

**Enquiries: Mrs J Head**  
**Telephone: 01768 217734**

**Our reference: JAC/jh**

**Date: 18 June 2024**

## **AGENDA**

**TO: THE MEMBERS OF THE JOINT AUDIT COMMITTEE**

**CUMBRIA COMMISSIONER FIRE & RESCUE AUTHORITY - JOINT AUDIT COMMITTEE**

A Meeting of the Joint Audit Committee will take place on **Wednesday 26<sup>th</sup> June 2024** in the **Community Room, Fire HQ Penrith**, at **10:45 am**.

<b>Times</b>	<b>Activity</b>	<b>Location</b>
09:00 – 10:00	JAC members private meeting with Internal Audit TIAA Ltd	Community Room, Fire HQ, Penrith
10:00 – 10:30	JAC members private meeting	Community Room, Fire HQ, Penrith
10.45 – 12:15	JAC Meeting – Fire	Community Room, Fire HQ, Penrith
12:15 – 13:00	Lunch Break	Conference Room One, Police HQ
13:00 – 15:00	JAC Meeting – PFCC / Constabulary	Conference Room One, Police HQ
15:00 – 16:30	JAC Development Session – Police	Various, Police HQ

**Gill Shearer**  
**Chief Executive**

**Note:** Members are advised that allocated car parking for the meeting is available in the Visitors' Car Park at the Police HQ.

**Note:** If members of the public wish to participate in this meeting please contact Mrs Head via email – [commissioner@cumbria-pcc.gov.uk](mailto:commissioner@cumbria-pcc.gov.uk) by 22 June 2024 for an invitation.

### **COMMITTEE MEMBERSHIP**

Mrs Fiona Moore (Chair)  
Mr Malcolm Iredale  
Wing Commander (Retired) Tim Mann

Mr Jake Cornthwaite  
Mr Mike Roper

## **AGENDA**

### **PART 1 – ITEMS TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC**

Note – Items to be considered by exception, it is assumed that members will have read all papers before the meeting.

Agenda Item	Agenda Item	Officer/Lead	Time (Est)
1	<b>APOLOGIES FOR ABSENCE</b>	Chair	10.45
2	<p><b>URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC</b></p> <p>To consider (i) any urgent items of business and (ii) whether the press and public should be excluded from the Meeting during consideration of any Agenda item where there is likely disclosure of information exempt under s.100A(4) and Part I Schedule A of the Local Government Act 1972 and the public interest in not disclosing outweighs any public interest in disclosure.</p>	Chair	10.45
3	<p><b>DISCLOSURE OF PERSONAL INTERESTS</b></p> <p>Members are invited to disclose any personal/prejudicial interest, which they may have in any of the items on the agenda. If the personal interest is a prejudicial interest, then the individual member should not participate in a discussion of the matter and must withdraw from the meeting room unless a dispensation has previously been obtained.</p>	Chair	10.45
4	<p><b>MINUTES OF MEETING AND MATTERS ARISING</b></p> <p>To receive and approve the minutes of the committee meetings held on 21 November 2023 and 25 January 2024.</p>	Chair	10.50
5	<p><b>ACTION SHEET</b></p> <p>To receive the action sheet from previous meetings.</p>	Chair	10.50
6	<p><b>CORPORATE UPDATE</b></p> <p>To receive a short briefing note on matters relevant to the remit of the Committee</p> <p style="margin-left: 40px;">a) Fire &amp; Rescue Service b) PFCC and CFRA</p>	Chief Fire Officer Chief Executive & Chief Finance Officer	10.55

7	<p><b>INTERNAL AUDIT – SUMMARY INTERNAL CONTROLS ASSURANCE REPORT</b></p> <p>To receive the Internal Auditors the Summary Internal Controls Assurance (SICA) Report. To include arrangements for Quality Assurance and Improvement.</p> <p><b>Report to follow</b></p>	Director of Audit TIAA Ltd	11.10
8	<p><b>INTERNAL AUDIT REPORT(S)</b></p> <p>To receive reports from the Internal Auditors in respect of specific Cumbria Fire and Rescue Service audits conducted since the last meeting of the committee.</p> <ul style="list-style-type: none"> <li>(a) Equality, Diversity and Inclusion</li> <li>(b) Property</li> <li>(c) Finances</li> <li>(d) Fleet <b>(Report to follow)</b></li> </ul>	Director of Audit TIAA Ltd	11.15
9	<p><b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS</b></p> <p>To receive an updated summary of CFRS actions implemented in response to audit and inspection recommendations.</p> <p><b>Report to follow</b></p>	Director of Audit TIAA Ltd	11.40
10	<p><b>INTERNAL AUDIT – ANNUAL REPORT</b></p> <p>To receive the Head of internal Audit's Annual Report including the annual Audit opinion.</p> <p><b>Report to follow</b></p>	Director of Audit TIAA Ltd	11.45
11	<p><b>PROPOSED INTERNAL AUDIT PLAN/ INTERNAL AUDIT CHARTER</b></p> <p>To receive a report from the Internal Auditors on the proposed CFRA 2024/25 Internal Audit Annual Plan and any proposed revisions. To include the arrangements for quality assurance and improvement. To also include the internal audit charter.</p> <p><b>Report to follow</b></p>	Director of Audit TIAA Ltd	11.50
12	<p><b>EXTERNAL AUDIT REPORT</b></p> <p>To receive a progress report from the External Auditors</p>	Audit Manager Grant Thornton	11:55
13	<p><b>ANTI-FRAUD AND CORRUPTION ACTIVITIES:</b> To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. (CE/GM)</p>		12.00
14	<p><b>RISK MANAGEMENT STRATEGY</b></p> <p>To provide the triennial review of the CCFRA Risk Management Strategy</p>	D CFO	12.05

15	<b>RISK MANAGEMENT MONITORING</b> To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the Chief Fire Officer to account for Fire Risk Management.	OPFCC Chief Executive	12.15
16	<b>TREASURY MANagements ACTIVITIES &amp; ANNUAL REPORT</b> To receive for information reports on Treasury Management Activity - Quarter 4 / Annual Report for CFRS.	CFRA CFO	12.20
17	<b>EFFECTIVENESS OF AUDIT:</b> To receive a report from the CFRA CFO in respect of the effectiveness of arrangements for audit. (CFRS CFO)	CFRA CFO	12.25
	<b>POINTS FOR CONSIDERATION BY THE COMMISSIONER, AND THE CHIEF FIRE OFFICER</b>		

<b>DEFERRED ITEMS</b>			
<b>Agenda Item</b>	<b>Agenda Item</b>	<b>Officer/Lead</b>	<b>Time (Est)</b>
	<b>EXTERNAL AUDIT PLAN</b> To receive from the external auditors the Joint Annual External Audit Plan. <b>Deferred to June-2024 September 2024 meeting</b> a) Fire & Rescue Service	Engagement Lead Grant Thornton	
	<b>EXTERNAL AUDIT ANNUAL AUDIT REPORT</b> To receive from the external auditors The Annual Audit Report for 2022/23 <b>Deferred to March 2025 meeting</b> a) Fire & Rescue Service	Engagement Lead Grant Thornton	
	<b>EXTERNAL AUDIT FEES</b> To receive a verbal update around the proposed PSAA scale charge for external audit fees. <b>Deferred to September 2024 meeting</b>		
	<b>ANNUAL GOVERNANCE STATEMENT</b> <b>Deferred to September 2024 meeting</b> <ul style="list-style-type: none"> <li>Effectiveness of Governance Arrangements: To receive a report on the effectiveness of Cumbria Fire and Rescue Service arrangements for Governance.</li> <li>Code of Corporate Governance: To consider the Codes of Corporate Governance for Cumbria Fire and Rescue Service (</li> <li>Annual Governance Statement: To consider the Annual Governance Statements for the financial year and to the date of this meeting:</li> </ul>	CFRA CFO	

	<b>ANNUAL STATEMENT OF ACCOUNTS:</b> To receive the un-audited Statement of Accounts and consider a copy of a summarised non-statutory version of the accounts for the CFRA Group. <b>Deferred to September 2024 meeting</b>	CFRS CFO	
	<b>VALUE FOR MONEY:</b> To receive an annual report on Value for Money within Fire & Rescue Service. <b>(Not required for 2023/24)</b>	CFRA CFO	

### **Future JAC Meeting Dates (For Information)**

25th September 2024 @ 10.30– Fire HQ Penrith  
 27th November 2024 @ 10.30 – Conference Room 1  
 26th March 2025 @ 10.30– Fire HQ Penrith

### **Future Police, Fire and Crime Panel Meeting Dates (For Information)**

25<sup>th</sup> July 2024 - Committee Room 1, County Hall, Kendal  
 14<sup>th</sup> October 2024 - Conference Room A/B, Cumbria House, Carlisle  
 31<sup>st</sup> January 2025 - Committee Room 1, County Hall, Kendal



## Agenda Item 4(a)

### **CUMBRIA POLICE, FIRE & CRIME COMMISSIONER, CUMBRIA CONSTABULARY AND CUMBRIA FIRE & RESCUE SERVICE - JOINT AUDIT COMMITTEE**

Minutes/ notes of a special meeting with members of the Joint Audit Committee held on Thursday 25<sup>th</sup> January 2024 via MS Teams @ 12:00 in relation to the Statutory Sign Off of the 2023/24 Statement of Accounts

#### **PRESENT**

Mrs Fiona Moore (Chair)  
Mr Malcolm Iredale  
Mr Jake Cornthwaite  
Mr Mike Roper

#### **APOLOGIES**

Wing Commander (Retired) Tim Mann

#### **Also present:**

##### **Office of the PFCC**

PFCC Chief Finance Officer/CFRS Chief Finance Officer (PFCC CFO & CFRS CFO),  
(Steven Tickner)

##### **Cumbria Constabulary**

Constabulary Chief Finance Officer (CC CFO), (Michelle Bellis)

#### **NOTES OF MEETING**

MS Teams meeting held with members of JAC to discuss the final audited Statement of Accounts. Changes to the Audit Findings Report were outlined following conclusion of the audit and that there were no changes to the SOA that impacted the financial standing of the PFCC/Constabulary. Technical changes have been made in respect of pensions. Committee members sought clarification on points raised and accepted the final Statement of Accounts for 2022/23 as were signed off by the Commissioner and Chief Constable.

Signature \_\_\_\_\_ Date \_\_\_\_\_



## Agenda Item 4 – Part 1

### **CUMBRIA POLICE, FIRE & CRIME COMMISSIONER, CUMBRIA CONSTABULARY AND CUMBRIA FIRE & RESCUE SERVICE - JOINT AUDIT COMMITTEE**

Minutes of a meeting of the Joint Audit Committee held on Wednesday 20<sup>th</sup> March  
2024 Conference Room 1, Police HQ, Penrith, at 10.30am.

#### **PRESENT**

Mrs Fiona Moore (Chair)  
Mr Malcolm Iredale  
Wing Commander (Retired) Tim Mann  
Mr Jake Cornthwaite  
Mr Mike Roper

#### **Also present:**

##### **Office of the PFCC**

Chief Executive (CE), Office of the Police, Fire and Crime Commissioner (Gill Shearer)  
PFCC Chief Finance Officer/CFRS Chief Finance Officer (PFCC CFO & CFRS CFO),  
(Steven Tickner)

##### **Cumbria Constabulary**

Deputy Chief Constable (DCC), (Darren Martland)  
Director of Performance and Change, (Louise Kane)  
Constabulary Chief Finance Officer (CC CFO), (Michelle Bellis)  
Financial Services Assistant (FSA), (Megan Owens)

##### **Cumbria Fire & Rescue Service**

Deputy Chief Fire Officer (DCFO), (Brian Steadman)  
Head of Performance and Assurance (HPA), (Mark Clement)

##### **Internal Audit**

Audit Manager (AM), TIAA, (Andrew McCulloch)  
Director - Local Government and Emergency Services, (Fiona Roe)

##### **External Audit**

Audit Manager (AM), Grant Thornton LLP, (Gareth Winstanley)  
Audit Manager (AM), Grant Thornton LLP (Hebe Dyson)

## **PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC**

The Chair called the meeting to order at 10.30am

### **849. APOLOGIES FOR ABSENCE**

Apologies were received from:

Group Accountant (Lorraine Holme)

### **850. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC**

There were no items of urgent business or exclusions of the press and public to be considered by the committee.

