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Your ref:
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Date : 24th April 2017
Please ask for : Ray Radford
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Dear Peter,

**Devon and Somerset Fire and Rescue Authority
Financial Statements for the year ended 31 March 2017**

I refer to your letter dated 11th January requesting information from me as the Chair of the Audit and Performance Review Committee in order to provide you with a better understanding of how the Committee gains assurances over management processes and arrangements. Please find attached as Appendix A, the Committee's responses to each of the specific questions that you have raised.

I trust that this provides you with the necessary but please come back to me if there is anything further that might assist you.

Yours sincerely,

Councillor Ray Radford
Chair, Audit and Performance Review Committee.
Devon and Somerset Fire and Rescue Authority

APPENDIX A – CHAIR OF APRC RESPONSES

Fraud Risk Assessment

Auditor Question	Response
Has the Authority assessed the risk of material misstatement in the financial statements due to fraud?	Yes.
What are the results of this process?	No issues identified.
What processes does the Authority have in place to identify and respond to risks of fraud?	<ul style="list-style-type: none"> • Strategy for the Detection of Fraud and Corruption. • Whistleblowing Code (Confidential Reporting Policy). • National Fraud Initiative. • Risk and Insurance Officer. • Appointment of Statutory Officers of Treasurer and Monitoring Officer. • Internal and External Audit scrutiny. • Periodic review of anti-fraud and corruption arrangements. • Budget monitoring. • Appropriate controls to enforce segregation of duties. • Relevant training and awareness raising for managers and other staff. • Publication of Transparency Fraud Report.
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	None identified.
Are internal controls, including segregation of duties, in place and operating effectively?	Yes.
If not, where are the risk areas and what mitigating actions have been taken?	N/A.
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	None that I have been made aware of.
Are there any areas where there is a potential for misreporting?	None that I have been made aware of.
How does the Audit and Performance Review Committee exercise oversight over management's processes for identifying and responding to risks of fraud?	<ul style="list-style-type: none"> • Assurances received from Internal and External Audit reports relating to the robustness of internal control procedures, and potential areas of weakness. • Assurances from the Treasurer in relation to potential mis-statements of the Accounts. • Publication of Annual Statement of Assurance. • Reporting requirements as laid down within the approved Whistleblowing Code. • Reporting requirements as laid down within the

	<p>approved Fraud and Corruption Policy.</p> <ul style="list-style-type: none"> • Reports from the annual National Fraud Initiative exercise. • Reports from Internal Audit investigations. • Reports from the Treasurer of any suspected issues of fraud. • Fraud and Corruption Risk Assessment carried out by the Risk and Review Manager.
<p>What arrangements are in place to report fraud issues and risks to the Audit and Performance Review Committee?</p>	<ul style="list-style-type: none"> • Reporting requirements as laid down within the approved Whistleblowing Code. • Reporting requirements as laid down within the approved Strategy on the Prevention and Detection of Fraud and Corruption. • Reports from the annual National Fraud Initiative exercise. • Reports from Internal Audit investigations. • Reports from the Treasurer of any suspected issues of fraud.
<p>How does the Authority communicate and encourage ethical behaviour of its staff and contractors?</p>	<ul style="list-style-type: none"> • Staff Code of Conduct. • Employee workshops to engage on respect and ethical behaviour in the workplace. • Management and professional training. • Publication of Core Values.
<p>How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?</p>	<ul style="list-style-type: none"> • Strategy on the Prevention and Detection of Fraud and Corruption encouraging high standards of conduct and integrity. • Whistleblowing Code. <p>No significant issues have been reported.</p>
<p>Are you aware of any related party relationships or transactions that could give rise to risks of fraud?</p>	No.
<p>Are you aware of any instances of actual, suspected or alleged, fraud, either within the Authority as a whole or within departments since 1 April 2016?</p>	No.

Law and regulation

Auditor Question	Response
<p>What arrangements does the Authority have in place to prevent and detect non-compliance with laws and regulations?</p>	<ul style="list-style-type: none"> • The appointment of suitably qualified and experienced Treasurer, Monitoring Officer and Clerk to the Authority to provide assurance to the Committee that the business of the Service is conducted within the law, and to advise the Committee where there may be potential for the Authority to acting ultra vires. • Reliance that reports from the Chief Fire Officer contain sufficient information to provide assurance to the Committee that legal implications have been considered, before decisions are made. • The use of professional legal advisors. • External and internal audit reporting.
<p>How does management gain assurance that all relevant laws and regulations have been complied with?</p>	<ul style="list-style-type: none"> • Both the Treasurer and Monitoring Officer are members of the Executive Board. • Professional qualified subject matter experts are employed as Heads of Department and are members of the Service Leadership Team e.g. HR, Finance, Procurement. • Publication of Annual Statement of Assurance.
<p>How is the Audit and Performance Review Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<ul style="list-style-type: none"> • The appointment of suitably qualified and experienced Treasurer, Monitoring Officer and Clerk to the Authority. • The appointment of professional qualified subject matter experts as Heads of Department e.g. HR, Finance, Procurement. • The use of professional legal advisors. • Reliance that reports from the Chief Fire Officer contain sufficient information to provide assurance to the Committee that legal implications have been considered, before decisions are made. • External and internal audit reporting. • Publication of Annual Statement of Assurance.
<p>Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2016?</p>	<p>Yes, an assessment is being made of whether potential errors relating to cross-charging to the Authority's trading company (Red One Ltd.) between April 2013 and March 2016 has implications under the Local Government (Power to Trade) Order 2009 and State Aid legislation. This assessment is expected to be completed by the end of June/July 2017.</p>
<p>What arrangements does the Authority have in place to identify, evaluate and account for litigation or claims?</p>	<ul style="list-style-type: none"> • Risk and Insurance Team headed by the Risk and Insurance Officer holds responsibility for assessing potential litigation and claims

	<p>against the Authority.</p> <ul style="list-style-type: none"> • As members of the Fire Lawyers Network and Fire Finance Network Group issues of a national nature that may impact on the Authority are reported.
Is there any actual or potential litigation or claims that would affect the financial statements?	One Employment Tribunal claim.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	None in 2016-17.