### **OVERVIEW & SCRUTINY COMMITTEE**



Date: Thursday, 07 January 2021

14:00hr

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# Virtual meeting [Venue Address]

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#### **Open to Public and Press**

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The Overview & Scrutiny Committee comprises the following members:

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

The Fire Authority is committed to open government and the public are welcome to attend from the start of the meeting.

It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and microblogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol which can be accessed via the following link below or made available on request.

**Public speaking** on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer at least three working days before the meeting.

Full details of the public speaking scheme for the Fire Authority is available at

Councillor Mac McGuire (Chairman) Councillor Andrew Bond and Councillor Janet Goodwin Councillor Ian Gardener Councillor John Gowing Councillor Lynda Harford Councillor Sebastian Kindersley and Councillor Jocelynne Scutt

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

Date: Thursday 1 October 2020

**Time:** 14:00 – 14:40

Place: Virtual Meeting

**Present:** Councillors Bond, Gardener (Vice-Chairman), Gowing, Harford,

Kindersley, McGuire (Chairman) and Scutt

Officers: Jon Anderson – Assistant Chief Fire Officer, Dawn Cave – Democratic

Services Officer, Dan Harris – Head of Internal Audit, Chris Parker – Area Commander, Stuart Smith – Group Commander and Deb

Thompson – Scrutiny and Assurance Manager

#### 90. APOLOGIES FOR ABSENCE

Councillor Bond joined the meeting late.

#### 91. DECLARATIONS OF INTEREST

None.

#### 92. MINUTES – 16 JULY 2020

The minutes of the meeting held on the 16 July 2020 were agreed as a correct record.

#### 93. INTEGRATED RISK MANAGEMENT PLAN PERFORMANCE MEASURES

The Committee received a report on performance against the Service's Integrated Risk Management Plan performance measures.

The COVID-19 pandemic had had a considerable impact, both positive and negative, on some performance measures. Average attendance for the first pump to incidents in both urban and rural areas had improved considerably, to 7 minutes 49 seconds and 11 minutes 45 respectively. An anomaly was noted in the urban figures provided, and it was agreed that this would be checked and confirmation circulated. **Action required: ACFO.** The improvement resulted from reduced traffic during the lockdown period, and increased On-Call availability from people working at home or being furloughed. Response to all incidents within 18 minutes had increased to 95.1%, which was above the target, and was again mainly attributable to the reasons outlined above.

The numbers of primary and secondary fires had increased, and the increases were mainly domestic fires. Fortunately there had been no fire deaths, but there had been a very slight increase in fire casualties, although most of these had been minor injuries.

There had been a significant drop (54%) in the number of road traffic collisions (RTC's) due to fewer people being on the roads, and also a reduction in the number of special services attended in total.

For equality and diversity indicators, the diversity of job applicants and employees had increased in all areas over the last five years, most significantly, there was a higher rate of female applicants. However it was acknowledged that much work was still to be done in this area, especially around the diversity of operational staff.

The number of engagements with businesses had reduced over the period due to some businesses being closed or operating at a reduced level over the pandemic period.

During discussion of the report, individual Members queried:

- the "discriminative nature of fire" (paragraph 4.1 of the report). Officers
  confirmed that this referred to the way in which fires were more likely to
  affect certain groups e.g. poorer individuals or those from BAME
  backgrounds, and that elderly individuals involved in fire were more likely
  to die:
- if the reduction in RTCs was proportionate to the reduction in traffic, or whether it was the case that proportionately there were actually more RTCs, due to some individuals driving irresponsibly on empty roads? Officers were unsure whether the reduction was proportionate but agreed to follow this up. **Action required: ACFO.**

It was resolved unanimously to:

note and comment on the contents of the performance report in Appendix 1.

# 94. REVIEW OF CAMBRIDGESHIRE FIRE AND RESCUE SERVICE HEALTH AND WELLBEING

Members considered the Member-led review of health and wellbeing, presented by Councillor Harford, who had led the Review.

Councillor Harford thanked all those who had contributed to the report, especially Deb Thompson, and those who had taken part for their open and honest responses. It was reassuring that continuing commitment to communities was at the heart of service delivery. The first recommendation was that the Service should continue to work at the action plan it had set

itself, and that action plan should be reviewed appropriately to pick up relevant changes e.g. changes of personnel. Evidence from Officers indicated an outward facing service with leadership willing to share and profit from good practice in investing in people. The report also recommended that there should be a further review, as 2024 was some years away, and things could change quickly.

The Chairman thanked Councillor Harford for her comprehensive report.

During discussion of the report, individual Members:

- noted an issue with the appendices (technical issue that was explained);
- commended Councillor Harford and Deb Thompson for all their hard work and producing such a succinct report from the wide range of information collated:
- commented that it was pleasing to note that Councillor Harford concluded that the Service was authentic in its commitment to helping people, and there was no evidence of any kind of toxic culture, for which senior management should be congratulated;
- observed that whilst there were many negative effects of the pandemic it was good to see some positives.

It was resolved to note the report.

# 95. MEMBER INVOLVEMENT IN AND UPDATE ON THE CAMBRIDGESHIRE FIRE AND RESCUE RESPONSE TO THE COVID-19 PANDEMIC

The Committee considered an update on the Service's response to the COVID-19 pandemic. It was noted that this had been the subject of an Authority Member Seminar recently and many of the issues had already been explored at that forum. A number of activities that had been reduced or suspended during the pandemic were slowly being reintroduced, e.g. recrewing roaming appliances.

An inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) was due week commencing 5<sup>th</sup> October, and the Chairman would be interviewed as part of the process.

The Committee Chairman advised that along with the Vice Chairman, he had had opportunity to go through the Service's self-assessment return to the Home Office recently with Area Commander Parker and Group Commander Smith. In addition, the inspection had been discussed at the recent Member Seminar.

A Member observed that whilst most of Cambridgeshire was low to medium risk in terms of increasing COVID-19 cases, there was higher incidence in

Peterborough and Cambridge City was also a potentially risky area as students returned. He suggested that it may be worth adding this point to any submission, i.e. that the Service recognises that the pandemic remains a fluid situation and there were potential risks in Peterborough and Cambridge; a Cambridgeshire Member supported these comments. **Action required:** Officers agreed to add this in to the return to HMICFRS.

The Committee Chairman thanked Officers for the report and commented that he was confident that the Inspection would go well and the verdict would be that CFRS had performed well during the pandemic.

It was resolved to note the detail within the report.

#### 96. INTERNAL AUDIT PROGRESS REPORT

The Committee considered the Internal Audit progress report. Dan Harris, Head of Internal Audit, advised that whilst four reports had been listed as being finalised since the last Committee, the Governance Fire Authority report had actually been considered by the Committee at its previous meeting.

Two of the final reports, *Procurement – Proactive Processes* and *Risk Management* both had Reasonable Assurances, whilst the final audit report on *Fleet Management – Policies and Procedures* had an 'Advisory' opinion. In response to a Member question, it was confirmed that an 'Advisory' may be issued if a review was not complete, or was an evolving area.

The Internal Audit team was very grateful to Officers and Members that they were still able to operate remotely during the pandemic, and gave particular thanks to Officers for allowing Internal Audit colleagues to access information, and being available for virtual meetings. As a result, good progress had been made, with half of the Internal Audit programme delivered with no significant weaknesses being identified in processes.

There was a discussion on the Governance report, where concerns had been expressed relating to a declaration of interest made by a Councillor, who was a Member of the Police and Crime Panel. The Chairman commented that the Councillor has no authority or pecuniary interest in Cambridgeshire Constabulary, which was why this had not been flagged up, but had made the declaration in the interests of transparency. The Chairman commented that it would be helpful to have an assessment at the time of the meeting or subsequently if a declaration was relevant.

A Member commented that the layout of the report this year was easier to follow that previously.

It was resolved to note the report.

#### 97. OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME

Members considered the Overview and Scrutiny Committee work programme. More detail would be added to the programme once meeting dates for 2021/22 had been agreed at the Fire Authority meeting later in the month.

There was a discussion on the likelihood of face to face meetings recommencing. One Member pointed out that it made sense to continue Committee and informal meetings virtually, in the interest of saving Member resources, although he conceded that some meetings e.g. Annual Meeting of the Fire Authority, may need to take place face to face as they were more formal. However, he felt the default option for most meetings should be virtual. The Chairman commented that this issue continued to be debated at both local and national level, and advice would emerge in due course.

It was resolved to note the work programme.

**CHAIRMAN** 

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# Fire Authority Overview and Scrutiny Committee

## **Minutes - Action Log**

Agenda Item No. 4

This is the updated action log as at 7 January 2021 and captures the actions arising from the most recent Overview and Scrutiny Committee meetings and will form an outstanding action update to Members on the progress on compliance in delivering the necessary actions.

Minute	Report Title	Action to	Action	Comments	Status
No.		be taken by			

Min	Minutes of the October 2020 Committee				
93	Integrated Risk Management Plan Performance Measures	ACFO	An anomaly was noted in the urban figures provided and it was agreed that this would be checked and confirmation circulated.	Data checked and confirmation circulated to Members via email on 12/10/20.	Completed

93	Integrated Risk Management Plan Performance Measures	ACFO	Members queried if the reduction in RTCs was proportionate to the reduction in traffic, or whether it was the case that proportionately there were actually more RTCs, due to some individuals driving irresponsibly on empty roads?	Data checked and confirmation circulated to Members via email on 12/10/20.	Completed
95	Member Involvement in and Update on the Cambridgeshire Fire and Rescue Response to the COVID-19 Pandemic	ACFO	A Member observed that whilst most of Cambridgeshire was low to medium risk in terms of increasing COVID-19 cases, there was higher incidence in Peterborough and Cambridge City was also a potentially risky area as students returned. He suggested that it may be worth adding this point to any submission, i.e. that the Service recognises that the pandemic remains a fluid situation and there were potential risks in Peterborough and Cambridge; a Cambridgeshire Member supported these comments.	Appropriate data added to HMICFRS submission.	Completed

**TO:** Overview and Scrutiny Committee

FROM: Assistant Chief Fire Officer (ACFO) – Jon Anderson

**PRESENTING OFFICER(S):** Assistant Chief Fire Officer (ACFO) – Jon Anderson

Telephone: 07711 444201

Email: jon.anderson@cambsfire.gov.uk

**DATE:** 7 January 2021

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#### INTEGRATED RISK MANAGEMENT PLAN PERFORMANCE MEASURES

#### 1. Purpose

1.1 The purpose of this report is to provide the Overview and Scrutiny Committee with our performance against our Integrated Risk Management Plan (IRMP) performance measures.

#### 2. Recommendation

2.1 The Committee is asked to note the contents of the performance report in Appendix 1 and make comment as they deem appropriate.

#### 3. Risk Assessment

- 3.1 **Political** the IRMP process, outlined in the Fire and Rescue National Framework for England, requires the Authority to look for opportunities to drive down risk by utilising resources in the most efficient and effective way. The IRMP has legal force and it is therefore incumbent on the Authority to demonstrate that its IRMP principles are applied within the organisation.
- 3.2 **Economic** the management of risk through a proactive preventable agenda serves to not only reduce costs associated with reactive response services but also aids in the promotion of prosperous communities.
- 3.3 **Legal** the Authority has a legal responsibility to act as the enforcement agency for the Regulatory Reform (Fire Safety) Order 2005. As a result, ensuring both compliance with and support for business to achieve are core aspects of the fire and rescue service function to local communities.

#### 4. Equality Impact Assessment

4.1 Due to the discriminative nature of fire, those with certain protected characteristics are more likely to suffer the effects. Prevention strategies aim to minimise the disadvantage suffered by people due to their protected characteristic; specifically age and disability.

#### 5. Background

- 5.1 The IRMP is a public facing document covering a four year period and represents the output of the IRMP process for Cambridgeshire and Peterborough. The document reviews the Service's progress to date and highlights initiatives that may be explored to further improve the quality of operational service provision and importantly in balance, further reduce the level of risk in the community.
- The integrated risk management process is supported by the use of risk modelling. This is a process by which performance data over the last five years in key areas of prevention, protection and response is used to assess the likelihood of fires and other related emergencies from occurring; we term this 'community risk'. This, together with data from other sources such as the national risk register and our business delivery risks, is then used to identify the activities required to mitigate risks and maximise opportunities, with measures then set to monitor and improve our performance.