In relation to Item 5 on the Agenda, the Action Sheet, there is an update on a Part 2 item.

### **851. DISCLOSURE OF PERSONAL INTERESTS**

There were no disclosures of any personal interest relating to any item on the agenda.

### **852. MINUTES OF MEETING AND MATTERS ARISING**

The notes of the previous meeting held Wednesday 22<sup>nd</sup> November 2023 previously circulated with the agenda were discussed and signed by the Chair. No comments were made regarding the accuracy of the minutes.

No matters arising from the minutes that were not to be discussed in the agenda. It was noted that a follow up meeting took place early in the new year (25/01/24) to discuss the sign off of the Statement of Accounts for 2022/23. It was requested to have minutes written up for this meeting or for a record of discussion to be made.

**ACTION:** Meeting notes/minutes to be prepared for the separate meeting in relation to Statement of Accounts sign off and presented to the next meeting for signing.

It was also noted that the minutes of the meeting on 20/09/23 had not been signed pending the separate meeting in relation to the sign off of the Statement of Accounts 2022/23, it was agreed that these minutes could now be signed.

**ACTION:** Chair to sign the minutes of the meeting on 20/09/23.

### **853. ACTION SHEET**

An Action Sheet showing any actions discussed in the previous JAC meeting and the progress made was circulated to the members prior to the meeting. The progress of each item was discussed.

Item 832 – It was queried whether the target date of this item should be amended as



the work is still ongoing and the target date is March 2024. After a short discussion it was agreed to mark the item as complete.

**ACTION:** update the action plan to mark this item as complete.

Item 836 – Minutes of meeting held 20<sup>th</sup> September 2023 are still to be signed by the Chair. Once signed the item can be marked as complete.

Item 839 – In relation to the previously outstanding prior audit reports in relation to fire activity, the AM provided an update to say that these reports had now been provided by the former County Council audit team. A review of all previous audit reports was to be undertaken in the next week. Once the review has been completed, a report on this matter will be prepared and shared with the committee members as soon as possible.

Committee members agreed it would be helpful to see any audit progress before the next meeting in June. Ideally in the form of a table, showing evidence to provide assurance on any progress being made. Extra information will be added into the audit report.

**ACTION:** TIAA to provide members with an update in relation to the finding of the review of all prior Fire audit reports and recommendations made.

Item 814 – The DCC clarified the governance structure in place within the Constabulary and stated that this was covered as part of agenda item 15b. A query was raised about how the constabulary ensures its officers are kept up to date with changes to laws and legislation. The DCC provided a detailed explanation and suggested that by way of example he could pick out a specific piece of legislative change and illustrate how this was enacted. The committee agreed this would be helpful.

**ACTION:** DCC to provide a specific legislative change example.

The JAC review of effectiveness action plan is to be kept as it is for now and reviewed following the 360° review. Therefore, the review dates need to be changed to March 2025.

**ACTION:** The committee's current action plan be rolled forward and review dates updated to March 2025.

## **854. CORPORATE UPDATE**

(a) The DCC provided an update on the Constabulary. He briefed the panel on the overall performance of the Constabulary, any organisational issues that are affecting the Constabulary, any events that have happened or are happening that they are planning for, and any significant media. The DCC offered to provide a written summary by way of corporate update to future meetings.

The members agreed they would prefer to see a brief report in writing before the meeting to familiarise themselves and save time.

**ACTION:** For future meetings, a brief written corporate update should be provided from each area as part of the agenda.

(b) The PFCC Chief Executive gave an update on the PFCC budget and the upcoming elections. Opportunities for the Fire and Police working together were mentioned, such as the new joint head of estates roles. The panel were also informed about projects that are currently in progress.

Chair asked for further information on the CCTV project mentioned. Both the PFCC CE and DCC responded.

A member asked if when the new PFCC is elected in May will there be a timescale for the new strategy plan. PFCC Chief Executive explained that this was all in place.

(c) DCFO provided an update on the Fire and Rescue service. Most was covered by PFCC Chief Executive, however there were some extra points regarding PFCC collaboration, finance, external audits, projects, equipment and recruitment.

A member asked about the external audits that took place and how the Fire and Rescue service responded. Another member asked if there was a way for the committee to receive the results of any external audits to review. DCFO responded to both questions and advised that results could be shared with members once received.

**ACTION:** The DCFO to provide members with information on externally commissioned audits as these became available.

(d) PFCC CFO advised most items were covered by fire and that there was a budget development session for committee members after the JAC meeting to go into further detail. It was mentioned that Fire has a new finance system coming in from 1<sup>st</sup> April 2024.

CC CFO addressed the committees previous concerns regarding staffing in the shared Financial Services Team, providing reassurance that the team is almost at full staffing. Also updated on the Police Uplift program and confirmed the target has now been met, meaning the grant funding for 2023/24 will be received.

A member asked for an overview on budget monitoring coming up to year end. PFCC CFO and CC CFO responded regarding their own areas.

## **855. FUTURE WORKING OF JOIN AUDIT COMMITTEE**

Since April 2023 the Joint audit committee has expanded its role to cover Fire. The paper proposed that from April 2024, whilst the committee remains a joint committee, the meetings are separated to discuss Fire related activity in one meeting and PFCC/Constabulary related activity in another. Both meetings to be held on the same day. The Terms and conditions of the committee will be updated later in the year to

reflect this change. Members raised concerns of an increased time commitment. One member also commented that they felt it would be better to keep the meeting as a single meeting.

PFCC CFO also touched on moving the papers to be distributed electronically. In order to save time and costs. Discussions have been had with ICT to see how this could be achieved and further information about this will be provided in the meetings in June or September.

Chair advised the committee were happy to try the new timetabling to see how it works. Also noted that if they were to move to electronic papers the PFCC would need to provide the equipment to support doing that. They are happy to hear any proposals regarding this.

A member raised that the timetable may be quite tight in timings as it is rare to discuss all matters at the JAC meeting within an hour and a half. PFCC CFO responded suggesting condensing the agenda down to save time. A member re-raised earlier suggestions of providing a written brief in relation to the corporate updates to save time at the beginning of meetings. Another member also suggested a shorter lunch break.

DCFO proposed keeping the meeting as one with Fire and Police as there are benefits to listening to updates on the opposing service.

It was decided to have at least two separate JAC meetings and review this in future 360° meetings before making a final decision. It was noted that any newly elected PFCC may have a different input on this.

**ACTION:** To trial separate meetings for Fire and OPFCC/Constabulary for two meetings (June and September) and feedback in November.

**ACTION:** To include some wording in the forthcoming 360° review of JAC to seek views on the split meetings.

## **856. INTERNAL AUDIT – SUMMARY INTERNAL CONTROLS ASSURANCE REPORT**

AM of TIAA talked through the SICA reports for the PFCC/Constabulary. No was report provided for Fire.

A member raised a concern around the lack of progress against the audit plan and asked if all remaining audit reports would be ready for the next meeting. AM of TIAA confirmed they should, excluding the two reports that require a new member of the audit team to be vetted, these reports may have to slip into the 2024/25 financial year. Concerns were raised by a member if this would affect the next financial years' work. AM, TIAA advised it would not nor would it impact on an annual audit opinion being provided for 2023/24.

A member asked if this would impact operationally within the force or the finance team. Can auditees be given a reasonable time to respond to the requirements needed. CC CFO confirmed the finance audits have all been completed.

#### **857. INTERNAL AUDIT REPORT(S)**

Four audit reports were presented to members and whilst there were no specific comments in relation to the four audit reports, a member said that he felt that it was unusual to have 4 audit reports with no recommendations at all. The AM explained that a robust process had been followed and in respect of the financial audits, the processes were well established and being followed which was why there were no further recommendations. The audit in relation to procurement of victims services also revealed processes were robust and quality evidence being provided.

#### **858. PROPOSED INTERNAL AUDIT PLAN/ INTERNAL AUDIT CHARTER**

AM of TIAA gave a brief overview of the audit strategy for the PFCC and CC. As well as the annual plans for PFCC, CC & CFRS.

A member asked about the key risks and considerations for CC and CFRS. Queried why climate change and sustainability was under CC and not CFRS. The AM agreed that this had been an oversight and that the issue of climate change and sustainability was equally applicable to both organisations.

A member asked for clarification on how it was decided which audits should be included. AM explained that this was informed by national discussions of areas of interest and local discussions with Chief Officers. AM gave some examples of audits which had been added to the programme following discussions with Chief Officers, the member said it might be helpful to indicate these as part of the overall rationale for inclusion.

A member referred to earlier in the meeting (internal audit SICA report) when fraud was identified as a high risk and questioned why it was not listed in the Fire plan and if it had been considered. AM of TIAA responded to say that fraud is considered as part of all audits that are undertaken.

#### **859. EXTERNAL AUDIT PLAN**

Item deferred until June 2024.

#### **860. EXTERNAL AUDIT ANNUAL AUDIT REPORT**

AM of Grant Thornton LLP briefed the panel on the value for money arrangements report. The report given to the committee was for 2022/23, therefore focuses only on PFCC and CC arrangements (Fire will be included from 2023/24 onwards). Report had no statutory or key recommendations only a small number of improvement points. Last year's recommendations have all been addressed.

A member asked if the recommendation concerning climate change and sustainability

had any action plans or timescales for completion. The CC CFO advised that a draft report had been provided by the Energy Savings Trust, this was to be developed into an action plan.

A second question was raised by a member asking if there would continue to be a formal mid-year review on key assumptions and estimates in the MTFF. CC CFO confirmed this was planned.

## **861. STRATEGIC RISK REGISTER**

(a) PFCC CE noted they had changed the format of the risk register as requested by the members to be consistent across the PFCC, CFRS and CC.

A member asked how often these risk registers are reviewed. The CE responded that the risk registers were reviewed on a monthly basis by the PFCC Executive Team and subsequently come to committee twice a year (March and September).

(b) Director of Performance and Change provided an overview of the Constabulary risk register to the panel, highlighting those areas of new risk or those that had changed.

(c) DCFO briefed the panel on any new risks identified on the risk register.

## **862. RISK MANAGEMENT STRATEGY (FIRE)**

Item deferred until June 2024.

On behalf of the Chief Fire Officer, the DCFO presented an overview of Fire to members, a hard copy of the slides was provided to members at the meeting.

## **863. ANNUAL REVIEW OF GOVERNANCE**

(a) (i) PFCC CE advised there have been no significant changes to the governance of the PFCC other than the replacement of the Joint CFO role with separate CFOs for PFCC/CFRS and Constabulary.

(ii) Scheme of delegation is reviewed significantly every three years. Document provided is an annual tidy up review to ensure it is fit for purpose.

A member asked specifically about the role of the Deputy PFCC and how delegations were made to this role.

**ACTION:** CE to review the scheme of delegation specifically in relation to the role of the DPFC.

(b) CC CFO briefed the panel in relation to the updated scheme of delegation for the Constabulary which is reviewed annually.

(c) DCFO briefed the panel on their scheme of delegation and gave points to consider.

A member asked if a table could be produced like the ones done by the OPFCC and CC.

**ACTION:** HPA to consider adding a table to the Fire scheme of delegation along the lines of OPFCC and Constabulary.

(d) Financial Regulations and Financial Rules, item deferred to June/September until after PFCC election.

#### **864. VALUE FOR MONEY**

Item deferred to June due to HMICFRS VFM profiles for 2023 not being published at the time the meeting papers were circulated. The CC CFO advised the meeting that the VFM indicators had now been published on the HMICFRS website and that the link would be circulated and stated that a report would be prepared for the next meeting.

**ACTION:** CC CFO to circulate the link to the VFM profiles on the HMICFRS website to members and prepare a summary report for June meeting.

