

AUDIT AND PERFORMANCE REVIEW COMMITTEE
(Devon and Somerset Fire and Rescue Authority)

13 May 2010

Present:-

Councillors Dyke (Chairman), Burridge-Clayton, Gribble, Mills and Viney.

Apologies:-

Councillors Radford and Way.

Also in attendance:

Steve Brown (Audit Commission)
Rob Hutchins (Devon Audit Partnership)

***APRC/21. Minutes**

RESOLVED that the Minutes of the meetings held on 26 November 2009 and 15 February 2010 be signed as a correct record.

***APRC/22. Declarations of Interest**

Members of the Committee were invited to consider whether they had any **personal/personal and prejudicial interests** in items as set out on the agenda for this meeting and declare any such interests at this time.

No interests were declared.

***APRC/23. Audit Commission Items – Audit Progress Summary, Audit Opinion Plan 2009/10 and Audit Fee Letter 2010/11**

The Committee received for information the following documents provided by the Audit Commission and issued – due to the time of their receipt – as supplementary items to the agenda for this meeting.

(a) Audit Progress Summary

This document outlined, amongst other things:

- work largely completed by the Audit Commission as set out in the agreed Plan for 2009/10 – specifically the interim (control environment and systems) audit 2009/10;
- work in progress – specifically Use of Resources 2009/10 and liaison with the Service finance department on the implementation of the International Financial Reporting Standards; and
- Audit Commission events and national reports including:
 - the March 2010 launch by the Treasury and the Department for Communities and Local Government (CLG) “Total Place: A whole area approach to public services” on the future of the Total Place initiative and the role of the Audit Commission in this;

- publication of the Audit Commission documents “Surviving the Crunch” and “The Truth is Out There” dealing, respectively, with the impact of the recession on public service funding and data held by public authorities;
- publication by the Audit Commission and its partner inspectorates of the Oneplace national overview report which, whilst identifying that the overall picture across public services was broadly one of improvement, concluded that lessons could be learned and benefits realised by more co-operative working;
- the latest Audit Commission briefing on the introduction in local government of the International Financial Reporting Standards.

(b) The Audit Opinion Plan 2009/10

This document outlined report to be undertaken by the Audit Commission in relation to the Authority’s financial statements for 2009/10, based upon the Commission’s risk-based approach to audit planning and reflecting:

- audit work specified by the Commission for 2009/10;
- current national risks relevant to local circumstances; and
- local risks.

Specifically, it was proposed that work should be undertaken on:

- the Authority’s fixed assets system;
- the presentation of the Authority’s 2009/10 Financial Statements arising from revisions to the Chartered Institute for Public Finance Accountancy (CIPFA) Statement of Recommended Practice (SoRP);
- administration by South West One (SW1), via Somerset County Council, of the Authority’s payroll system;
- the introduction of the International Financial Reporting Standards and in particular the treatment in the Financial Statements of the Public Finance Initiative contract in relation to the joint Service Severn Park training centre.

Members raised concerns as to the issues in relation to the provision of payroll services by SW1. In response, the Audit Commission and the Service responded that there was a regular dialogue with SW1 to identify and resolve any issues. Additionally, SW1 was to introduce a new payroll system and during this process there would be parallel running with the existing system for quality assurance purposes. The contractual arrangement had been reduced from a three to a one-year period affording the Service greater flexibility to withdraw from the arrangement should circumstances so dictate.

(c) Audit Fee Letter 2010/11

The letter set out the agreed fee for 2009/10 together with the planned fee for work to be undertaken in 2010/11. In response to questions from Members, the Audit Commission confirmed that it would be meeting the costs associated with additional work required in 2010/11, related to issues such as the implementation of the International Financial Reporting Standards, and that the Authority would receive, in December 2010, a refund representing the 6% increase on the Audit Commission fees for 2009/10. Consequently, the level of Audit Commission fees for the Authority in 2010/11 would be the same as for the previous year.

(SEE ALSO MINUTE *APRC/25 BELOW

***APRC/24. Performance Report: April 2009 to March 2010**

The Committee received for information a report of the Deputy Chief Fire Officer (APRC/10/3) together with a presentation on the performance of the Service against the goals, activities and targets as set out in the Authority's Corporate Plan for the 2009/10 financial year. In particular, the following issues were highlighted:

Goal 1 – to proactively reduce risk, to save life, protect property and the environment from fire and other emergencies

