

**AUDIT & GOVERNANCE COMMITTEE**  
(Devon & Somerset Fire & Rescue Authority)

16 July 2024

Present:

Councillors Roome (Chair), Biederman, Clayton, Coles, Fellows, Kerley (Vice Chair), Prowse and Sully

Independent, Co-opted Members:

Messrs. Perks and Turkington

Apologies:

Councillors Sellis

\* **AGC/24/1**      **Minutes**

**RESOLVED** that the Minutes of the meeting held on 16 March 2024 be signed as a correct record.

\* **AGC/24/2**      **External Audit Plan 2023-24**

The Committee received for information a report of the Authority's external auditor, Bishop Fleming, setting out the nature and scope of the audit work to be undertaken for the 2023-24 financial statements and value for money arrangements. This work was to be carried out in accordance with the National Audit Office's Code of Practice and International Standards on Auditing.

Nathan Coughlin, partner at Bishop Fleming, was present at the meeting and gave an overview of the audit to be undertaken on the 2023-24 financial statements. He indicated that he had reviewed the previous auditor's findings and the significant risks to be examined were similar to those identified in 2022-23 by Grant Thornton. Such risks included, at Group Accounts level, the Authority's trading company which was generating substantial revenue and where there would be a need for liaison with the company's auditor (Albert Goodman) for consolidation into group accounts.

The report also included a timetable together with details of the fees applicable for the 2023-24 audit of financial statements (£103, 738) in accordance with the scale set out by the Public Sector Audit Appointments (PSAA) scheme (effective for five years from 2023-24).

The Committee enquire whether any further individual audit fees may be forthcoming on top of the scale fees. Nathan Coughlin responded that there may be a need to examine the Private Finance Initiative (PFI) issue in depth and ISO315 and thus, there may be additional fees circa. £0.005m for this work. The question was also raised as to how much the cost of auditing Red One Ltd. added to this process. Nathan Coughlin responded that he would provide an answer on this matter in due course but he was aware of changes in audit requirements in 2024-25 that would impact this.

\* **AGC/24/3** **Internal Audit Progress Report**

The Committee received for information a report of the Assistant Director, Corporate Services (AGC/24/11) that provided an update on the actions taken to address the findings of audits which had received a limited assurance opinion.

It was noted that good progress had been made in some areas although the number of actions where the timeline had been extended was of concern.

Good progress had been made in addressing the following two audit reports:

- Application of learning; and
- Productivity of the workforce.

Of the 132 outstanding actions (92 medium, 40 high risk), there were 9 high priority actions that had not been subject to deadline extensions. The Assistant Director, Corporate Services advised that these included the Safeguarding and Information Security audits. These matters would be clarified in future reports to the Committee.

Attention was drawn to the point that some of these deadline extensions were in excess of 12 months which was of concern to the Committee. The Assistant Director, Corporate Services, advised that this matter had been raised with the Executive Board. There were some links to matters such as His Majesty's Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS) actions and others outside of the control of the Service such as delays with new information technology being purchased. Mr Perks commented that Chart 2 in the report circulated referred to 22 actions which had deadlines extended by more than a year but others in Appendix A that had actions that were partially complete. He suggested that it would be useful to re-assess the level of concern and the prioritisation of actions based upon the percentage completion of the actions in a report in order to reflect the good work that had been completed. He also requested that bar charts were used in future reports rather than screen shots from SharpCloud to make the position clearer which was accepted.

\* **AGC/24/4** **Draft Annual Statement of Assurance 2023-24**

The Committee considered the draft Annual Statement of Assurance for 2023-24, as appended to this report and required to comply with the requirements of the Accounts and Audit Regulations 2015 (as amended) and the Fire & Rescue Services National Framework for England.

Consideration was given to the following points raised by the Committee for inclusion in the draft Annual Statement of Assurance (ASA):

- paragraph 3.6 and the point that this paragraph did not state how many staff had received a DBS check already as it was considered that this was a risk that should be highlighted within the ASA. The Assistant Director, Corporate Services, advised the Committee that the Service had undertaken a risk based approach to the new requirements for DBS checks and this matter was also being tracked for HMICFRS;

- there were 64 complaints highlighted within the ASA with 31 resolved but it was hard to identify what the exact position was and the numbers didn't seem to add up. It was suggested that a simple table be added to the ASA to address this matter:
- numbers of Directors to be included in the description of the composition of the Board of Red One Ltd. to allow the reader to understand the size of the Board: and
- planned completion dates for the actions in Appendix A to be amended to month and calendar year.

The Assistant Director, Corporate Services agreed to include these points prior to submission of this document to the auditor.

### **RESOLVED**

- (a). that, subject to inclusion of the points raised above, the draft Annual Statement of Assurance as appended to report AGC/24/12, required to accompany the 2023-24 financial statements, be approved in principle with the caveat that section 18 was subject to the completion of the external audit work; and
- (b). that the draft Annual Statement of Assurance be submitted to the External Auditor alongside the draft Statement of Accounts for the same financial year.