#### **BIBLIOGRAPHY**

Source Document	Location	Contact Officer
IRMP 2020 - 24	Hinchingbrooke Cottage Brampton Road Huntingdon	Jon Anderson 07711 444201 jon.anderson@cambsfire.gov.uk

#### Overview and Scrutiny Committee – IRMP Performance Review 2020/21 Quarter 2 - End Sep 2020

We will respond to the most serious incidents within an average of 9 minutes in urban areas and 12 minutes in rural areas for the first fire engine in attendance. And we will respond to all incidents in our authority area within 18 minutes for the first fire engine in attendance 95% of the time. Most serious are defined as fires, rescues from water and road traffic collisions.

#### Urban



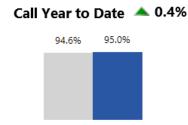
The average attendance time for the 1<sup>st</sup> pump in urban areas remains positive at 7:29 this is a 26 second improvement on this measure from this time last year. With the COVID-19 restrictions that were in place at this time, many wholetime activities were also stopped including non-essential travel. This has meant that crews are more likely to have been responding from their stations when calls were received.

#### Rural



Within rural areas the 1<sup>st</sup> pump has seen similar levels of improvement where we are responding to the most serious calls in 12:08 which is 20 seconds faster than the same time last year and 8 seconds off our performance measure. Some of this performance improvement can be attributed to the COVID-19 lockdown which started on 23 Mar 20. As a result we found many On-Call staff were furloughed which led to an increase in our appliance availability. We hope to see further improvements with the reintroduction of the roaming pumps.

#### All incidents



Our performance has met this measure in this reporting period at 95.0%. Our success in this measure is in no small part to the imposition of the COVID-19 lockdown however we hope to continue to see the performance maintained over the coming months.

In our IRMP we have outlined a number of areas that we are going to focus on through our action plan. To help us deliver against these we will be monitoring the following areas to ensure that we are making effective decisions about the targeting of our resources and activities:

The number of primary and secondary fires.

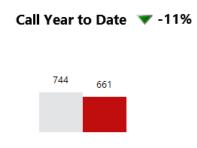
#### **Primary fires**



In the year to date we have seen a decrease in primary fires by 43 on the year to date compared to the same period last year.

The reduction in primary fires this quarter is as a result of much less large outdoor or agricultural fires, less road vehicle fires and dwelling fires.

#### **Secondary Fires**



In the year to date we have seen a decrease in secondary fires by 83 compared to the same period last year.

The reduction in secondary fires has occurred across all districts this quarter compared to last year, particularly in Fenland, Peterborough and South Cambridgeshire districts.

The number of associated deaths and injuries from fire

#### Fire deaths



We have had no fire fatalities recorded in the first two quarters of year 2020/21. This is the period 1 Apr to 30 Sep 20.

#### Fire casualties



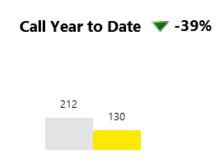
Very slight decrease this quarter (22) compared to previous year (23). Of the 6 fire injuries that occurred in this quarter 3 were slight injuries, with first aid given or precautionary checks.

All 6 injuries this quarter were incurred either through returning to the fire or through attempting to fight the fire.

#### The number of people killed and seriously injured on our roads

The latest available data from police accident data is December 2019 and therefore not relevant to this quarter.

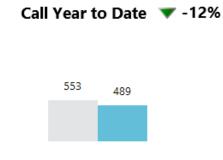
Number of Road Traffic Collisions attended.



We continue to see a drop in the number of Road Traffic Collisions attended in the second quarter. 81 were attended in this quarter compared to 115 in the same quarter last year, this is a 39% decrease over the first two quarters of the year.

#### The number and type of Special Services that we attend

#### **Special Services attendance**



We have seen a 12% drop in the number of special services attended, 489 in this year to date compared to 553 for the same period last year.

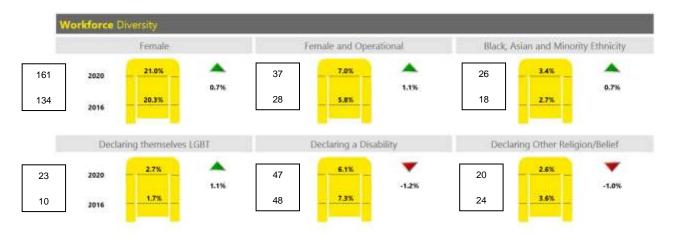
#### Types of Special Services attended – excluding Road Traffic Collisions

In quarter two we are still attending the full range of Special Service categories. We have seen a slight reduction in people orientated Special Services like medical incidents (first responder 5 in 2020 compared to 14 in 2019), effecting entry/exit (28 in 2020 compared to 45 in 2019) and lift release (1 in 2020 compared to 11 in 2019). We are still assisting other agencies as much in 2020 as we were in 2019 (84 in 2020 compared to 86 in 2019) and assisted in more animal rescue incidents (62 in 2020 compared to 57 in 2019).

#### The Diversity of Job Applicants and Employees



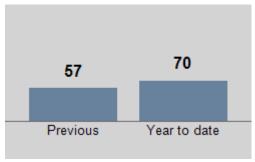
We have seen an increase in the proportion of BAME applicants over the period, although overall the numbers remain broadly static. There has been a notable increase in BAME applicants to professional support roles year on year; 23 in 2020 versus 8 in 2019. At 6.1%, BAME On-Call recruits is broadly consistent with our applicant rate of 6.9%. Overall, 28% of recruits in the period to 30 Sep 20 were female; the most notable increase year on year was in On-Call, up from 12% to 16%. There has been a notable increase in LGBT recruits, up from 1.6% last year to 5.3% this year. Both On-Call applicants and recruits are proportionately younger year-on-year, whereas a higher proportion of both control and support recruits fall into the 36-55 age bracket year on year.



There is an increase in the size of the current workforce (up from 701 last year to 766 this year), largely driven by wholetime and On-Call. We have seen a slight rise in the proportion of BAME staff in our workforce, although this is a notable increase in numbers. Similarly, there is an increase in the number of women in our workforce overall, up from 150 to 161 year on year, although the proportion remains broadly static. Wholetime and On-Call have both seen increases in the proportion of females in the workforce, currently 7% of our operational workforce are female. The increase in the proportion of female managers across the organisation is also driven by increases in the number of female managers in the operational workforce. The proportion of both staff declaring a disability and staff declaring another religion or belief has dropped but the numbers remain static year on year, whereas the proportion of staff identifying as LGBT has risen slightly, with increases across all areas of the organisation except control. The proportion of the workforce in the 17-35 age bracket has risen year on year in all areas except professional support, where it has fallen slightly.

We will be working to support businesses to ensure compliance with the fire safety order and we monitor this through:

#### The number of non-domestic fires.



We have seen 70 accidental non-domestic fires over the first two quarters of the year compared to 57 at the same time last year.

#### The number of business engagements identified through our risk based audit programme.

As part of our drive to continuously improve our processes an evaluation of our risk based audit programme was carried out. It was decided that we could make refinements to our processes for identifying and prioritising risk, which will take effect in January 2021.

Rather than using one data source, we now calculate risk based on a combination of both internal and external data.

Internal data ensures that our risk ratings are localised and are weighted based on the visit outcomes to a specific premises and the operational intelligence we hold within our fire safety systems. External data ensures that we are applying risk weightings dependent on the premises classification and taking into consideration the visit outcomes of local bodies where relevant.

High risk sleeping premises are allocated to fire protection officers for auditing in line with the fire safety order and high risk non sleeping premises are prioritised and allocated to watches for business engagements to be carried out.

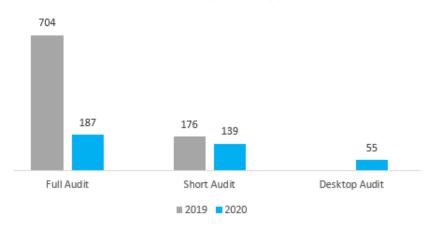
In quarter one, one business engagement was completed. In comparison, no business engagements were completed for the quarters following. This is due to a pause in the completion of business engagements undertaken by watches during the COVID-19 period. However the fire protection team has actively supported businesses within the community by way of their face to face and desktop audits.

Fire protection audit wise, the figures below show a comparison between 1 Apr and 30 Nov 19 and 1 Apr and 30 Nov 20.

The data below separates fire safety audits by whether they were full, short (excluding desktop audits) or desktop audits.

Although experiencing a drop in full audits due to the COVID-19 pandemic, which are completed face to face, fire safety activities continued virtually, and for complex high risk cases, in person.





To ensure that we are delivering value for money for our communities we will monitor:

#### Our collaborations and the benefits that these bring to us, our partners and to our communities.

We continually monitor our collaborations and ensure that they continue to provide benefit to the Service and to our communities. Our priority collaborative work this year has been on the requests made to CFRS to undertake wider community activity to support the COVID-19 response. This was done through the Cambridgeshire and Peterborough community hub. This was the Local Resilience Forum mechanism to manage and meet the needs of the community during the peak of the COVID-19 pandemic. In terms of recognised tripartite activities we were approached to support blue light ambulance driving, face fitting masks for NHS and training new ambulance drivers. We also supported welfare visits to vulnerable persons who were shielding.

# Savings that we achieve through improving our business practices. These may be financial savings and/or more efficient ways of working.

We will be reviewing new ways of working following the changes that were made as a result of the COVID-19 pandemic. The prolonged period of home working and enhanced use of technology has resulted in some more efficient ways of working and a reduction in fuel costs and time spent travelling. A full evaluation will be undertaken in 2021.

**TO:** Overview and Scrutiny Committee

**FROM:** Deputy Chief Executive Officer – Matthew Warren

**PRESENTING OFFICER(S):** Deputy Chief Executive Officer Matthew Warren

Telephone **01480 444615** matthew.warren@cambsfire.gov.uk

**DATE:** 7 January 2021

# Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting

#### 1. Purpose

1.1 The purpose of this report is to bring to the attention of Members the above report by Sir Tony Redmond, published on 8 September 2020 and highlight the key points to keep Members up to date with sector developments. This report also comments on the response to the review by the Ministry of Housing, Communities and Local Government (MCHLG) released on 17 December 2020 and the impact on this Authority.

#### 2. Recommendation

2.1 The Overview and Scrutiny Committee is asked to note the contents of this report and in particular the elements that will directly affect the Authority (Paragraph 7 refers).

#### 3. Risk Assessment

- 3.1 **Political** external audit is a key assurance mechanism. If the Authority does not provide audited accounts within the prevailing framework, it will not provide the necessary assurance that it is acting with regularity, propriety and value for money in the use of its resources.
- 3.2 **Economic** there is a risk that if the Authority does not have a robust audit system and transparent financial reporting it will not be able to demonstrate it is delivering value for money for taxpayers who, as a consequence, will lose confidence in local democracy systems.
- 3.3 **Social** statutory accounts are the only information provided by the Authority that are independently verified through external audit. For users of the accounts to trust and rely on this information, they must have confidence the audit process is robust and be able to understand what the financial reports are telling them. Failure to provide and present such information in

this way places the Authority at risk of losing public confidence and being seen as bureaucratic.

- 3.4 **Technological** external auditors have a duty to inform stakeholders of matters of importance and can play a crucial role in bringing concerns into the public domain. It is equally important that the Authority has robust governance mechanisms in place to review and, if necessary, act on audit findings.
- 3.5 **Legal** audit ensures transparency and accountability and, when done well, encourages audited bodies to have strong governance and financial records. The Authority must ensure it follows the relevant financial and regulatory frameworks.
- **4. Equality Impact Assessment** not applicable.

#### 5. Background

- 5.1 In June 2019 Sir Tony Redmond was asked to undertake an independent review of the effectiveness of local audit and the transparency of local authority financial reporting. The guiding principles of the review were accountability and transparency;
  - How are local authorities accountable to service users and taxpayers?
  - How are auditors accountable for the quality of their work?
  - How easy is it for those same individuals to understand how their local authority has performed and what assurance they can take from external audit work?
- 5.2 The review not only encompassed principal local authorities but Police and Crime Commissioners, Fire and Rescue Authorities, Parish Councils and Meetings and Drainage Boards.
- 5.3 Consultation ran from 17 September to 20 December 2019 and attracted 156 responses. The review made 23 recommendations and the main themes from the consultation are given at paragraphs 5.4 to 5.10 below.
- 5.4 Action to support immediate market stability serious concerns were expressed regarding the state of the local audit market and the ultimate effectiveness of the work undertaken by audit firms. The review found that new audit firms had not been attracted to the local authority market and there is significant risk that the firms currently holding local audit contracts could withdraw from it. Respondents did not necessarily question the professionalism of how audits are conducted but more if they delivered full assurance on the financial sustainability and offered value for money; the evidence submitted related to concern about the balance of price and quality in the structure of audit contracts detailing how the current fee structure did not enable auditors to satisfactorily fulfil the role. It is known that 40% of audits failed to meet their contractual deadline in 2018/19 suggesting a

serious weakness in the ability of auditors to comply with their contractual obligations.

