accreditation might not be achieved due to changes in requirements for multi factor authentication. This would have an impact on third party software suppliers. Dialogue was continuing with third party suppliers to ascertain whether this could be achieved within the timescale.
- 23/28.3 Cllr Biggs enquired about risk 0009 and asked whether the target risk score should reflect the realistic prospect of the risks relating to on-call being reduced. Cllr Barrow also enquired as to how the on-call risk was being addressed at a national level. ACFO Cole explained the local and national work being undertaken to assess and reduce the risk and stated that the target risk score would be updated for the Committee's next meeting.
- 23/28.4 Cllr Ridout supported the removal of risk 412 (inability to sufficiently resource potential changes to the fire safety and building safety regimes) from the Strategic Risk Register and asked whether there was a budget available for the changes to the fire safety and building safety regimes. DCFO James explained that the Home Office was continuing to provide grant funding to support additional protection resources and the risk would remain at directorate level.

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23/28.5 RESOLVED:

- 1. Members reviewed and noted the strategic risks and mitigations, as set out in Appendix A of the report.**
- 2. That the removal of risk 412 and risk 530 from the strategic risk register be approved.**

23/29 Future Training Provision

23/29.1 ACO McCrae introduced the report and provided an update on the progression of the project.

23/29.2 In reply to Members' questions, the officers explained that a full financial update would be brought to the December committee. Members confirmed they were content with the progress of the project to date.

23/29.3 RESOLVED: That the progress on the future training provision be noted.

23/30 Date of Next Meeting

23/30.1 The Chair confirmed the date of the next Finance & Audit Committee meeting as 13 September 2023.

Meeting ended at 12:25 hours.

Signed: _____

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