

Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 24 SEPTEMBER 2014 at 10.00 am

Present: Councillors Bendyshe-Brown, Chilver, Glover, Huxley, Mallen and Watson (Chairman)

Officers: J Thelwell (Chief Operating Officer), D Skinner (Director of Finance and Assets), G Britten (Director of Legal and Governance), M Hemming (Technical Accountant), M West (External Auditor), I Dyson (Internal Auditor), M Gibb (Internal Audit Manager), J Parsons (Head of Service Delivery), K McCafferty (Head of Human Resources), S Gowanlock (Corporate Planning Manager), G Barry (Information Governance and Compliance Manager), D Tate (Knowledge and Information Services Manager), and K Nellist (Democratic Services Officer)

Apologies: Councillors Exon, Vigor-Hedderly and Wilson

0A07 MINUTES

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 16 July 2014, be approved and signed by the Chairman as a correct record.

0A08 CORPORATE RISK MANAGEMENT

The Committee noted that the risk register was last reviewed by the Overview & Audit Committee on 16 July 2014. There were no elevated new risks and the register was reviewed regularly and action taken if necessary. The staff availability risk score had been changed due to the current risk of industrial action from 4 to 5, extremely likely.

The Chief Operating Officer advised that the Fire Brigades Union (FBU) had put back any announcements of strike action as the Government had put back the laying of any pension regulations until October. Industrial action looked less likely at the moment, but that could change.

The only other risk of note was cyber terrorism. Although only a small Service, it was part of regional and national resilience and had a liaison officer based at the counter terrorist office of Thames Valley Police.

A Member thanked the Corporate Planning Manager for the written update on information regarding the cctv system and the virus attack following the last meeting.

RESOLVED –

That the status report on identified corporate risk at Annex C, having been reviewed, be noted.

0A09 REVIEW OF COMPLIMENTS AND COMPLAINTS 2011/14

The Director of Legal and Governance advised Members that this was an annual report to make them aware of the processes in place to address areas of feedback, particularly areas of negative feedback.

The Information Governance and Compliance Manager advised Members that written compliments continued to fall but that the Authority continued to use the 'after the incident' survey where people had truly experienced an incident in the home to monitor performance.

The Authority had not had any complaints escalated to the Local Government Ombudsman and no complaints had been received by the Information Commissioner.

RESOLVED –

That the report be noted.

OA10 ANNUAL GOVERNANCE STATEMENT 2013/14

The report presented the 2013/14 Annual Governance Statement and also contained the progress on the implementation of the recommendations of the 2012/13 Annual Governance Statement and highlighted the recommendations for 2014/15.

The Director of Legal and Governance highlighted to Members one area of the report which was the panel of 'Independent Persons'. This was a reminder of the role of the independent persons that are retained by the Authority which were a creation of the dissolution of the old Standards regime and the role of the former Standards Committee which was now a function of the Overview and Audit Committee. The ten Independent Persons are shared amongst five other Authorities for the purpose of assisting both an individual member and an Authority itself in the event of an allegation being made that a Member had breached the Authority's Code of Conduct. The ten Independent Person's contact details were listed in the Members' library. To date the Authority has not had to call upon their services.

A Member asked why the current Public Safety Plan which runs to 2017 was already being replaced with a new one 2015/20. The Chief Operating Officer advised Members that the Authority had completed all the changes ahead of schedule in the current one, and a new Public Safety Plan would allow the Authority to be more flexible over the next five years.

RESOLVED –

1. That the Annual Governance Statement be approved.
2. That the progress on the implementation of recommendations of the previous Annual Governance Statement be acknowledged.
3. That the priorities of the 2014/15 Statement be agreed.

OA11 AUDIT PLAN 2013/14

The External Auditor apologised as this report should have been presented to the Committee earlier in the year. The Audit Plan sets out the work that had already been completed and summarises the assessment of the key risks and outlined the planned audit strategy in response to those risks.

RESOLVED –

That the content of the report be noted.

OA12 INTERNAL AUDIT REPORT: FINAL AUDIT REPORT

The Internal Audit Manager advised Members that one internal audit report had been finalised since the last meeting of the Committee in July, the ICT Strategy 2013/14. Two reports had been issued in draft, Corporate Governance and Risk Management (2014/15) and would be finalised before the next meeting.

The ICT Strategy 2013/14 was given a 'reasonable' level of assurance that relevant risks had been effectively identified, managed and controlled. The last three audits had been given a 'limited' level of assurance, so good progress had been made.

8 recommendations had been raised in this report, 4 high priority, 3 medium priority and 1 low priority.

The Knowledge and Information Services Manager gave Members a brief update on the recommendations that had already been actioned. The Chairman asked that in future reports an up to date summary was provided showing the latest position of actions taken against recommendations.

Members would like future reports to show the recommendations listed by priority with high priority first.