#### **865. JAC ANNUAL WORK PROGRAMME: ASSURANCE FORMAT**

(a) CC CFO provided an explanation of the annual work programme and noted that the development sessions need to be added to appendix B. In June there will be a development session for Police and in September there will be a development session for Fire.

(b) PFCC CFO issued papers on the morning of the JAC meeting regarding the annual work programme in relation to Fire activity. Members agreed they would feedback once they had chance to go through the papers.

#### **866. TREASURY MANAGEMENT STRATEGY STATEMENT AND TREASURY MANAGEMENT PRACTICES**

Prior to the meeting, in a member development session, members received an economic update and background information in relation to Treasury Management from the Commissioner's treasury management advisors Link Asset Management. The development session is provided annually to assist members in providing recommendations to the PFCC in relation to the adoption of the Treasury Management Strategy.

(a) CC CFO gave a brief overview of the treasury management strategy statement and practices. No questions were raised as the session with the members prior to the JAC meeting covered a lot of information.

(b) PFCC CFO reiterated same points as CC CFO in relation to the Fire TMSS.

(c) CC CFO explained what the joint document covered. It was said that if members were happy with the document the track changes could be removed and published on the website alongside the treasury strategy.

Members were happy with the reports.

### **867. TREASURY MANagements ACTIVITIES**

The Treasury Management Activity reports for 1<sup>st</sup> October 2023 to 31<sup>st</sup> December 2023 (Quarter Three) have been received and reviewed by the panel.

(a) CC CFO provided further details on the Treasury Management Activities for PFCC/Constabulary.

A member commented on the different rate and return between Police and Fire. The CC CFO explained that this was due to uncertainty around cash flow forecasting in this first year of operation in relation to Fire, whereas for the PFCC/CC this is more certain. It is expected that the rates of return on investment should be more closely aligned in future.

A member then asked if in future it would be possible for the two separate legal entities of PFCC/CC and Fire to borrow/lend to each other and it was agreed that this would be possible.

(b) PFCC CFO gave an overview of treasury management activities for CFRS.

### **868. POINTS FOR CONSIDERATION BY THE COMMISSIONER, THE CHIEF CONSTABLE AND THE CHIEF FIRE OFFICER.**

Members agreed to once again raise concern with the absence of fire internal audit reports.

**ACTION:** PFCC/Fire CFO to raise members concerns with regard to the absence of internal audit reports and progress against the audit plan with the PFCC.

**Meeting ended at 13:25hrs.**

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Future JAC Meeting Dates (For Information)**

26th June 2024 @ 10.30 – Fire HQ and Police HQ Conference Room 1

25th September 2024 @ 10.30– Police HQ Conference Room 1 and Fire HQ Penrith

27th November 2024 @ 10.30 – Police HQ Conference Room 1 and Fire HQ Penrith

26th March 2025 @ 10.30– Police HQ Conference Room 1 and Fire HQ Penrith

**Future Police, Fire and Crime Panel Meeting Dates (For Information)**

22nd May 2024 – Barrow Town Hall, Drawing Room, Duke Street, Barrow LA14 2LD

25th July 2024 - Committee Room 1, County Hall, Kendal

14th October 2024 - Conference Room A/B, Cumbria House, Carlisle

31st January 2025 - Committee Room 1, County Hall, Kendal



## Joint Audit Committee – Action Update and Plan (Fire)

Completed

Ongoing within Original Timescale

Ongoing with original timescale extended

Overdue

Minute Item and date	Action to be taken	Person Responsible	Target Date	Comments	Status
835 (22/11/23)	Corporate Updates (OPFCC)	PFCC CFO	June 2024	<p>PFCC CFO to assess, review and change SLAs with Unitary Councils.</p> <p><b>February 2024</b> – Work is ongoing to review each SLA agreement and where possible look at options. Progress being made to share Procurement, Legal with Constabulary through SLA agreement. New Finance System to be implemented from 1 April that will cease provision from unitary council. Work to continue into 2024.</p> <p><b>June 2024:</b> 2023/24 SLA's agreed and signed</p>	Completed
839 (22/11/23)	Internal Audit – Summary Internal Controls Assurance Report	AM TIAA	Mar 2024	<p>AM, TIAA Ltd to pick up actions and dates from the previous follow-up report.</p> <p><b>February 2024</b> – TIAA have been unable to obtain copies of previous audit reports in respect of Fire.</p> <p><b>March 2024</b> – Full reports now provided and will be reviewed.</p>	Completed (replaced with action 853 below)
844 (22/11/23)	Annual Review of Governance – Role of the CFO	CC CFO and PFCC CFO	Nov 2024	<p>PFCC CFO &amp; CC CFO to provide three reports for the separate entities in future. PFCC CFO Fire will look to see if he can provide a separate report for Fire.</p> <p><b>February 2024</b> – There were two reports provided to the November meeting, one in relation to the role of the CFO within the Constabulary and the other covering the role of the PFCC / Fire CFO. In future, the split between the role for the PFCC and CFRS will be made clearer.</p> <p><b>June 2024:</b> Separate reports will be produced.</p>	
853 (20/03/24)	Action Plan Ref 839	TIAA Ltd	ASAP	TIAA to provide members with an update in relation to the finding of the review of all prior Fire audit reports and recommendations made. TIAA to provide asap in advance of next meeting.	

Minute Item and date	Action to be taken	Person Responsible	Target Date	Comments	Status
				<b>June 2024:</b> Due on JAC agenda 26/06/2024	
854 (20/03/24)	Corporate Update	CE, DCFO, PFCC/Fire CFO	June 2024	A brief written corporate update should be provided from each area as part of the agenda. <b>June 2024:</b> Will be circulated ahead of 26/06/24 meeting	Completed
854 (20/03/24)	Corporate Update	DCFO	June 2024	The DCFO to provide members with information on externally commissioned audits as these became available. <b>June 2024:</b> Will be provided as they arise	Completed
863 (20/03/24)	Annual Review of Governance – CFRS Scheme of Delegation	HPA	Mar 2025	HPA to consider adding a table to the Fire scheme of delegation along the lines of OPFCC and Constabulary. <b>June 2024:</b> Corporate Governance Framework and Scheme of Delegation currently being reviewed.	
868 (20/03/24)	Points for Consideration by PFCC, CC or CFO	PFCC/Fire CFO	June 2024	PFCC/Fire CFO to raise members concerns with regard to the absence of internal audit reports and progress against the audit plan with the PFCC. <b>June 2024:</b> Brought to attention of Strategic Finance and Governance Board on 21/05/2024	Completed



# Joint Audit Committee

## Cumbria Fire and Rescue Service – Corporate Update

**Date of meeting:** 26<sup>th</sup> June 2024

**Agenda Item No:** 06(a)

**Report by:** Rick Ogden – Chief Fire Officer

### 1. Executive Summary

- 1.1 This document provides the Joint Audit Committee with a headline summary of recent developments both locally and nationally that may aid the Committee in their deliberations.

### 2 Local

- 2.1 The Service has published its Community Risk Management Plan for 2024-28. This document sets out an understanding of the risk levels in Cumbria, resources available to the Service and objectives that will allow the Service to continue to deliver for the people of Cumbria.
- 2.2 CFRS is taking the lead on the co-ordination of a North West regional fatality data hub. This initiative will allow a greater number of fire fatalities to be analysed and common themes extracted. This data will be shared regionally and allow each Service to better shape their prevention offer.

### 3 National

- 3.1 The annual State of the Nation report has just been published by HMICFRS. This sets out common findings from the recent round of HMICFRS inspections, and sets out what HMICFRS see as systemic failures in the current system

Common areas that remain a cause of concern at a Service level include

- protection;
- multi-agency incidents;
- values and culture; and
- getting the right people with the right skills

- 3.2 HMICFRS considers the following to be systemic areas for improvement nationally

- the fire and rescue sector has made some good progress at a national level, but the Government must press ahead with reforms;
- values, culture and the management of misconduct need to urgently improve;
- fire and rescue service leaders need to take a strategic approach to service improvements; and
- HMICFRS needs additional powers to continue to make communities safer.

3.3 CFRS has recently submitted an update to HMICFRS in response to the Spotlight report. The spotlight set out an initial list of 35 recommendations around values and culture. Of those 35, 19 were relevant to CFRS and of those 19, 15 have been completed.

3.4 Delivery against these recommendations has included the introduction of a comprehensive DBS scheme, the introduction of a 360 appraisal process for senior managers and a comprehensive review of numerous policy areas within the Service to ensure staff have access to the support they need.

3.5 All outstanding actions are due to be complete by the end of the financial year when a new HR system is introduced into the Service.

3.6 Currently we are waiting for the publication of a national report that will summarise progress against the Spotlight report. This has been delayed until after the election period.

## **4 Political**

4.1 Over recent years the current Government has been consulting on a White Paper that contained a number of transformative proposals. The main ones being

- FRS should be able to widen the role of their firefighters without national negotiations
- An independent review into the current pay negotiation process
- An independent college of fire and rescue
- Operational independence for CFO

Following the announcement of a General Election it is unlikely we will see progress on any of these issues in the near to mid-term.

4.2 At the time of writing there has been very little discussion about the Fire Service in the run up to the General Election. The only relevant point in any manifesto published so far is the Conservative pledge to continue with their minimum service level legislation.

4.3 Recently the Home Affairs Select Committee has carried out a review into Value and Culture within the Fire Service. They make four key recommendations

- Core Code of Ethics for services to be put on a statutory footing, and poor leadership within the sector addressed

- HMICFRS to be given enforcement powers to drive change
- Fire and Rescue Authorities to increase the role they play in holding services to account
- The Fire and Rescue Service National Framework to be reviewed to reflect some of the challenges of embedding a positive culture within the Sector.

# Joint Audit Committee



## Title: OPFCC Corporate Update

**Date of Meeting: 26 June 2024**

**Agenda Item No: 06(b)**

**Originating Officers: Gill Shearer, Chief Executive and Steven Tickner, Chief Finance Officer**

This update provides the Joint Audit Committee with a headline summary of recent developments within the Office of the Police, Fire and Crime Commissioner and Cumbria Commissioner Fire and Rescue Authority.

### 1. **PFCC Chief Finance Officer**

- 1.1 The draft Statement of Accounts are now published and subject to the audit process. Thanks go to the Constabulary Finance Team for all their efforts.

### 2. **PFCC Chief Executive**

- 2.1 A new Police, Fire and Crime Commissioner was elected on 2 May 2024 following the election. Our new Commissioner is David Allen.
- 2.2 Plans are underway to develop a new Police, Fire and Crime Plan and members will be consulted as part of the process.
- 2.3 Following the announcement of a General Election we have now entered a pre-election period. We will remain within this period until 5 July.

### 3. **CCFRA Chief Finance Officer & Chief Executive**

- 3.1 Following a 3-month intensive implementation period (during which time, the new finance team started in roles) the system was successfully switched on and operational for 1 April 2024. Feedback to date has been very positive and we are continuing to develop modules and implement additional features.
- 3.2 Closedown of 23/24 accounts is progressing, however draft accounts are still someway off at the moment due to inter-relationships with the unitary authorities and the continual work to disaggregate old County Council balances. Preparation work on standalone items that aren't affected by this has been undertaken, for example, asset valuations.



Internal Audit

DRAFT

## Cumbria Fire and Rescue


Assurance Review of Equality, Diversity, and Inclusion

2023/2024

February 2024

## Executive Summary

**OVERALL ASSESSMENT**






**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

Reduced risk of discriminatory practices being present within the Service.



**SCOPE**

The review considered the arrangements that the Service has put into place, which demonstrate that the Service operates fairly and equally in its operations. The review also considers how policies and processes have been embedded into the everyday working practices of the Service and consider interaction both internally and externally.

