



AVON FIRE AND RESCUE SERVICE

Governance and Assurance

Internal audit report 1.20/21

Revised Final

25 August 2020

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING



EXECUTIVE SUMMARY

Background

A review of Governance and Assurance for the Fire Authority was undertaken as part of the approved internal audit plan for 2020/21.

The objective of the audit area is to ensure the Fire Authority is underpinned by an appropriate governance structure and assurance framework so that it can discharge its duties to address the priorities of the fire and rescue national framework. This audit has sought to assess the adequacy and effectiveness of the governance and assurance frameworks in place, against good and expected practice across the sector.

Avon Fire Authority is responsible for making provision for promoting fire safety, undertaking firefighting, rescues from road traffic accidents and responding to other emergencies in the area covered by the four councils in the former Avon area. Members of the Authority provide political leadership and set the strategy direction for the organisation. The Fire Authority has overall control over the strategic direction, establishment, budget and functions of a fire and rescue service. The Chief Fire Officer / Chef Executive (CFO) is responsible for the day-to-day management of the organisation and is accountable to the Fire Authority for its efficient operation.

The Fire Authority consists of 20 councillors appointed by the Councils in proportion to the political parties as well as the number of people entitled to vote in their respective areas, as follows:

- Bath & North East Somerset: three Members;
- Bristol – eight Members;
- North Somerset – four Members; and
- South Gloucestershire - five Members.

Specific responsibilities of the Authority have been delegated to the following three sub-committees, each of which reports back to the Authority and / or the Service Leadership Board and has co-opted members from the Authority present at meetings:

- Audit, Governance and Ethics Committee (AGEC) – scrutinises and approves the Statement of Accounts, the Annual Governance Statement, Statement of Assurance and the Corporate Risk Register;
- Performance Review and Scrutiny Committee (PRSC) – scrutinises performance against key indicators and makes recommendations for improvement; and
- People and Culture Committee (PCC) (previously DICE and Employment Committees) - reviews the Authority's compliance with the Equality Act 2010.

Following local elections in May 2019, the Authority Chair was re-elected after being originally appointed in June 2017, and new Members of the Authority were welcomed.

Avon Fire and Rescue Service's operations are managed and overseen by two main groups; the Service Leadership Board, which considers strategic issues, finance and risk, and has overall responsibility for management of the organisation; the Service Leadership Team, which provides day to day leadership and management for the Service, overseeing the working environment and operations; and the Strategic Health, Safety and Welfare Committee, which discuss, resolve and consult on health and safety issues.

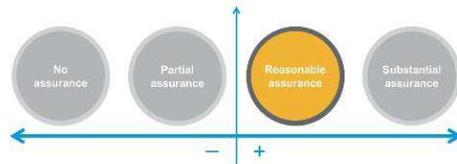
Conclusion

The Fire Authority is underpinned by an appropriate and lean governance structure that benchmarks positively across the emergency services sector. We have identified areas where some improvements could be made. The Authority has begun steps to articulate its Assurance Framework, and this work could be expanded further to be even more effective by developing a map of assurances sources and linking this to the Authority and sub-committee work plans.

Internal audit opinion:

Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied.

However, we have identified issues that that need to be addressed in order to ensure that the control framework is effective in managing this area.



Key findings



The Authority

As part of this audit, we were due to gather feedback from members of the Fire Authority and it was agreed that this would be best obtained via a questionnaire, to understand their view on governance and assurance, as well as their experience of induction / training. The questionnaire was sent to Authority

Members on 30 April 2020, with an initial deadline of 20 May 2020, which was then extended until 29 May 2020, Members were also encouraged to take part via comms from the Chief Fire Officer. Just three responses were received from all Members (a total of 20) who were invited to partake in the questionnaire. We were therefore unable to draw any meaningful conclusions from the survey regarding the members' views on governance and assurance. A summary of responses received from the three Members who responded to the questionnaire can be found in Appendix B.



The Authority has established a suitable sub-committee structure, consisting of the Audit, Governance and Ethics Committee (AGEC); the Performance Review and Scrutiny Committee (PRSC); and the People and Culture Committee (PCC). We were able to evidence an appropriate delegation of responsibilities to each committee through their respective terms of reference. In practice, the structure accurately aligns to the requirements of the Authority's Constitution. When benchmarked against governance structures across our emergency services client base, we conclude the Authority's structure is one that reflects good practice and a lean approach to governance.

We were able to evidence an appropriate flow of assurances and information through the provision of sub-committee minutes as part of the papers for each Authority meeting. We confirmed the Authority had met five times since June 2019, with the latest meeting being held virtually due to Covid-19 restrictions.

Attendance at Authority meetings is monitored throughout the year and each meeting held was at least quorate (one third of total members).

Attendance ranged from 50% (10 members) to 70% (14 members) across the year, with an average of 62% observed across the year. Whilst quorate, a low attendance level can be detrimental to the effectiveness of Authority meetings. The Deputy Clerk confirmed that such an attendance level was expected, and the Authority could not impose sanctions for those who do not attend.



Allocation of members to sub-committees

There is an expectation that each Member of the Authority shall volunteer to sit on at least one sub-committee of the Authority and in default, the Authority shall allocate that Member to a Committee unless there is a good reason not to do so.

At each Annual Authority meeting (usually in June) the Authority is asked to make appointments to sub-committees and external bodies such as the South West Councils and Local Government Association (LGA).