- 5.5 A revised date of 30 September (currently 31 July) to publish audited local authority accounts was widely supported by respondents. However the review suggests that this would only address part of the quality problem. It suggests the underlying feature of the existing framework is the absence of a body to coordinate all stages of the audit process; there is an overriding need to provide a coherent local audit function which offers assurance to stakeholders and the public in terms of performance and accountability of the local authority and the auditor.
- 5.6 Consideration of system leadership options a key recommendation of the review is to create a new regulatory body (the Office of Local Audit and Regulation) responsible for procurement, contract management, regulation and oversight of local audit. It would liaise with the Financial Reporting Council with regard to its role in setting audit standards and the engagement of audit firms to perform the local audit role would be accompanied by a new price/quality regime to ensure that audits were performed by auditors who possessed the skills, expertise and experience necessary to fulfil the audit of local authorities. These auditors would be held accountable for performance by the new regulator, underpinned by the updated code of local audit practice. A further recommendation is to formalise the engagement between local audit and inspectorates to share findings which might have relevance to the bodies concerned. In our case this would be Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services.
- 5.7 The Regulator would be supported by a Liaison Committee comprising key stakeholders and chaired by the MCHLG; it would be small and focused and would not represent a body which has the same or similar features as the Audit Commission.
- 5.8 Enhancing the functioning of local audit and the governance for responding to its findings the review examined how authorities considered audit reports. It made recommendations on Committee composition, knowledge and experience to ensure robust scrutiny of reporting and that to demonstrate transparency and accountability to the public at least an annual audit report is submitted, in our case, to the Fire Authority for approval.
- 5.9 Improving transparency of local authorities' accounts to the public transparency of annual accounts (presentation and publication) was also raised by the review. It states that current statutory accounts prepared by local authorities are considered impenetrable to the public and recommends that a simplified statement of service information and costs is prepared by each local authority that enables comparison with the annual budget and the council tax set for the year. The new statement would be prepared in addition to the statutory accounts, which could be simplified. Consideration of ways in which to communicate this information should be explored to enable access for all.

- 5.10 Action to further consider the functioning of local audit for smaller bodies this part of the review applies only to Parish Councils, Parish Meetings and Internal Drainage Boards and other smaller authorities.
- 5.11 In summary, the outcome of the review is designed to deliver a new framework for effective local audit and an annual financial statement which enables all stakeholders to hold local authorities to account for their performance together with a robust and effective audit reporting regime. There are cost and resource implications of a new regulatory body that the review suggest would amount to approximately £5 million per annum. Whilst the changes would require some regulatory and legislative change Sir Redmond suggests the concerns raised are urgent. The full review report can be found via:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\_data/file/916217/Redmond\_Review.pdf

# 6. Response to the Review by the Ministry of Housing, Communities and Local Government (MCHLG)

- 6.1 The MCHLG has a statutory role in regulating and monitoring the financial and service delivery of local government. It responded to the review on 17 December 2020 with the following covering statement;
  - This response to the Redmond Review, prepared by the Ministry of Housing, Communities and Local Government, forms part of the department's post-legislative scrutiny assessment of parts 1 to 5 of the Local Audit and Accountability Act 2014 which received Royal Assent on 30 January 2014.
  - The department's review of the non-audit related elements of the 2014 Act will be published separately.
- 6.2 In its response the MCHLG agreed to 14 of the 23 recommendations, partially agreed to two and deferred seven until Spring 2021. The main area for deferral related to system leadership options. The full response can be found via;

https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-government-response-to-the-redmond-review

#### 7. Impact on Cambridgeshire and Peterborough Fire Authority

7.1 The recommendations agreed by the MCHLG that will affect the Authority in the short to medium term are as follows;

Action to support immediate market stability - MCHLG agreed to look to revise regulations to enable PSAA to set fees that better reflect the cost to audit firms of undertaking additional work. If the current fee structure for local audit is revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements this cost will be passed on to the Authority. MCHLG also agreed to look to extend the deadline for publishing

**audited accounts** from 31 July to 30 September for the next two financial years (20/21 and 21/22) then review.

Improving transparency of local authorities' accounts to the public – MCHLG agreed that a standardised statement of service information and costs be prepared by each authority and be compared with the budget agreed to support the council tax/precept/levy and presented alongside the statutory accounts. An illustrative **simplified financial statement** for a fire and rescue authority was provided. The Treasurer to the Authority will ensure compliance as appropriate.

- 7.2 **Consideration of system leadership options** the MCHLG stated it would respond to the recommendations made regarding system leadership in Spring 2021. The Treasurer to the Authority will monitor any communications, review and report back to the Authority as appropriate.
- 7.3 In summary, the review by Sir Redmond and the MCHLG response signal change in how external audit is delivered in the public sector. Whilst it is widely recognised that governance in the context of external audit is more transparent in fire and rescue authorities, the Treasurer to the Authority will monitor and review the direction of travel to ensure compliance with any legislative changes and best practice is adopted by this Authority.

#### **BIBLIOGRAPHY**

Source Document	Location	Contact Officer
Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting	Hinchingbrooke Cottage Brampton Road Huntingdon PE29 2NA	Deb Thompson Scrutiny and Assurance Manager deb.thompson@cambsfire.gov.uk



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### **EXECUTIVE SUMMARY**

#### Purpose of the Annual Audit Letter

This Annual Audit Letter summarises the key issues arising from the work that we carried out in respect of the year ended 31 March 2020.

It is addressed to the Authority but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public.

#### Responsibilities of auditors and the Authority

It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice (the Code). Under the Code, we are required to review and report on:

- · Our opinion on the financial statements; and
- Whether the Authority have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

#### **Audit conclusions**

Audit area	Conclusion
Financial statements	Unqualified opinion, with an emphasis of matter in respect of the valuation of land and buildings and the valuation of pooled property assets within the pension fund, due to a material uncertainty included in the final valuation report by the valuers of these assets. Issued on 1 December 2020.
Use of resources	Unmodified conclusion issued on 1 December 2020.

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the audit.

#### **BDO LLP**

22 December 2020

#### **Audit conclusion**

We issued our audit report on 1 December 2020.

We issued an unqualified audit opinion on the financial statements. This means that we consider that the financial statements:

- Give a true and fair view of the financial position and income and expenditure for the year
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2019/20.

#### Final materiality

Final materiality was calculated at £860,000 based on a benchmark of 2% of gross expenditure.

#### Material misstatements

We identified one error that was material in the Authority's accounts. This only affected the classification of debtors and creditors on the balance sheet.

We also identified one material misstatement in relation to the pension liability needing to be updated for the latest developments in the McCloud case.

#### Unadjusted audit differences

We identified audit adjustments, the net impact if posted, would decrease the net deficit on provision of services for the year by £337,000.

We reported these audit differences and the Fire Authority Committee accepted management's decision not to amend the Statement of Accounts for these differences because the impact was not material.

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and the direction of the efforts of the audit team.

Risk description	How the risk was addressed by our audit	Results
Management override of controls	We carried out the following planned audit procedures:	We used our data analytics tools to inspect journals processed throughout the year and as part of the financial reporting close
Auditing standards	<ul> <li>Reviewed and verified journal entries made in</li> </ul>	process for any unusual transactions.
presume that management is in a unique position to	the year, agreeing the journals to supporting documentation. We determined key risk characteristics to filter the population of	We identified a number of journal entries that we considered to be high risk. All were agreed to supporting documentation, with appropriate explanations obtained for all journals identified.
perpetrate fraud by overriding controls		We assessed and corroborated significant management estimate and judgements in the following key areas:
	<ul> <li>Reviewed estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias</li> <li>Reviewed unadjusted audit differences for indications of bias or deliberate misstatement.</li> </ul>	- Depreciation
		- Accruals and accrued income
		- Valuation of land and buildings
		- Pension liability
		- Going concern assumptions
		We found no evidence of management override in these estimates.

Risk description	How the risk was addressed by our audit	Results
Valuation of non- current assets	We carried out the following planned audit procedures:	From our review of the instructions provided to the valuer and our assessment of the expertise of the valuer, we
The valuation of non- current assets is a significant risk as it involves a high degree of estimation uncertainty.	<ul> <li>Reviewed the instructions provided to the valuer and the valuer's skills and expertise in order to determine if we can rely on the management expert</li> </ul>	satisfied ourselves that we could rely on their work.  We checked that the basis of the valuation for each asset was appropriate and looked at the assumptions and input data that informed the valuation.
	Confirmed that the basis of valuation for assets valued in year is appropriate based on their usage	•
	<ul> <li>Reviewed the accuracy and completeness of information provided to the valuer, such as floor</li> </ul>	revaluation reserve and the CIES had been applied incorrectly.  The values included a material uncertainty statement in their
	<ul> <li>Reviewed assumptions used by the valuer and movements against relevant indices for similar classes of assets</li> </ul>	The valuer included a material uncertainty statement in their final valuation reports in respect of the year-end valuations, in light of circumstances surrounding coronavirus. We included an Emphasis of Matter in our audit report to highlight this uncertainty.
	<ul> <li>Followed up on valuation movements that appear unusual</li> </ul>	inginight time uncertainty.
	<ul> <li>Confirmed that assets not specifically valued in the year have been assessed to ensure their reported values remained materially correct.</li> </ul>	

Risk description	How the risk was addressed by our audit	Results
Valuation of Pension Liability	We carried out the following planned audit procedures:	No issues were found in assessing the competency of managements experts, or in the agreement of disclosures to the
The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty	<ul> <li>Agreed the disclosures to the information provided by the pension fund actuary</li> </ul>	information provided by the actuary.  We compared the key financial and demographic assumptions used by the actuary, to an acceptable range provided by a consulting actuary commissioned for local public auditors by the NAO. We considered that the assumptions and methodology used by the Pension Fund actuary were appropriate, and resulted in an estimate of the net pension liability which falls within a reasonable range.
	Reviewed the competence of the management expert (actuary)	
	<ul> <li>Reviewed the reasonableness of the assumptions used in the calculation against other local government actuaries and other</li> </ul>	
	<ul> <li>Reviewed the controls in place for providing accurate membership data to the actuary</li> <li>Contacted the pension fund auditor, requesting confirmation of the controls in place for providing accurate membership data</li> </ul>	We requested that a revised actuary report was obtained that took into consideration the proposed remedy for the McCloud Judgement. This resulted in a £1.140 million reduction in the
		pension liability with £1.081 million of this being adjusted through the comprehensive income and expenditure statement.
		Adjustments were also made for a number of disclosure misstatements within the pension fund note.
	<ul> <li>Checked that any significant changes in membership data had been communicated to the actuary.</li> </ul>	The auditor of the Cambridgeshire Pension Scheme, highlighted immaterial errors in the asset values, which were reported as unadjusted misstatements.

Risk description	How the risk was addressed by our audit	Results	
Production of financial statements compliant with the Code	statements procedures:	We found that the number and volume of issues identified was lower than has been identified in prior years, evidencing the	
		increased level of checks performed on the financial statements by management. In particular we noted that the majority of the points raised specifically as issues in the prior year audit completion report had been addressed.	
	<ul> <li>A review of the reconciliation between the trial balance and the financial statements including investigation into any non-trivial differences or omissions identified</li> </ul>	However, we identified a number of disclosure errors in the published unaudited accounts which were still present and there was a delay in providing the accounts to BDO due to deficiencies in the big red button software tool. All of the issues were amended in the final financial statements.	
	<ul> <li>A review of the prior period comparatives against the prior year signed financial statements</li> </ul>		
	<ul> <li>A review of the financial statements specifically focused on the areas where deficiencies were identified in the prior year</li> </ul>		
	<ul> <li>A review of the disclosure checklist prepared by the Authority to confirm that all required disclosures had been correctly presented in the financial statements in accordance with the Code</li> </ul>		

## **USE OF RESOURCES**

#### **Audit conclusion**

We did not identify any significant risks in resect of the Authority's use of resources. We issued an unmodified conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. This means that we consider that in all significant respects, the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

## **REPORTS ISSUED AND FEES**

#### Fees summary

	2019/20	2018/19
	£	£
Audit fee	ТВС	£24,536
Audit fee - PSAA scale fee	£24,536	£24,536
Proposed Amendment	TBC <sup>1</sup>	-
Non-audit assurance services	-	-
Total fees	ТВС	£24,536

<sup>&</sup>lt;sup>1</sup> An additional fee for 2019/20 will be agreed with management at a meeting later this year to enable us to conclude on additional costs and have discussions with management.