**KEY STRATEGIC FINDINGS**

-  **Incomplete demographic data compromises accurate reporting on gender, ethnicity, disability, and sexual orientation.**
-  **Non-alignment of ethnic and gender reporting with ONS standards hinders inclusivity and benchmarking efforts.**
-  **Insufficient transparency in grievance handling undermines staff trust and organisational accountability.**

**GOOD PRACTICE IDENTIFIED**

-  **The Service's emphasis on being an equal opportunities employer and its aim to increase representation for women and ethnic groups demonstrate a commitment to diversity and inclusion whilst avoiding positive discrimination.**
-  **The observation of neutral language being used in job postings reflects a good practice in promoting inclusivity and avoiding biases.**

**ACTION POINTS**

Urgent	Important	Routine	Operational
0	5	5	3



## Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	The Service does not currently have any formal sit-down Equality, Diversity and Inclusion training for hiring managers. Currently the process is that HR will have an informal discussion with the interview panel prior to the interview process and explain what unconscious bias is and what should and should not be said or asked in interviews. There is no formal acknowledgement from the panel that this training has been received. The Service is currently awaiting a new training package that is being developed, which does include a section on Equality, Diversity and Inclusion but this is currently not ready and there is no established estimated time of completion for this either.	A formal acknowledgement from managers be sought after HR training to ensure understanding and confirm attendance. Timelines be established for new training that is in development.	2	<i>A dedicated EDI resource is required to enable this to be supported appropriately in the future. Until this happens the resourcing team will continue to ensure that briefings are given pre interview to ensure managers are aware of their legal obligation.</i>		

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
7	Directed	There are 19 HR procedures that relate to staff of which three had undergone an Equality Impact Assessment and five are currently underway. This leaves 11 procedures that have not undergone an assessment. The Service is actively reviewing and conducting EIAs for Capability, Whistleblowing, On Call, Absence, TOIL Flexi Leave, and Secondary Employment procedures. Additionally, It was noted that many policies are still branded with 'Cumbria County Council,' as the Service was part of the County Council until April 2023.	The remaining 11 HR policies be scheduled for an Equality Impact Assessment.	2	<i>We plan on completing EIAs for all HR policies prior to our next HMI inspection</i>	December 2024	HR Manager
8	Directed	A sample of five complaints were reviewed as part of testing. Transparency and accountability in the grievance handling process must be ensured by addressing all questions raised in appeals and providing closure to complaints.  Failure to acknowledge one of the queries in the appeal response relating to the promotion procedure raises concerns about procedural transparency. If a question cannot be answered, then it is important to provide the reasoning for this. This is crucial to avoid accusations of covering up and provide confidence that staff grievances are being taken seriously.	It be included within the Grey Book Grievance Procedure under Appeals that all questions should be addressed and where this is not possible for reasons be confirmed to the complainant.	2	<i>The grievance procedure has been replaced with a new procedure (Workplace Complaints) and training is being rolled out across the service on this new procedure.  HR team can work with managers to ensure that outcomes address all areas. If any areas remain unresponded within an outcome, the reason for this should be noted within the outcome letter.</i>	April 2024	HR Manager

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
9	Directed	The absence of evidence from the initial complaint to the final letter in a discriminatory complaint, highlights deficiencies in documentation and communication.	All notes and communications related to complaints be retained for appropriate internal and external reviews.	2	<p><i>HR team are continuously working with managers to ensure accurate casework records are retained and this is something that is reviewed on an ongoing basis.</i></p> <p><i>The PFCC Ethics &amp; Integrity panel also periodically review samples of casework records</i></p>	April 2024	HR Manager
10	Delivery	At present, there is no formal reporting mechanism in place for presenting equality, diversity, and inclusion (EDI) data to the Senior Management Team (SMT). Although the SMT convenes every two months, EDI data is not included as a standard agenda item during these meetings. To ensure comprehensive consideration of EDI matters, it is imperative to allocate dedicated time within the meeting schedule for discussing this data. Furthermore, this discussion should be documented in the meeting minutes, rather than relying solely on managers to download and review reports.	A formal reporting mechanism for equality, diversity, and inclusion (EDI) data within the senior management team (SMT) meetings be introduced.	2	<p><i>The Resourcing &amp; Talent team have begun supporting this with the most recent Wholetime Recruitment, sharing EDI data with SLT to be discussed in the meeting, however we are working on establishing why it is key for this data to be reviewed and what outcomes there will be following it being shared with SLT, as we don't want it to become a tick box exercise in the meetings.</i></p> <p><i>A dedicated EDI resource is required to enable this to be supported appropriately in the future.</i></p>	May 2024	Resourcing, Talent and Wellbeing Lead

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The Service currently has a vacant position for its Equality, Diversity, and Inclusion Lead, which is undergoing a review, and a rewrite of the role is being considered. Delays in this process have been attributed to pressing issues elsewhere within the Fire Service, however, the EDI Lead is referenced on a number of policies and procedures so an outcome should be reached as soon as is feasible. Currently, the Service lacks internal focus groups comprising members from different groups to assist with equality impact assessments, address current discrimination trends, and gather perspectives from ethnic or underrepresented groups that could provide the Service with additional insights.	A decision be reached on the EDI Lead position and consideration be made to implement a focus group to assist with EDI projects and discuss current issues.	3	<i>A business case will be presented to SLT and the PFCC by the end of May 2024 to request permission to replace this role.</i>	31/05/2024	Head of People and Talent
2	Directed	The Service currently reports on gender, ethnicity, disability and sexual orientation, and staff are given the option to decline to specify if they wish. It was noted that for ethnicity, disability, and sexual orientation that there was significant number of staff who fell under no data which is separate from declining to comment (Ethnic Origin 29.91%, Disabled 40.50% and Sexual Orientation 44.36%).	Areas where "no data" has been obtained be addressed to ensure the Service has complete and accurate data.	3	<i>A reminder has recently been sent for employees to update their personal data in the HRIS.  The service is currently in the process of implementing a new HRIS (scheduled for March 2025) and further data checking and updating will take place when this is implemented  We take into account that some of this data is optional and should be kept this</i>	March 2025	HR Manager

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
					<i>way, but we will promote completion across the service.</i>		
4	Directed	Similarly with Sex/Gender reporting the Service reports on four groups (Female, Male, Non-Binary/Third Gender and Self Describe), It would be beneficial to reflect similar reporting categories to the ONS to ensure more reflective data that could be used to compare with other industries.	Equality data table be updated to remove Non-Binary / Third Gender and Self describe and replace with Trans-Man, Trans-Woman, Non-Binary and All Other Gender Identities (ONS category).	3	<i>The service is currently in the process of implementing a new HRIS (scheduled for March 2025) and the equality data table will be reviewed as part of the implementation</i>	March 2025	HR Manager
5	Directed	It was also observed that there were potential unnecessary barriers for Finance Accountants & Officers, as the adverts specified that candidates should be experienced in local government finance. This may discourage those with private sector experience from applying.	Role requirements be revised by removing the public sector experience stipulation. This adjustment aims to encourage a broader range of applications, particularly from the private sector.	3	<i>The resourcing team will review any future adverts with the recruiting managers to ensure that local government experience is optional.</i>	April 2024	Resourcing & Talent Lead
6	Directed	The ten job adverts sampled all had varying layouts. While this variability isn't inherently problematic, adopting a standardised job advert template could potentially save time and ensure consistency. Additionally, it was observed that the Service emphasises its commitment to being an equal opportunities employer and aims to increase representation for women and ethnic groups in the workplace. This commitment could be reinforced by including a link or attachment to	An equal opportunities document be created for public viewing and included within job adverts. This can reference the external working groups the service is engaged with.	3	<i>The Resourcing &amp; Talent team are committed to updating the external recruitment pages and including more information about equal opportunities, current and future inclusivity work (including the staff network groups), and also reasonable adjustments.</i>	May 2024	Resourcing & Talent Lead

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		an equal opportunities document in the advert, allowing potential applicants to see the concrete efforts the Service is taking to uphold this statement.					

PRIORITY GRADINGS

<b>1</b>	<b>URGENT</b>	Fundamental control issue on which action should be taken immediately.
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<b>2</b>	<b>IMPORTANT</b>	Control issue on which action should be taken at the earliest opportunity.
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<b>3</b>	<b>ROUTINE</b>	Control issue on which action should be taken.
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## Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	The Fire Service adheres to several procedures that aim to address a wide range of issues that relate to areas such as carers, neurodiversity, dyslexia, pronouns, and flexi working hours, which were previously owned and maintained by Cumbria County Council. The Service is currently working on conducting Equality Impact Assessments for remaining policies so will amend branding once complete. The Service itself maintains its own Equality, Diversity and Inclusion Strategy 2022/23 which acknowledges the presence of discrimination and inequality within society. The strategy aims to create an inclusive and safe community by addressing the changing expectations on public services due to increasing diversity in Cumbria. The document outlines the objectives and priorities, emphasising the importance of EDI in decision-making, service delivery, and workforce development. It is noted that strategy does not confirm the frequency of review and when the next review is due.	Equality, Diversity, and Inclusion strategy be updated to include the next review date.	<i>The Leadership Team are meeting in May 2024 to agree review dates for key strategies across the Service and the EDI Strategy will form part of this discussion.</i>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Ref	Risk Area	Finding	Suggested Action	Management Comments
2	Directed	A sample of 10 job adverts was selected for testing. The language used in the postings was neutral and focused on individuals' skills, experience, and qualifications. However, in the Chief Fire Officer advert, there was a reference to The Police, Fire, and Crime Commissioner, and their PA was referred to as both male and female within two sentences. For consistency and to account for potential staff changes, natural language would be best served here.	Consideration be given to adopting neutral language when referring to contacting a specific job role to avoid mistakes.	<p><i>This isn't correct as when this point was looked in to it was recognised that the PA was referred to using female pronouns and the Commissioner was referred to using male pronouns, rather than the PA being referred to as both.</i></p> <p><i>However, the suggestion to adopt neutral language is one which the service will take on board and the resourcing team will work with managers to support this in future.</i></p>
3	Directed	In reviewing interview notes for ten positions, it was found that while all positions had documented interview notes, the Resourcing, Talent, and Wellbeing Lead acknowledged that some panel members failed to submit their notes. Currently, the process involves panel members manually completing standardised competency questionnaires and returning them to HR. However, there is room for modernisation in this process. For instance, implementing Microsoft Forms could streamline the process by allowing HR to electronically distribute blank interview forms to panel members, who can then conveniently complete them on a laptop or tablet. Once completed, these forms would be automatically returned to HR. While the risk to the service remains low, maintaining transparency necessitates retaining interview notes.	Consideration be given to modernising the way interview notes are collated to remove the reliance of managers handing them back to HR.	<p><i>The service accept this action and consideration will be given to how this process can be modernised while still ensuring that it is accessible to recruiting managers.</i></p>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.



## Findings



### Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	<b>Governance Framework</b> There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1, 2, 3, & 4	1
RM	<b>Risk Mitigation</b> The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Out of scope	-	-
C	<b>Compliance</b> Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	5, 6, 7, 8, & 9	2, & 3

### Other Findings









It was identified that the Service has a commendable commitment to supporting unpaid carers among its workforces. The policy, clearly outlined in the provided documentation, emphasises the importance of a healthy work-life balance and acknowledges the challenges faced by employees in balancing work responsibilities with caring obligations. The Service offers a range of flexible working arrangements, statutory entitlements, and practical measures to assist unpaid carers, including an Urgent Domestic Leave provision for emergency situations. Additionally, the policy encourages open communication, sets realistic goals, and provides guidelines for fair treatment. Despite the positive aspects, the audit recognises the challenge of employees not readily identifying themselves as carers and suggests that the Service needs to continue fostering a culture of understanding among managers to effectively support carers in the workplace. Overall, the policy exhibits a proactive approach towards supporting unpaid carers, but ongoing efforts are needed to address potential barriers and ensure comprehensive implementation.



In the assessment of Services Equality, Diversity, and Inclusion (ED&I) policies, it was noted that the organisation commendably supports unpaid carers. The policy underscores the importance of work-life balance and offers flexible working arrangements and statutory entitlements. However, the audit highlights the challenge of employees not readily identifying as carers, suggesting a need for continued understanding among managers.