Through examination of minutes and papers from the Authority's meetings when allocating members to sub-committees, it was evident that these decisions were based on the requirement to ensure all committees are politically balanced, as required by the local government act. Good governance would usually also require a skill mix consideration when allocating sub-committee membership, so as a mitigating control for this, Fire Authority members are provided with member development sessions and required training sessions to ensure those allocated to a sub-committee are aware of the committees role and their responsibilities, and to bridge any skills or knowledge gaps aligned to each committee requirements.



Audit Governance and Ethics Committee

The AGECE's delegated responsibilities have been clearly defined in its terms of reference and reflect the responsibilities

we'd expect to be delegated to such a committee. Through examination of the Committee's minutes available to the public via the Authority's website, we confirmed the Committee had met just twice over the last municipal year (June 2019 – May 2020), in July 2019 and May 2020. The committee is required to meet at least four times per municipal year as per its Terms of Reference. A March 2020 meeting had been planned but did not take place. We confirmed the Committee had not met due to delays in obtaining sign off of the 2018/19 financial statements. The AGECE has other delegated responsibilities from the Authority, aside from review of the financial statements. There is therefore a risk that these responsibilities have not been given the appropriate oversight or attention throughout 2019/20. There is also a risk that the Committee, and in turn the Authority, have not received the required continuous assurances regarding these areas throughout the year. We did however note that risk register deep dives and scrutiny was undertaken by SLT and SLB in the absence of the AGECE.



Performance Review and Scrutiny Committee

The PRSC's delegated responsibilities have been clearly defined in its terms of reference and reflect the responsibilities we'd expect to be delegated to such a committee. Through examination of the Committee's minutes available to the public via the Authority's website, we were also able to evidence scrutiny of reports of the business' approach to topical areas such as the Grenfell Gap Analysis. We were therefore able to evidence the Committee was actively monitoring and reviewing the performance of the Service.

However, we were unable to confirm via observation that the Committee had suitably discharged its delegated responsibility regarding *“the monitor and review of financial performance including revenue and capital budgets, treasury management, the use of resources and fees and charges”*.

People and Culture Committee

The terms of reference for the People and Culture Committee appropriately establish the delegated responsibilities of the PCC. The responsibilities established within the terms of reference seem appropriate and in line with responsibilities delegated to similar committees across our emergency services sector client base.

We evidenced that the P&CC was discharging its duties as required by their terms of reference and had met three times to date (at time of writing) in the 2019/20 municipal year, with a fourth meeting planned for June 2020. We also confirmed the People and Culture Panel had met on a further three occasions to discharge their delegated responsibilities regarding disciplinary and grievances matters.

Governance and Assurance Framework

The Fire Authority has developed a draft Governance and Assurance Framework (incorporating the local code of governance) for 2020 – 2023.

The Governance and Assurance Framework explains how the Fire Authority delivers good governance and how it will review the effectiveness of its governance arrangements. The framework was established following the agreement by the Authority in September 2019 to set up a new committee structure, consisting of the Performance Review & Scrutiny Committee; Audit, Governance and Ethics Committee; and the People and Culture Committee.

The draft Governance and Assurance Framework clearly identified the Authority’s approach to ensuring good governance is delivered.

However, the framework established within the document could be enhanced by fully and effectively identifying and mapping the Authority’s sources of articulated assurance that it is achieving its strategic plans and objectives. An effective assurance framework provides a clear and concise structure for identifying which of the organisation’s objectives are at risk because of inadequacies in the operation of controls, or where the organisation has insufficient assurance about them.

An Assurance Framework should provide the Authority, and in turn its sub-committees with the required information and confidence about how risks are managed to effectively deliver the Authority’s objectives. With the establishment of such a document, the Authority are ahead of many other Fire Authorities in documenting its assurance framework.

We have provided an example assurance map as an appendix to this report and are providing good practice ideas and support to management in how to further develop this area.

DETAILED FINDINGS AND ACTIONS

Area: Governance Structure		Assessment	
Control	<p>The Fire Authority has overall control over the strategic direction, establishment, budget and functions of a fire and rescue service. The Chief Fire Officer / Chef Executive (CFO) is responsible for the day-to-day management of the organisation and is accountable to the Fire Authority for its efficient operation.</p> <p>The Authority has agreed a Constitution which sets out how it operates, how decisions are made, and the procedures and legislation followed to ensure that an efficient, effective, transparent and accountable service is delivered to the local community. Some of these processes are required by law, whilst others are matters for the Authority to agree.</p> <p>The Constitution is divided into chapters which set out the basic rules governing the Authority's business and includes rules regarding the following areas (but not limited to):</p> <ul style="list-style-type: none"> • The Fire Authority; • Scheme of Delegation; • Standing Orders; • Financial Regulations; • Code of Corporate Governance; and • Members' Code of Conduct and dealing with complaints. <p>The Constitution document is published on the Fire Authority's website and was established in 2019.</p>	Design	✓
		Compliance	x
Findings / Implications	<p>We obtained the Constitution document that was available through the Fire Authority's website at the time of the audit (May 2020). Through examination we concluded the governance structure established within the Constitution is appropriate to support the Fire Authority and the Fire Service in meeting its strategic and operational objectives. When comparing the governance structure to a sample of 10 governance structures across our emergency services client base, we note the Authority's structure reflects good practice and is "lean" in comparison to those reviewed, with an average of five sub-committees noted. We also confirmed that the Constitution was available for public access via the website.</p>		

We confirmed the Constitution establishes the governance structure, including the responsibilities of the Authority itself, and each of its sub-committees through a Terms of Reference for each group (discussed further below). We also confirmed the interaction of the Authority's sub committees with the operational Boards of Avon Fire and Rescue Service is established within these Terms of Reference.