#### Communication

Communication	Date (to be) communicated	To whom
Audit Planning Report	May 2020	By e-mail to members of Overview and Scrutiny Committee
Audit Progress Report	July 2020	Policy and Resources Committee
Audit Completion report	October 2020	Fire Authority Committee
Annual Audit Letter	January 2021	Overview and Scrutiny Committee

#### FOR MORE INFORMATION:

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t: +44 (0)20 7893 2362 m: +44 (0)7971 716 487 e: rachel.brittain@bdo.co.uk The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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## MANAGING RISKS IN A CHANGING ENVIRONMENT

Analysis of fire and rescue service risk registers

December 2020



## **OVERVIEW OF RISKS**

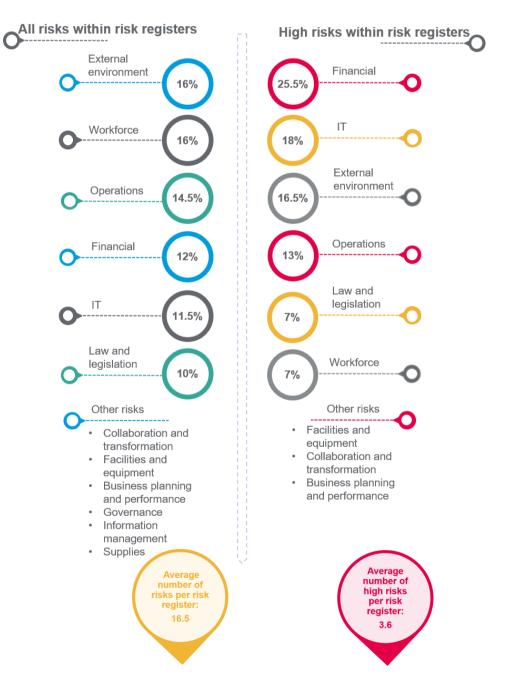
Our latest review of fire and rescue services (FRSs) strategic risk registers identifies some persistent challenges, together with some new and emerging risk areas, particularly in relation to IT and the external environment.

We have analysed the risk registers of 16 FRSs, examining 264 individual risks in total. We have categorised each risk by key theme to understand those areas of greatest concern. In doing so, services should be mindful of not just the risks highlighted but also those opportunities for development and service enhancement.

In terms of quantity, there were more risks related to environmental matters, such as the Covid-19 pandemic, workforce and operations. Yet, when we look at those high residual risks only – focusing on the top risk(s) facing services – more of those risks related to financial matters, followed by IT and the external environment.

Whilst each risk is categorised by theme, they nevertheless inter-relate and in culmination have the potential to have severe ramifications for FRSs. Financial factors, pensions, incident response capability, workforce numbers, increased regulation, reputation and operating within a pandemic situation are all elements creating significant uncertainty.

As such, effective planning, horizon scanning, and effective risk management are paramount. By understanding and seeing how risks interrelate allows services to have a better understanding of their organisation, and in terms of controls, ensures that one mitigating action does not impinge upon another risk.



#### **External environment**

In 2020, all organisations have had to deal with the far-reaching implications and impacts brought about by the Covid-19 pandemic. For the purposes of our analysis we have grouped pandemic related risks together. Yet we know the pandemic is not a risk in itself, but rather something that currently affects everything.

#### Covid-19 pandemic

#### Pandemic related risks include:

- failing to deliver core services and emergency response due to a reduction in staff resource as a result of absence;
- services are unable to access safety and protective equipment as supply chains are impacted;
- prevention activities are halted leading to backlogs and missed actions / referrals;
- in assisting other arms of the emergency services FRS response resources are reduced:
- recovery has not been mapped out effectively, meaning that as Covid-19 alert levels reduce, programmes and activities beyond those core obligations are not understood;
- financial loss and reputational damage through adopting new technologies that have not been thoroughly tested; and
- employees exploit the test and trace programme, while the services response regarding employee health, safety and wellbeing is ineffective.

When managing risks through the pandemic it is important to ensure continuity of effective governance arrangements for effective oversight, challenge and decision making. In responding to the pandemic FRSs have encountered new risks, which together with their impact, need to be managed. Services should consider the following actions:

- adapt your governance arrangements to ensure that the Service and Authority are able to function effectively (to set direction, measure performance, have oversight, undertake scrutiny and make decisions) whilst working and meeting remotely. Map and receive regular and relevant assurances on your strategic risks;
- don't manage your response through spreadsheets. The Service, management and staff need to have access to real time information. Investing in a system with workflow and action tracking could help;
- manage change risks, embracing the 'new normal' and take steps to reshape the organisation as required;
- reforecast to identify specific financial resilience and sustainability challenges; and
- communicate with partners and suppliers, and work more collaboratively, recognising that in some cases things do not always go as planned.

To find out more, please visit: https://www.rsmuk.com/coronavirus-adapting-to-change/governance-and-risk/seven-ways-to-prepare-your-business-for-a-coronavirus-second-wave

#### **Brexit**

There are concerns that Brexit will impact on the sustainable supply of equipment, impacting upon the ability of services to deliver their duties effectively and efficiently. Data sharing arrangements at the end of the transition period are also a significant cause for concern. Whilst the Information Commissioner's Office confirms the General Data Protection Regulation will be taken into UK law, there will be other requirements for EU data transfers / EU located data / operations.

## Prevention and outreach

An ageing population creates greater demand for services, amidst other challenges, such as unemployment and social isolation. Services are likely to be revisiting their prevention and outreach initiatives at this time.

#### Climate change

There are concerns that changes within our environment, for example hotter summers, may create an increase in fire service demand at both the local and national level.

#### **Financial**

Most high risks across the risk registers in our sample focus on financial matters. Income had reduced through the period 2016/17 to 2019/20, while FRSs have received a proportion of the £1.6bn of government funding to support the response to the pandemic. That said, there continue to be risks regarding the amount of funding services have at their disposal to deliver vital services, and there are risks that budget savings and efficiencies are not achieved. Concerns regarding future funding settlements are mounting, as services could face a reduction in grant allocation as a consequence of the pandemic, as well as a cap on public sector wages.

We have seen services make savings and efficiencies in recent years. That said, the importance of appropriate and sufficiently robust budgetary management processes cannot be overstated. There needs to be clear engagement with budget holders and, as services work to agreed budgets, there should be a process of validation checks to ensure the accuracy of figures and any cash flow variances (between actual and budgeted) should be fully explained. This helps services to work towards delivering the agreed budgets and to take preventative action where this is needed.

#### Areas of potential efficiency gains

- Buying goods smarter from uniforms to vehicles. Using collaborative buying power.
- Collaboration such as shared services including back office functions.
- De-collaboration where intended efficiency outcomes or public safety objectives are not realised.
- Operational transformation including the development of automated systems and processes and increased technological solutions.

#### Workforce

Workforce related risks centre upon a lack of suitably trained, skilled and knowledgeable staff and officers, a failure to recruit and retain officers including on-call firefighters, in addition to experience being lost through retirement with an increasingly ageing workforce in some areas. There are risks that the service does not reflect community diversity, robust succession plans are not in place, and there is a failure to bring about workforce changes to meet future needs and deliver against the people strategy.

Data from the Home Office illustrates that (in England) between 2015 and 2020, the number of firefighters (in terms of headcount) has reduced by 7.2 per cent, while total staff reduced by 5.3 per cent. From its inspection activities Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) has concluded that the majority of services do not have enough on-call firefighters, which shows that recruitment and retention remains a concern.

While recruitment continues to be an issue for FRSs, with 60 per cent of services deemed either inadequate or to require improvement, HMICFRS is clear that more is needed regarding people. From its inspection work, HMICFRS has stated that some services need to do more to address 'toxic' environments involving bullying and harassment and improve the diversity of the workforce. In addition, and perhaps more than ever, employee mental health and wellbeing is an area receiving greater attention.

#### Employee engagement and mental health

We have all learnt to do things differently this year, adapting in ways we would not have imagined and at a faster pace. Employee engagement is important, it always has been, but with different approaches emerging in a changing set of circumstances which give rise to new risks, it is more important than ever. Services should consider the following:

- given the increased importance on wellbeing and mental health, is your service sighted on how these risks are managed within the workforce and if the actions taken are working and supporting your organisation sufficiently?
- are key performance indicators in place to determine any impact on service delivery / performance because of mental health absence or do you capture statistics on early retirement due to mental health?
- agile, remote and flexible working practices may have emerged for support teams. How is training being delivered remotely? Are remote personnel aware of their data security responsibilities, to ensure there is no data loss?

#### **Operations**

After a steady rise, between 2018/19 and 2019/20 there has been a 3 per cent reduction in incidents attended in England. In a similar trend, the number of incidents attended across Scotland and Wales has also reduced over the same period. Yet, we know that through lockdown, with more people staying at home, the risk of fire is greater. Risk registers include risks focused on inadequate operational systems and system failures, and service management and response capability. There are concerns that a preventable death may occur, there is a failure to effectively mobilise services hindering emergency response, and the service is unable to respond adequately to an incident, or there is a fundamental loss of service provision placing the welfare of communities at risk.

#### IT

HMICFRS has noted that across the sector the use of technology varies considerably. Some services are investing in technology to improve their effectiveness and efficiency, yet almost half of services inspected are using IT systems that are broken, dated or unreliable, and some rely on using inefficient paper-based systems. In some services, the lack of investment in IT is leading to reduced levels of productivity. There are also the additional costs and issues around the delayed implementation of the Emergency Services Network (ESN) to replace the Airwave networks, which is impacting all Emergency Services. An effective Digital / IT Strategy and vision remains crucial to support digital transformation, along with investment in robotics over the coming years.

While our reliance on technology is increasing, the pandemic has brought with it an increased risk of fraud. It has made many organisations more vulnerable to cyber-attacks as a result of relaxed control environments, revised processes and procedures, and changing employee workforce profiles. Given the increase in remote working, the roll-out of IT equipment to facilitate this at high speed and the opportunistic nature of the cyber-criminal to target areas of change and potential weakness, the Covid-19 pandemic has provided the environment which has consequently enhanced the associated risks in this area.

Gaps in your defences can be targeted both at a human and system level, and with increased remote working, the risk of data loss increases.

#### Typical methods of cyber-crime

- Social engineering criminals manipulate people to gain access to confidential and sensitive information.
- Phishing criminals send emails pretending to be someone else, often an organisation, to obtain key information or a fund transfer.
- Identity theft the deliberate and intentional use of someone else's identity and credentials for gain.
- Spam emails unsolicited emails which are sent in bulk.
- Malware a type of software that is designed to disrupt systems.
- Ransomware a type of malware that blocks access to data and systems until payment is made by the organisation or person underattack.
- Whaling targets those in senior positions for financial gain or access to sensitive information.
- Island hopping supply chain and third parties are used to target another organisation, usually one that's bigger or more complex.

## Six ways to protect your organisation against cyber-crime

Cyber criminals don't just target large businesses. Data is king when it comes to cyber-crime, and cyber criminals are on the hunt for vulnerabilities wherever they exist. Weak IT controls can grant access to systems and provide cyber criminals with a route to underlying business and personnel data.

- 1. Raise cyber security awareness.
- 2. Back up your information.
- 3. Protect your social media accounts.
- 4. Examine your supply chains.
- 5. Update your operating systems.
- 6. Educate staff on credential theft.

To find out more, please visit:

https://www.rsmuk.com/ideas-andinsights/why-cybercrime-is-increasingand-how-to-stay-secure

#### Laws and legislation

Legislative requirements and regulatory scrutiny are increasing. There are concerns that services fail to adhere to their legal / statutory responsibilities relating to, for example, health and safety, building fire safety regulations, and data protection.

#### Other risk areas

#### Collaboration and transformation

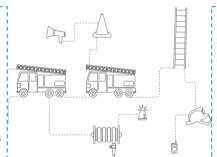
- To increase efficiency and effectiveness in terms of service delivery and in securing financial gain, risks are focused on grasping collaborative or transformative opportunities.
- Concerns that the intended benefits of a collaboration are not achieved, there is ineffective project management and that service delivery is impacted.

#### Facilities and equipment

- Inadequate facilities and equipment such as an aging estate and vehicles, and a lack of regular safety checks of equipment, pose risks in terms of health and safety but also potential service disruption.
- Asset management record processes are not in place, meaning services do not have a clear view of their equipment, vehicles, buildings and other property.

