

**CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY
OVERVIEW AND SCRUTINY COMMITTEE – MINUTES**

Date: Thursday 29th March 2018
Time: 14:00 – 15:10
Place: Fire Headquarters, Hinchbrook Cottage, Huntingdon
Present: Councillors Gardener, Gowing, Kindersley, McGuire, Over and Raynes.
Officers: Rick Hylton - Assistant Chief Fire Officer, Deb Thompson - Scrutiny and Assurance Manager, Shahin Ismail – Monitoring Officer, Barry Pryke – Engagement Manager BDO, Matthew Warren – Deputy Chief Executive.

27. APOLOGIES FOR ABSENCE

The Clerk reported apologies from Peterborough City Councillor Bond.

28. DECLARATIONS OF INTEREST

There were no declarations of interest.

29. MINUTES OF THE MEETING ON 11TH JANUARY 2018

The minutes of the meeting held on 11th January 2018 were approved as a correct record and signed by the Chairman.

30. AREAS FOR CONSIDERATION IN 2018/19

The Chairman informed Members that there were two ongoing Member-led reviews and following the announcement regarding the Police and Crime Commissioner it was preferred to conclude them before any governance changes took place. It was therefore agreed to conclude the reviews and circulate to Members before forwarding to the Chairman of the Fire Authority for endorsement.

It was resolved to note the update provided.

31. EXTERNAL AUDIT PLAN

The Committee received the external audit report from BDO. Officers explained that it was the first year of the early closure regime which compressed the timeline for the completion of the audit. Members noted the respective materiality and triviality thresholds.

Attention was drawn to the levels of risk and their classification. A significant risk was deemed to be an area that required the attention of the external audit. The risk of management override was present in all organisations and represented the risk that managers could override controls.

There was a risk regarding revenue recognition that could be used to improve the financial performance of the Fire Authority, although such a risk was commonplace amongst public sector audits.

The valuation of land and buildings was deemed to be significant owing to the fact that a small change in the assumed value of land and buildings could have a significant impact upon the balance sheet of the Fire Authority.

During discussion Members:

- Questioned whether the external auditors had ever been alerted to an instance of fraud. It was confirmed that there were instances where concerns had been raised and it served as a means through which to raise potentially fraudulent behaviour.
- Noted that it was for Members to be satisfied that sufficiently robust procedures were in place within the Fire Authority regarding fraud prevention.
- Questioned whether the change in governance from Fire Authority to the Police and Crime Commissioner presented a greater risk of fraud or bad value during the transition. Officers confirmed that the transition would be monitored and would be potentially considered within the final audit report.
- Clarified the categorisation of risks within the risk register, and drew attention to the Parkside development agreements that related to previous financial years. Officers explained that assurance was required regarding the consistency of management across financial years. The task was relatively small and would not take long to complete.
- Noted that the Fire Authority and Police assets would remain separate, though there would be agreements regarding the sharing of facilities in the future. Members also noted that the Police and Crime Commissioner would be obliged to produce a separate statement of accounts.
- Questioned the rationale for assessing the competency of Actuaries. Officers explained that the audit had to be satisfied of the accuracy of the figures and that the assumptions made were appropriate. The process for the assessment of the Actuary was explained to Members and the assurance it provided.
- Clarified that the misstatements contained within the previous years' accounts were attributable to changes in the code of practice that were not reflected in the financial statements. The discrepancies were corrected following the publishing of the draft accounts.
- Drew attention to the introduction of third party software for the production of the accounts and questioned whether the previous software was not fit for purpose. Officers explained that prior to the

introduction of the software the accounts were produced through a complex spreadsheet which was prone to error. The software was produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that was customised to the Fire Authority's requirements and would reduce the complexity involved in producing the accounts.

- Highlighted that the timetable of the audit would likely span the transition in governance arrangements and questioned how the audit would be handed over. It was explained that the audit would continue as planned and the S151 Officer would write to the Police and Crime Commissioner providing assurance and the Commissioner would then sign off the audit.

It was unanimously resolved to note the external audit report.

32. INTERNAL AUDIT PROGRESS REPORT

The Committee received the Internal Audit Progress Report. The key recommendations of the auditors were highlighted to Members. It was reported that it was anticipated that a clean audit opinion would be provided at year end.

During the course of discussion Members:

- Expressed concern regarding the risk of a cyber-attack and questioned how vulnerable the Service was to such an event. Officers informed Members that all possible action to reduce the chances of an attack was taken together with annual staged attacks that ensured the Service was fully prepared and could function during an attack and recover quickly.
- Officers agreed to circulate to Members the independent annual cyber review containing information on cyber security and areas Members should be aware of. **ACTION:** Deputy Chief Executive

It was resolved to note the report.

33. DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18

Members received the draft annual governance statement for 2017/18. Attention was drawn to the inspection of the fire service undertaken by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS).

During discussion Members:

- Noted that the inspection carried out by HMICFRS would report to the Police and Crime Commissioner if the transition of governance to the Commissioner had taken place by the time the report was due to be published.

- Queried how the inspection compared with previous inspection regimes. It was explained that whilst the inspection process took aspects from previous inspection regimes it was Police based and would be adapted for the fire service focussing on service delivery rather than governance.
- Noted the lead in phases of the inspection that culminated in a week-long visit from 10 inspectors from which a draft report would follow. The lead in work would begin after Easter.

It was unanimously resolved to note the draft statement.

34. OVERVIEW AND SCRUTINY WORK PROGRAMME

Members were presented the Overview and Scrutiny work programme. Reference was made to the ongoing Member-led reviews and the intention to complete the work prior to the transition of governance to the Police and Crime Commissioner.

The Chairman thanked Members and Officers for their work in supporting this Committee and the wider Fire Authority.

It was resolved:

To note the work programme.

CHAIRMAN