

## **AUDIT & PERFORMANCE REVIEW COMMITTEE**

(Devon & Somerset Fire & Rescue Authority)

7 September 2020

### Present:

Councillors Healey MBE (Chair), Brazil, Buchan, Clayton, Napper and Drean (vice Saywell).

### Apologies:

Councillors Prowse and Saywell.

- \* **APRC/25**     **Minutes**
- RESOLVED** that the Minutes of the meeting held on 4 March 2020 be signed as a correct record, subject to an amendment to reflect that Councillor Napper had submitted his apologies for non-attendance.
- \* **APRC/26**     **Devon & Somerset Fire & Rescue Authority Financial Statements 2019-20**
- a**     **Audit Findings for the Devon & Somerset Fire & Rescue Authority 2019-20**
- The Committee considered a document prepared by the Authority's external auditor (Grant Thornton) setting out the audit findings and opinion on the Authority's financial statements for the year ended 31 March 2020.
- The Treasurer advised the Committee that there was a suite of financial statements for consideration at this meeting centred on the Authority's Statement of Accounts for 2019-20. She advised that there was an outstanding issue to be resolved in respect of the Statement of Accounts (Minute APRC/26(b) below refers). The Committee would be asked to approve the Statement of Accounts in principle subject to confirmation of the outstanding issue and final approval at a later date.
- Barrie Morriss and Aditi Chandramouli, representing the External Auditors - Grant Thornton, presented the audit findings to the Committee. Mr Morriss referred to the issues caused by the Covid-19 pandemic in terms of preparation of the Authority's financial statements. He acknowledged the assistance provided by the Treasurer and finance team in undertaking this audit work remotely in such difficult and unprecedented circumstances and stated that the anticipation was that an unqualified audit opinion would be issued.
- During his presentation to the Committee, Mr Morriss referred to the following points:
- There had been no recommendations made to the Authority in respect of the 2019-20 Statement of Accounts;
  - The Authority had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources (Value for Money);

- In terms of significant risks identified, the Authority's response to the Covid-19 pandemic had been considered and no issues were identified. There was a risk reported in respect of the potential change in valuations of land and buildings which may have been impacted by the Covid-19 pandemic. Additionally, there was an outstanding risk in respect of the valuation of pension net fund liability and work was still ongoing in this area pending further information arising out of the McCloud/Sergeant judgement;
- The external auditor was satisfied that the Authority was a going concern;
- Of the 3 prior year recommendations , 2 had been completed and 1 was outstanding; and
- There were no significant audit adjustments required on the statement of accounts.

In conclusion, Mr Morriss indicated that Devon & Somerset Fire & Rescue Authority was amongst the earliest of local authorities to complete its financial statements and progress the audit and he congratulated both the finance and audit teams on this achievement.

The Committee asked to have placed on record its thanks to the Treasurer and finance team staff.

**(SEE ALSO ITEMS \*APRC/26(b) and (c), \*APRC/28 AND \*APRC/29 BELOW)**

#### **b Statement of Accounts 2019-20**

The Committee considered a report of the Director of Finance and Resourcing (Treasurer) (APRC/20/8) to which was appended the audited version of the Authority's Statement of Accounts for the 2019-20 financial year.

In light of the position in respect of the outstanding information required in respect of the valuation costs for pension liabilities arising out of the McCloud/Sergeant judgement, the Treasurer drew attention to the need to approve the Statement of Accounts for 2019-20 in principle at this stage.

Councillor Clayton **MOVED** (seconded by Councillor Buchan);

“That the draft Statement of Accounts for 2019-20 be approved in principle subject to final approval by the Committee at an additional meeting to be instigated once the requisite information was received in respect of the position on pension costs and liabilities”.

Upon a vote (6 for, 0 against), the motion was **CARRIED**.

**RESOLVED** that the draft Statement of Accounts for 2019-20 be approved in principle subject to final approval by the Committee at an additional meeting to be instigated once the requisite information was received in respect of the position on pension costs and liabilities.

**c 2019-20 Letter of Representation**

In light of the position in respect of the approval of the final Statement of Accounts for 2019-20, the Letter of Representation as circulated with the agenda for this meeting was also **DEFERRED**.

\* **APRC/27** **2019-20 Statement of Assurance**

The Committee considered a report of the Director of Governance & Digital Services (APRC/20/9) to which was appended the final 2019-20 Annual Statement of Assurance for the Authority. The document had been prepared in accordance with relevant legislative and best practice requirements (including the Accounts and Audit Regulations, the Fire and Rescue National Framework and the CIPFA/SOLACE good governance framework).