#### **Business planning and performance**

- Set performance targets (including response standards) are not achieved owing to resource levels, leading to intervention and adverse reputational impact.
- Business continuity plans are not fully effective to ensure that in the event of crisis, services are as fully maintained as possible.



#### Supplies

- There is a failure in the supply chain, meaning services are unable to obtain key equipment to ensure service delivery.
- Failure to comply with procurement rules.

#### Governance

- Internal control arrangements are not in place, resulting in services becoming at risk of intervention and failure to achieve statutory responsibilities.
- Failure to embed organisational culture and failure in leadership capacity.

#### Information management

- Due to the increasingly complex nature and volume of data, data is not managed and shared properly across the service.
- Data is not of quality, posing risks where it is being relied upon to take business decisions, and a lack of effective information management may lead to data breaches.

#### **Concluding comments**

The challenge for FRSs is to ensure that risk profiles remain current, that robust internal controls are mapped to each risk and are in line with risk appetite, and that appropriate assurances are sought so that the service can take comfort in the knowledge that controls are operating as intended. Through the pandemic, this is more important than ever, as it is likely that updated or new internal controls will have been implemented at scale and at pace.

## FOR FURTHER INFORMATION CONTACT

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## CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY

### **Key Financial Controls**

Internal audit report 5.20/21

FINAL

17 December 2020

This report is solely for the use of the persons to whom it is addressed.

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.



## EXECUTIVE SUMMARY

With the use of secure portals 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

An audit of Key Financial Controls was undertaken as part of the approved internal audit plan for 2020/21 to review the design and compliance with the control framework in place for key financial systems. The organisation utilises the Dream finance system and Real Asset Management systems to support the key financial control framework. The Finance team is comprised of the Head of Finance and Property, Financial Accountant, Assistant Financial Accountant, Senior Finance Officer and Finance Officer.

Our review focused on the key controls in the following areas:

- Ledger Access, Policies and Reporting
- Accounts Payable

- Cash and Treasury Management
- Asset Management

#### Conclusion

Our review confirmed that key financial controls were primarily well designed and complied with. We found that controls were well designed and had been functioning as intended and in line with the prescribed policies and procedures in relation to access to the Dream and Real Asset Management systems, financial reporting, supplier additions, payment runs, prompt payment targets, cash flow forecasts as well as capital asset purchases, disposals, tagging, depreciation and reconciliations.

We did, however, identify areas of weakness in relation to the ability to make an amendment to supplier bank or contact details on the Dream system without approval by, or a notification to a second member of staff and the clear recording of supplier amendment validity checks. We also found an issue with the recording of asset verification responses for all departments apart from the ICT department and the recording of investment approvals.

#### Internal audit opinion:

Taking account of the issues identified, the Board 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 that need to be addressed in order to ensure that the control framework is effective in managing this area.



### **Key findings**

#### We identified the following weakness:



#### **Accounts Payable: Supplier Amendments**

We were informed by the Assistant Financial Accountant that a change could be made to supplier contact or bank details on the Dream system by any member of the Finance Team without approval and there were no other detective controls in place which would identify a change. Whilst we appreciate that only the Finance Team have access to making these changes, and is relatively small, there is a risk of fraudulent supplier amendments being made by a member of the Finance Team without detection. We have therefore agreed a medium priority action to undertake a review at month end of changes to supplier details to ensure they are supported by a genuine request. (**Medium**)



#### **Asset Management: Asset Verification**

We noted that, whilst there was a written record of an asset verification response for the ICT department, for the remaining departments' fleet and equipment, whilst equipment lists had been circulated, there was no clear record of the responses evidencing asset verification.

We were advised by the Assistant Financial Accountant that verification of the assets on the list had been received verbally via telephone. We were also advised that this was due to time pressure in completing the verification exercise as a result of prioritising other activities related to the COVID-19 pandemic, such as ordering personal protective equipment. There is a risk that assets which have been purchased during the year may not have been capitalised or that those disposed of in-year may not have been removed which could mean that the Service's total assets are not accurate. (Medium)



#### **Cash and Treasury Management: Investment Approval**

We confirmed through review of a sample of five investments entered into since April 2020 that backing documentation had been retained for each. We were informed by the Financial Accountant that they had approved each investment but no evidence to demonstrate approval was provided. We noted during review of the Treasury Management Policy that the Treasurer (Deputy Chief Executive) was required to approve investments and that this responsibility could be delegated to another member of staff. We were informed by the Deputy Chief Executive that this responsibility to approve investments had been delegated to the Financial Accountant but this decision had not been formally documented. There is a risk that the approval of investments is not in line with the Service's standards, which could mean that inappropriate investments are entered into. (Medium)

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

#### Ledger Access, Policies and Reporting

#### **Access to Finance System**



We confirmed through review of a sample of five Dream system users that the users were current employees. We were informed by the Head of Finance and Property that the access level given to each of our sample was appropriate to their job role. We noted during review of a sample of five leavers since April 2020 that their access to the Dream system had been withdrawn.

Whilst we were unable to obtain a report of any amendments to user limits from the Dream system, we noted that any changes to user approval limits in the Dream system require the budget holder to sign a new copy of the physical budget holder approval limit sheets, documenting the approval limits for all relevant individuals. We confirmed for a sample of five budget holders' sheets that each had been appropriately signed.

#### **Financial Reporting**



The Financial Accountant prepares a detailed budget monitoring report which is shared with the Deputy Chief Executive on a monthly basis. This includes commentary on any significant variances from the expenditure in the previous year. We confirmed that the detailed budget report had been prepared for the months of June, July and August 2020, providing commentary on any variances from the prior year's YTD expenditure. We selected a sample of three reported values within the budget monitoring report and were able to reconcile them back to source data.

#### **Accounts Payable**

#### **Supplier Additions**

To create new vendors or suppliers onto the Dream system, the Request for Supplier/Contractor Account workflow is completed. We confirmed through review of a sample of five that in four cases a supplier set up form had been completed and approved by the budget holder. However, for the remaining one, a form had not been maintained.



We were informed by the Assistant Financial Accountant that another member of staff had mistakenly used the debtors process to add the supplier and that the Assistant Financial Accountant had manually moved the debtors to suppliers on the Dream system. As this was identified by the Assistant Financial Accountant to be due to human error and we found that the contact and bank details uploaded to the system matched those provided by the supplier, and we have not raised an action in relation to this finding.

For our sample of four supplier additions where a set up form had been maintained, we confirmed that a second member of staff had checked the details input to Dream and the details input were consistent with the original request from the supplier.



#### **Payment Runs**

We confirmed through review of a sample of five payment runs from the current financial year that there was a segregation of duties in all cases between the member of staff producing the run and the Assistant Financial Accountant who had approved each run.



#### **Prompt Payment Monitoring**

We noted that Prompt Payment Monitoring reports had been prepared for July, August and September 2020. We observed the performance levels within the reports to be 91, 87 and 80 per cent, respectively. We were informed by the Assistant Financial Accountant that whilst there was no formally documented target in place, performance would be investigated if it falls below 80 per cent.

#### **Cash and Treasury Management**

#### **Cash Flow Forecasts**

We confirmed through review of a sample of five daily cash flow forecasts that they had been completed on a daily basis. We found during testing that in four cases, no action was required and that in the remaining instance, it was noted that £50,000 would need to be moved to meet a financial commitment.



We noted during review of the sample that in two cases, on 18 and 19 August 2020, that the forecasts had been independently reviewed and that this included the date that action was required. However, we noted during testing that the remaining three had not been independently reviewed and that this was because there was only one officer on site. We were informed by the Assistant Financial Accountant that this was due to annual leave and the Finance team being relatively small. If daily cashflow forecasts are not independently review, there is risk that the Service will not identify when additional funds are required to meet financial commitments which could mean that the Service's minimum balance is breached.

We were informed by the Assistant Financial Accountant that action was not required often to ensure that financial commitments would be met. This was consistent with our finding above that only one out of our sample of five dates required action to be taken to meet the Service's financial commitments. Whilst the risk remains, the organisation has accepted the risk as being relatively low for the reasons stated above, we have therefore not agreed an action in relation to this finding.

#### **Asset Management**



#### Access to the Asset Register

The Service uses the Real Asset Management System. Access to the system is limited, and through review of a screenshot of users with access to the Real Asset Management System we were informed by the Assistant Financial Accountant that access given to the users was relevant to their job role.



#### **Capital Purchases**

At year end, capital purchases are reviewed and added to the asset register where they meet the capitalisation threshold. Through review of a sample of five purchases in 2019/20 that met the capitalisation threshold, we found that they had all been added to the Service's asset management system.



#### **Capital Disposals**

Disposals are identified through the annual asset verification exercise or as communicated by departments in-year. We selected a sample of five disposals in 2019/20 and confirmed that they had been removed from the Real Asset Management System.



#### **Asset Tagging**

We confirmed through review of the asset register that unique asset IDs had been assigned to a sample of 25 assets.



#### **Asset Depreciation**

Depreciation is calculated and recorded within the asset register based on the asset life and value. During review of a sample of five assets on the Real Asset Management System, we confirmed that depreciation had been calculated in accordance with the Service's chosen treatment and the useful life of the assets.



#### **Asset Reconciliation**

The asset register is reconciled against the general ledger as part of the year end annual accounts. We confirmed through review of the reconciliation of the asset register to the general ledger for 2019/20 that it had been undertaken.

We also agreed three low priority management actions which are detailed in section 2 below.

### **Progress made with previous audit findings – Key Financial Controls 5.19.20**

Date of previous audit: September 2018	Low	Medium	High
Number of actions agreed during previous audit	4	1	-
Number of actions implemented/ superseded	1	-	-
Actions not yet fully implemented:	3	1	-

We confirmed that one action from the previous Key Financial Controls audit (19/20) had been superseded. The one outstanding 'medium' priority action related to having not documented who authority to improve investments had been delegated. The three outstanding 'low' actions related to updating the financial policy documentation to include next review dates and undertake these reviews, recording the telephone number used to verify amendments to supplier details and not storing a central record of the annual asset verification exercise. We have agreed management actions relating these below.

## 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. Ledger access, Policies and Reporting: Financial Regulations The Authority's Financial Regulations and Financial Control Standards provide a framework for the Control **Assessment:** management of financial accounting through appropriate systems. These policies are supported by the Design Statement of Financial Principles and the Statement of Delegated Responsibilities. Compliance N/A They were last reviewed in September 2018 but do not state a next review date and the regulations are available to staff via the Service's intranet. Findings / As part of the 2019/20 Key Financial Controls audit, we reviewed the Financial Regulations, Financial Control Standards, the Statement of Financial Principles and the Statement of Delegated Responsibilities and we found the following: **Implications** the Financial Regulations had been last reviewed in September 2018 and were due for review annually however had not been updated at the time of the audit in October 2020; and the Financial Control Standards, the Statement of Financial Principles and the Statement of Delegated Responsibilities had been last reviewed in September 2018 and did not state the next review date. We confirmed through a review of the documents that a review had not taken place since September 2018. We were informed by the Assistant Financial Accountant that this was due to be undertaken during 2020, however due the COVID-19 pandemic work to update the regulations was paused.

There is a risk of key documentation becoming outdated if dates for next review are not clearly documented.

Management Action 1 The Head of Finance and Property will ensure that the key financial policy documentation including the organisation's Financial Regulations, Financial Control Standards, the Statement of Financial Principles and the Statement of Delegated Responsibilities will record the date of next required review and reviews will take place in line with the documented frequency.

Responsible Owner: Date: Priority:

Amy Jackson, Head of Finance and Property

Date: Priority:

#### 2. Accounts Payable: Supplier Amendments

#### Control

Amendments to the supplier list are undertaken by Finance, upon receipt of a formal request from suppliers. Backing documentation is signed by one person as actioned and another person as checked. Changes to supplier details are verified by telephone, and checks are recorded, including a note of the telephone number which was called for verification.

**Assessment:** 

Design

Compliance N/A

Changes can be undertaken by any member of the Finance Team without an approval required or notification sent from the system.

## Findings / Implications

We were informed by the Assistant Financial Accountant that a change to supplier details could be performed by a member of the Finance team and did not require a second check on the Dream system. We noted that there were no other detective controls in place which would identify changes to supplier bank details.

Whilst we appreciate that the number of individuals within the Finance team with the ability to make these changes is relatively small, there is a risk of fraudulent supplier amendments if supplier bank details can be changed by a member of the Finance Team without any further checks being in place.