Testing throughout the audit confirmed a good general level of compliance with the requirements of the Constitution. Any exceptions identified during this audit have been discussed in the relevant areas below. When reviewing these instances of non-compliance, the Authority should question if the requirements of the Constitution for those particular areas remain practical, such as the meeting frequency of the AGECC and coverage of the PRSC.

Good practice would also suggest that the Authority reviews the effectiveness of its adopted governance structure following one full year of implementation. The Corporate Assurance Manager confirmed this would take place during the review of the Constitution planned for Autumn 2020;

Management Action 1		Action owner	Date	Priority
	The Constitution will be reviewed and amended as necessary following review of the instances of non-compliance identified in this Governance and Assurance audit.	Clerk	31 December 2020	Low
	This will include a review of the effectiveness of the adopted structure of sub-committees supporting the Authority.			

Area: Governance Structure

		Assessment	
Control	Members of the Authority provide political leadership and set the strategy direction for the organisation. Their role is to represent all of the communities across the four Unitary Authority areas in a fair and impartial manner, ensuring that their decision-making is focused on the risks within those communities and securing an equitable distribution of resources to meet those risks.	Design	✓
	All Members are expected to actively contribute and share responsibility for the good governance of the Authority and welfare of the communities served by the organisation.	Compliance	✓
	The Fire Authority consists of 20 councillors appointed by the four Councils in the former Avon area, in proportion to the number of people entitled to vote in their respective areas:		
	<ul style="list-style-type: none"> • Bath & North East Somerset – three Members; • Bristol – eight Members; • North Somerset – four Members; and • South Gloucestershire – five Members. 		
	The Fire Authority's key roles, responsibilities and functions are set out in its Terms of Reference, which is detailed in the Constitution. They include, but are not limited to:		

- Holding the CFO to account for the performance of the fire and rescue service; and for the efficiency, effectiveness and economy of service delivery and continuous improvement in implementing the Authority's vision, missions, values, objectives, priorities, plans and strategies;
- Setting the council tax / budget;
- Determining the Authority's priorities and objectives for approving the Service Plan; and
- Approving changes to the Constitution.

Findings / Implications

Through examination of the Authority's Terms of Reference, we confirmed the responsibilities of the Authority as a decision-making Board have been established and documented. The responsibilities identified within the Terms of Reference align with those seen for similar governance structures across our emergency services client base. The make-up of the Authority was in line with the proportions of the number of people entitled to vote in their Unitary Authority area, and therefore representative from a political perspective of the population the Authority serves.

Through examination of Authority papers and minutes across the 2019/20 municipal year, we confirmed the Authority was exercising its responsibilities as detailed in its Constitution.

We therefore confirmed the existence of the Authority as a decision-making Board and the establishment of its responsibilities. Compliance with discharging these responsibilities and monitoring of attendances is discussed in more detail below.

Management Action

None.

Area: Governance Structure

Control

The Authority has appointed the following Committees to carry out work on behalf of the Authority in accordance with the Terms of Reference delegated within the Constitution (and discussed further below):

- Audit, Governance and Ethics Committee;
- People and Culture Committee;
- Performance Review and Scrutiny Committee; and
- Local Pension Board.

There is an expectation that each Member of the Authority shall volunteer to sit on at least one Committee and in default, the Authority shall allocate that Member to a Committee unless there is a good reason not to do so.

Assessment

Design ✓

Compliance ✓

At each Annual Authority meeting (usually in June) the Authority is asked to make appointments to sub-committees and external bodies such as the South West Councils and Local Government Association (LGA).

**Findings /
Implications**

We confirmed the Authority has appointed the sub-committees detailed in the control to carry out the work of the Authority. Through examination of the Terms of Reference for each of the sub-committees, we confirmed specific responsibilities have been delegated to each committee within the Constitution.

Through examination of the minutes of the Annual Authority meeting held in June 2019, we confirmed that a report “Appointments for the Municipal Year” had been presented by the deputy Clerk. This report detailed the appointments required to be made which included the appointment of committee chairs to the AGECE, PRS and Diversity, Inclusion, Cohesion and Equality and Employment Committees (now People and Culture); and the allocation of committee places taking into consideration changes in membership of the Fire Authority from the local elections in May.

We noted that at the June 2019 meeting, the Authority “*sought to replicate the political makeup of the Authority as far as possible through the makeup and composition of the Committee membership*” (taken from minutes of the June 2019 Authority meeting). At the time of the meeting, notification of the political groups for the Municipal Year had yet to be received by the Authority, therefore allocation of the places to committees could not yet be determined. It was proposed that the allocation be completed by the Clerk in consultation with each political group leader. We did however note that that Chairs for each sub-committee were allocated at that meeting and this process was based on the political proportionality of the local elections and driven by the Chair of the Authority.

