

## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

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MINUTES of the Meeting of the Audit and Governance Committee held on Monday, 28 November 2022 at Kent Fire and Rescue Service Headquarters, The Godlands, Tovil, Maidstone, Kent, ME15 6XB.

PRESENT: - Mr P Cole, Mr N Collor, Ms S Hudson, Mr V Maple, Mr C Simkins, Mr M Sole and Mr S Tranter.

APOLOGIES: - Mr A Booth, Mr P Harman and Ms C Parfitt-Reid.

OFFICERS:- The Chief Executive, Miss A Millington QFSM; the Director, Finance and Corporate Services, Ms A Kilpatrick; Director Prevention, Protection, Customer Engagement and Safety, Mr J Quinn; Director Response and Resilience, Mr R Rist; Assistant Director, Operations, Mr M Deadman; Head of Finance, Treasury and Pensions, Mrs N Walker; Head of Finance, Treasury and Pensions, Mr B Fullbrook and the Clerk to the Authority, Mrs M Curry.

ALSO IN ATTENDANCE: - Mr P Cuttle, Grant Thornton and Ms F Smith, Kent County Council (KCC) Internal Audit.

### UNRESTRICTED ITEMS

#### 14. Chair's Announcements

*(Item A1)*

- (1) The Chair welcomed Paul Cuttle from Grant Thornton to the meeting
- (2) The Chair welcomed Frankie Smith from KCC Internal Audit to the meeting.

#### 15. Membership

*(Item A2)*

- (1) The Chair welcomed Mike Sole to his first meeting of this Committee.
- (2) The Chair, on behalf of the Committee, gave thanks to Dan Daley for his hard work and dedication not only to this Committee but to the Authority following his recent announcement to stand down.

#### 16. Minutes

*(Item A3)*

- (1) RESOLVED that:
  - (a) The minutes of the Audit and Governance Committee held on 22 September 2022 be signed as a true and correct record.

#### 17. Update on Statement of Accounts and Letter of Representation for 2021/22

*(Item B1 – Report by Director Finance and Corporate Services)*

- (1) The Committee considered a report on the Financial Statements for 2021/22, the audit work that has been undertaken to date as well as the Letter of Representation for 2021/22.
- (2) The Committee requested that the wording within Recommendation 2 of the report be amended (shown in bold) to the following:

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*'agree that if any material issues arise in the Financial Statement that **have a major financial impact** to the draft Financial Statements, then an urgent meeting of this Committee will be arranged'.*

- (3) RESOLVED that:
- (a) any minor changes to the draft Financial Statements can be agreed by the Director, Finance and Corporate Services, in consultation with the Chair of this Committee, be approved.
  - (b) any material issues that arise in the Financial Statements that have a major financial impact to the draft Financial Statements, then an urgent meeting of this Committee will be arranged.
  - (c) the draft Letter of Representation in relation to the 2021/22 accounts, as attached at Appendix 1 to the report, be approved.

#### **18. External Auditors' Findings Report 2021/22**

*(Item B2 – Report by Director Finance and Corporate Services)*

- (1) The Committee considered the External Auditors Audit Findings Report in relation to the 2021/22 financial year, in accordance with the requirements of the International Standard on Auditing (UK and Ireland). Mr Paul Cuttle from Grant Thornton, introduced the Audit Findings Report and advised Members that: -
- (a) At the time of drafting the report, there are still several areas that are yet to be concluded in their review, details of which are outlined in Appendix 1 to the report.
  - (b) the External Auditors, subject to completing the outstanding work, expect to issue an unmodified audit report in respect of the Authority's Financial Statements for 2021/22.
  - (c) the External Auditors are yet to complete all of the Value For Money (VFM) work so are not in a position to issue the Auditors' Annual Report. This is expected to be issued by 28 February 2023. This is in line with guidance issued by the National Audit Office, details of which are contained within Appendix 1 to the report.
  - (d) Following a discussion around the increased challenge of assessing valuations against specialised assets and the need for more detailed information to be provided to the Auditors to support their audit, Mr Maple asked whether there was any learning for this Authority in terms of being better prepared and armed with the correct information in advance. In response the Director Finance and Corporate Services agreed and said that now there is that understanding of what type of information is required to support valuations the team can ensure that this is obtained and supplied in advance.
  - (e) The Committee provided their thanks to Paul Cuttle and the External Auditors for the work they have undertaken whilst recognising the difficulties they have faced in doing so. In response Paul Cuttle thanked Members for their comments and also added his thanks to the Director Finance and Corporate Services and her Finance Team for the good quality of workings that were produced. He added that it was unusual for Authorities' Audit Adjustments to be just on one page with very few issues raised.
- (2) RESOLVED that:
- (a) the matters raised in the annual Audit Findings Report for 2021/22, be approved.
  - (b) the remaining contents of the report be noted.

**19. Audit Committee Update**

*(Item B3 – Report by Director Finance and Corporate Services)*

- (1) The Committee considered a report on the recent review that CIPFA has undertaken with regards to the documentation that supports Audit Committees within the Public Sector which included a new Position Statement, as attached at Appendix 1 to the report.
- (2) The Committee also considered an update on the progress made on the procurement exercise undertaken by the Public Sector Audit Appointments (PSAA) for the appointment of the Authority's External Auditor from 1 April 2023, details of which are attached at Appendix 2 and 3 to the report.
- (3) Mr Tranter said that he fully supports the recruitment of an Independent Member to join the Audit and Governance Committee to ensure that there is that separate voice to which Mr Maple supported.
- (4) RESOLVED that:
  - (a) the new Position Statement issued by CIPFA, as attached at Appendix 1 to the report, be noted.
  - (b) a recommendation be given to the Authority on the recruitment of an Independent Member to sit on the Audit and Governance Committee, be approved.
  - (c) the appointment of Grant Thornton as the Authority's External Auditors, be approved in principle.

**20. Corporate Risk Register**

*(Item B4 – Report by Director Finance and Corporate Services)*

- (1) The Committee considered the latest update on the Corporate Risk Register.
- (2) RESOLVED that:
  - (a) the amendment to the Risk Register as shown in Appendix 1 to the report, be approved.
  - (b) the addition of a new risk to the Register in relation to the heavy fleet and vehicle servicing maintenance function being brought in-house, be approved.
  - (c) The contents of the report be noted.

**21. Treasury Management and Investment Strategy 2023/24 – 2026/27**

*(Item B5 – Report by Director Finance and Corporate Services)*

- (1) The Committee received the draft Treasury Management Strategy for the 2023/24 financial year to considered prior to this being presented to the Authority meeting in February 2023.

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(2) RESOLVED that:

- (a) the Treasury Management and Investment Strategy for the 2023/24 financial year, be approved in principle.

**22. Internal Audit Mid-Year Update 2022/23**

*(Item C1 – Report by Director Finance and Corporate Services)*

- (1) Ms F Smith from KCC Internal Audit, introduced for Members' consideration, the Internal Audit Mid-Year report. The report provided an update on the progress undertaken to date in relation to the 2022/23 Audit Plan which was agreed by Members back in April.
- (2) In response to a question raised by Mr Cole around fraud and security breaches resulting in the need to change passwords, Ms Smith responded by saying that if such situations arose, then Internal Audit, alongside Officers of the Authority would work closely with KCC's Counter Fraud Team on the best course of action needed to address the issue in question.
- (3) RESOLVED that:
  - (a) The contents of the report be noted.