## Other Findings

-  Examining Cumbria Fire and Rescue Service's probationary period policy for new firefighters, a comprehensive and structured approach to assessing suitability was observed. The two-year probationary period focuses on operational competence, attitude, and compliance. The policy ensures transparency, regular feedback, and thorough evaluations through periodic assessments and a Probation Review Meeting chaired by the Head of Service Delivery.
-  The policy supporting employees with dyslexia provides comprehensive guidance, emphasising legal obligations and the importance of reasonable adjustments. Covering dyslexia definition, signs, and steps for managers, the document promotes a culture of acceptance and practical advice for managers.
-  Demonstrating a commitment to Equity, Diversity, and Inclusion, the Flexi-Time policy provides a flexible framework supporting work-life balance. Extending to all employees, the policy aligns with ED&I principles, emphasising trust, collaboration, and managerial discretion. Ongoing vigilance is crucial to address potential biases and monitor the scheme's effectiveness.
-  Introducing gender-neutral pronouns and titles, the document promotes inclusivity and respect for diverse gender identities. Encouraging normalising pronoun disclosure, the document underscores the evolving nature of individual preferences over time.
-  The neurodiversity workplace guidance offers comprehensive information on neurodivergence, encouraging proactive measures for managers and emphasising sensitivity in disclosure. Appendices provide valuable resources, solidifying the policy's effectiveness in promoting an inclusive and supportive workplace environment.
-  Currently training is out of date as specified by HR, specifically of how Transgender individuals are referred. The Service is currently in talks with an external provider to overhaul the Equality, Diversity, and Inclusion training.
-  The Service have recently begun to record their own data as of April 2023 and have recorded 10 internal complaints but no data for external data has/could be provided. Prior to moving away from the Council there were an additional seven complaints between 2022/2023, however the detail of those complaints has not been retained. All five of the reviewed cases demonstrated compliance with procedural guidelines, with two specific instances warranting further attention which were discussed with the Head of HR.



**Delivery Risk:**

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	<b>Performance Monitoring</b> There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Not in Place	10	-
S	<b>Sustainability</b> The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
R	<b>Resilience</b> Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Out of scope	-	-

**Other Findings**



At present, there is no formal reporting mechanism in place for presenting equality, diversity, and inclusion (EDI) data to the Senior Management Team (SMT). Although the SMT convenes every two months, EDI data is not included as a standard agenda item during these meetings. To ensure comprehensive consideration of EDI matters, it is imperative to allocate dedicated time within the meeting schedule for discussing this data. Furthermore, this discussion should be documented in the meeting minutes, rather than relying solely on managers to download and review reports.

## Scope and Limitations of the Review

- The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

## Disclaimer

- The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

## Effectiveness of arrangements

- The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

<b>In place</b>	The control arrangements in place mitigate the risk from arising.
<b>Partially in place</b>	The control arrangements in place only partially mitigate the risk from arising.
<b>Not in place</b>	The control arrangements in place do not effectively mitigate the risk from arising.

## Assurance Assessment

- The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
<b>Limited Assurance</b>	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
<b>No Assurance</b>	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

## Acknowledgement

- We would like to thank staff for their co-operation and assistance during the course of our work.

## Release of Report

- The table below sets out the history of this report.

Stage	Issued	Response Received
<b>Audit Planning Memorandum:</b>	22 <sup>nd</sup> January 2024	22 <sup>nd</sup> January 2024
<b>Draft Report:</b>	19 <sup>th</sup> February 2024	
<b>Final Report:</b>		

# AUDIT PLANNING MEMORANDUM

## Appendix B

<b>Client:</b>	Cumbria Fire and Rescue		
<b>Review:</b>	Equality, Diversity and Inclusion		
<b>Type of Review:</b>	Assurance	<b>Audit Lead:</b>	James Back

<b>Outline scope (per Annual Plan):</b>	The review considered the arrangements that the Service has put into place, which demonstrate that the Service operates fairly and equally in its operations. The review also considers how policies and processes have been embedded into the everyday working practices of the Service and consider interaction both internally and externally.
<b>Detailed scope will consider:</b>	<p>The review will set out to provide assurance to the Audit Committee that the organisation has robust controls in relation to equality and diversity.</p> <ul style="list-style-type: none"> <li>• The policy and procedures are up-to-date and clearly define responsibilities.</li> <li>• Appropriate action has been taken to monitor diversity data and to identify inequalities within the staffing makeup.</li> <li>• The recruitment and career progression processes do not disadvantage certain groups or individuals.</li> </ul> <p>Appropriate training has been delivered in relation to unconscious bias</p>
<b>Requested additions to scope:</b>	(if required then please provide brief detail)
<b>Exclusions from scope:</b>	

<b>Planned Start Date:</b>	15th January 2024	<b>Exit Meeting Date:</b>	14/02/2024	<b>Exit Meeting to be held with:</b>	Head of People & Talent
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### SELF ASSESSMENT RESPONSE

<b>Matters over the previous 12 months relating to activity to be reviewed</b>	<b>Y/N (if Y then please provide brief details separately)</b>
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N





Internal Audit

DRAFT

## Cumbria Fire and Rescue

Assurance Review of Estate Management - Property Compliance

2023/24

February 2024

## Executive Summary

**OVERALL ASSESSMENT**

**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

Strategic Risk 05: Asset Management

**SCOPE**

The review considered how the organisation monitors and meets its health and safety obligations in relation to: water hygiene; fire risk assessments; asbestos; and periodic electrical testing. There was an additional focus on health and safety in relation to buildings that have had reduced use during the Pandemic.

**KEY STRATEGIC FINDINGS**

- A Cumbria Fire and Rescue Service (CFRS) Health and Safety policy, with a signed Statement of Intent, was put in place following the move away from Cumbria County Council.
- Procedure documentation was found to still be the Council version and had not been updated since 2019.
- Testing identified gaps in evidence to support highlighted remedial works and recommendations being completed. This is data that could not be provided by the Council but CFRS need to hold to demonstrate compliance
- Formal performance reporting on estates health and safety compliance is not yet in place following the move away from the Council.

**GOOD PRACTICE IDENTIFIED**

- Data collated by CFRS post the demerger was held in a uniform manner with appropriate access rights.

**ACTION POINTS**

Urgent	Important	Routine	Operational
0	5	0	0



## Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p>Procedure notes were provided for review during the audit that covered Legionella, Fire Safety Management, Use of Electricity at Work and Management of Asbestos. A review of the documentation noted the following:</p> <ul style="list-style-type: none"> <li>Each document was a Cumbria County Council procedure that had previously been operated by the Council on their estate, which included the Service's estate up until April 2023;</li> <li>The documents had been introduced in 2019 with a review date of 2021, which had not been undertaken;</li> <li>Duty Holders were still recorded as the Council representatives.</li> </ul>	<p>Policies and procedures for the management of asbestos, legionella, periodic fixed wire electrical testing and fire risk assessments be agreed and documented to provide appropriate guidance on arrangements with a clear record of the named Duty Holder as required.</p>	2	<p><i>It is recognised a number of policies are out of date and there are gaps in nominated duty holders.</i></p> <p><i>The OPFCC Head of Estates has commissioned an audit of statutory compliance, and this will be undertaken in June 2024.</i></p> <p><i>This will inform the revised procedures and resource model going forward. Policies will be updated to reflect this.</i></p>	September 2024	Philip Robinson and Mark Clement

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	Two asbestos surveys highlighted an area in each Station that was unable to be inspected due to accessibility at the time of the survey. There were no records held by the Service or the Council to support that a further visit was undertaken.	Asbestos survey outcomes be recorded to ensure that any actions required are addressed in a timely manner.	2	<p><i>Link to above and the role of the responsible person and duty holder.</i></p> <p><i>Recruitment is ongoing into the role of estate co-ordinator, they would lead on this work.</i></p> <p><i>The Head of Estates OPFCC is assessing asset management, data and record keeping requirements. There is the intention to move towards a new electronic record keeping software.</i></p>	Start July 2023.	Head of Estates OPFCC
3	Directed	A sample of records for fixed wire electrical testing at five Stations was reviewed. An Electrical Inspection Condition Report (EICR) was evidenced for each building selected, however, two of these were dated outside of the five-year timeframe set in the regulations. Both stations had been recorded as "Unsatisfactory" with remedial works highlighted. No evidence was able to be provided from Council records to demonstrate any action taken.	A review of all current EICR records be undertaken to identify if action has been taken to address highlighted areas with appropriate action then being taken to address any that have not.	2	<p><i>Electrical inspection reports are currently being reviewed and all high priority works that are identified from the inspections are immediately actioned.</i></p> <p><i>The Head of Estates OPFCC is assessing asset management, data and record keeping requirements. There is the intention to move towards a new electronic record keeping software.</i></p>	May 2024	Philip Robinson

PRIORITY GRADINGS

<b>1</b>	<b>URGENT</b>	Fundamental control issue on which action should be taken immediately.
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<b>2</b>	<b>IMPORTANT</b>	Control issue on which action should be taken at the earliest opportunity.
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<b>3</b>	<b>ROUTINE</b>	Control issue on which action should be taken.
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4	Directed	Six of the Fire Risk Assessments included a mix of high and medium recommendations. Evidence was not able to be provided to demonstrate that remedial actions had been taken or the recommendations considered.	A review of all current Fire Risk Assessment records be undertaken to identify if action has been taken to address highlighted areas with appropriate action then being taken to address any that have not.	2	<p><i>Recruitment is ongoing into the role of estate co-ordinator, they would lead on this work, specifically the review of actions.</i></p> <p><i>A new fire risk assessment has been undertaken for Whitehaven fire station. Actions have been collated and actioned. Work is being undertaken on rolling these FR to the wider estate.</i></p> <p><i>Funds have been secured to improve the stations and address some of the gaps in compliance. The highlighted areas of the fire assessments will be undertaken, where possible and subject to resource, within this work.</i></p> <p><i>A full condition survey of the fire estate is currently being undertaken. This will highlight are of high risk and a programme of work to assess these will be undertaken.</i></p> <p><i>The Head of Estates OPFCC is assessing asset management, data and record keeping requirements. There is the intention to move towards a new electronic record keeping software.</i></p>	September 2024	Philip Robinson
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PRIORITY GRADINGS

<b>1</b>	<b>URGENT</b>	Fundamental control issue on which action should be taken immediately.
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<b>2</b>	<b>IMPORTANT</b>	Control issue on which action should be taken at the earliest opportunity.
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<b>3</b>	<b>ROUTINE</b>	Control issue on which action should be taken.
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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Delivery	Formal reporting on activity has yet to be put in place following the move away from the Council.	Estates Health and Safety performance reporting indicators be agreed and introduced.	2	<p><i>Recruitment is ongoing into the role of estate co-ordinator, they would lead on this work, specifically the review of actions.</i></p> <p><i>The Head of Estates sit on a number of fire station meetings and reports into this.</i></p> <p><i>An estates governance board that sits with the OPFCC is now in place. Both chief fire officer and chief constable attend this.</i></p> <p><i>The Head of Estates OPFCC is assessing asset management, data and record keeping requirements. There is the intention to move towards a new electronic record keeping software. The aim will be that this can automate some of the reporting.</i></p>	September 2024	Philip Robinson

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

## Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
There were no operational effectiveness matters identified.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

## Findings



**Directed Risk:**

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	<b>Governance Framework</b> There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1	-
RM	<b>Risk Mitigation</b> The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	<b>Compliance</b> Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	2, 3, & 4	-

### Other Findings



The Service has a documented Health and Safety Policy that was introduced in April 2023 following the move away from Cumbria County Council. The Policy includes a Statement of Intent that was signed by the Chief Fire Officer and the Cumbria Commissioner Fire and Rescue Authority



The Policy sets out the organisational responsibility, which includes the Chief Fire Officer, Assistant Chief Officer, Service Leadership Team, Head of Assurance and Performance, Health and Safety Manager, Line Managers and Supervisors, and individual responsibility.