RESOLVED –

That the recommendations raised in the finalised Internal Audit Report be noted.

OA13

AUDIT RESULTS REPORT

In accordance with Section 100B(4)(b) of the Local Government Act 1972 the Chairman ruled that the Committee should consider the Audit Results Report as an urgent item in order to allow the Committee to approve the accounts prior to 30 September 2014.

The External Auditor advised Members that the report set out the conclusion of the 2013/14 audit, which is substantially complete. It concluded that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The External Auditor apologised to the Committee for their resourcing problems which caused avoidable delays and pressure on finance staff, which was regrettable.

The audit plan touched on opinion risk with only the risk of management override identified. This was common in all audit plans, but there were no issues arising from that risk and there were no other risks identified.

With regard to errors and amendments there were no errors that the Authority was mindful to correct. There were however some noteworthy amendments.

One was on the valuation of fixed assets. The Authority had its land and buildings valued at 31 March 2014 and used these valuations as at 1 April 2013. It depreciated these higher opening valuations. This overstated the depreciation and impairment in the year and understated the 31 March 2014 net book value of land and buildings. Amendments had been made to bring the two into line. This did not affect the bottom line in the accounts or useable funds.

The localisation of business rates had introduced new accounting requirements to reflect the Fire Authority's share of business rates income from its five billing authorities. The Fire Authority reported the cash received from the billing authorities as business rates income. The Fire Authority was required to account for its share of actual business rates income and should include in its accounts its share of ratepayers' debts and prepayments and the provision for unsettled valuation appeals. An adjustment was required to match the impact on council taxpayers to statutory precepts received.

Injury awards payable to Firefighters attributable to a qualifying injury are not part of the Firefighters Pension Scheme and must be paid from the Fire Authority's operating account, not from the pensions fund. The Fire Authority had complied with these requirements for injury awards since the rules were introduced in 2006 but had been charging the continuing payments for injury awards that started before 2006 to the pension fund. This had resulted in over claimed reimbursements from DCLG of £1.4m. The Fire Authority found the error after it prepared its financial statements in June 2014 and had amended the accounts to disclose the impact on prior years and to reflect the liability.

The issue for the External Auditor is that the Authority may have to put a large item of expenditure in the operating account to catch up with this £1.4m.

The Chief Fire Officer had commissioned an independent investigation into how this has happened and a report would come forward to the Authority for Members to scrutinise.

Members requested a briefing of the investigation at the next meeting on 3 December 2014. The Director of Legal and Governance explained that depending on the findings of the investigation, it would be available for all Members at the Fire Authority meeting on 17 December.

RESOLVED –

That the content of the report be noted.

OA14

LETTER OF MANAGEMENT REPRESENTATION

In accordance with Section 100B(4)(b) of the Local Government Act 1972 the Chairman ruled that the Committee should consider the Letter of Management Representation as an urgent item in order to allow the Committee to approve the accounts prior to 30 September 2014.

The Committee considered the letter of Management Representation to Ernst & Young LLP, prior to its signing by the Chief Finance Officer and Chairman. The Committee noted that submission of the letter would allow the audit opinion and certificate to be issued to the Authority.

The Committee noted that before signing, the following wording would be added to Item C 'with the exception of the issue relating to injury compensation payments'.

RESOLVED –

That subject to the following wording being inserted into paragraph C1 'with the exception of the issue relating to injury compensation payments', the Letter of Representation for the Authority be approved for signature by the Chief Finance Officer and the Chairman of the Committee.

OA15

ADOPTION OF THE AUDITED STATEMENT OF ACCOUNTS

In accordance with Section 100B(4)(b) of the Local Government Act 1972 the Chairman ruled that the Committee should consider the Adoption of the Audited Statement of Accounts as an urgent item in order to allow the Committee to approve the accounts prior to 30 September 2014.

The Director of Finance and Assets explained to Members that the accounts would need to be adjusted so that provision could be made for the amendments and it was probable, but not certain, that the Authority would have to repay the Firefighters pension scheme.

Members requested sight of the adjustment before the accounts were signed off. It was agreed that a report showing the changes would be sent to Members after the meeting and they would feedback any comments to the Chairman by 5.30pm the following day. The Statements of Accounts needed to be signed off by 30 September 2014.

The External Auditor explained that if the adjustments were put through the accounts and reflected as provision and the entries are taken out of the pension fund, he would be able to issue an unqualified opinion on the accounts. The External Auditor would not issue the conclusion certificate of the audit until the pension issue was resolved.

It being moved by Councillor Chilver and seconded by Councillor Glover it was unanimously:

RESOLVED –

That the Statement of Accounts for the financial year ending 31 March 2014, as amended in line with the verbal update provided by the Chief Finance Officer, be signed by the Chairman of this Committee.

OA16

DATE OF NEXT MEETING

The Committee noted that the next meeting of the Committee would take place on Wednesday 3 December 2014 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.35 AM