## Management Action 2

The Head of Finance and Property will review a report of amendments to supplier details as part of the month-end process. This review will include comparing each amendment in the month to the request from the supplier to ensure the amendments that have been made within the system are supported by documented requests and verification checks are evidenced.

Responsible Owner:

Amy Jackson, Head of Finance and Property

Date:

**Priority:** 

**30 November** Medium **2020** 

Findings / Implications

We noted during review of our sample of five amendments that the documentation received from the supplier had been signed as input and signed by a second member of staff as checked. We were advised by the Assistant Financial Accountant that the signing of the document by the inputter was confirmation of the change being updated in the system and also that verification of the change with the supplier using an existing number had taken place, although it was not clearly documented that this was the case on the document itself. We were advised that the form being signed as checked was confirmation the details input to the system were consistent with the documentation provided by the supplier. We found that one of the five documents stated that they had confirmed the change by telephone and website but did not document the number called. For the remaining four, there was no clear reference to the validation checks undertaken.

Whilst we were advised by the Assistant Financial Accountant that the checks had taken place in each instance, there is insufficient audit trail available to confirm that the correct checks have been undertaken using existing contact details prior to making amendments on the finance system. We appreciate that this appears to be an issue with the recording of the performance of the checks and we have therefore agreed a 'low' priority management action in this area.

#### 2. Accounts Payable: Supplier Amendments

## Action 3

**Management** The Assistant Financial Accountant will ensure that supplier amendments clearly record that the supplier has been contacted using an existing telephone number and that the telephone number used is recorded.

Responsible Owner:

Josh Muir. Assistant Financial Accountant

Date:

**Priority:** Low

30 November 2020

**Assessment:** 

#### 3. Accounts Payable: Purchase Orders

#### Control

Purchase order requisitions are raised and approved electronically within the Dream system. Dream uses a workflow system which sends a purchase order requisition to the budget holder, selected by the user, for approval in line with the agreed Schedule of Authorised Signatories.

Design Compliance

Invoices received are matched against approved purchase orders and goods received notes and processed for payment.

The receipt of goods and services is actioned on the Dream financial system.

Where an invoice cannot be matched to a receipted item, but a purchase order exists, it is forwarded onto the budget holder requesting them to take appropriate action.

Where orders are made without a purchase order, or an invoice cannot be matched to a goods received note, the invoice is forwarded to the appropriate budget holder for approval, prior to payment being processed.

#### Findings / **Implications**

We obtained a report of all paid invoices since April 2020 and selected a sample of 20.

We confirmed through review of our sample that in ten cases the invoice could be linked to a purchase order. For the remaining ten, we noted during testing that a purchase order had not been used.

During review of the 10 invoices with a purchase order, we found the following:

- each had been approved in line with delegated authorities;
- there was a segregation of duties between the member of staff raising the purchase order and approving it;
- the goods had been recorded on the Dream system as received;
- there was a segregation of duties between the member of staff approving the purchase order and recording the order as received;
- there were no discounts offered for early payment of the invoice and therefore we did not test whether discounts were taken;
- the invoice had been accurately input to the system;
- the invoice was consistent with the purchase order; and

#### 3. Accounts Payable: Purchase Orders

• the invoice had been paid after the goods had been recorded as received.

Through review of the 10 invoices without a purchase order, we found the following:

- the suppliers that the purchases had been made from were not on the contract register which indicated that an agreement or other contract was not in place;
- each had been approved in line with delegated authorities; and
- each invoice had been accurately input to the Dream system and paid following approval of the invoice.

We confirmed during review of the 10 purchases in our sample that did not have a purchase order that in two cases the invoices were for utility bills and in three cases the suppliers were on the Service's Supplier Purchase Order Exemption list and as such did not require a purchase order.

However, for the remaining five we were unable to determine through review of the samples or discussion with the Financial Accountant why a purchase order was not required, and these orders did not relate to utility bills or feature on the Supplier Purchase Order Exemption list.

We noted during review of the Financial Regulations documents, that a list of circumstances in which a purchase order would not be required had not been defined. We were advised by the Assistant Financial Accountant that a list of this nature had not been formally documented.

In the absence of this list we were unable to confirm whether a purchase order was required for those purchases that did not have one. As such, there is a risk that purchases can be made without the relevant approval where a purchase order is required but is not used.

Manag	ement
<b>Action</b>	4

The Head of Finance and Property will update the Financial Regulations documents to include a list of circumstances where a purchase order is not required, for example utility bills.

Invoices will not be processed without a purchase order unless they are in line with the permitted exception list or on the Service's Supplier Purchase Order Exemption list.

Responsible Owner: Date: Priority:

Amy Jackson, Head of Finance and Property

Amy Jackson, Head of Finance and Property

4. Cash and T	reasury Management: Loans and Investments							
Control	<b>Control</b> Loans and investments are made in accordance with the Authority Treasury Management Policy and are properly authorised and supported by adequate documentation.		Assessment: Design	×				
	A spreadsheet is maintained with details of all investments made by	Compliance	N/A					
	All investments are supported by backing documentation. The Trea state who is able to approve investments.	acking documentation. The Treasury Management policy does not clearly ments.						
Findings /	We were informed by the Assistant Financial Accountant that no loa	ans had been taken out since April 2020.						
Implications	We confirmed through review of a sample of five investments entered into since April 2020 that backing documentation had been retained for each. We were informed by the Financial Accountant that they had approved each investment but no evidence to demonstrate approval was provided.							
	investments, however this could be delegated to another member of	review of the Treasury Management Policy that the Treasurer (Deputy Chief Executive) was require wever this could be delegated to another member of staff. We were informed by the Deputy Chief Executive deep delegated to the Financial Accountant, however this needed to be formally documented.						
	There is a risk that the approval of investments is not in line with the documented, which could mean that inappropriate investments are	the approval of investments is not in line with the Service's standards where the delegation has not been formally could mean that inappropriate investments are entered into.						
Management	The Financial Accountant will update the Treasury Management	Responsible Owner:	Date:	Priority:				
Action 5	Policy to state who authority has been delegated to by the Treasurer, to approve investments. Evidence of approval of each	Lisa Killner, Financial Accountant	31 March 2021	Medium				
	investment will be documented. The updated Treasury  Management Policy will be signed off by the Deputy Chief  Executive.  Matthew Warren, Deputy Chief  Executive							

5. Asset Mana	gement: Asset Verification					
Control	· · · · · · · · · · · · · · · · · · ·	ation processes in place to ensure the accuracy of the asset register. These verification				
	processes take place on an annual basis. Departments are provided a list of assets and are required to return the list, identifying assets that are still in use.		Design	$\checkmark$		
Findings / Implications	We confirmed through review of an email from the Head of ICT to t verification had been completed. This response provided details of			sset		
	evidencing asset verification. We were advised by the Assistant Fir received verbally via telephone. We were also advised that this was	ed, however, that whilst equipment lists had been circulated to other departments, there was no clear record of the responses cing asset verification. We were advised by the Assistant Financial Accountant that verification of the assets on the list had been diverbally via telephone. We were also advised that this was due to time pressure in completing the verification exercise as a result itising other activities related to the COVID-19 pandemic, such as ordering personal protective equipment.				
	There is a risk that assets which have been purchased during the ymay not have been removed which could mean that the Service's t	·	those disposed of	in-year		
Management	The Assistant Financial Accountant will maintain a centrally held	Responsible Owner:	Date:	Priority:		
Action 6	complete record of the annual asset verification for each department. This will include the exercise request, asset list and written confirmation of changes to the asset list (additions and disposals).	Josh Muir, Assistant Financial Accountant	31 May 2021	Medium		

## APPENDIX A: CATEGORISATION OF FINDINGS

Categoris	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 local daffect the effective function of a department, loss of controls or process being audited or possible reputational damage 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.

Area	Control	design	Non Co	mpliance		Agreed actions		
		ective*		ontrols*	Low	Medium	High	
Ledger Access, Policies and Reporting	1	(3)	0	(3)	1	0	0	
Accounts Payable	2	(5)	1	(5)	2	1	0	
Cash and Treasury Management	1	(2)	0	(2)	0	1	0	
Asset Management	0	(7)	1	(7)	0	1	0	
Total					3	3	0	

<sup>\*</sup> 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

Annual coverage of key financial controls systems to ensure systems are adequately designed and are being complied with.

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

- There are clear financial regulations, policies and procedures are in place for all key financial areas;
- · Access to the finance system is adequately controlled; this includes amendments to approval limits; and
- · Accurate financial reporting is made to all levels of the organisation (strategic and operational information).
- Where controls have been revised due to COVID-19, we will review the design and operational effectiveness of revised internal controls.

#### Payments and Creditors (Accounts Payable, AP)

- New suppliers are subject to due diligence checks and authorisation before being set up on the finance system;
- Amendments to supplier details (including bank details) are subject to independent due diligence checks;
- Purchase orders are used for all purchases and are authorised in line with the delegated authorities;
- · Goods are received on the finance system when received by the organisation;
- Invoices received are matched to purchase orders and goods received notes;
- Non-purchase order purchases are subject to review and challenge;
- Payment runs are prepared for all invoiced and received goods;
- The payment run is subject to authorisation in line with the delegated authorities;
- There is adequate segregation of duties in the ordering, goods receipting and approving of invoices process; and
- The payment of invoices in accordance with prompt payment targets is monitored.

#### **Cash and Treasury Management**

• Cash flow forecasts are prepared on a regular basis using information from AP and AR;

- Cash flow forecasts are subject to regular review by management and actions taken to ensure adequate cash flow;
- Cash flow forecast accuracy is monitored to improve the reliability of the information provided;
- Investments are only made in line with the organisations treasury management rules following approval in line with the delegated authorities;
- Loans are only made in line with the organisations treasury management rules following approval in line with the delegated authorities; and
- · Loan covenants are monitored on a regular basis with risks identified and actioned in a timely manner.

#### **Asset Management**

- Access to the asset register is restricted to only those staff that require access;
- Processes are in place to identify and accurately record all capital purchases made during the financial year;
- Processes are in place to identify and accurately record all disposals made during the financial year;
- Material and high-risk assets are appropriately controlled and tagged;
- Asset verification processes are undertaken to ensure the accuracy of the asset register;
- Depreciation is accurately calculated in line with the agreed methodology and reflected on the asset ledger and general ledger; and
- The asset register is reconciled with the general ledger on a regular basis.

#### Limitations to the scope of the audit assignment:

- We will not confirm that the finance system workflows are enforcing approval limits;
- We will not confirm the validity or appropriateness of new suppliers or amendments to supplier details;
- We will not confirm that goods and services paid for have been received by the organisation;
- We will not confirm the amount paid for goods and services reflect value for money;
- The results of our work are reliant on the quality and completeness of the information provided to us;
- We will only cover those areas identified within the audit scope;
- · All testing will be compliance-based sample testing only; and
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held
15 October 2020
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Final report issued 17 December 2020 Client sponsor Amy Jackson, Head of Finance and Property

**Distribution** Amy Jackson, Head of Finance and Property

#### rsmuk.com

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.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

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

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.



# Cambridgeshire and Peterborough Fire Authority

## **Internal Audit Progress Report**

## **7 January 2021**

This report is solely for the use of the persons to whom it is addressed.

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.



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## 1 Key messages

This report below provides a summary update on progress against each plan and summarises the results of our work to date. Those reports finalised since the last Committee are highlighted in **bold** below.

## Progress against the internal audit plan 2020/21

Assignment	Status / Opinion issued	Actions agreed		greed	Opinion Issued	
		L	M	Н		
Fleet Management – Policies and Procedures (1.20/21)	FINAL REPORT	0	2	0	Advisory	
Governance – Fire Authority (2.20/21)	FINAL REPORT	2	2	0	Reasonable Assurance	
Procurement – Proactive Processes (3.20/21)	FINAL REPORT	0	4	0	Reasonable Assurance	
Risk Management (4.20/21)	FINAL REPORT	4	4	0	Reasonable Assurance	
Key Financial Controls (5.20.21)	FINAL REPORT	3	3	0	Reasonable Assurance	
People Strategy	Planned - 1 February 2021					
Follow up	Planned - 1 February 2021					
Estates and Property Maintenance	Planned – 24 February 2021					

## **Appendix A – Other matters**

### **Annual Opinion 2020/21**

The Overview and Scrutiny Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. The Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion. We have not issued any negative opinions to date in 20/21 and therefore anticipate issuing an unqualified opinion at the year end.

### Changes to the audit plan

There have been no changes since the last Overview and Scrutiny Committee.

