

## **AUDIT & PERFORMANCE REVIEW COMMITTEE**

(Devon & Somerset Fire & Rescue Authority)

4 March 2020

### Present:

Councillors Coles (vice Clayton), Peart (vice Napper), Randall Johnson (vice Prowse), Saywell, Way, and Wheeler.

### Apologies:

Councillors Clayton, Healey MBE (Chair) and Prowse.

### In attendance:

Mr Ami Sidhu – Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services Service Liaison Lead

Mr Barrie Morriss – Grant Thornton (external audit)

\* **APRC/13**      **Election of Chair**

**RESOLVED** that, in the absence of both the Chair and the Vice Chair, Councillor Wheeler be elected Chair for this meeting.

\* **APRC/14**      **Minutes**

**RESOLVED** that the Minutes of the meeting held on 13 November 2019 be signed as a correct record.

\* **APRC/15**      **External Audit Progress Report and Sector Update**

The Committee received, for information, an external audit progress report and sector update from Grant Thornton (the Authority’s external auditor) covering, amongst other areas:

- A summary of emerging national issues and developments relevant to the fire & rescue service;
- An update on progress made up to February 2020 including, amongst others:
  - The completion of the financial statements audit by 31 July 2020 and value for money assessment;
  - The 2019-20 audit deliverables;
  - The audit scope and additional work required in 2019/20.

Reference was made to Appendix A of the report that set out details of the audit scope and additional work required in 2019/20. The letter set out details of the increase in fees for the 2019-20 audit of £5250 for additional work to be undertaken on top of the scale fee of £26041 together with the reasons behind this. The impact on timescale for this additional work meant that the audit would be delivered by 30 September 2020 now.

Concern was expressed in terms of the increase in fees and the quality of work that could be delivered as a result and whether this matter needed to be raised with the body responsible for Public Sector Audit Appointments (PSAA). The Treasurer responded that the mechanism for audit fees put into place by the PSAA may not be working as well as intended. She added that she was comfortable with the increase in fees proposed for this Authority given its size and the need for the auditors to deliver the quality of audit required.

*NB. Minute \*APRC/16 below also refers.*

\* **APRC/16**

### **External Audit Plan**

The Committee received for information an external audit plan for the year ending 31 March 2020 from the Authority's auditors, Grant Thornton. The Plan provided the scope and timings for the statutory audit of Devon & Somerset Fire & Rescue Authority's financial statements. It also identified, amongst others, areas of significant risks for the Service, issues of materiality and details of Value for Money arrangements.

The Committee noted that, for the audit, Grant Thornton would be focussing on five significant risks as identified within the report which were:

- The revenue cycle including fraudulent transactions (rebutted);
- Management override of controls;
- The valuation of land and buildings;
- The valuation of pension fund net liability; and
- International Financial Reporting Standard (IFRS) 16 – Leases (issued but not adopted).

Attention was also drawn to the Value for Money arrangements and a significant risk identified which was Medium Term Financial Planning.

Reference was made to the materiality level which had been set at £1.56m (2% of gross expenditure) which reflected the auditor's good experience of working with this Authority and the robust accounts that it prepared. In respect of IFRS 16 on leases, it was noted that this now had to be brought onto the Balance Sheet for public authorities which was one of the most significant accounting developments in many years. The Treasurer confirmed that work was already in hand within the Service on this matter.

The report also set out the level of proposed audit fees for the 2019-20 audit of financial statements.

*NB. Minute \*APRC/15 above also refers.*

\* **APRC/17**

### **Group Accounts for Devon & Somerset Fire & Rescue Authority & Red One Ltd.**

The Committee considered a report of the Director of Finance & Resourcing (Treasurer) (APRC/20/1) that set out the position in respect of the provision of group accounts for the Authority's trading company, Red One Limited.

Under the Chartered Institute for Public Financial Accountants Code of Practice, the Authority was able to take a view on materiality when presenting group accounts. Following discussion with the external auditor, Grant Thornton, it was the Treasurer's view that the activities of Red One Limited were not material to the Authority's Statement of Accounts and therefore, it was recommended that the accounts were not consolidated.

**RESOLVED** that the accounts of Red One Limited be not consolidated into group accounts for the 2019/20 financial year.

*NB. Councillor Saywell declared a personal interest in this matter by virtue of being an Authority appointed Non-Executive Director on the Board of Red One Limited. Councillor Saywell neither spoke nor voted on this item.*

\* **APRC/18**      **Audit & Review 2019-20 Progress Report**

The Committee received for information a report of the Director of Governance & Digital Services (APRC/20/2) that set out the progress made to date by the Service against the approved 2019-20 Internal Audit Plan and which also provided an update on any additional reviews undertaken.

Reference was made to the audits of the Service's Digital Transformation Project and Key Financial Systems, both of which had achieved a good standard in their final reports.

\* **APRC/19**      **2020-21 Internal Audit Plan**

The Committee considered a report of the Director of Service Improvement (APRC/20/3) identifying the proposed Internal Audit Plan for 2020-21. The Plan was divided into audits to be undertaken on an annual cycle. The types of reviews to be undertaken included:

- Strategic (annual Statement of Assurance and HMICFRS);
- Compliance (such as key financial systems);
- audit health checks (such as IT and ISO27001 alignment); and
- internal audit (on a risk based approach).