At the following September 2019 meeting, it was confirmed that “*allocations of Members to Committees would be sent to Group Leaders with nominations invited*”. Through examination of Authority minutes for the December 2019 and February 2020 we were unable to evidence further scrutiny or decisions regarding the allocation of Members to sub-committees. We were able to evidence through examination of attendance records, that all Members of the Authority had been allocated to at least one sub-committee.

It is evident that decisions regarding allocation of Members to sub-committees are based on replicating the political makeup of the Authority as far as possible, as required by the local government act.

In the absence of allocation of committee membership linked to specific skills, where political balance is the required key driver, we noted that a Member Development Programme has been developed with the aim of ensuring those Members assigned to committees can be as effective as possible in those roles. This programme involves the AFA Member induction which provides Members with information regarding, but not limited to:

- A “Facing the Future” guide that outlines the skills required to create a climate for effective governance and seeks to equip Members to discharge their functions effectively; and
- Personal impact and the link between good governance and personal impact, noting the biggest challenge – creating a climate for good governance whilst holding political stance.

Further, ad hoc training sessions are also provided, such as an AGECE Member training day regarding financial accounting.

**Management
Action**

None.

Area: Governance Structure		Assessment		
Control	<p>Since 2018/19 and for each municipal year, the Authority agrees a forward plan, which sets out key dates and possible major decisions that will need to be taken by Members for the coming year. It also identifies Member development events to support good governance. The forward plan is presented by the Deputy Clerk and is developed as a planning tool. The plan aims to enable Members via its committees to undertake pre-decision scrutiny.</p> <p>The forward plan is a standing agenda item for the Fire Authority to enable Members to be updated on any slippages or additions to the plan on an ongoing basis. It also aims to align key decisions to the corporate planning cycle and budget setting timeframes. The forward plan for 2019/20 identifies the key decisions and meeting dates for those decisions for the Fire Authority, Audit Governance and Ethics Committee, People and Culture Committee and the Performance, Review and Scrutiny Committee.</p>	Design	x	
		Compliance	N/A	
Findings / Implications	<p>Through examination of the Authority minutes for 2019/20, we confirmed the Forward Plan was a standing agenda item at each Authority meeting. We confirmed the Forward Plan for 2019/20 had first been presented to the Authority and also approved at the September 2019 meeting.</p> <p>Through examination of the Plan, we confirmed it establishes key dates and possible major decisions that will need to be taken by Members in the coming municipal year. The Plan also appropriately identifies the responsible sub-committee for each decision. We noted, however, that the Plan does not link to an Assurance Framework, which would highlight the key assurances Members would need to receive in order to effectively make the major decisions at those key dates. The lack of an effective Assurance Framework is discussed further below.</p> <p>Good practice identified across other public sector organisations, is where each board, group, or committee has a work plan for the year, linked back to the assurance framework and risk register, to ensure members receive all the required information to aid effective decision making.</p>			
Management Action 2	The Authority's Forward Plan will be linked to the Assurance Framework to ensure Members are provided with the appropriate assurances to support key decision making.	Action Owner Corporate Assurance Manager	Date 31 March 2021	Priority Low
Area: Attendance and Output		Assessment		
Control	<p>The Fire Authority's Standing Orders require the Authority to meet at least once a quarter and on such other occasions as may be necessary. The Authority also hold an annual meeting each year after the annual meetings of the constituent authorities within a month.</p> <p>Quorum for Authority meetings is "one third of the total number of Members of the Authority or alternatively any proportion of the total number of the Authority's Members that it determines, provided that this proportion is no smaller than one third."</p>	Design	✓	
		Compliance	x	

If at any time more than one third of the total number of Members of the Authority are disqualified, then unless at least two-thirds of the total number of Members are not disqualified, the quorum shall be determined by reference to the appropriate proportion of qualified Members of the Authority, rather than of the total number of Members.

Attendance at Authority meetings is monitored through completion of an attendance book for each meeting. Records of attendance are maintained by the Democratic Services Assistant in a spreadsheet. Attendances at sub-committee meetings are also monitored and recorded in the same manner.

**Findings /
Implications**

Fire Authority

Through examination of Authority papers and minutes for 2019/20, we confirmed Members were asked to record their attendance at each Authority meeting. We confirmed attendance is monitored and records maintained by the Democratic Services Assistant. Through examination of these records, we noted the following attendance rates for 2019/20:

AFA meeting	Attendance	% of full membership
June 2019	14	70%
September 2019	10	50%
October 2019 (extraordinary)	11	55%
December 2019	13	65%
February 2020	14	70%
Average	12	62%

We were therefore able to conclude that each Authority meeting held was quorate based on the definitions established in the Terms of Reference. Attendance at Authority meetings was on average 62% of full Authority Membership, with a lowest attendance of 50%.

Whilst all Authority meetings reviewed were quorate as per the Constitution, an average attendance of 62% could bring the effectiveness of the Authority meetings into question. Through interview with the Deputy Clerk to the Authority, it was noted that the Authority cannot impose actions on Authority Members should they not maintain appropriate attendance levels at meetings, this responsibility sits with the constituent Authorities. The Deputy Clerk also noted that such an attendance rate was common across the Emergency Services sector.