We have previously reported that we were requested to delay the audit review of Estates and Property Maintenance audit due to the impact of COVID-19 on the department and the resources available from the team. This has now been re-scheduled for February 2021, previously October 2020.

### Information and briefings

There has been two Emergency Services client briefing issued since our last Committee.

- RSM Business Continuity Planning COVID-19 November 2020
- Emergency Services New Briefing December 2020
- Managing Risks in a Changing Environment Analysis of fire and rescue service risk registers

### **Quality assurance and continual improvement**

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

Appendix B – Executive summaries and action plans (High and Medium only) from finalised reports

## EXECUTIVE SUMMARY – KEY FINANCIAL CONTROLS

With the use of secure portals 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

An audit of Key Financial Controls was undertaken as part of the approved internal audit plan for 2020/21 to review the design and compliance with the control framework in place for key financial systems. The organisation utilises the Dream finance system and Real Asset Management systems to support the key financial control framework. The Finance team is comprised of the Head of Finance and Property, Financial Accountant, Assistant Financial Accountant, Senior Finance Officer and Finance Officer.

Our review focused on the key controls in the following areas:

- Ledger Access, Policies and Reporting
- Accounts Payable

- Cash and Treasury Management
- Asset Management

#### Conclusion

Our review confirmed that key financial controls were primarily well designed and complied with. We found that controls were well designed and had been functioning as intended and in line with the prescribed policies and procedures in relation to access to the Dream and Real Asset Management systems, financial reporting, supplier additions, payment runs, prompt payment targets, cash flow forecasts as well as capital asset purchases, disposals, tagging, depreciation and reconciliations.

We did, however, identify areas of weakness in relation to the ability to make an amendment to supplier bank or contact details on the Dream system without approval by, or a notification to a second member of staff and the clear recording of supplier amendment validity checks. We also found an issue with the recording of asset verification responses for all departments apart from the ICT department and the recording of investment approvals.

#### Internal audit opinion:

Taking account of the issues identified, the Board 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 that need to be addressed in order to ensure that the control framework is effective in managing this area.



### **Key findings**

#### We identified the following weakness:



#### **Accounts Payable: Supplier Amendments**

We were informed by the Assistant Financial Accountant that a change could be made to supplier contact or bank details on the Dream system by any member of the Finance Team without approval and there were no other detective controls in place which would identify a change. Whilst we appreciate that only the Finance Team have access to making these changes, and is relatively small, there is a risk of fraudulent supplier amendments being made by a member of the Finance Team without detection. We have therefore agreed a medium priority action to undertake a review at month end of changes to supplier details to ensure they are supported by a genuine request. (**Medium**)



#### **Asset Management: Asset Verification**

We noted that, whilst there was a written record of an asset verification response for the ICT department, for the remaining departments' fleet and equipment, whilst equipment lists had been circulated, there was no clear record of the responses evidencing asset verification.

We were advised by the Assistant Financial Accountant that verification of the assets on the list had been received verbally via telephone. We were also advised that this was due to time pressure in completing the verification exercise as a result of prioritising other activities related to the COVID-19 pandemic, such as ordering personal protective equipment. There is a risk that assets which have been purchased during the year may not have been capitalised or that those disposed of in-year may not have been removed which could mean that the Service's total assets are not accurate. (Medium)



#### **Cash and Treasury Management: Investment Approval**

We confirmed through review of a sample of five investments entered into since April 2020 that backing documentation had been retained for each. We were informed by the Financial Accountant that they had approved each investment but no evidence to demonstrate approval was provided. We noted during review of the Treasury Management Policy that the Treasurer (Deputy Chief Executive) was required to approve investments and that this responsibility could be delegated to another member of staff. We were informed by the Deputy Chief Executive that this responsibility to approve investments had been delegated to the Financial Accountant but this decision had not been formally documented. There is a risk that the approval of investments is not in line with the Service's standards, which could mean that inappropriate investments are entered into. (Medium)

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

#### Ledger Access, Policies and Reporting

#### **Access to Finance System**



We confirmed through review of a sample of five Dream system users that the users were current employees. We were informed by the Head of Finance and Property that the access level given to each of our sample was appropriate to their job role. We noted during review of a sample of five leavers since April 2020 that their access to the Dream system had been withdrawn.

Whilst we were unable to obtain a report of any amendments to user limits from the Dream system, we noted that any changes to user approval limits in the Dream system require the budget holder to sign a new copy of the physical budget holder approval limit sheets, documenting the approval limits for all relevant individuals. We confirmed for a sample of five budget holders' sheets that each had been appropriately signed.

#### **Financial Reporting**



The Financial Accountant prepares a detailed budget monitoring report which is shared with the Deputy Chief Executive on a monthly basis. This includes commentary on any significant variances from the expenditure in the previous year. We confirmed that the detailed budget report had been prepared for the months of June, July and August 2020, providing commentary on any variances from the prior year's YTD expenditure. We selected a sample of three reported values within the budget monitoring report and were able to reconcile them back to source data.

#### **Accounts Payable**

#### **Supplier Additions**

To create new vendors or suppliers onto the Dream system, the Request for Supplier/Contractor Account workflow is completed. We confirmed through review of a sample of five that in four cases a supplier set up form had been completed and approved by the budget holder. However, for the remaining one, a form had not been maintained.



We were informed by the Assistant Financial Accountant that another member of staff had mistakenly used the debtors process to add the supplier and that the Assistant Financial Accountant had manually moved the debtors to suppliers on the Dream system. As this was identified by the Assistant Financial Accountant to be due to human error and we found that the contact and bank details uploaded to the system matched those provided by the supplier, and we have not raised an action in relation to this finding.

For our sample of four supplier additions where a set up form had been maintained, we confirmed that a second member of staff had checked the details input to Dream and the details input were consistent with the original request from the supplier.

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#### **Payment Runs**

We confirmed through review of a sample of five payment runs from the current financial year that there was a segregation of duties in all cases between the member of staff producing the run and the Assistant Financial Accountant who had approved each run.



#### **Prompt Payment Monitoring**

We noted that Prompt Payment Monitoring reports had been prepared for July, August and September 2020. We observed the performance levels within the reports to be 91, 87 and 80 per cent, respectively. We were informed by the Assistant Financial Accountant that whilst there was no formally documented target in place, performance would be investigated if it falls below 80 per cent.

#### **Cash and Treasury Management**

#### **Cash Flow Forecasts**

We confirmed through review of a sample of five daily cash flow forecasts that they had been completed on a daily basis. We found during testing that in four cases, no action was required and that in the remaining instance, it was noted that £50,000 would need to be moved to meet a financial commitment.



We noted during review of the sample that in two cases, on 18 and 19 August 2020, that the forecasts had been independently reviewed and that this included the date that action was required. However, we noted during testing that the remaining three had not been independently reviewed and that this was because there was only one officer on site. We were informed by the Assistant Financial Accountant that this was due to annual leave and the Finance team being relatively small. If daily cashflow forecasts are not independently review, there is risk that the Service will not identify when additional funds are required to meet financial commitments which could mean that the Service's minimum balance is breached.

We were informed by the Assistant Financial Accountant that action was not required often to ensure that financial commitments would be met. This was consistent with our finding above that only one out of our sample of five dates required action to be taken to meet the Service's financial commitments. Whilst the risk remains, the organisation has accepted the risk as being relatively low for the reasons stated above, we have therefore not agreed an action in relation to this finding.

#### **Asset Management**



#### Access to the Asset Register

The Service uses the Real Asset Management System. Access to the system is limited, and through review of a screenshot of users with access to the Real Asset Management System we were informed by the Assistant Financial Accountant that access given to the users was relevant to their job role.



#### **Capital Purchases**

At year end, capital purchases are reviewed and added to the asset register where they meet the capitalisation threshold. Through review of a sample of five purchases in 2019/20 that met the capitalisation threshold, we found that they had all been added to the Service's asset management system.



#### **Capital Disposals**

Disposals are identified through the annual asset verification exercise or as communicated by departments in-year. We selected a sample of five disposals in 2019/20 and confirmed that they had been removed from the Real Asset Management System.



#### **Asset Tagging**

We confirmed through review of the asset register that unique asset IDs had been assigned to a sample of 25 assets.



#### **Asset Depreciation**

Depreciation is calculated and recorded within the asset register based on the asset life and value. During review of a sample of five assets on the Real Asset Management System, we confirmed that depreciation had been calculated in accordance with the Service's chosen treatment and the useful life of the assets.



#### **Asset Reconciliation**

The asset register is reconciled against the general ledger as part of the year end annual accounts. We confirmed through review of the reconciliation of the asset register to the general ledger for 2019/20 that it had been undertaken.

We also agreed three low priority management actions which are detailed in section 2 below.

### **Progress made with previous audit findings – Key Financial Controls 5.19.20**

Date of previous audit: September 2018	Low	Medium	High
Number of actions agreed during previous audit	4	1	-
Number of actions implemented/ superseded	1	-	-
Actions not yet fully implemented:	3	1	-

We confirmed that one action from the previous Key Financial Controls audit (19/20) had been superseded. The one outstanding 'medium' priority action related to having not documented who authority to improve investments had been delegated. The three outstanding 'low' actions related to updating the financial policy documentation to include next review dates and undertake these reviews, recording the telephone number used to verify amendments to supplier details and not storing a central record of the annual asset verification exercise. We have agreed management actions relating these below.

## 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. Ledger access, Policies and Reporting: Financial Regulations The Authority's Financial Regulations and Financial Control Standards provide a framework for the Control **Assessment:** management of financial accounting through appropriate systems. These policies are supported by the Design Statement of Financial Principles and the Statement of Delegated Responsibilities. Compliance N/A They were last reviewed in September 2018 but do not state a next review date and the regulations are available to staff via the Service's intranet. Findings / As part of the 2019/20 Key Financial Controls audit, we reviewed the Financial Regulations, Financial Control Standards, the Statement of Financial Principles and the Statement of Delegated Responsibilities and we found the following: **Implications** the Financial Regulations had been last reviewed in September 2018 and were due for review annually however had not been updated at the time of the audit in October 2020; and the Financial Control Standards, the Statement of Financial Principles and the Statement of Delegated Responsibilities had been last reviewed in September 2018 and did not state the next review date. We confirmed through a review of the documents that a review had not taken place since September 2018. We were informed by the Assistant Financial Accountant that this was due to be undertaken during 2020, however due the COVID-19 pandemic work to update the regulations was paused.

There is a risk of key documentation becoming outdated if dates for next review are not clearly documented.

Management Action 1 The Head of Finance and Property will ensure that the key financial policy documentation including the organisation's Financial Regulations, Financial Control Standards, the Statement of Financial Principles and the Statement of Delegated Responsibilities will record the date of next required review and reviews will take place in line with the documented frequency.

Responsible Owner: Date: Priority:

Amy Jackson, Head of Finance and Property

Date: Priority:

#### 2. Accounts Payable: Supplier Amendments

#### Control

Amendments to the supplier list are undertaken by Finance, upon receipt of a formal request from suppliers. Backing documentation is signed by one person as actioned and another person as checked. Changes to supplier details are verified by telephone, and checks are recorded, including a note of the telephone number which was called for verification.

**Assessment:** 

Design

Compliance N/A

Changes can be undertaken by any member of the Finance Team without an approval required or notification sent from the system.

## Findings / Implications

We were informed by the Assistant Financial Accountant that a change to supplier details could be performed by a member of the Finance team and did not require a second check on the Dream system. We noted that there were no other detective controls in place which would identify changes to supplier bank details.

Whilst we appreciate that the number of individuals within the Finance team with the ability to make these changes is relatively small, there is a risk of fraudulent supplier amendments if supplier bank details can be changed by a member of the Finance Team without any further checks being in place.

## Management Action 2

The Head of Finance and Property will review a report of amendments to supplier details as part of the month-end process. This review will include comparing each amendment in the month to the request from the supplier to ensure the amendments that have been made within the system are supported by documented requests and verification checks are evidenced.

Responsible Owner:

Amy Jackson, Head of Finance and Property

Date:

**Priority:** 

**30 November** Medium **2020** 

Findings / Implications

We noted during review of our sample of five amendments that the documentation received from the supplier had been signed as input and signed by a second member of staff as checked. We were advised by the Assistant Financial Accountant that the signing of the document by the inputter was confirmation of the change being updated in the system and also that verification of the change with the supplier using an existing number had taken place, although it was not clearly documented that this was the case on the document itself. We were advised that the form being signed as checked was confirmation the details input to the system were consistent with the documentation provided by the supplier. We found that one of the five documents stated that they had confirmed the change by telephone and website but did not document the number called. For the remaining four, there was no clear reference to the validation checks undertaken.

