

CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY

Governance – Fire Authority

Internal audit report 2.20/21

FINAL

6 July 2020

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1. EXECUTIVE SUMMARY

With the use of emails for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to undertake our sample testing.

Why we completed this audit

We have reviewed the governance arrangements in place at the Authority to assess whether the groups within the governance structure are effectively discharging their duties. The Authority has eight Committees in place in total and these are:

- Fire Authority
- Policy and Resources Committee;
- Overview and Scrutiny Committee;
- Performance Review Committee;
- Appointments Committee;
- Fire Authority Discipline Committee;
- Fire Authority Appeals Committee; and
- Appeals (Pension) Committee.

The Fire Authority consists of 17 elected members who are Councillors from Cambridgeshire County Council (CCC) and Peterborough City Council (PCC). A consultation meeting of members and officers of the Fire Authority was held remotely in March 2020, as a result of the restrictions imposed due to the coronavirus pandemic. In response to the pandemic, the Authority, going forward, will be required to cover the remit for the Fire Authority, Policy and Resource Committee and Overview and Scrutiny Committee. The Authority had initially scheduled two meetings each for both the Policy and Resources Committee and the Overview and Scrutiny Committee between the months of January and June 2020, however these were all cancelled due various reasons including the restrictions imposed by the pandemic.

As part of this audit, we have reviewed the last three minutes and papers for the Fire Authority (June 2019, November 2019 and February 2020); Policy and Resource Committee (July, October and December 2019); Overview and Scrutiny Committee (January, May and October 2019); and Performance and Review Committee (October 2019, December 2019 and March 2020).

The remaining subcommittees meet as and when required, we were advised by the Scrutiny and Assurance Manager that there have been no issues requiring their attention within the last year. As such, we have not included these committees as part of the sample testing in this audit.

Conclusion

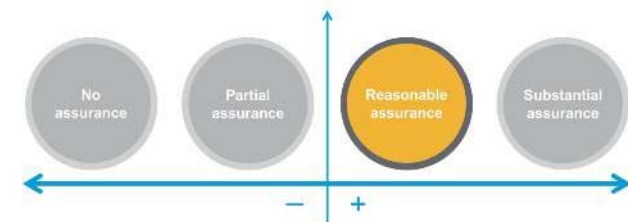
Overall, we found that the Authority's governance processes were well designed and managed, however, they have been impacted by the COVID-19 Pandemic. We confirmed that key documents were in place that provided guidance on the operation of the Authority's governance arrangements and we reviewed evidence to support these documents. However, we did identify some weaknesses relating to the declaration and management of conflicts of interests, and the regular review of documentation.

We have also identified an issue with the operation of meetings within the governance structure during the COVID-19 pandemic, with arrangements for the continuity of meetings not having been clearly put in place and approved.

Internal audit opinion:

Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed and consistently applied.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing this area.



Key findings

Our review identified the following issues which have resulted in the agreement of two medium priority management actions:



Conflicts of interest

We reviewed the minutes for the Policy and Resource Committee meeting held in December 2019 and noted that there was a declaration made by a member in relation to a non-statutory interest (Relocation of Huntingdon Fire Station and Training Centre, as they were members of the Police and Crime Panel). We were not able to infer from the meeting minutes whether any action was undertaken to manage this conflict i.e. whether these members were excluded from the discussion in relation to where this conflict has been raised. We also reviewed minutes from the remote Fire Authority meeting held in March 2020 (conducted by Skype) and could not observe 'Conflicts of Interest' being a standing agenda item at the beginning of the meeting or whether discussions had taken place in relation to conflicts of interest within meeting minutes.

If adequate steps are not discussed and taken to manage any conflicts of interest, there is a risk that decisions may be inappropriately influenced and thus not be in the best interest of the Authority. **(Medium)**



Committee effectiveness and COVID-19 governance arrangements

The Scrutiny and Assurance Manager advised that remote Fire Authority meetings are required to assume the responsibilities of the Policy and Resource Committee and the Overview and Scrutiny Committee for as long as the restrictions of the coronavirus pandemic are in place. We noted at the time of our audit, that the Policy and Resource Committee had not met since December 2019 and the Overview and Scrutiny Committee had not met since October 2019. The Authority had initially scheduled two meetings each for both the Policy and Resources Committee and the Overview and Scrutiny Committee between the months of January and June 2020, however these were all cancelled due to the restrictions imposed by the pandemic.