Reference is made within the Policy in regard to Safe Premises with specific mention of ensuring "any potential hazards within the premises are controlled in line with statutory requirements" with specific reference to asbestos, electricity and legionella amongst others.

## Other Findings



For asbestos management, a sample of 16 stations were selected for review. An asbestos survey was evidenced for the 10 Station's with asbestos and confirmation that the remaining six contained no asbestos. All surveys had been undertaken prior to the move away from the Council.



A sample of five Stations was selected to review the records in relation to water hygiene (Legionella). For each Station, a Legionella Risk assessment had been carried out within the last two years as recommended best practice. No remedials were recorded for any of the assessments reviewed.



Evidence to support the periodic water maintenance activities were provided and no anomalies were identified.



Fire Risk Assessment records for 10 selected stations were reviewed. Each of the risk assessments tested were undertaken in the correct time frame apart from one, which was confirmed as having been re-assessed, however a query by the Service had delayed its issue.



**Delivery Risk:**

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	<b>Performance Monitoring</b> There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Partially in place	5	-
S	<b>Sustainability</b> The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
R	<b>Resilience</b> Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

**Other Findings**



Formal reporting on activity has yet to be put in place following the move away from the Council.



## Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

## Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

## Effectiveness of arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

<b>In place</b>	The control arrangements in place mitigate the risk from arising.
<b>Partially in place</b>	The control arrangements in place only partially mitigate the risk from arising.
<b>Not in place</b>	The control arrangements in place do not effectively mitigate the risk from arising.

## Assurance Assessment

4. The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
<b>Limited Assurance</b>	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
<b>No Assurance</b>	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

## Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

## Release of Report

6. The table below sets out the history of this report.

Stage	Issued	Response Received
<b>Audit Planning Memorandum:</b>	1 <sup>st</sup> November 2023	1 <sup>st</sup> November 2023
<b>Draft Report:</b>	21 <sup>st</sup> February 2024	
<b>Final Report:</b>		

# AUDIT PLANNING MEMORANDUM

## Appendix B

<b>Client:</b>	Cumbria Fire and Rescue		
<b>Review:</b>	Estate Management – Property Compliance		
<b>Type of Review:</b>	Assurance	<b>Audit Lead:</b>	Andrew McCulloch

<b>Outline scope (per Annual Plan):</b>	The review considers how the organisation monitors and meets its health and safety obligations in relation to: water hygiene; fire risk assessments; asbestos; and periodic electrical testing. There will be an additional focus on health and safety in relation to buildings that have had reduced use during the Pandemic.		
<b>Detailed scope will consider:</b>	<p><b>Directed</b></p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p>	<b>Delivery</b>	<p>Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.</p> <p>Sustainability: The impact on the organisation's sustainability agenda has been considered.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p>

<b>Planned Start Date:</b>	20/11/2023	<b>Exit Meeting Date:</b>	19/01/2024	<b>Exit Meeting to be held with:</b>	J Cullen
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### SELF ASSESSMENT RESPONSE

<b>Matters over the previous 12 months relating to activity to be reviewed</b>	<b>Y/N (if Y then please provide brief details separately)</b>
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N



Internal Audit

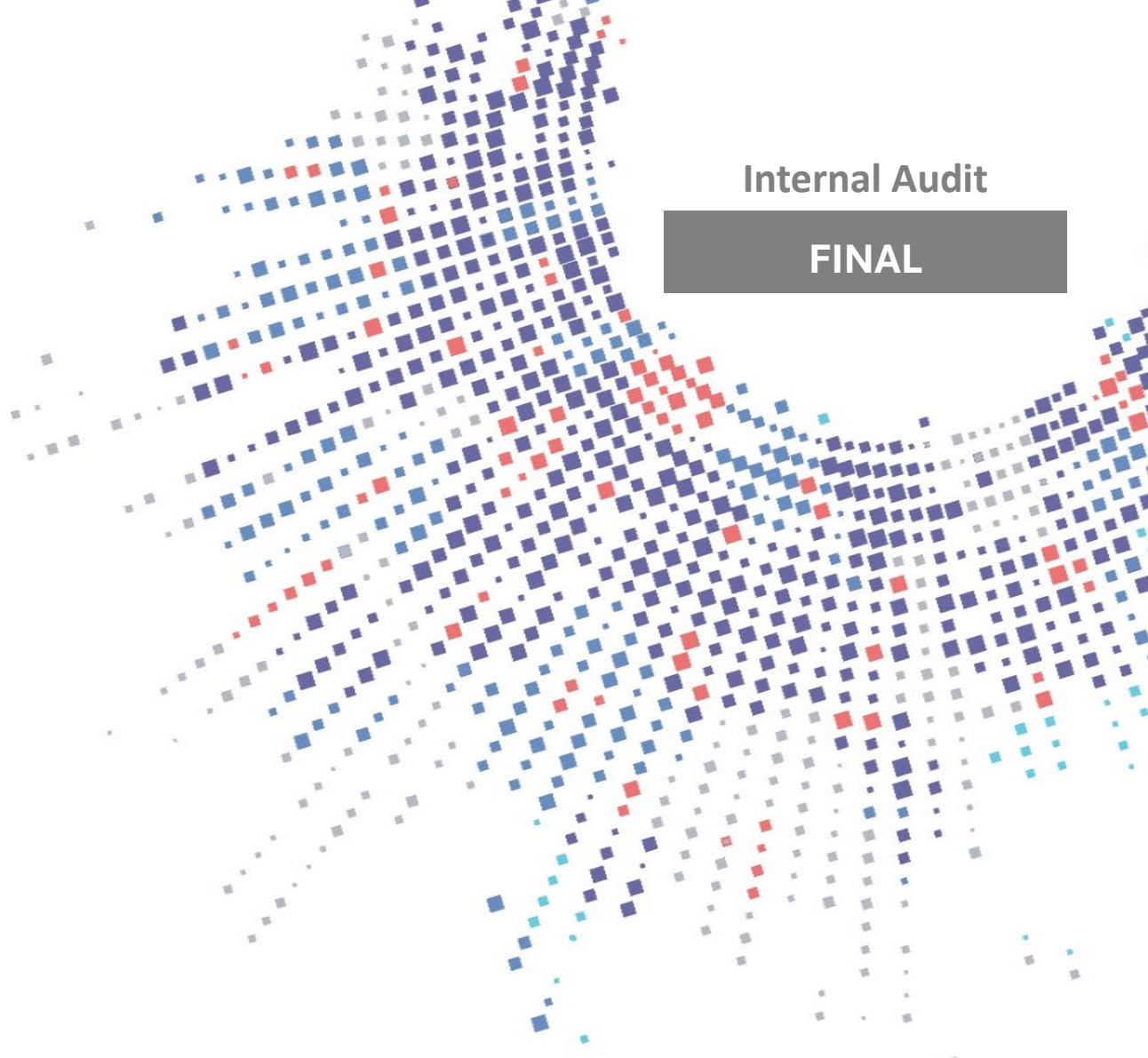
**FINAL**

## Cumbria Fire and Rescue Service

Assurance Review of Key Financial Controls

**2023/24**

May 2024



# Executive Summary

**OVERALL ASSESSMENT**

**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

Risk of unauthorised investments or payments to suppliers.

**KEY STRATEGIC FINDINGS**

- Testing confirmed that robust records are maintained to evidence that the required authorisations have been received before approval of invoices for payment.
- The Service Level Agreement with Cumberland Council relating to accounts payable functions has not been countersigned by a relevant Officer of the Council.
- Reasons for non-compliance with approved counterparty investment limits needs to be properly documented.
- Breaches of counterparty investment limits should be highlighted in any reports of treasury management activities.

**GOOD PRACTICE IDENTIFIED**

- The Financial Regulations provide robust arrangements relating to areas within the scope of this review, helping to direct compliance with best practice.
- A firm of specialist treasury management advisors is engaged to provide advice.

**SCOPE**

The review considered the arrangements for reviewing and authorising and paying costs, including the processes for requisition, ordering and approval of invoices for procured goods and services. The review also considered the arrangements for controlling the investment and borrowing arrangements; compliance with the organisation’s overall policy; banking arrangements; reconciliations and the reporting to committee.

**ACTION POINTS**

Urgent	Important	Routine	Operational
0	3	0	0

## Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	A Service Level Agreement (SLA) is in place between the Cumbria Commissioner Fire and Rescue Authority (CCFRA) and Cumberland Council headed AP/AR, P-2-P (Purchase to Pay) Exchequer Function. It is signed by the s151 Officer of the CCFRA. An Officer of Cumberland Council has not signed the SLA.	The SLA in place between the CCFRA and Cumberland Council headed AP/AR, P-2-P (Purchase to Pay) Exchequer Function be countersigned by a relevant Officer of Cumberland Council.	2	<i>The SLA signature from the Council will be chased up, but is dependent upon action from the Council. The SLA for purchase to pay ended on 31 March 2024 as Cumbria Fire moved to its own Financial System.</i>	31/05/24	Chief Finance Officer
2	Directed	The Treasury Management Activities 2023/24 report for Quarter Three notes an investment of £0.883M with the NatWest Liquidity Select Account; which falls within the category of Banks Unsecured with an A+ credit rating. This amount is greater than the £0.5M limit allowed for investments within that category per the Borrowing, Treasury Management, Investment and Minimum Revenue Provision (MRP) Strategies 2023/24 document. The Group Accountant for Cumbria Constabulary stated that the investment limit had been exceeded on more than one occasion and that this was a conscious decision to manage the cash balances of the newly created Fire and Rescue Service. Documentation to support this decision could not be evidenced.	Reasons for non-compliance with approved counterparty limits be properly documented.	2	<i>Treasury Management activity for Fire is undertaken by Cumbria Constabulary and this was a case of human error. Processes, procedures and limits have now been reviewed and this should not now happen again. Where it is necessary to place investments out with the agreed limits, approval will be sought from the Commissioner by the Chief Finance Officer.</i>	Implemented 30/04/24	Chief Finance Officer

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Delivery	Schedule A of Appendix A of the Borrowing, Treasury Management, Investment and MRP Strategies 2024/25 report presented to the Joint Audit Committee on 20 <sup>th</sup> March 2024 states that the maximum amount to be invested with an individual institution having a credit rating of A+ within the category of Banks Unsecured is £0.5M. The Investment Strategy table of the Treasury Management Activities section states that, for the category of Banks Unsecured, the investment on 31 <sup>st</sup> December 2023 of £0.883M complies with the category limit of £5M. The accompanying narrative states that there have been no breaches in the approved limits to report during the reporting period. There is a further table, headed Investments in Place on 31 <sup>st</sup> December 2023. This discloses that the category of Banks Unsecured comprises the investment with NatWest, being the Liquidity Select Account, in the amount of £0.883M. The accompanying narrative does not note that this investment of £0.883M breaches the maximum amount to be invested with an individual institution having a credit rating of A+ within the category of Banks Unsecured of £0.5M.	Breaches of counterparty investment limits be highlighted in any reporting of treasury management activities.	2	As above.	Implemented 30/04/24	Chief Finance Officer

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

## Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters were identified.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

## Findings



### Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	<b>Governance Framework</b> There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1	-
RM	<b>Risk Mitigation</b> The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	<b>Compliance</b> Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	2	-

### Other Findings




The Corporate Governance Framework of the Cumbria Commissioner Fire and Rescue Authority (CCFRA) has an implementation date of July 2023 and a review date of March 2024. The Financial Regulations are one part of this Framework. They list roles and responsibilities of senior officers and committees, including for creditor payments and treasury management. In the case of creditor payments, a sensible segregation of duties is provided for. They also state that all treasury management activity should be undertaken in accordance with CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code); with 2021 being its latest edition, which must be applied from the 2023/24 financial year.





In line with the recommendations of the CIPFA Code, a report of the Joint Chief Finance Officer was prepared for the CCFRA entitled Borrowing, Treasury Management, Investment and Minimum Revenue Provision (MRP) Strategies 2023/24 (including Prudential Indicators). The CIPFA Code recommends the adoption of 12 detailed Treasury Management Practices (TMPs) and the report notes that these have been adopted by the CCFRA. This was evidenced by a review of a document entitled Joint TMPs 2023/24.





