

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

28 October 2021

Present:

Councillors Coles (vice Napper), Healey MBE (Chair), Brazil, Dr. Buchan, Prowse (Vice-Chair), Randall Johnson (vice Parker-Khan), Roome, Shayer and Vjeh

Apologies:

Councillors Napper and Parker-Khan

* **AGC/21/8** **Minutes**

RESOLVED that the Minutes of the meeting held on 30 July 2021 be signed as a correct record.

* **AGC/21/9** **Internal Audit Progress Report 2021-22 - Quarter 2**

The Committee received for information a report of the Director of Governance & Digital Services (AGC/21/6) on progress as at Quarter 2 of the current (2021-22) financial year against the previously-approved internal audit plan for that year.

Although recruitment issues had delayed commencement of the approved Plan, it remained on tract for full completion by the end of the financial year. The report provided information on:

- Light Support Fleet final internal audit report. At present, there was limited assurance. Progress had been made and the associated action plan to address issues identified was being progressed, albeit that some of the actions were outside agreed timescales;
- Fitness Testing Assurance draft internal audit report. At present, there was limited assurance albeit that good progress had been made (and continued to be made) between the initial inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HIMCFRS) in 2019 and the subsequent revisit. The Service was optimistic that the cause for concern on fitness testing would be lifted following the recent inspection.

The report also identified planned work to be undertaken during the 2021-22 financial year, either by the internal audit team or by the Devon Audit Partnership.

The Director of Finance & Resourcing (Treasurer) enquired as to when the audit of Personal Protective Equipment (PPE) might be undertaken as this was a fundamental element for the Service and needed to be pursued. The Committee was advised that this work was due for completion in December 2021.

While progress against the approved Internal Audit Plan would be reported to future meetings of this Committee, assurance against those areas identified in the Plan would be addressed and monitored by the respective Committees (e.g. firefighter fitness by the People Committee; effective use of light support fleet by the Resources Committee), in accordance with the revised governance arrangements approved by the Authority at its annual meeting on 29 June 2021.

* **AGC/21/10** **Corporate Risk Register**

The Committee received for information a report of the Director of Governance & Digital Services (AGC/21/7) providing an update on the Corporate Risk Register. The Register 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. The risk management process included the identification, assessment and recording of risks together with mitigating activities.

The Service risk profile had changed significantly since the last reported. The Corporate Risk Register now identified a total of 23 risks, with eight escalated from local risk registers. Two risks on the previous iteration had subsequently been de-escalated to local or thematic risk registers.

Since the last report, the Service had introduced new risk management software (Sharpcloud). This had provided much greater visibility across local, thematic and corporate risk registers and reduced duplication in risks, controls and actions. The benefits of this included automated action tracking, the ability to view the relationships between different risks, controls and actions and the real-time reporting of risk data. This would support the ability of the organisation to use accurate risk information to inform decision making.

The Corporate Risk Register was subject to monthly review by the Service Executive Board and six-monthly review by this Committee.

The Committee asked a number of questions in respect of the Corporate Risk Register, notably on how the Service dealt with its top, large scale risks such as Information Technology (IT) and digital scamming and also on how rising costs were being addressed. The Risk Manager advised that the significant risks such as IT were monitored regularly by Executive Board. The Director of Finance and Resourcing (Treasurer) added that Executive Board was also monitoring the position on inflation and supply chains closely but that some forward purchasing of items such as fuel had given a degree of protection.

The Committee also congratulated the Risk Manager on the work undertaken on the six health and safety corporate risks as identified in paragraphs 7.1 to 7.3 of the report and asked if further workshops were planned. The Risk Manager replied that the operational side of the organisation was closest to the risks and that as a result, the thematic risks were reviewed monthly with the health and safety teams and bi-monthly with the Strategic Safety Committee. It was noted that the addition of a flowchart and/or timelines would assist the Committee in understanding how the Committee managed its risks and the Risk Manager undertook to include this in future reports.

It was also requested that risk management was added as a subject for a future Members' Forum.

* **AGC/21/11 Devon & Somerset Fire & Rescue Authority Financial Statements 2020-21**

The Committee considered:

- (a). a report of the Director of Finance & Resourcing (Treasurer) (AGC/21/8) to which was appended the Authority's Financial Statements (including a narrative statement and Statement of Accounts) for the financial year ended 31 March 2021; and
- (b). a supplementary report of the Director of Finance & Resourcing (Treasurer) (AGC/21/9) to which was appended revised pages to the Financial Statements identifying minor amendments as required by the external auditor.

RESOLVED

- (a). that the amendments to the Authority's final Financial Statements for the year ended 31 March 2021, as shown highlighted in the appendix to report AGC/21/9 and as highlighted by the external auditor at the meeting, be noted; and
- (b). that, subject to incorporation of the amendments, the final Financial Statements be approved and published on the Authority's website alongside the external auditor's final findings, in accordance with the provisions of Regulation 10(1) (as amended by Regulation 10(2)(b)) of the Accounts & Audit Regulations 2015 (as amended).

(See also Minutes *AGC/21/12 and *AGC/21/13 below)

* **AGC/21/12 Audit Findings for the Devon & Somerset Fire & Rescue Authority 2020-21**

The Committee received for information a report from the external auditor (Grant Thornton) on its final audit findings on the Authority's Financial Statements for the year ended 31 March 2021. The report updated the findings previously reported to the Committee meeting held on 30 July 2021 (Minute *AGC/21/3 refers).

Barrie Morriss, representing Grant Thornton, drew attention to the points highlighted at Appendix B of the report in terms of audit adjustments made. He advised that the outstanding issue on the letter of assurance from the Devon Pension Fund had been received now although this had highlighted one issue which had been accepted as an unadjusted error.

Attention was also drawn to the point that the Service had made an advance of £403k as additional pension covering a 3 year period and this should have been accounted for in the General Fund and then released to offset against the Fund as a prepayment but there was a mismatch as this had not happened for two years. As a result, there was £269k overstated in the General Fund. This was below the materiality level and thus, would not impact on the auditor's opinion on the financial statements.

The external auditor anticipated, based on its findings, that it would issue the Authority with an unmodified audit report and that its opinion was that the Authority's Financial Statements:

- gave a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year;
- had been properly prepared in accordance with the CIPFA/ALASAAC code of practice on local authority accounting in the United Kingdom; and
- had been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Appendix E of the Audit Findings also set out the letter explaining the reason for the delay in submission of the Value for Money (VFM) work and Auditor's Annual Report in accordance with the 2020 Code of Audit of Practice. It was anticipated that this work would be completed by 31 December 2021 and thus the report would be submitted to the next meeting of the Committee in January 2022.

*(See also Minute *AGC/21/11 above and *AGC/21/13 below).*

* **AGC/21/13** **2020-21 Letter of Representation**

The Committee considered the Letter of Representation (included with the agenda for the meeting) on the Authority's financial statements for the year ended 31 March 2021.

RESOLVED that the Committee Chair and the Director of Finance & Resourcing (Treasurer) be authorised to sign, on behalf of the Authority, the Letter of Representation to the external auditor (Grant Thornton) on the Authority's financial statements for the year ended 31 March 2021.

*(See also Minutes *AGC/21/11 and *AGC/21/12 above).*

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