Review of the only Fire Authority meeting to have taken place during the pandemic so far (March 2020) found that this was a remote meeting held for the Chairman to consult with Fire Authority members before making decisions under his urgency powers. As such, only three agenda points were discussed at this meeting. It is therefore not clear how the duties of the Overview and Scrutiny Committee and Policy and Resources Committee have been discharged in the 2020 calendar year as meeting minutes do not demonstrate that their responsibilities have yet been assumed by the Fire Authority.

We were advised by the Scrutiny and Assurance Manager that arrangements for the merging of meetings were due to be formally agreed and be in place from June 2020. Whilst we appreciate this, there is a risk of the not being able to demonstrate a clear governance process, or inappropriate governance decisions being made. In addition, there is a risk of the organisation not achieving its objectives if key committees have not met to discharge their duties and if no interim arrangements have been put in place. **(Medium)**



Committee effectiveness pre-COVID-19

We reviewed the last three minutes for the following meetings:

- Fire Authority (June 2019, November 2019 and February 2020);
- Policy and Resource Committee (July, October and December 2019);
- Overview and Scrutiny Committee (January, May and October 2019); and
- Performance and Review Committee (October 2019, December 2019 and March 2020).

We confirmed that all four committees were broadly fulfilling their duties as per their respective Terms of References where they have met, with the following exception:

We noted that the last meetings for both the Policy and Resource Committee and the Overview and Scrutiny Committee had taken place in December 2019 and October 2019 respectively. The Terms of Reference for the Fire Authority requires the forum to review reports from the Policy and Resource Committee and the Overview and Scrutiny Committee. We noted that this has not been undertaken in the 2020 calendar year as a result of the meetings of the two committees being cancelled during the COVID-19 pandemic. We therefore noted that the Fire Authority has not been fully discharging their duties as per their Terms of Reference but have already agreed a specific action regarding this as part of the review of COVID-19 governance arrangements, above.

We have also agreed two low priority actions which are outlined further within the detailed findings section of the report.

We noted the following controls to be adequately designed and operating effectively:



Remit and quoracy requirements of Committees

We reviewed the 'Cambridgeshire and Peterborough Fire Authority Terms of Reference' document and confirmed that it outlined the remit and membership requirements for all eight committees at the Authority. We also confirmed that the Standing Orders document outlined the quoracy requirements for all eight committees at the Authority.

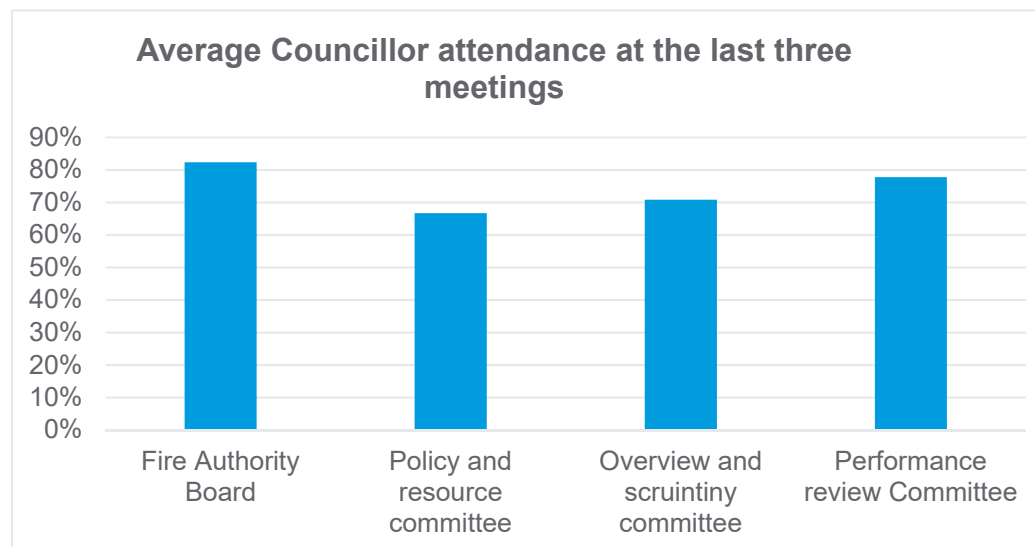


Member Attendance

We confirmed that the Standing Orders stated that members in attendance at meetings must sign their name on the sheet provided for that purpose (this will revert to electronic whilst remote working). We reviewed the minutes of the following meetings across a sample of four committees as follows:

- Fire Authority (June 2019, November 2019 and February 2020);
- Policy and Resource Committee (July, October and December 2019);
- Overview and Scrutiny Committee (January, May and October 2019); and
- Performance and Review Committee (October 2019, December 2019 and March 2020).

