

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

10 July 2015

Present:-

Councillors Edmunds, Greenslade (vice Singh), Healey, Horsfall, Radford, Randall Johnson and Way.

***APRC/1. Election of Chair**

RESOLVED that Councillor Radford be elected Chair of the Committee until the first meeting after the Annual General Meeting of the Authority in 2016.

***APRC/2. Minutes**

RESOLVED that the Minutes of the meeting held on 12 May 2015 be signed as a correct record.

***APRC/3. Election of Vice Chair**

RESOLVED that Councillor Edmunds be elected Chair of the Committee until the first meeting after the Annual General Meeting of the Authority in 2016.

***APRC/4. Grant Thornton Update**

The Authority's external auditor, Grant Thornton, submitted for information a report setting out the progress made in delivering its responsibilities to the Devon and Somerset Fire and Rescue Authority up to 1 July 2015. Peter Barber, representing Grant Thornton, attended the meeting to present the report, which covered emerging issues and developments, including:

- The progress made on the interim accounts and the 2014-15 final accounts audits, together with the Value for Money conclusion;
- A new document that had been issued by Grant Thornton entitled "Spreading their Wings" which was aimed at providing advice and guidance on setting up a local authority trading company and making it successful, and;
- A document setting out Member guidance on the accounts, including explanations of the key features of the primary statements and notes that make up the financial statements.

***APRC/5. Draft Annual Statement of Assurance 2014-15**

The Committee considered a report of the Audit and Review Manager (APRC/15/8) to which was appended the draft 2014-15 Annual Statement of Assurance. The document had been prepared to satisfy the requirements of the Accounts and Audit (England) Regulations 2011 and the current iteration of the Fire and Rescue National Framework for England. It set out the measures taken by this Authority to ensure appropriate business practice, high standards of conduct and sound governance and was both backward and forwards looking, identifying issues from the 2014-15 financial year that needed to be addressed.

The document also reflected guidance issued by the Chartered Institute of Public Finance Accountancy (CIPFA) and the Society for Local Authority Chief Executives (SOLACE) on effective corporate governance.

The Committee raised a number of questions in relation to the draft Annual Statement of Assurance for 2014-15, including:

- How it could be assured that the document provided a true reflection of the Authority's performance;
- Why there had not been any progress made with assurance on Information & Communications Technology (ICT) issues in 2014-15;
- What level of assurance would the Authority receive from the audit work to be undertaken on ICT in percentage terms;
- What was the position in respect of the Authority's Corporate Risk Register where these issues should be logged.

The Audit and Review Manager responded that a Corporate Governance Group consisting of key service managers had met several times to discuss the content of the Statement of Assurance and the progress made. It was suggested, however, that Member involvement in this process would assist in giving the assurance required. The Clerk indicated that a Workshop could be set up prior to formal approval of the Statement of Assurance on 28 September 2015 and that Members would be invited to participate.

In relation to the ICT audit assurance work, the Audit & Review Manager advised that this would be carried out by the Devon Audit Partnership (DAP) as part of the Shared Service approach to delivering the Internal Audit Plan. DAP had been asked to complete a risk assessment of the current ICT control environment and this would be used to draw up a specific ICT Audit Plan as a basis on which to schedule future ICT assurance work. The Clerk reported that a new ICT Strategy was being prepared and this would be circulated to the Committee at an early stage. In terms of the Corporate Risk Register, the Clerk advised that the Committee already had delegated power to consider this and that this could be added as a regular item on the agenda for consideration.

Councillor Randall Johnson **MOVED** (and was seconded by Councillor Healey) that:

"the recommendations in report APRC/15/8 be amended to include additional points as follows:

- (a) that a Workshop be arranged for early September 2015 to review the draft Statement of Assurance with a particular focus on the Information and Communications Technology aspects and that the Committee be invited to participate;
- (b) that the Authority's Corporate Risk Register be added as a standing item on the agenda for future meetings of this Committee; and,

with the remainder of the recommendations as printed".

Upon a vote, the motion was **CARRIED** unanimously.

RESOLVED

- (a) that a Workshop be arranged for early September 2015 to review the draft Statement of Assurance with a particular focus on the Information and Communications Technology aspects and that the Committee be invited to participate;

- (b) that the Authority's Corporate Risk Register be added as a standing item on the agenda for future meetings of this Committee; and,
- (c) that, subject to (a) above, the Authority's draft Annual Statement of Assurance 2014-15, prepared to satisfy the requirements of the Accounts and Audit (England) Regulations and the Fire & Rescue Service National Framework and as appended to report (APRC/15/8), be approved in principle;
- (d) that the Statement be submitted as part of the audit process for the 2014-15 Statement of Accounts and a further report submitted to the September 2015 meeting seeking approval to the final Statement, subject to incorporation of any issues identified during the audit process.

***APRC/6. Draft Statement of Accounts 2014-15**

The Committee considered a report of the Treasurer (APRC/15/9) to which was appended, in the format required by the International Financial Reporting Standards (IFRS), the Authority's Statement of Accounts for 2014-15.

The Treasurer drew particular attention as part of a presentation at the meeting to the following four key statements within the accounts:

- the Comprehensive Income and Expenditure Statement (CIES);
- the Movement in Reserves Statement (MIRS);
- the Balance Sheet; and
- the Cash Flow Statement

each of which was expanded on in the report. He also referred to an explanation of the position on pensions which had been included as an Appendix to the report for reference.

The Accounts and Audit Regulations 2011 required the draft Statement of Accounts to be prepared and certified by the Chief Finance Officer as a true and fair record by 30 June each year; and formally be approved by the Authority, following audit, by 30 September each year.

The 2014-15 accounts were presented to the Committee at this stage as a matter of good practice and would be submitted for formal approval, following audit, at the meeting scheduled for 28 September 2015.

Reference was made to the number of pension schemes that the Service had to deal with and the point that staff were able to be retired and re-employed and still join the Local Government Pension Scheme. The question was asked as to whether the Service could offer a different pension scheme in these circumstances. The Treasurer undertook to report back at the meeting in September 2015 on this matter.

A further question was raised as to the reason for the significant increase in the pension liability of over £100m as included in the latest balance sheet. The Treasurer advised that this was as a result of the latest actuarial assessment of the firefighter pension schemes which had forecast an increase in the long term liability of the scheme. He undertook to bring back a fuller explanation to the September meeting.

RESOLVED that the Committee notes the draft 2014-2015 Statement of Accounts,

***APRC/8. New Style Performance Report**

The Committee received for information a presentation given by the Area Manager (Analysis and Development) at the meeting in respect of the progress that had been made with the new style performance report. This encompassed details of the proposed new performance management framework to which the Service's vision, mission statement and aims were being aligned. A copy of the draft Shadow Performance Report based on the statistics for 2014-15 was circulated at the meeting for information.

The Committee supported this document as a basis on which the performance reporting could be moved forward and noted the progress made.

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

The meeting started at 10:00hours and finished at 12.12hours