Sub-committees

Through examination of sub-committee meeting papers and minutes, we confirmed attendance is recorded by attendees and records maintained by the Democratic Services Assistant the same spreadsheet used for AFA meetings. Through examination of attendance records, we confirmed the following average rates of attendance of Members at each sub-committee for the year to date, for which records were available at the time of the audit:

Sub-committee	No. of meetings	Average % of full membership
PRSC	3	86%
AGEC	1	83%
P+CC	3	58%
Average		76%

Whilst we note the average attendance at both the PRSC and AGECE (one meeting only tested) was of a good level, the attendance rate at the People and Culture Committee was lower at an average of 58% of full membership. Whilst quorum was attained at each meeting reviewed, quorum reflects a minimum number of members to make a decision and not necessarily ensure representation on a political or geographical basis. As noted above, the Authority cannot impose actions on Members should attendance at committee meetings become an issue as this responsibility sits with the constituent Authorities, therefore no action has been agreed in this area.

Management Action None.

Area: Attendance and Output

Assessment

Control	<p>The Audit, Governance and Ethics Committee's (AGEC) primary purpose is to undertake the role of the Authority's Audit Committee. Key functions of the committee include, but are not limited to:</p> <ul style="list-style-type: none"> to oversee all audit issues on behalf of the Authority; to consider all internal and external audit reports received, review management action plans and monitor their implementation; to keep under review the Authority's arrangements for whistleblowing and the prevention and detection of fraud, money laundering and bribery; to keep under review the Corporate Risk Register and the corporate business continuity planning framework seeking assurance of appropriate management action; to undertake an annual review of the Authority's governance arrangements and make recommendations to the Authority; and 	Design	✓
		Compliance	x

-
- to scrutinise and approve the Annual Governance Statement and the Statement of Assurance.

The Terms of Reference for the Committee require there to be seven Members of the Committee with a quorum of four. The Committee is to meet four times per municipal year and the Lead Officer is the Director of Corporate Services.

All minutes for each committee meeting can be found on the Authority's website for public review.

**Findings /
Implications**

We obtained the Terms of Reference for the AGEC and through examination, concluded that the Authority has appropriately established the delegated responsibilities of the Committee. The responsibilities established within the Terms of Reference for the Committee seem appropriate and in line with responsibilities established for similar committees across our emergency services sector client base.

Through examination of the Committee's minutes available to the public via the Authority's website, we confirmed the Committee had met as follows over the last municipal year (June 2019 – May 2020):

- 22 May 2020; and
- 20 July 2019.

The previous meeting before the July 2019 meeting had been held 31 May 2019, prior to the re-appointment of the Chair of the Authority. We note there had been meetings planned in September and December 2019 and March 2020, but these had not taken place.

When the AGEC did meet, we were able to confirm that the quorum level was met in each instance, and the meetings allowed for scrutiny of the areas established as the Committee's responsibility in the Terms of Reference. Through examination of the papers available for the meetings held, we were able to evidence appropriate links to the Service regarding the elements of the AGEC's remit that require business input.

As per the Terms of Reference for the Committee established within the Authority's Constitution, the AGEC is required to meet four times per municipal year. We confirmed this had not happened for the 2019/20 municipal year, where only two meetings had been held. We confirmed the Committee had not met due to delays in obtaining sign off of the 2018/19 financial statements. We note that the Committee has other delegated responsibilities from the Authority, which are detailed in the above control. There is therefore a risk that these responsibilities have not been given the appropriate oversight or attention by the AGEC throughout 2019/20. There is also a risk that the Committee, and in turn the Authority, have not received the required continuous assurances regarding these areas throughout the year. For example, the internal audit report on Health & Safety was presented to the May 2020 AGEC meeting after the audit fieldwork took place in July 2019.

We note that the Authority has established a strict timetable regarding the production of the financial statements for 2019/20 and it is therefore anticipated that such a delay would not occur again. The Deputy Clerk confirmed that, if required, any agenda items of the AGEC could be raised to the main Authority meeting if an AGEC meeting was to be cancelled. We were unable to evidence this process being in place for the Authority meetings reviewed as part of this audit.

We also noted that whilst the risk register was not reviewed by the Authority or a sub-committee in the absence of AGEC, the SLT and SLB did undertake deep dive scrutiny of a sample of risks across the year.

Management Action None.

Area: Attendance and Output

Assessment

Control

The People and Culture Committee's (P+CC) primary purpose and function is to keep under review the Authority's compliance with its duties under the Equalities Act 2010 and make recommendations to the Authority and/or Service Leadership Board (SLB) as necessary and the determination of employee related issues.

Design

✓

Compliance

✓

Key functions of the Committee include, but are not limited to:

- to undertake the recruitment and appointment of the Principal and Statutory Officers;
- to undertake the annual pay review for the Principal and Statutory Officers and to make recommendations to the Authority;
- to undertake an annual review of all completed disciplinary, grievances and other employee disputes;
- to undertake assurances that the organisation has in place sufficient measures to ensure the welfare, wellbeing, policies and procedures affecting staff that promote positive culture; and
- to monitor aspects of service performance including health, safety and welfare, equality and training and development.

The Terms of Reference for the Committee require there to be nine Members, with a quorum of four. The Committee is required to meet four times per municipal year and the Lead Officer is the Director of Service Delivery Support.

Findings / Implications

We obtained the Terms of Reference for the People and Culture Committee and through examination, concluded that the Authority has appropriately established the delegated responsibilities of the Committee. The responsibilities established within the Terms of Reference for the Committee seem appropriate and in line with responsibilities established for similar committees across our emergency services sector client base.