In all instances, we confirmed that the committees were conforming to the agreed quoracy requirements as per their respective terms of references. We confirmed that the average attendance for each of these committees were 82%, 67%, 71% and 78% respectively. This has been summarised in the graphic below:



We also observed that a mixed skill set was observed of the attendees that attended these meetings.

Decisions and actions

We reviewed the last three minutes and papers for the following meetings:

- Fire Authority (June 2019, November 2019 and February 2020);
- Policy and Resource Committee (July, October and December 2019);
- Overview and Scrutiny Committee (January, May and October 2019); and
- Performance and Review Committee (October 2019, December 2019 and March 2020).

We confirmed that all four committees were using a standard structure when presenting reports that were included within respective meeting papers. Through review of each of these reports, we confirmed that a recommendation was outlined at the front page and clearly indicated where decisions were to be made. Through review of each of the above meeting minutes for each committee we confirmed that decisions were made under each standing agenda item following discussion and scrutiny by members, with members unanimously making such decisions. We confirmed that all committees reviewed their respective action logs, as well as confirming a correct record of the last meeting minutes at the beginning of each meeting.

We also reviewed minutes and the front sheet of the remote Fire Authority Skype Meeting held in March 2020 and confirmed that the details of each decision taken against each of the three agenda items discussed at the meeting were documented.



Declaration of interest

We reviewed the last three minutes for the following meetings:

- Fire Authority (June 2019, November 2019 and February 2020);
- Policy and Resource Committee (July, October and December 2019);
- Overview and Scrutiny Committee (January, May and October 2019); and
- Performance and Review Committee (October 2019, December 2019 and March 2020).

We confirmed in all cases there was an opportunity for members to declare any interests at the start of meetings and this was a standing agenda item at meetings.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

1. Key Governance Documents – Standing Orders and Statement of Delegated Responsibilities

Control	<p>The Authority's key governance documents, such as the Standing Orders or the Statement of Delegated Responsibilities provide guidance for the operation of the Authority Governance arrangements.</p> <p>These documents do not identify or describe the reporting and accountability lines at the Authority.</p> <p>The Standing Orders and the Statement of Delegated Responsibilities are not regularly reviewed.</p>	Assessment:		
		Design		×
		Compliance		-
Findings / Implications 1	<p>Although we were advised that the Authority's governance structure is two-tiered with all seven sub-committees reporting to the Fire Authority, we noted through review of the Authority's key governance documents that neither of these described or depicted the reporting lines and accountability lines at the Authority.</p> <p>Furthermore, we confirmed that the Authority does not set a timescale for the review of key governance documents such as the Standing Orders (last updated in September 2015) and the Statement of Delegated Responsibilities (last updated August 2016). We also noted through review of the Standing Orders document that it did not identify how members of the main committees are selected and any requirements or minimum skill sets or interests for these members.</p> <p>We were informed by the Scrutiny and Assurance Manager that the Authority considered these documents in their current form to still be reflective of current working arrangements but were aiming to schedule a review soon. However, this had not yet been completed. We were further advised by the Scrutiny and Assurance Manager that the key governance documents are unlikely to be updated until the outcome of the Judicial Review is known. This is currently expected to be concluded by September 2020.</p> <p>If key documents are not current and approved there is a risk that committee rules may not represent the current practice of the Authority. This could result in inadequate decision making.</p>			
Management Action 1	<p>The Authority will review the following key governance documents and include a timescale for the next review:</p> <ul style="list-style-type: none">• Standing Orders; and• Statement of Delegated Responsibilities. <p>They will ensure these documents outline the following information:</p> <ul style="list-style-type: none">• Reporting and accountability lines at the Authority;• How members of the main committees are selected; and	Responsible Owner: Deb Thompson, Scrutiny and Assurance Manager	Date: September 2020	Priority: Low

1. Key Governance Documents – Standing Orders and Statement of Delegated Responsibilities

- Any requirements or minimum skill sets or interests for committee members.