Other continuous improvement and assurance activity would also be undertaken during the year. The Plan would be delivered by in-house internal audit staff and the Devon Audit Partnership.

**RESOLVED** that the 2020-21 Internal Audit Plan as appended to report APRC/20/3 be approved.

\* **APRC/20**      **2019-20 Draft Annual Statement of Assurance**

The Committee considered a report of the Director of Service Improvement (APRC/20/4) to which was appended the draft Annual Statement of Assurance for 2019-20.

The Statement had been prepared to comply with the requirements of the Accounts and Audit (England) Regulations 2015 and the latest version of the Fire and Rescue National Framework and examining organisational systems of internal financial control, corporate governance along with operational assurance.

**RESOLVED** that the draft Annual Statement of Assurance 2019-20 as appended to report DSFRA/20/4 be approved in principle at this stage.

\* **APRC/21**

**Her Majesty's Inspectorate of Constabulary & Fire & Rescue Services inspection - Progress Update**

The Committee received for information a report of the Director of Governance & Digital Services (APRC/20/5) together with a presentation (given at the meeting) setting out some areas of improvement and good practice for the Service highlighted within the recent inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS).

The presentation covered the following points:-

- The Inspection took place in July 2019 following which the Service was provided with a "hot debrief" setting out a summary of the key themes to be included in the full report;
- Improvements were recommended on firefighter fitness, the Safer Together Programme, people development and areas such as health and safety although actions had already been taken to improve against each of these by the time the full report was published in December 2020;
- The assurance around arrangements for firefighter fitness was resolved promptly, and this was reported back to HMICFRS ahead of schedule;
- Some recommendations were being handled within larger projects, such as the Safer Together programme or the People Development Project;
- Action had already been taken to improve against every recommendation;
- Where detailed action plans did not yet exist, work was underway/scheduled to enable production of these (e.g. workshops to gain feedback, or investigations to determine depth of issues);

The Service's Liaison Lead for HMICFRS, Mr Ami Sidhu, was present at the meeting to observe. In response to a question in respect of how HMICFRS perceived the Service was progressing towards implementation of the improvements identified, he responded that this was encouraging particularly in respect of fitness testing. The inspectorate was looking to see this completely embedded within the Service and meetings would be held to confirm this in due course. He advised that the next full inspection was confirmed for July 2021.

The Director of Finance & Resourcing (Treasurer) assured the Committee that the Service had now updated its governance around fitness testing. All operationally active staff had been tested for fitness to the standard recommended by the National Fire Chiefs Council (NFCC) which was 42 V<sub>O</sub><sub>2</sub> max (cardio fitness) and it was recording the results of all testing. The Service had also expanded the options available on fitness testing to ensure that staff could reach the required standard. The Chief Fire Officer added that the Service had moved to annual fitness testing and he felt the organisation had discharged this point now.

The Committee enquired as to the timescale required by HMICFRS in respect of the improvements required. Mr Sidhu responded that the next inspection was scheduled for July 2021 and that the judgement criteria to be applied was already available. He added that HMICFRS was striving to achieve continuous improvements for the public. The Audit Manager added that he would ensure that the judgement criteria for the next inspection would be circulated to the Committee separately for information.

\* **APRC/22**      **Corporate Performance Measures - Review**

The Committee considered a joint report of the Director of Governance & Digital Services and Director of Service Improvement (APRC/20/6) that set out a proposal to establish a working group in accordance with Standing Order 31 to consider the existing performance measures and to develop any new corporate measures required as agreed by the Fire & Rescue Authority at its meeting on 10 January 2020.

**RESOLVED**

- (a) that a Working Group consisting of five member of the Audit and Performance Review (APR) Committee be established in accordance with Standing Order 31; and
- (b) That Councillors Saywell, Way and Wheeler be appointed to the Working Group and that Councillor Buchan also be invited to join, the remaining vacancy to be filled by the Clerk via an email to absent APR Committee members.

\* **APRC/23**      **Authority Policy For Regulation of Investigatory Powers Act 2000 (RIPA) - Review**

The Committee considered a report of the Director of Governance & Digital Services (APRC/20/7) on a review of the Authority's policy on the Regulation of Regulatory Powers Act 2000 (RIPA). An addendum report (APRC/20/7(a)) was also considered that set out confirmation that the revised procedure for the acquisition of communications data, as introduced by the Investigatory Powers Act 2016, was now in force.

It was noted that the revised procedure retains the three key roles of Applicant, Senior Point of Contact (SPoC) and Authorising Individual as per the previous RIPA regime but introduced a new authorisation process (by the Office for Communications Data Authorisations) for the acquisition of communications data in non-urgent circumstances. The relevant section of the Authority's policy was appended to this report, amended to reflect the new procedures and this was based on the relevant Home Office Code of Practice.

It was also noted that other consequential amendments to the policy (specifically, to refer, where necessary, to the Investigatory Powers Act 2016) were also required.

### **RESOLVED**

- (a) That the amendment (appended to report APRC/7(a)) required to align the Authority's policies and procedures for the acquisition of communications data with those now in place under the Investigatory Powers Act 2016 be approved;
- (b) that the Clerk be authorised to make other consequential amendments (to refer, where necessary, to the Investigatory Powers Act 2016) to the Authority's policies and procedures.

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

The Meeting started at 10.00 am and finished at 11.40 am