Through examination of the Committee's minutes available to the public via the Authority's website, we confirmed the Committee had met as follows over the last municipal year (June 2019 – May 2020):

- 7 November 2019 (full Committee including a Panel);
 - 13 November 2019 (Panel only);
 - 4 February 2020 (Panel only);
 - 5 March 2020 (full Committee); and
-

- 15 May 2020 (full Committee).

The next meeting was planned for 26 June 2020 and was due to be a Panel meeting to shortlist for the role of Clerk.

We confirmed the Committee was therefore due to meet its meeting obligations for the municipal year. All meetings reviewed met the required quorum level and we were able to evidence the Committee had been discharging its delegated responsibilities throughout the year. We were also able to evidence suitable links to the Service's operations for relevant areas to provide information to the Committee to aid decision making. This included attendances of key staff such as the HR Manager and the Culture and Inclusion Manager to present reports and provide updates.

Management Action None.

Area: Attendance and Output

		Assessment	
Control	The Performance Review and Scrutiny Committee's (PRSC) primary purpose is to provide scrutiny of the performance of and the delivery of the Authority's policies, plans and objectives.	Design	✓
	<p>Key functions of the Committee include, but are not limited to:</p> <ul style="list-style-type: none"> • to develop and agree the Annual Work Plan for the municipal year; • to consider reports on the outcome of the reviews making recommendations to the Authority as to how service improvements can be put in place and to monitor their implementation on a regular basis; • to monitor and review financial performance including revenue and capital budgets, treasury management, the use of resources and fees and charges; • to monitor and review key performance targets and ensure the Authority has an effective performance management framework in place; and • to deal with any matter reserved to the Authority for decision that requires determination between meetings of the Authority. <p>The Committee consists of seven Members and there is a quorum level of four. The Committee is required to meet four times per municipal year and the Lead Officer is the Director of Service Delivery.</p>	Compliance	x

Findings / Implications We obtained the Terms of Reference for the PRSC and through examination, concluded that the Authority has appropriately established the delegated responsibilities of the Committee. The responsibilities established within the Terms of Reference for the Committee seem appropriate and in line with responsibilities established for similar committees across our emergency services sector client base.

Through examination of the minutes and papers for the Committee that were available via the Authority’s website, we confirmed the Committee had met on the following occasions in the 2019/20 municipal year:

- 4 September 2019;
- 11 October 2019; and
- 31 January 2020.

A committee meeting had been planned for 3 April 2020, but this had been cancelled due to Covid-19.

Through examination of the minutes and papers for the meetings held in 2019/20, we concluded that the PRSC meetings were quorate (at least four Members present).

The Committee regularly discussed and scrutinised reports presented to them by members of the Fire Service, including (but not limited to) the Performance Report, presented by the Corporate Performance Manager; HMICFRS Improvement Action Plan updates presented by the HMICFRS Service Liaison Officer; and updates regarding the Improvement Programme as recommended by the Improvement Working Group. We were also able to evidence scrutiny of reports of the business’ approach to topical areas such as the Grenfell Gap Analysis. We were therefore able to evidence the Committee was actively monitoring and reviewing the performance of the Service.

Whilst we recognise the Committee was discharging its delegated responsibilities regarding the areas listed above, we were unable to evidence appropriate action regarding *“the monitor and review of financial performance including revenue and capital budgets, treasury management, the use of resources and fees and charges”* (taken from the PRSC ToR).

Whilst we confirmed review of financial performance by the Authority on a quarterly basis through the Scorecard, we could not evidence full review of the required areas by the PRSC detailed in the Terms of Reference. The scrutiny of financial performance is an important element of a governance structure. Without appropriate scrutiny at an appropriate level there is a risk that poor financial performance is not notified and rectified effectively.

Through discussion with the Corporate Assurance Manager it was confirmed that the Authority’s Constitution would be reviewed in the Autumn of 2020 and scrutiny of financial performance would be re-assigned to a more appropriate committee.

Financial performance is often scrutinised at a “Resources” or “Finance and Audit” type committee across the Emergency Services sector. The Authority should therefore seek to allocate the review of financial performance to the most suitable committee, ensuring the provision of such information can aid discussions and decisions regarding other items on that committee’s agenda.

Management Action 3	As part of the review of the Authority’s Constitution, the Terms of Reference of the PRSC will be reviewed and updated to reflect the committee’s role with regards to reviewing financial performance, and whether this needs to be assigned to an alternative committee or whether this stays as a Fire Authority role.	Action Owner	Date	Priority
		Clerk	31 December 2020	Low