2. Terms of Reference

Control	The 'Cambridgeshire and Peterborough Fire Authority Terms of Reference' document includes the Terms of Reference for all eight committees at the Authority.	Assessment:		
	For each of these forums, the remit and membership requirements are outlined, however the required frequency of meetings has not been documented. The document is not regularly reviewed.	Design		×
	The quoracy requirement for each committee is set out within the Standing Orders document.	Compliance		-
Findings / Implications 2	<p>We noted that the "Cambridgeshire and Peterborough Fire Authority Terms of Reference" document did not outline each committee's frequency of meetings, in addition, it did not include the last review date.</p> <p>Through discussions with the Scrutiny and Assurance Manager, we were advised that the "Cambridgeshire and Peterborough Fire Authority Terms of Reference" document has not been reviewed since May 2016. As such, this document was not up to date.</p> <p>We were also advised by the Scrutiny and Assurance Manager that this document is unlikely to be updated until the outcome of the Judicial Review is known. This is expected to be concluded by September 2020.</p> <p>There is an increased risk of all eight committee's remit changing over time and their terms of reference not reflecting these requirements. This could lead to these Authorities not fulfilling their purpose and the Authority not achieving their objectives as required.</p>			
Management Action 2	<p>The Authority will ensure that the 'Cambridgeshire and Peterborough Fire Authority Terms of Reference' document is updated and prescribed with a review date. They will also ensure that the document is formally approved.</p> <p>They will also ensure that all eight committees' meeting minimum frequencies are outlined within the document.</p>	Responsible Owner:	Date:	Priority:
		Deb Thompson, Scrutiny and Assurance Manager	September 2020	Low

3. Conflicts of interest

Control	<p>At the start of each meeting of the Authority or any of its committees/groups, attendees will be given the opportunity to declare any conflicts of interest they may have.</p> <p>If conflicts of interest are declared, the group will discuss whether any action is needed to be taken to manage the conflicting interests before moving on to the following agenda items.</p> <p>All of the groups have a standing agenda item on 'Declarations of Interests'.</p>	<p>Assessment:</p> <p>Design ✓</p> <p>Compliance x</p>
Findings / Implications 3	<p><u>Policy and Resource Committee - Declaration</u></p> <p>We reviewed the last three minutes and papers for the Policy and Resource Committee (July, October and December 2019) and noted that there was a declaration made by a member in the December 2019 meeting. This was in relation to a non-statutory interest (Relocation of Huntingdon Fire Station and Training Centre as they were members of the Police and Crime Panel).</p> <p>We were not able to infer from the meeting minutes whether any action was undertaken to manage this conflict i.e. whether these members were excluded from the discussion in relation to where this conflict has been raised.</p> <p><u>Fire Authority meeting – March 2020</u></p> <p>We reviewed minutes of the remote Fire Authority meeting held in March 2020 and confirmed that there were three agenda items discussed at this meeting. We confirmed that for each of these agenda items a front sheet (decision sheet) was in place, that included a section for any conflicts of interests to be declared by members. Through review of all three front sheets (decision sheets), we confirmed in all three cases that no conflicts had been declared by members.</p> <p>Through further review of the minutes of the remote Fire Authority meeting held in March 2020, we noted that conflicts of interest had not been a standing agenda item at the beginning of the meeting or whether discussions had taken place in relation to conflicts of interest within meeting minutes.</p> <p>If adequate steps are not discussed and taken to manage any conflicts of interest, there is a risk that decisions may be inappropriately influenced and thus not be in the best interest of the authority.</p>	
Management Action 3	<p>The Scrutiny and Assurance Manager will ensure that conflicts of interests are a standing agenda item for all remote Fire Authority meetings moving forwards.</p> <p>When conflicts of interests are declared, the meeting will discuss whether any subsequent actions need to be taken.</p> <p>The outcome of this discussion will be documented within the minutes even if no conflicts are identified or no actions are required.</p>	<p>Responsible Owner: Deb Thompson, Scrutiny and Assurance Manager</p> <p>Date: July 2020</p> <p>Priority: Medium</p>

