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Dear Maria

### **Understanding how the Overview and Audit Committee gains assurance from management**

I am replying to your letter in my capacity as Chairman of the Overview and Audit Committee in order that you may formally update your understanding of our management processes and arrangements. My responses to your questions are set-out below.

1) How does the Overview and Audit Committee, as 'those charged with governance' at Buckinghamshire and Milton Keynes Fire Authority, exercise oversight of management's processes in relation to:

- Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments)

**Response:** As part of the presentation of the Statement of Accounts the Chief Finance Officer (CFO) is required to certify that they present a true and fair view. The CFO will carry out sufficient scrutiny of the accounts and working papers to enable him to reach that view. The Committee is able to question the CFO on any aspect of the accounts to gain additional assurance on this matter.

- Identifying and responding to risks of fraud in Buckinghamshire and Milton Keynes Fire Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, accounts balances, or disclosure for which a risk of fraud is likely to exist

**Response:** There is a proactive fraud response plan and part of the Internal Audit Plan is allocated to the examination of controls designed to reduce or identify fraudulent behaviour and activity. Internal Audit reports their findings to the Committee on a quarterly basis. Members have the opportunity to raise issues and concerns with both responsible officers and Internal Audit

- Communicating to employees its views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's code of conduct)

**Director of Finance & Assets: Mark Hemming FCPFA**  
Buckinghamshire Fire and Rescue Service  
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD

**Response:** The Authority wide Counter-Fraud and Corruption Policy was reviewed and updated in 2018/19 and released to all employees via the internet (see also Whistleblowing policy below). This policy is approved by the Committee. The Authority has also created an e-Learning module which all employees have access to.

- Encouraging employees to report their concerns about fraud

**Response:** The Authority wide Whistleblowing Policy was reviewed and updated in 2018/19 and released to all employees via the internet. This policy is approved by the Committee.

- Communicating to you the processes for identifying and responding to fraud or error

**Response:** The Counter-Fraud and Corruption Policy is approved by the Committee. As Chairman of the Committee I am the counter-fraud champion for the Authority.

- 2) How does the Overview and Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

**Response:** The Committee receives quarterly updates from Internal Audit and challenges officers on the achievement of recommendations against the agreed timescales.

- 3) Is the Committee aware of any breaches of, or deficiencies in, internal control; and actual, suspected or alleged frauds during 2018-19?

**Response:** No

- 4) Is the Committee aware of any organisational or management pressure to meet financial or operating targets?

**Response:** No

- 5) How does the Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2018/19?

**Response:** The Director of Legal and Governance is designated as the Monitoring Officer. He is required to report any non-compliance to management and the Committee. There has been an instance of non-compliance in relation to temporary promotions. This was previously disclosed to Alison Kennett by our Finance Director via a letter dated 14 February 2019 regarding 'Fraud at service organisation & non-compliance with laws & regulations'.

- 6) Is the Committee aware of any actual or potential litigation claims that would affect the financial statements?

**Response:** Yes. A review of potential litigation and claims is carried out by officers as part of the year end closedown process. An assessment is made as to whether these require a provision or contingent liability to be disclosed in order for the financial statements to present a true and fair view. The 2018/19 financial statements contain a number of provisions and contingent liabilities covering a range of events that may impact upon the Authority in subsequent years.

- 7) How does the Committee satisfy itself that is appropriate to adopt the going concern basis in preparing the financial statements?

**Response:** The circumstances are reviewed by officers against the 'Code of Practice on Local Authority Accounting in the United Kingdom - Guidance Notes for Practitioners'. There is currently no reason to assume that the authority and its functions and services will not continue for the foreseeable future.

- 8) What does the Overview and Audit Committee consider to be the related parties that are significant to the Buckinghamshire and Milton Keynes Fire Authority and what is its understanding of the relationships and transactions with those related parties?

**Response:** The most significant transaction with a related party is for the provision of a joint control room facility with Royal Berkshire and Oxfordshire fire and rescue services. This, along with all other related party transactions, is disclosed within the Statement of Accounts.

9) Does the Overview and Audit Committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?

**Response:** None

I believe that the answers that I have given will satisfy all your queries but if you need any more information then please do not hesitate to contact me

Yours sincerely

Councillor David Watson

Chairman – Overview and Audit Committee

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