The Committee noted that the Annual Statement of Assurance had been submitted for external verification with the Authority's financial statements for 2019-20. The external auditor (Grant Thornton) had not identified any issues with the Annual Statement of Assurance. The document had identified the Service's response to the Covid-19 pandemic and in particular, the business continuity arrangements that had been established.

Reference was made to the Environmental Strategy and it was requested that this be included within the Annual Statement of Assurance in future. The Audit & Review Manager advised the Committee that there was a prescriptive set of requirements on which to report within the Annual Statement of Assurance but that appropriate measures and commentary would be included in future.

**RESOLVED** that the Annual Statement of Assurance for 2019-20 be approved and published on the Authority's website.

\* **APRC/28** **Going Concern Review**

The Committee received for information a report of the Director of Finance & Resourcing (Treasurer) (APRC/20/11) that provided a formal response from management to the external auditor (Grant Thornton) on the ability of the Authority to continue as a going concern.

The report contained a review of the financial position as at 31 March 2020 alongside an assessment of the ability of the Authority to continue operating for the foreseeable future. The report confirmed that the Authority was operating within a robust control environment which was evidenced through appropriate assurance, financial and operational monitoring reports both to management and the Authority.

It was noted that the Covid-19 pandemic was likely to impact significantly on financial risks in the future but the Authority was well placed to respond to this.

***(SEE ALSO MINUTES \*APRC/26(a) AND (b) ABOVE).***

\* **APRC/29**

**Audit & Review 2019-20 Year-end Report**

The Committee received for information a report of the Director of Governance & Digital Services (APRC/20/11(a)) upon the progress that was made against the 2019-20 internal Audit Plan together with updates on additional review work undertaken.

The Audit & Review Manager advised the Committee that not all of the audits had been completed due to the Covid-19 pandemic. Of the 1123 days allocated for audit work, 954 of these had been utilised in 2019-20. The days which were unused were in respect of internal audit (69) and information assurance (120) which was due largely to under capacity as a result of staff vacancies.

\* **APRC/30**

**Audit & Review 2020-21 Progress Report**

The Committee received for information a report of the Director of Governance & Digital Services (APRC/20/11) that set out the progress made as measured against the 2020-21 Internal Audit Plan.

The Audit & Review Manager reported that, although an Internal Audit Plan had been approved on 4 March 2020 (Minute APRC/19 refers), the days allocated for audit work had been utilised to assist the Assurance Cell under the new, temporary cell structure on business continuity arrangements following the Covid-19 pandemic. He indicated that, in the Internal Audit Plan, 143 days were approved for audit and review work and a further 200 days for work on Her Majesty's Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS). Within the business continuity arrangements, 285 of these days had been utilised which was much higher than anticipated for this point in the year. It was noted that the Plan would be revised once the Service had clear sight of an exit from the recovery phase of its business continuity response when the remaining audit days would be assigned to the highest priority areas.

\* **APRC/31**

**Local Pension Board Annual Report 2019-20**

The Committee considered a report of the Director of Governance & Digital Services (APRC/20/12) to which was appended the Local Pension Board annual report for 2019-20. The report provided information on, amongst other things, work undertaken by the Board in 2019-20; details of any areas investigated and the outcome of this; management of conflicts of interest; and identified risks and other areas of potential concern.

**RESOLVED** that the Local Pensions Board annual report for 2019-20, as appended to report APRC/20/12, be endorsed.

\* **APRC/32**

**Acquisition of Communications Data (Authority Policy on the Regulation of Investigatory Powers Act)**

The Committee received for information a report of the Director of Governance & Digital Services (APRC/20/13) that set out details of a legislative change removing fire and rescue authorities as relevant authorities for the purpose of the Investigatory Powers Act (IPA) 2017 dealing with the acquisition of communications data.

The Director of Governance & Digital Services advised the Committee that the Authority's policy on the Regulation of Investigatory Powers Act (RIPA) would be amended accordingly. He referred to a recommendation made by the National Fire Chiefs Council (NFCC) for fire & rescue authorities to be removed from this legislation altogether as they did not use the powers for covert surveillance. Pending this further amendment, the Inspection of fire authorities under these provisions had been suspended.

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

The meeting started at 2.00 pm and finished at 3.21 pm

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