### \* **AGC/24/5 Corporate Risk Register**

The Committee received for information a report of the Assistant Director, Corporate Services (AGC/24/13) that provided an update on the Corporate Risk Register. The Corporate Risk Register (CRR) captured and described the most significant risks, both internally and externally, facing the Devon & Somerset Fire & Rescue Service ("the Service"), with a focus on cross-cutting risks and major projects and was reported to the Committee on a bi-yearly basis.

The risk management process included the identification, assessment and recording of risks together with mitigating activities. The Service's Risk Manager advised that there were currently 12 risks entered on the Corporate Risk Register with 1 risk added and 5 de-escalated to local and thematic risk and no risks closed. Of the 12 risks on the CRR currently, 5 were high risk. The five high risks on the CRR were:

- CR044 - Cyber-attack causes sustained business systems outage, risk owner – Assistant Director, Corporate Services (SIRO). Risk added September 2018. Risk remains indefinitely on register;

- CR055 - (SSC003) Failure to thoroughly investigate and learn from safety events and take corrective action to prevent foreseeable reoccurrences. Risk owner – Assistant Director, Corporate Services. This risk was added December 2019. Based on current progress it was anticipated that this risk would not be de-escalated within the next six months;
- CR079 - Inability to assure ourselves that the HFS data created, held and reported on is correct. Risk owner – Assistant Chief Fire Officer – service Delivery. This risk was added February 2022. It was anticipated that this risk should be de-escalated by the end of 2024;
- CR082 – inability to maintain and provide safe Academy training facilities. Risk owner Assistant Chief Fire Officer – Service Delivery Support. This risk was added in April 2024 with a Contingency Response Team stood up on 4 April 2024, next meeting 9 July 2024;
- CR086 - lack of suitable workshop facilities and pits at Barnstaple and Crownhill Fire Stations. This risk was added to the register May 2024. Risk owner Assistant Chief Fire Officer – Service Delivery Support..

The report set out details of the current position in respect of each of the 5 high risks together with information on how long each risk had been on the Register. Based on current progress, it was noted that CR055 remained on the CRR whilst CR070 had been de-escalated to the Health & Safety thematic risk register as previously reported.

Mr Perks drew attention to the need to ensure that the difference between “static” and “dynamic” risks was identified within this report. The risk of Cyber Threat was likely to remain static (CRR044) whilst that for CRR086 would be dynamic and thus, likely could be removed in due course. This point was acknowledged and would be addressed in future reports.

Attention was also drawn to the point that risk CRR055 had not been de-escalated and the impact of this in the public arena. The Assistant Director, Corporate Services, advised that the Service had been working through the actions for some time. There had been systems that were not fit for purpose which had resulted in a backlog of reports and work to improve the safety culture was ongoing but this matter was being addressed as an area of focus.

\* **AGC/24/6** **Going Concern Review**

The Committee received for information a report of the Treasurer (AGC/24/14) that provided a formal response from management to the external auditor (Bishop Fleming) on the Authority as a going concern.

The report contained a review of the financial position as at 31 March 2024 alongside an assessment of the ability of the Authority to continue operating for the foreseeable future. This covered the following areas of the Authority’s business:

- The current financial position;
- The projected financial position;

- The Balance Sheet and Cash Flow;
- Governance arrangements; and
- the regulatory and control environment

The report confirmed that the Authority was operating within a robust control environment which was evidenced through review of its assurance such as external and internal audit (neither of which had identified any significant issues in the 2023-24 financial year) and financial and operational monitoring reports to the Authority.

\* **AGC/24/7** **Annual Review of Authority Standards Arrangements**

The Committee received for information a report (AGC/24/15) that identified the Standards arrangements adopted by the Authority to secure compliance with the legislative provisions of the Localism Act 2011 and associated Regulations. The report also provided an overview of operation of the regime during the 2023-24 financial year.

\* **AGC/24/8** **His Majesty's Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS) - Update**

The Committee received for information a report of the Chief Fire Officer (AGC/24/16) setting out the progress that had been made against His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) Areas for Improvement as set out in the Action Plan appended to the report.

There were now three Areas for Improvement (AFIs) directly related to the work of this Committee (HMI-1.3-202205 - Quality Assurance of Audits and Fire Safety Checks will be reported to the Community Safety Committee). The report set out the progress made against these AFIs:

- HMI-1.-2-202202 – the Service should make sure its integrated risk management plan included clear outcomes that showed the public how it was currently mitigating risk;
- HMI-2-2-202207a – Prevention and Protection – the Service should be aware of and invest in developments in technology and future innovation to help improve and sustain operational efficiency and effectiveness; and
- HMI – 2.2-202207b – Response – the Service should be aware of and invest in developments in technology and future innovation to help improve and sustain operational efficiency and effectiveness.

It was noted that there were 18 individual actions sitting beneath these of which 7 were closed, 1 was in progress (on track), 6 had been completed and 2 had not been started but were on track. There had not been any deadline extensions since the previous report to the Committee.

One Area for Improvement, HMI-2.2-202207b (Response – Technology and Innovation), had now been marked as completed and was approved for closure by the Executive Board on 16 July 2024.

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

The Meeting started at 2.00 pm and finished at 3.40 pm