4. COVID-19 Governance Arrangements

Control	<p>A consultation meeting of members and officers of the Fire Authority was held remotely in March 2020. The meeting was held for the Chairman to consult with Fire Authority members before making decisions under his urgency powers, in these unprecedented times of living with the restrictions imposed from the coronavirus pandemic.</p> <p>The remote Fire Authority meeting is required to cover the remit for the Fire Authority, Policy and Resource Committee and Overview and Scrutiny Committee during this period. The Fire Authority has not formally documented and approved these remote working arrangements for meetings or the merging of any governance forums during this period.</p>	Assessment:		
		Design	x	
		Compliance	N/A	
Findings / Implications 4	<p>The Scrutiny and Assurance Manager advised that remote Fire Authority meetings are required to assume the responsibilities of the Policy and Resource Committee and the Overview and Scrutiny Committee for as long as the restrictions of the coronavirus pandemic are in place. We noted that the Policy and Resource Committee had not met since December 2019 and the Overview and Scrutiny Committee had not met since October 2019. The Authority had initially scheduled two meetings each for both the Policy and Resources Committee and the Overview and Scrutiny Committee between the months of January and June 2020, however these were all cancelled due to the restrictions imposed by to the pandemic.</p> <p>Review of the only Fire Authority meeting to have taken place during the pandemic so far (March 2020) found that this was a remote meeting held for the Chairman to consult with Fire Authority members before making decisions under his urgency powers. As such, only three agenda points were discussed at this meeting. It is therefore not clear how the duties of the Overview and Scrutiny Committee and Policy and Resources Committee have been discharged in the 2020 calendar year as meeting minutes do no demonstrate that their responsibilities have yet been assumed by the Fire Authority.</p> <p>We were advised by the Scrutiny and Assurance Manager that arrangements for the merging of meetings were due to be formally agreed and will be in place from June 2020. Whilst we appreciate this, there is a risk of the organisation not achieving its objectives if key committees have not met to discharge their duties and if no interim arrangements have been put in place.</p>			
Management Action 4	<p>The Authority will ensure that any remote working arrangements, including the merging of any governance forums, are formally discussed, documented and approved by the Fire Authority.</p> <p>These arrangements will ensure that all relevant governance duties and responsibilities from the existing structure have been appropriately assigned within the revised governance structure.</p>	Responsible Owner: Deb Thompson, Scrutiny and Assurance Manager	Date: July 2020	Priority: Medium

APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Objective	Control design not effective*		Non-Compliance with controls*		Agreed actions		
					Low	Medium	High
Review of the governance arrangements in place within the Fire Authority.	3	(6)	1	(6)	2	2	0
Total					2	2	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risks:

Objective of the area under review

Review of the governance arrangements in place within the Fire Authority.

When planning the audit the following areas for consideration and limitations were agreed:

Review of the governance arrangements in place within the Fire Authority. This will include whether groups within the governance structure are effectively discharging their duties.

This will include review of whether:

- There is a clear governance structure in place which documents reporting and accountability lines;
- There are terms of reference in place for each committee which clearly sets out the remit of the committee. This includes a quoracy requirement which clearly sets out which/how many members must be present;
- Member attendance for Committees are monitored;
- Papers and their cover sheets clearly indicate where a decision is to be made;
- At the beginning of each meeting, there is an opportunity for the members to raise conflicts of interest. Following this, the quoracy requirement is confirmed and appropriate actions are taken if it has been breached;
- Groups within the governance structure are effectively discharging their duties, in line with their terms of reference;
- The meeting minutes clearly document the decisions made and any further actions that need to be taken; and
- Outstanding actions are reviewed at each meeting in the governance structure.
- Any decisions made remotely, including those as a result of the pandemic are clearly documented including the decision and approver.

Limitations to the scope of the audit assignment:

- We will not confirm that the delegations to make decisions are appropriate.
- We will not confirm that the correct decisions have been made.
- It remains the responsibility of the Authority to agree and manage information needs and to determine what works most effectively for the organisation;
- All testing will be compliance-based sample testing only;
- The results of our work are reliant on the quality and completeness of the information provided to us; and
- Our work will not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

Debrief held 15 June 2020
Draft report issued 17 June 2020
Responses received 6 July 2020

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Final report issued 6 July 2020

Client sponsor Deb Thompson - Scrutiny and Assurance Manager

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Cambridgeshire and Peterborough Fire Authority, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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