Whilst we were advised by the Assistant Financial Accountant that the checks had taken place in each instance, there is insufficient audit trail available to confirm that the correct checks have been undertaken using existing contact details prior to making amendments on the finance system. We appreciate that this appears to be an issue with the recording of the performance of the checks and we have therefore agreed a 'low' priority management action in this area.

## 2. Accounts Payable: Supplier Amendments

# Action 3

**Management** The Assistant Financial Accountant will ensure that supplier amendments clearly record that the supplier has been contacted using an existing telephone number and that the telephone number used is recorded.

Responsible Owner:

Josh Muir. Assistant Financial Accountant

Date:

**Priority:** Low

30 November 2020

**Assessment:** 

#### 3. Accounts Payable: Purchase Orders

#### Control

Purchase order requisitions are raised and approved electronically within the Dream system. Dream uses a workflow system which sends a purchase order requisition to the budget holder, selected by the user, for approval in line with the agreed Schedule of Authorised Signatories.

Design Compliance

Invoices received are matched against approved purchase orders and goods received notes and processed for payment.

The receipt of goods and services is actioned on the Dream financial system.

Where an invoice cannot be matched to a receipted item, but a purchase order exists, it is forwarded onto the budget holder requesting them to take appropriate action.

Where orders are made without a purchase order, or an invoice cannot be matched to a goods received note, the invoice is forwarded to the appropriate budget holder for approval, prior to payment being processed.

## Findings / **Implications**

We obtained a report of all paid invoices since April 2020 and selected a sample of 20.

We confirmed through review of our sample that in ten cases the invoice could be linked to a purchase order. For the remaining ten, we noted during testing that a purchase order had not been used.

During review of the 10 invoices with a purchase order, we found the following:

- each had been approved in line with delegated authorities;
- there was a segregation of duties between the member of staff raising the purchase order and approving it;
- the goods had been recorded on the Dream system as received;
- there was a segregation of duties between the member of staff approving the purchase order and recording the order as received;
- there were no discounts offered for early payment of the invoice and therefore we did not test whether discounts were taken;
- the invoice had been accurately input to the system;
- the invoice was consistent with the purchase order; and

## 3. Accounts Payable: Purchase Orders

• the invoice had been paid after the goods had been recorded as received.

Through review of the 10 invoices without a purchase order, we found the following:

- the suppliers that the purchases had been made from were not on the contract register which indicated that an agreement or other contract was not in place;
- each had been approved in line with delegated authorities; and
- each invoice had been accurately input to the Dream system and paid following approval of the invoice.

We confirmed during review of the 10 purchases in our sample that did not have a purchase order that in two cases the invoices were for utility bills and in three cases the suppliers were on the Service's Supplier Purchase Order Exemption list and as such did not require a purchase order.

However, for the remaining five we were unable to determine through review of the samples or discussion with the Financial Accountant why a purchase order was not required, and these orders did not relate to utility bills or feature on the Supplier Purchase Order Exemption list.

We noted during review of the Financial Regulations documents, that a list of circumstances in which a purchase order would not be required had not been defined. We were advised by the Assistant Financial Accountant that a list of this nature had not been formally documented.

In the absence of this list we were unable to confirm whether a purchase order was required for those purchases that did not have one. As such, there is a risk that purchases can be made without the relevant approval where a purchase order is required but is not used.

Manag	ement
<b>Action</b>	4

The Head of Finance and Property will update the Financial Regulations documents to include a list of circumstances where a purchase order is not required, for example utility bills.

Invoices will not be processed without a purchase order unless they are in line with the permitted exception list or on the Service's Supplier Purchase Order Exemption list.

Responsible Owner: Date: Priority:

Amy Jackson, Head of Finance and Property

Amy Jackson, Head of Finance and Property

4. Cash and T	reasury Management: Loans and Investments				
Control	Loans and investments are made in accordance with the Authority Treasury Management Policy and are properly authorised and supported by adequate documentation.			×	
	A spreadsheet is maintained with details of all investments made by the Authority.			N/A	
	All investments are supported by backing documentation. The Treasury Management policy does not clear state who is able to approve investments.				
Findings /	We were informed by the Assistant Financial Accountant that no loans had been taken out since April 2020.				
Implications	We confirmed through review of a sample of five investments entered into since April 2020 that backing documentation had be for each. We were informed by the Financial Accountant that they had approved each investment but no evidence to demons approval was provided.				
	We noted during review of the Treasury Management Policy that the Treasurer (Deputy Chief Executive) was required to approve investments, however this could be delegated to another member of staff. We were informed by the Deputy Chief Executive that responsibility had been delegated to the Financial Accountant, however this needed to be formally documented.				
	There is a risk that the approval of investments is not in line with the Service's standards where the delegation has not been formally documented, which could mean that inappropriate investments are entered into.			nally	
Management	The Financial Accountant will update the Treasury Management Policy to state who authority has been delegated to by the Treasurer, to approve investments. Evidence of approval of each	Responsible Owner:	Date:	Priority:	
Action 5		Lisa Killner, Financial Accountant	31 March 2021	Medium	
	investment will be documented. The updated Treasury  Management Policy will be signed off by the Deputy Chief  Executive.	Matthew Warren, Deputy Chief Executive			

5. Asset Mana	gement: Asset Verification			
Control	There are verification processes in place to ensure the accuracy of the asset register. These verification processes take place on an annual basis. Departments are provided a list of assets and are required to return the list, identifying assets that are still in use.		Assessment:	
			Design	$\checkmark$
			Compliance	×
Findings / Implications	We confirmed through review of an email from the Head of ICT to the Assistant Financial Accountant that the ICT department asset verification had been completed. This response provided details of assets that required disposal and the reason for disposal.			
	We noted, however, that whilst equipment lists had been circulated to other departments, there was no clear record of the responses evidencing asset verification. We were advised by the Assistant Financial Accountant that verification of the assets on the list had been received verbally via telephone. We were also advised that this was due to time pressure in completing the verification exercise as a result of prioritising other activities related to the COVID-19 pandemic, such as ordering personal protective equipment.			
	There is a risk that assets which have been purchased during the ymay not have been removed which could mean that the Service's t	·	those disposed of	in-year
Management	The Assistant Financial Accountant will maintain a centrally held	Responsible Owner:	Date:	Priority:
Action 6	complete record of the annual asset verification for each department. This will include the exercise request, asset list and written confirmation of changes to the asset list (additions and disposals).	Josh Muir, Assistant Financial Accountant	31 May 2021	Medium

## For more information contact

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#### rsmuk.com

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.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

# Agenda Item No: 11

## **OVERVIEW & SCRUTINY MEMBER LED REVIEW - TERMS OF REFERENCE**

Review Title:	Engagement with Representative Bodies	
Review Group Lead:	Councillor McGuire	
Participants:	Councillor Gowing	
Start Date	7 January 2021 (original date 3 October 2019)	

#### 1. Strategic Aims (how does this review relate to the Authority's strategic aims?)

The Authority must ensure it is constituted and operates in accordance with the requirements of the Local Government and Housing Act 1989 and the Local Government Act 1972. In May 2016 and again in January 2019 it agreed to amend the terms of reference for the non-executive Joint Consultative Committee (JCC) in an attempt to ensure its governance arrangements were robust and operated cognisant of best practice within local councils and other family group fire and rescue services.

## 2. Overall Purpose (why is this work being undertaken?)

This review is being undertaken to satisfy the Fire Authority that its engagement with representative bodies is legally compliant and offers the most effective and productive way to allow dialogue on issues and concerns between the Service, Members and representative bodies whilst promoting transparency and openness. This review contributes to all four excellence statements but is predominantly focussed on people.

## 3. Objectives

The review will include research of best practice in the sector and interrogation of internal governance evidence and specifically that which documents the evolution of the JCC. It may also identify and comment on other ways in which the Service and Authority engage and communicate with the representative bodies.

The review will also seek to provide the Fire Authority with assurance that it is legally complaint and has an effective and efficient governance structure that reflects best practice in sector. It may seek to make recommendations should this not be the case.

#### 4. Outcomes

A report to the Overview and Scrutiny Committee detailing findings of the review and any recommendations.

## 5. Key Lines of Enquiry

Understand the existing governance arrangements and any historic influencers, identify other means by which engagement and dialogue is achieved, research best practice in sector and provide assurance that the Authority is legally complaint.

#### 6. Risks (are there any risks in doing this review, and how can they be minimised?)

Risks	Mitigations

# 7. Equality & Inclusion (does this review address these issues either in terms of the subject matter or the way in which the activities will be conducted?)

It is expected that consideration will have been given to related equality and inclusion matters.

## 8. Timescale (how long will the work take?)

The review will be completed in time for a report to be presented to the Overview and Scrutiny Committee Meeting on 15 April 2021 (original date 9 January 2020).

## 9. Target body for Findings/Recommendations

Overview and Scrutiny Committee.

## 10. Evidence (what do we need to inform the review?)

Information Required:	Already Held	To Be Produced
Documentation from archive, meetings and current holdings.	DMS	
Fact finding interviews. Applicable legislation.	Internet	

## 11. Witnesses/Interviews (who & why?)

To include but not limited to current membership of the JCC, other fire and rescue service family group contacts, Cambridgeshire County Council/Peterborough City Council democratic and legal services, individuals representing FBU, FRSA and UNISON.

## 12. Site Visits (why, where & when?)

To be determined.

## **OVERVIEW & SCRUTINY COMMITTEE WORK PROGRAMME**

# **MEETINGS 2021**

Date	Meeting Time	Venue
Thursday 7 January	1400 hours	Virtual
Thursday 15 April	1400 hours	Virtual
Thursday 21 July	1400 hours	Virtual
Thursday 7 October	1400 hours	Virtual

## **WORK PROGRAMME 2021**

Thursday 7 January 2021			
Time	Agenda Item	Member/Officer	
1400 -	Minutes of Overview and		
1630	Scrutiny Committee		
	Meeting 1 October 2020		
	<u>Overview</u>		
	IRMP Performance	Head of Service Transformation	
	Measures		
	<b>Scrutiny</b>		
	Member-led Review of	Scrutiny and Assurance Manager	Verbal Update
	Approach to Recruitment		
	Terms of Reference –	Scrutiny and Assurance Manager	
	Member-led Review of		
	Engagement with		
	Representative Bodies		
	Independent Review into	Deputy Chief Executive Officer	
	the Oversight of Local Audit		
	and the Transparency of		
	Local Authority Financial		
	Reporting		
	<u>Audit</u>		
	Annual Audit Letter Year		
	Ended 31 March 2020	BDO	
	Internal Audit Progress		
	Report	RSM	
	Key Financial Controls -	RSM	
	Internal Audit Report		
	5.20/21 (Final)		
	Managing Risks in a	RSM	

	Changing Environment –		
	Analysis of fire and rescue		
	service risk registers		
	Work Programme 2021	Chairman	
Thursday	y 15 April 2021		
Time	Agenda Item	Member/Officer	
1400 -	Minutes of Overview and		
1630	Scrutiny Committee		
	Meeting 7 January 2021		
	<u>Overview</u>		
	IRMP Performance	Head of Service Transformation	
	Measures		
	Scrutiny		
	Member-led Review of		
	Approach to Recruitment		
	Member-led Review of		
	Engagement with		
	Representative Bodies		
	Audit		
	External Audit Planning	BDO	
	Report 2021/22		
	Internal Audit Progress	RSM	
		I/OIVI	
	Report	Chairman	
Thursda	Work Programme 2021	Chairman	
	y 21 July 2021	Mambay/Office:	
Time	Agenda Item	Member/Officer	
1400 -	Minutes of Overview and		
1630	Scrutiny Committee		
	Meeting 15 April 2021		
	<u>Overview</u>		
	IRMP Performance	Head of Service Transformation	
	Measures		
	Scrutiny		
	TBC		
	<u>Audit</u>		
	External Audit Progress		
	Report 2021/22	BDO	
	Internal Audit Progress		
	Report	RSM	
	Work Programme 2021	Chairman	
Thursday	y 7 October 2020		
Time	Agenda Item	Member/Officer	
	Minutes of Overview and		
	Scrutiny Committee		
	Meeting 21 July 2021		
	Overview		
	IRMP Performance	Head of Service Transformation	
	Measures		
	Scrutiny		

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Т	ТВС		
<u> </u>	<u>Audit</u>		
E	External Audit Completion		
F	Report 2021/22	BDO	
1	Internal Audit Progress		
F	Report	RSM	
\	Work Programme 2021	Chairman	

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