Area: Assurance Framework		Assessment	
Control	The Fire Authority has developed a draft Governance and Assurance Framework (incorporating the local code of governance) for 2020 – 2023.	Design	x
	<p>The Governance and Assurance Framework explains how the Fire Authority delivers good governance and how it will review the effectiveness of its governance arrangements. The framework was established following the agreement by the Authority in September 2019 to set up a new committee structure, consisting of the Performance Review & Scrutiny Committee; Audit, Governance and Ethics Committee; and the People and Culture Committee (all discussed above).</p> <p>The framework establishes the Authority’s approach to the following areas, but is not limited to:</p> <ul style="list-style-type: none"> • approach to determine the effectiveness of our governance arrangements; • priorities for ensuring the Authority has the highest standards of governance; • the annual review of effectiveness; and • governance monitoring, reporting and approval. <p>The Governance and Assurance Framework remained in draft at the time of this audit.</p>	Compliance	N/A
Findings / Implications	<p>We obtained the draft Governance and Assurance Framework and through examination, sought to confirm the Authority had identified and established its governance framework and the use of its Assurance Framework to ensure good governance can be delivered. We noted that the draft Governance and Assurance Framework clearly identified the Authority’s approach to ensuring good governance is delivered. When compared to Fire Authority’s across our client base, Avon Fire Authority’s production of such a document highlights good practice and a more evolved approach to governance and assurance than most other fire authorities.</p> <p>The framework established within the document did not effectively identify the Authority’s articulated assurance framework. An effective assurance framework provides a clear and concise structure for identifying which of the organisation’s objectives are at risk because of inadequacies in the operation of controls, or where the organisation has insufficient assurance about them. An Assurance Framework should provide the Authority, and in turn its sub-committees with the required information and confidence about how risks are managed to effectively deliver the Authority’s objectives. This in turn should ensure each committee’s decision making is in line with achieving the Authority’s strategic objectives. Further enhancements to this document to articulate sources of assurance is therefore required. An example assurance framework is included in Appendix A to this report.</p>		

Management Action 4	An Assurance Framework will be developed that articulates the first, second and third line of sources of assurance against the key controls in place to mitigate the risks to the Authority achieving its objectives. The framework will be aligned to the Authority's constitution to ensure appropriate coverage of all assurances across its sub-committees.	Action Owner Corporate Assurance Manager	Date 31 March 2021	Priority Medium
----------------------------	---	--	------------------------------	---------------------------

APPENDIX A: ASSURANCE FRAMEWORK

The following is an example of what a Fire Authority assurance framework / map may look like.

Assurance Provided	Increasing Assurance															
	1st Line of Assurance: Management control and reporting		2nd Line of Assurance: Functional oversight/governance					3rd Line of Assurance: Independent review			3rd Line of Assurance - Internal Audit					
	Management Reviews & Approval	KPIs	Fire and Rescue Service SLT	Fire and Rescue Performance and Resources Board	Emergency Services Collaboration Board	Fire and Rescue Service Change Board	Fire and Rescue Strategic Board	HMICFRS	External consultants	External audit	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Red - Minimal Assurance / Poor Progress																
Amber/red - Partial Assurance / Little Progress																
Amber/green - Reasonable Assurance / Reasonable Progress																
Green - Substantial Assurance / Good Progress																
Advisory / AUP																
IDEA																
Governance/strategic																
Risk Management	✓		✓				✓								✓	✓
HMICFRS inspections	✓		✓					✓								✓
Performance management	✓	✓	✓	✓		✓	✓	✓						✓		
Integrated Risk Management Plan	✓	✓	✓	✓			✓	✓					✓			
Governance	✓		✓				✓	✓					✓			
Strategic Assessment of Risk	✓		✓				✓	✓								
Programme 2020	✓	✓	✓				✓	✓					✓			
Service Improvement Plan	✓	✓	✓				✓	✓								✓
Police/fire collaboration	✓		✓		✓			✓								✓
IT																
ICT Contract Management	✓		✓				✓									
New Payroll, HR and OD system	✓	✓	✓				✓									
Emergency Services Network	✓		✓	✓			✓									
IT Transformation Programme	✓		✓	✓			✓									✓
ICT Strategy	✓		✓													✓
Software Licensing + IT Software Assets tracking	✓		✓													✓
Cyber security	✓		✓				✓									
GDPR/Data protection/information management	✓		✓	✓			✓						✓			
Business continuity and disaster recovery	✓		✓	✓				✓					✓			✓
Finance																
Medium term financial planning	✓	✓	✓	✓			✓	✓	✓						✓	
Efficiencies/savings programmes	✓	✓	✓	✓			✓	✓	✓							
Value for money	✓	✓	✓	✓			✓	✓		✓						
Budgetary Control	✓		✓	✓			✓	✓								
Key Financial Controls	✓	✓	✓	✓			✓	✓		✓						✓
Procurement/contract management	✓		✓	✓			✓						✓	✓		
HR Transaction Processing and Payroll	✓	✓	✓	✓					✓				✓			✓
Income generation and management	✓		✓	✓			✓						✓			✓
Estates																
Estates strategy	✓		✓				✓	✓	✓							✓
Health and safety	✓	✓	✓	✓			✓	✓						✓		
Property Maintenance	✓		✓				✓									✓
People																
Recruitment and retention	✓	✓	✓					✓								✓
Culture	✓		✓	✓			✓	✓	✓				✓			✓
Wellbeing	✓		✓					✓							✓	
People Structures Planning & Utilisation	✓		✓				✓	✓								✓
Training and Development	✓	✓	✓					✓		✓			✓			
Appraisals & Development	✓	✓	✓					✓								✓
Communication and Engagement	✓		✓					✓								
Safeguarding	✓	✓	✓					✓								
Other																
Fleet	✓		✓				✓	✓								✓

APPENDIX B: QUESTIONNAIRE RESPONSES

The following questions were included in a questionnaire provided to Members of the Authority, with a selection of responses detailed below. The questionnaire was issued to 20 Members of the Authority, and after four weeks, responses were received from three.