## Other Findings


- 


At the meeting of the Joint Audit Committee (JAC) on 20<sup>th</sup> March 2024, the Office of the Police, Fire and Crime Commissioner for Cumbria (OPFCC) Risk Management Monitoring report was presented, noting that oversight of Cumbria Fire and Rescue Services' strategic risks is carried out at the OPFCC/CCFRA Strategic Finance and Governance Board meetings.
- 


Regarding treasury management risks, TMP 1 covers Risk Management. It includes paragraphs on each of nine specific risks. These nine paragraphs align with the recommended paragraphs listed in the CIPFA Code. The Treasury Management Strategy includes sections on risk, noting that it has been prepared in line with model guidance produced the CCFRA's specialist treasury management advisors.
- 


The Treasury Management Activities 2023/24 report for quarter three was presented to the JAC on 20<sup>th</sup> March 2024. This listed the counterparty total investments in place for the following categories as being Banks Unsecured (NatWest Liquidity Select Account) £883K; and Government (UK Debt Management Office) £13,550K. These amounts are within the category limits specified in the Investment Strategy. Testing of a sample of these investments confirmed them to have been appropriately authorised.
- 

A spreadsheet was provided named 'Daily Investment Sheet 2023-24'. A review showed this to be very detailed, well-prepared and comprising several tabs. Check-formulae are built into the calculations to highlight any amounts that may be in error. Further tabs then provide an audit trail showing evidence of approvals for investments deposited and other such transactions within the treasury management function. The spreadsheet serves as a useful tool towards managing and controlling the Service's treasury management activities.
- 

The CCFRA inherited £7.5M of Public Works Loan Board (PWLB) debt from Cumbria County Council upon the latter authority's dissolution in 2023. The debt bears an interest rate of 2.6% and will mature in October 2032. The PWLB was abolished in 2020, with its functions allocated to HM Treasury and discharged via the UK Debt Management Office. The debt was accurately reported to the JAC at its meeting on 20<sup>th</sup> March 2024 under the heading 'Borrowing position for the quarter ended 31<sup>st</sup> December 2023'.
- 

A Service Level Agreement (SLA) is in place between CCFRA and Cumberland Council which includes arrangements relating to creditor payments. Section 2 of the SLA lists the functions specifically covered, including: managing and controlling supplier records; purchase requisitioning and ordering; operation of the Scheme of Delegation for expenditure approval; invoice processing; additional checks before payment; payment processing/BACS payments; and operating purchasing card programmes. The Financial Accountant corroborated that, under the SLA, Cumberland Council is responsible for performing checks relating to adding new suppliers and amending existing supplier details.
- 

Testing on a sample of paid supplier invoices showed that in each case a proper invoice was retained and that the approval process, prior to passing the invoice for payment by Cumberland Council under the terms of the SLA, complied with that detailed in the Authority's Financial Regulations, including the stipulated segregation of duties.
- 

A bank mandate was evidenced, which was signed on 30<sup>th</sup> January 2023. The Chief Finance Officer confirmed that this is in the process of being updated, with the revised version anticipated shortly.
- 

As noted in paragraph 1 of Appendix A, bank reconciliations were not provided during this review. Consequently, no testing has been performed thereon.



**Delivery Risk:**

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	<b>Performance Monitoring</b>	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Partially in place	3	-
S	<b>Sustainability</b>	The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
R	<b>Resilience</b>	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

**Other Findings**



In accordance with the treasury management reporting recommendations detailed in the CIPFA Code, both the Borrowing, Treasury Management, Investment and MRP Strategies 2023/24 as well as section C7 of the Financial Regulations state that the CCFRA will approve the annual Treasury Management Strategy Statement (TMSS) and receive a quarterly summary of treasury activity, a mid-year update on the strategy and an annual report after the close of the financial year. Documents obtained during this review, including from meetings of the Joint Audit Committee, confirmed that reporting requirements are being complied with. Such requirements include reporting of Treasury Management Indicators and also Prudential Indicators, all of which were assessed with a RAG rating of green at the latest reporting period, being Quarter 3 of 2023/24; which was reported to the PFCC Executive Team 15<sup>th</sup> February 2024 and to the JAC on 20<sup>th</sup> March 2024.



The CCFRA report Borrowing, Treasury Management, Investment and MRP Strategies 2023/24 notes that Link Treasury Services Ltd provides specialist treasury management advice to the CCFRA.

## Scope and Limitations of the Review

- The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed. Bank reconciliations were not provided during this review. Consequently, no testing has been performed thereon.

## Disclaimer

- The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

## Effectiveness of arrangements

- The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

<b>In place</b>	The control arrangements in place mitigate the risk from arising.
<b>Partially in place</b>	The control arrangements in place only partially mitigate the risk from arising.
<b>Not in place</b>	The control arrangements in place do not effectively mitigate the risk from arising.

## Assurance Assessment

- The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
<b>Limited Assurance</b>	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
<b>No Assurance</b>	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

## Acknowledgement

- We would like to thank staff for their co-operation and assistance during the course of our work.

## Release of Report

- The table below sets out the history of this report.

Stage	Issued	Response Received
<b>Audit Planning Memorandum:</b>	6 <sup>th</sup> December 2024	6 <sup>th</sup> December 2024
<b>Draft Report:</b>	14 <sup>th</sup> May 2024	16 <sup>th</sup> May 2024
<b>Final Report:</b>	16 <sup>th</sup> May 2024	

# AUDIT PLANNING MEMORANDUM

## Appendix B

<b>Client:</b>	Cumbria Fire and Rescue		
<b>Review:</b>	Key Financial Controls		
<b>Type of Review:</b>	Assurance	<b>Audit Lead:</b>	Ian Goodwin

<b>Outline scope (per Annual Plan):</b>	<p>The review considers the arrangements for reviewing and authorising and paying costs incurred by the organisation. The review will test the processes for requisition, ordering and approval of invoices for goods and services procured by the organisation. The scope of the review does not include consideration of the processing or release of payments as this is done under SLA by the local authority.</p> <p>The review considers the arrangements for controlling the investment and borrowing arrangements; compliance with the organisation’s overall policy; banking arrangements; reconciliations and the reporting to committee. The scope of the review does not include consideration of the appropriateness of any individual financial institution or broker or of individual investment decisions made by the organisation.</p>		
<b>Detailed scope will consider:</b>	<p>The review will set out to provide assurance to the Joint Audit Committee that the organisation has robust arrangements in place and operating for creditor payments and treasury management.</p> <ul style="list-style-type: none"> <li>The organisation has robust policies and procedures in place that provide appropriate guidance and direction to ensure that the organisations assets are protected.</li> </ul>	<ul style="list-style-type: none"> <li>The organisation has considered the risks associated with creditor payments and treasury management.</li> <li>Robust records are maintained to evidence that the required authorisations have been received before approval of invoices for payment.</li> <li>Performance is reported in sufficient detail to senior management allowing for appropriate challenge and scrutiny.</li> </ul>	
<b>Requested additions to scope:</b>	None		
<b>Exclusions from scope:</b>	Bank reconciliations		

<b>Planned Start Date:</b>	11/12/2023	<b>Exit Meeting Date:</b>	17/04/2024	<b>Exit Meeting to be held with:</b>	Steven Tickner, Lucy Taylor
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### SELF ASSESSMENT RESPONSE

<b>Matters over the previous 12 months relating to activity to be reviewed</b>	<b>Y/N (if Y then please provide brief details separately)</b>
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N

## Cumbria Commissioner Fire and Rescue Authority Audit Progress Report and Sector Update

Year ending 31 March 2024

June 2024



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# Introduction & headlines

This paper provides the Joint Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

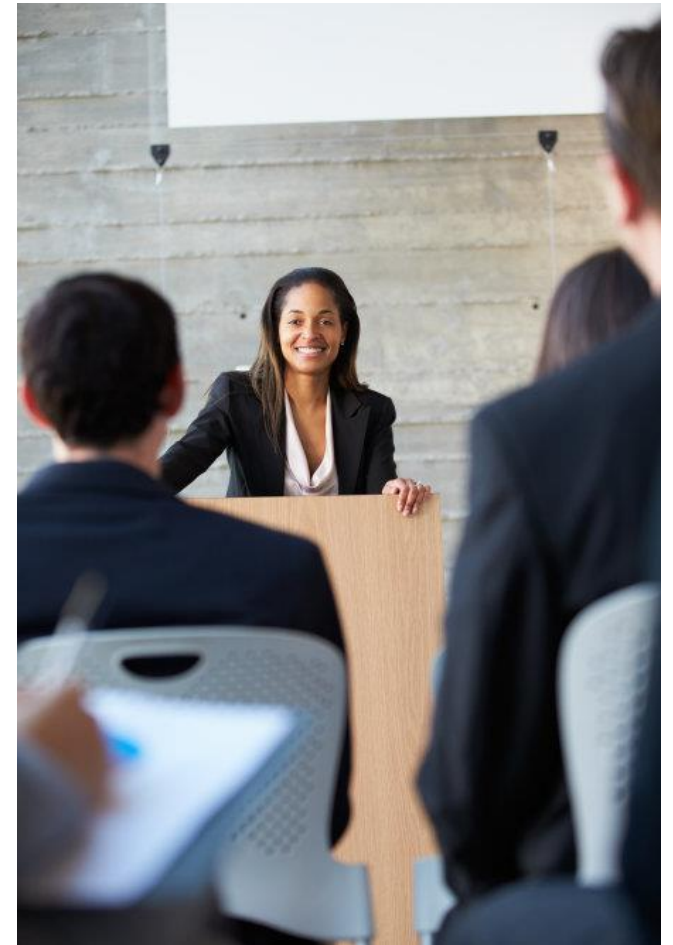
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Audit Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the fire & local authority sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.





# Progress to June 2024

## Financial Statement Audit

Following introductions to Grant Thornton with finance and senior officers, our work on the 2023-24 financial statement audit has commenced, with early planning procedures and inquiries beginning in early 2024. We plan to undertake additional detailed planning work in the following months, aiming to conclude the planning element in July/August 2024.

We meet with finance team on a regular basis and continue to be in discussions regarding emerging developments and to ensure the audit process is smooth and effective. The timing of the 2023-24 audit fieldwork continues to be discussed during liaison meetings between GT and CCFRA.

We expect to issue the Audit Plan to the September Joint Audit Committee, however at this stage in our planning work we are aware of the following issues and risks that will feature in the audit plan:

- Complexity of current systems – IT hosted within Cumberland Council/ledger hosted within Westmorland & Furness Council (W&FC), accounts payable invoices processed by Cumberland Council with payments coming out of W&FC bank account, Payroll processed by Cumberland Council, Treasury management completed by Cumbria Police finance team.
- Disaggregation of balances from Cumbria County Council – difficulty in determining allocation of CCFRA balances., including 22/23 accrual reversals.
- Bank reconciliations - no cashbook management processes/bank reconciliations completed within the year.
- Substantive finance team not in place for 8 months of the financial year
- Budgetary control – no access to the Budget Monitoring system until October 2023 and no Budgets loaded into the ledger until December 2023.

## Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020-21 and onwards. The most significant change under the new Code was the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required. The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities, auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay. As a result of the local government accounts backlog, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor’s Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor’s Annual Report in March 2025 to be presented at Joint Audit Committee in that month.