- the Service performance to reduce accidental dwelling fire deaths was better than the target set – representing in excess of a 20% reduction over the 11 year period to March 2010 (an average of 5.4 fatalities per year since 1999/2000 compared to a target of no more than 6 deaths per year within that period). This was attributed to an increase in the number of fire safety and educational activities and greater engagement with Service partners. It was acknowledged that the target for the forthcoming 10 years – an average of 3.8 deaths per year arrived at by extrapolating the figures for the previous ten years – was demanding but in-keeping with the change in ethos towards more preventative and protective measures and consistent with an overall desire to eliminate fire related fatalities entirely;
- the direction of travel in relation to accidental dwelling fire casualties was positive, with the actual result of 47 significantly exceeding the target of 95 and an actual result in the previous year of 100. While the trend for this target was also good over a ten-year period, the Service was still not within the top 50% of fire and rescue services nationally and consequently the target for 2010/11 was to bring the Service within this range. The significant increase in performance was attributed to more effective targeting of appropriate resources to those most at risk;
- similarly, there was a positive direction of travel over the previous ten years for the target for reducing accidental dwelling fires, attributed to increases in educational and prevention activities such as the number of working smoke alarms. For 2010/11 the Service would be aiming to be in the top 50% of fire and rescue services nationally in relation to performance against this target;
- there had been a significant increase in the number of home fire safety visits over the previous year. The Service was working with partner agencies to more effectively target this approach and address harder to reach groups, consequently the target would be reduced for 2010/11. This target was aimed at private dwellings although, in response to questions raised, reference was made to the recently-produced DVDs that could be used by Members to raise the issue of fire safety measures in houses of multiple occupation (HiMOs) with partner agencies;
- improved performance had been achieved in relation to the target for deliberate fires – the Service being the only one in the region to have secured a significant reduction. The Arson Reduction Team had been instrumental in securing this result and for 2010/11 the Service was aiming to be within the top 25% of fire and rescue services nationally for performance against this target;
- there had been a slight increase in the number of non-domestic property fires over the previous year although it was felt that this was as a result of the introduction of a new Incident Recording System which was now capturing more incidents than had previously been recorded. Nonetheless, the Service was aiming for 2010/11 to be within the top 25% of all fire and rescue services nationally for performance against this target.

Goal 2 – to be an employer of choice

- Actual performance (an average of 8.02 shifts/days lost per person) was better than the target set (9 .55 days) and represented a continuation of the trend commenced in the previous year. While not attributable to any single service intervention it appeared that the overall improvements and focus the Service had made in welfare was starting to produce consistent results.

Goal 3 – To provide an effective, efficient and economic service

- The number of complaints received (33) was considerably less than those recorded the previous year (42). The complaints in the main related to appliance movements to incidents and activities the public perceived as being inappropriate behaviour. The reduction in complaints received was considered a significant achievement given the number of operational incidents attended (c. 18,000) and fire safety activities (c. 32,000) undertaken throughout 2009/10;
- expenditure against approved budget indicated a small (0.4%) underspend;
- predicted savings resulting from combination had been exceeded;
- there was a positive direction of travel in relation to reductions in false alarms, with the Service now performing within the top 25% of all fire and rescue services nationally.

In conclusion, Members commented that there was much to commend in the performance of the Service over the past twelve months, indicating that the combination process was now beginning to deliver tangible benefits. All staff were congratulated on this achievement.

***APRC/25. International Financial Reporting Standard (IFRS) - Update**

The Treasurer reported, for information, on progress made towards the introduction, from 2010/11, of the new International Financial Reporting Standards in relation to the production of annual Financial Statements for the Authority.

A meeting had been held with the Audit Commission on 30 March 2010 which had confirmed its satisfaction with measures undertaken to date to secure implementation. The approved 2010/11 budget included provision to increase the capacity of the Service finance department necessary to ensure effective implementation of the new systems which would feature, amongst other things, variations to the treatment – for accounting purposes – of different types of lease and the need to identify on the balance sheet employee benefits (e.g. flexi-leave, time-off-in-lieu [TOIL] etc.).

(SEE ALSO MINUTE *APRC/23 ABOVE).

***APRC/26. Audit and Review Service Policy and Plan**

The Committee considered a report of the Director of Corporate Services (APRC/10/4) together with a presentation on the production of an Internal Audit Service policy (as appended to the report) setting out the purpose, role and scope of the Audit and Review Team's work for the Devon & Somerset Fire & Rescue Service. The Team now comprised two full-time non-uniformed staff with a specific auditing background and had been established by a re-distribution of existing resources to strengthen the Authority's performance and capability in relation to internal audit.

The new structures in place eliminated any duplication of work and provided a clear delineation between:

- the work of the Devon Audit Partnership (which would focus upon audits of the Service financial systems); and
- the work of the Audit and Review Service Team which would concentrate on corporate and operational risks across the Service.

Appended to the report was an internal audit and review three year plan developed in conjunction with the Devon Audit Partnership, together with a provisional 2010/11 plan for those areas of work relating to financial systems to be undertaken by the Devon Audit Partnership.

RESOLVED

- (a) that the draft Internal Audit Service policy as appended to report APRC/10/4 be approved;
- (b) that the audit and review three-year plan 2010 – 2012 attached as Appendix B to the report be approved;
- (c) that the provisional plan for those areas of work relating to financial systems to be undertaken in 2010/11 by the Devon Audit Partnership, attached as Appendix C to the report, be approved.

***APRC/27. Annual Internal Audit Report 2009/10**

The Committee received for information a copy of a report prepared by the Devon Audit Partnership (DAP) on its work undertaken on behalf of the Service in 2009/10 against the agreed Audit Plan for that year. The report highlighted the key areas of work undertaken, based upon a risk-based and assessed approach, and summarised the DAPs main findings recommendations aimed at enhancing the control of risks. Accompanying the report was a document setting out the Service's response to the High Priority issues as identified in the DAP report in areas including:

- maintenance of active users within Integra (the Service main accounting system);
- completion and review of flexi-card records;
- completion of Purchase Card transaction logs;
- petty cash;
- inventory records; and
- payroll processing.

The DAP report concluded that, overall, the majority of systems in place were well developed, with sound control processes in place and staff committed to ensuring that correct processes and procedures were followed.

*** DENOTES DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 10.00hours and finished at 11.35hours.