Question	Average score
1. The Authority understands the organisation's objectives, challenges and risks including current areas of particular focus and major projects?	4 (fully agree / demonstrated)
2. The terms of reference adequately define the roles and responsibilities of the Authority and the actions we take align with these terms of reference?	4 (fully agree / demonstrated)
3. I understand the Authority's governance structure and the assurance framework in place.	4 (fully agree / demonstrated)
4. I understand the strategic direction the Authority seeks to take in the next five years.	4 (fully agree / demonstrated)
5. As a group, I believe the Authority has sufficient skills and experience to undertake its role effectively.	3 (yes, but room for improvement)
6. The Authority has the right mix of personalities to enable it to undertake its role effectively?	3 (yes, but room for improvement)
7. The Authority reviews its meetings, impact and outcomes and considers its areas of coverage relating directly to the organisation's strategic objectives?	4 (fully agree / demonstrated)
8. The quality, content and timeliness of reports presented to the Authority are satisfactory and they provide sufficient information to aid the Authority decision making?	3 (yes, but room for improvement)
9. I believe all members are well prepared for each meeting and will have read all papers and reports.	3 (yes, but room for improvement)
10. Members are engaged in horizon scanning to ensure the Authority is focused on future risks and assurance needs as well as current and past risks and assurance?	3 (yes, but room for improvement)
11. There is an appropriate balance between supporting the management team by imparting experience while members maintain an appropriate level of independence and challenge?	4 (fully agree / demonstrated)
12. The assurances provided to the Authority on the effectiveness of risk management, governance and internal control is based on a broad range of assurances received and evidence obtained from across the business?	3 (yes, but room for improvement)
13. The Authority actively requests information to support and help it to discharge its duties and responsibilities?	3 (yes, but room for improvement)
14. The Authority identifies the development needs of its members and seeks to address those development needs, including through external training?	3 (yes, but room for improvement)
15. Where there are any potential knowledge gaps, the Authority takes the opportunity to co-opt members where there expertise is required?	2 (some, but weaknesses exist)
16. The induction and training process for Authority members ensured I understood the expectations of my role as an Authority member.	4 (fully agree / demonstrated)

Notable responses include:

- an average score of "2 (some, but weaknesses exist)" for question 15 regarding the co-opting of members where expertise is required. The allocation of members to a sub-committee based on political proportionality has been identified as a weakness during this audit; and
- responses concerning the late provision of reports and how it may be more beneficial to receive papers further in advance of Authority meetings for question 8 regarding the timeliness of reports presented to the Authority.

APPENDIX C: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Risk	Control design not effective*		Non-compliance with controls*		Agreed actions		
	Low	Medium	High	Low	Medium	High	
Governance Structure	1	(4)	1	(4)	2	0	0
Attendance and Outputs	0	(4)	3	(4)	1	0	0
Assurance Framework	1	(1)	0	(1)	0	1	0
Total	3	1	0	0	3	1	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

APPENDIX C: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on how the Service manages the following area:



Objective of the area: To ensure the Fire Authority is underpinned by an appropriate governance structure and assurance framework so that it can discharge its duties to resource the service to commensurate with the level of risk present in the area, and to address the priorities of the fire and rescue national framework.

Objective of the audit: To assess the adequacy and effectiveness of the governance and assurance frameworks in place, against good and expected practice across the sector.

Additional management concerns

The Fire Authority has had 50% change in its members as a result of the local elections in May 2019, and the Constitution was updated in late 2019.

We were informed that the current assurance framework was developed in 2016, and therefore may require updating. This will be done following the audit, taking into consideration any feedback or actions raised in this audit.

When planning the audit the following areas for consideration were agreed:

We will review and assess whether the current governance structure / constitution supporting the Fire Authority is effective, reflects good practice, and is being applied in practice to enable the Authority and the Fire Service to meet its strategic and operational objectives.

We will look at the process for allocating members to each sub-committee, whether this lies under the control of AFRS or the councils, and how the skills mix is assessed.

We will review attendance and outputs from the Authority and sub-committee meetings.

We will benchmark the structure against other Fire Authorities.

We will walk through the flows of assurance to the Authority and assess whether this is sufficient to enable the Authority to discharge its responsibilities effectively, and whether this mirrors the current assurance framework developed by the Fire Service.

As part of this audit we will look to gather feedback from members of the Fire Authority via a questionnaire to understand their view on governance and assurance, as well as their experience of induction / training.

Limitations to the scope of the audit assignment:

We will not test or comment on the accuracy / data quality of the information being presented to the Fire Authority and its sub-committees.

We will not provide assurance that the Authority / Service has identified all its strategic risks.

Testing will be undertaken on a sample basis only.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

The results of our work are reliant on the quality and completeness of the information provided to us.

Debrief held	23 July 2020
Draft report issued	7 August 2020
Responses received	12 August 2020
	24 August 2020
Final report issued	12 August 2020
Revised Final report issued	25 August 2020

Internal audit Contacts Mark.Jones@rsmuk.com / 07768 952387
Victoria.Gould@rsmuk.com / 07740 631140

Client sponsor Angie Feeney - Deputy Director of Corporate Services
Jane Williams-Lock - Corporate Assurance Manager
Helen Dumbarton - Business Planning and Assurance Officer

Distribution Angie Feeney - Deputy Director of Corporate Services
Jane Williams-Lock - Corporate Assurance Manager

rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Avon Fire and Rescue Service, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.