# 2023/24 deliverables

2023/24 Deliverables	Planned Date	Status
<p><b>Accounts Audit Plan</b></p> <p>We are required to issue a detailed accounts audit plan to the Joint Audit Committee setting out our proposed approach in order to give our opinions on the 2023/24 financial statements.</p>	September 2024	Not due yet
<p><b>Audit Findings (ISA260) Report</b></p> <p>The Audit Findings Report will be reported to the March 2025 Audit Committee.</p>	March 2025	Not due yet
<p><b>Auditors Reports</b></p> <p>These are the opinions on your financial statements, narrative report and annual governance statement.</p>	March 2025	Not due yet
<p><b>Auditor's Annual Report</b></p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). The AAR will be taken to the March 2025 Audit Committee.</p>	March 2025	Not due yet

# Sector Update

Public services including Fire are changing. Deficiencies identified in building safety combined with tightening funding envelopes require a continuing drive to achieve greater efficiency in the delivery of public services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there continues to be a drive for greater collaboration between wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, Fire authorities nationally and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from sector specialists**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector sections on the Grant Thornton website by clicking on the logos below:

A blue rectangular button with the text "Public Sector" in white, centered within the button.

Public Sector

# Home Office



## Reforming our fire and rescue service (updated December 2023)

In 2022, the government published a Fire Reform White Paper and consultation, which set out the government's proposals for reform. The consultation sought views from all stakeholders and members of the public on these proposals.

Titled 'Reforming our fire and rescue service', the consultation paper centred around three main themes:

- **People** – improving systems, flexibility, and culture
- **Professionalism** – helping fire professionals to best serve their communities
- **Governance** – strengthening oversight and leadership

In particular, it was aimed at offering better support for fire and rescue services across the country, including tools to tackle changes and challenges within the community. The formal response to the consultation was published in December 2023. The consultation, which saw 290 responses in total, also sought to clarify the role of the firefighter, encourage cultural ties, and provide greater development and leadership opportunities for fire professionals.

Some of the measures identified from the consultation and feedback, that may be implemented in the future include:

- introducing a professional College of Fire and Rescue to raise standards and strengthen leadership
- developing provision for fire chiefs to have operational independence
- tasking the National Joint Council to review the pay negotiation mechanism
- taking action to improve integrity and culture in Fire and Rescue Services through improved training, more open recruitment practices and working towards a statutory Code of Ethics for fire and rescue employees

The consultation outcome and response to the fire reform white paper can be found [here](#).

# HMICFRS

## HMICFRS announce launch of positive practice portal for the fire and rescue sector (May 2023)

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) announced the launch of the positive practice portal – an online platform developed by the National Fire Chiefs' Council with support from HMICFRS.

This has been designed as a shared space and provides information on tactics, knowledge and advice across the fire and rescue sector. According to HMICFRS, sharing experiences of what works, and even what doesn't work, will help fire and rescue services to learn from each other and better serve the public.

The portal can be found here: [positive practice portal](#)



# HMICFRS

HMICFRS - Home Secretary's commission for a thematic inspection of the handling of misconduct in fire and rescue services (July 2023)

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services will carry out an inspection of the handling of misconduct in fire and rescue services in England.

The Inspectorate will examine the extent to which services have taken steps to implement the recommendations we made in its spotlight report [Values and culture in fire and rescue services](#).

This will include examining:

- the extent to which services are identifying and investigating misconduct;
- the effectiveness of misconduct processes and how consistently they are applied;
- how confident fire and rescue service staff are in raising concerns and in misconduct processes; and
- the role of fire and rescue authorities and other organisations in handling misconduct.





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# Joint Audit Committee



## Title: Effectiveness of CCFRA Anti-Fraud and Corruption Activity Monitoring

**Date: 3 June 2024**

**Agenda Item No: 13**

**Originating Officer: Joanne Head, Governance Manager**

Report of the Chief Executive

### 1. Introduction and Background

1.1 As Cumbria Commissioner Fire and Rescue Authority, the Police, Fire and Crime Commissioner has a statutory responsibility to provide fire services for Cumbria. The Office of the Police, Fire and Crime Commissioner (OPFCC) must ensure that effective processes and procedures are in place to deliver that service in an environment free from fraud and corruption.

1.2 To safeguard against fraud and corruption the Commissioner and OPFCC staff operate in an open and transparent environment. This is achieved by a variety of methods including making decisions in public, publishing information on its website including registers of interests, decisions, declarations of gifts and hospitality and expenses.

1.3 Arrangements to prevent and detect Fraud and Corruption are reviewed and approved by the Police, Fire and Crime Commissioner on a cyclical basis. These arrangements provide clear definitions of fraud, corruption, theft and irregularity within the strategy. They were updated and approved in May 2024 by the Fire Executive Board which is the Commissioner's internal governance board.

1.4 The CCFRA arrangements for Anti-Fraud and Corruption provides clarity over roles, responsibilities and duties of staff within the Fire Service. The Deputy Monitoring Officer undertakes a review between the gifts and hospitality registers, the contact with supplier register and decisions made by the Commissioner. During 2023/24 no irregularities, issues or concerns have been identified.

### 2. Effectiveness of Arrangements for Anti-Fraud and Corruption

2.1 In order to ensure that the CCFRA's arrangements for Anti-Fraud and Corruption are effective a number of areas of business are monitored to ensure compliance and identify any fraudulent or corrupt practices.

2.2 During 2023/24 and in compliance with arrangements covering gifts and hospitality the

Governance Officer has issued a notice on a monthly basis to all staff formally requesting the documentation of any gifts and hospitality offered during the previous month. Staff identify what the gift or hospitality was; who it was offered to and whether it was accepted or declined. They have made two notifications of offers of hospitality during the reporting period. A change in the OPFCC's Arrangements for Anti-Fraud and Corruption now means that any only offers over the value of £10 will be recorded by staff. Upon completion the registers are published on the OPFCC website at the beginning of the following month. The Governance Officer has not identified any areas of concern or irregularities.

2.3 The Commissioner and appointed Deputy Commissioner also identified any gifts or hospitality which has been offered and again indicates whether this is accepted or declined. During 2023/24 the Commissioner made 2 notifications of either hospitality or gifts, whilst the Deputy Commissioner made 3. Again, upon completion the registers are published on the OPFCC website at the beginning of the following month. The Chief Executive has not identified any areas of concern or irregularities.

2.4 In accordance with guidelines set by the Secretary of State, the Commissioner is eligible to claim allowances and expenses whilst carrying out his role. The Commissioner on a monthly basis will complete a form which includes a declaration stating that the expenses being claimed have been necessarily incurred. They are then approved or declined by the Chief Executive. During 2023/24 the Commissioner made no expense claims. Where any claims are made, the Constabulary's Central Services Department will re-check the claims against the Home Office criteria before making payment where any claims are made providing an additional level of assurance. In line with the Elected Local Policing Bodies (Specified Information) Order 2011 authorised expenses are published on the OPFCC website.

2.5 OPFCC members of staff, members of the Joint Audit Committee and members of the Ethics and Integrity Panel are eligible to claim expenses in line with approved policies and procedures. Each individual must sign a declaration stating that the expenses claimed were necessarily incurred during the course of their agreed duties. All claimed expenses are checked for accuracy and signed off by the Chief Executive or the Governance Manager whichever is the appropriate authority to approve the expense claim. Throughout 2023/24 no irregularities or fraudulent claims were made by any of those mentioned above.

2.6 On the 15 March 2023 the Commissioner submitted a signed declaration of interest setting out any business and personal interests for which the Office should be aware in the context of the integrity of decision making. This form was published on the Commissioners website on 19 March 2024 to ensure public transparency of declarations. During 2023/24 the Commissioner and OPFCC Exec Team made a total of 44 decisions, of which the decision forms recorded that there were no personal and prejudicial interests. The published declaration of interests has confirmed that no conflicts of interests have been identified regarding any decisions the Commissioner has made during 2023/24.

2.7 During 2023/24 and in compliance with the arrangements governing supplier contacts, the Governance Officer has issued a notice on a monthly basis to all OPFCC staff formally requesting the documentation of any supplier contacts that have taken place in the previous month. Staff have made notification of 35 supplier contacts during the year through this process. These notifications form a supplier contact register that has been reviewed by the Governance Officer to provide assurance during procurement processes that there are no conflicts of interest at contract award. The Governance Manager has confirmed that during 2023/24 no issues or areas of concern have been identified in relation to this area of work.

2.8 On behalf of the Commissioner the Ethics and Integrity Panel at their quarterly meetings review Cumbria Fire and Rescue Service's performance in relation to misconduct and complaints. Reports provide information on the number, categories of reported incidents, staff suspensions, ongoing cases and investigations which are being dealt with by the service. This enables the Panel to identify emerging trends or patterns which the Panel can then ensure that preventative measures are put into effect. In addition, the Panel also dip sample staff misconduct and complaint cases which have been finalised on a six- monthly



basis. During 2023/24 the Panel carried out a dip sample processes where they reviewed a total of 10 misconduct cases that had been finalised. The Panel report their findings to the OPFCC Chief Executive at their Panel meetings, on the OPFCC website via the Panel minutes and within their Annual Report. During 2023/2024 the Panel did not identify any issues or areas of concern to be raised with the Commissioner.

2.9 On an annual basis CCFRA under Section 6 of the Audit Commission Act 1998 provides relevant data for the National Fraud Initiative. The initiative uses advanced data matching techniques to tackle a broad range of fraud risks faced by the public sector. CCFRA participates within the National Fraud Initiative having completed fraud risk assessments for the financial year. As this process is undertaken following the compilation of this report CCFRA is not able to report on the outcome of the 2023/24 process at this time. No incidents of fraud were identified to the Chief Finance Officer during the 2022/23 processes. In terms of wider fraud and corruption there have been no frauds identified against CCFRA in the last year.

2.10 To encourage reporting by OPFCC staff of anything they are concerned about sessions on Integrity were included at Extended Team Meetings in May and October in 2023; and how to report it to their line manager. The OPFCC have not been advised of any issues being raised with external organisations. The OPFCC website contains information on how members of the public could report any concerns.

2.11 The OPFCC has a Confidential Reporting (Whistleblowing) Policy which enables staff and members of the public to raise a concern but also be protected by the Public Interest Disclosure Act 1998. The policy is brought to the attention of staff and is also available on the OPFCC website. During 2023-34 the OPFCC did not receive any notifications from either staff or members of the public via it's Confidential Reporting process. Cumbria Fire and Rescue Service have a Confidential Reporting Line where matters can be reported by any member of the workforce.

### **3. Internal Audit**

3.1 As part of the annual audit programme Internal Audit carry out reviews of a number of areas of business within the OPFCC and Cumbria Fire and Rescue Service. Each review evaluates any exposures to risks relating to the organisations governance, operation and information systems. Audit reviews undertaken during 2023/24 did not identify any risks to the OPFCC in relation to fraud or corruption.

### **4. Conclusions**

4.1 From the monitoring which has taken place during 2023/24 by the Office of the Police, Fire and Crime Commissioner, no instances of fraud or irregularity have been identified or reported. No allegations have been made against the Police, Fire and Crime Commissioner, any member of OPFCC staff or Cumbria Fire and Rescue Service. When taking this into consideration assurance can be gained that the policy, systems and processes in place are working effectively.

### **5. Recommendations**

Members of the Joint Audit Committee are asked to consider this report and:

- (i) determine whether they are satisfied with the effectiveness of the OPFCC's monitoring of Anti-Fraud and Corruption Activity.
- (ii) determine whether they wish to make any recommendations to the Commissioner with regard to future developments or improvements in those arrangements

**Gill Shearer**  
**Chief Executive**

**Legal Implications:** the OPFCC has a statutory obligation with regard to preventing and dealing with fraud and corruption as outlined within the report.

**Financial Implications:** If the OPFCC does not actively manage any potential or actual fraud and corruption then there is the potential for the organisation to suffer financially, therefore having an impact upon its ability to provide policing services in Cumbria.

**Risk Management Implications:** there is a potential for the organisation to suffer not only financially, but with regard to its reputation leading to a loss of public confidence. The OPFCC could be open to legal challenge if it does not actively identify and manage fraud and corruption.

**Human Rights Implications:** None Identified

**Race Equality / Diversity Implications:** None Identified

Contact points for additional information

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## Joint Audit Committee

### Agenda Item No 14

**Title:** Cumbria Fire and Rescue Service – Risk Management

**Date of meeting:** 26<sup>th</sup> June 2024

**Report by:** Rick Ogden – Chief Fire Officer

#### 1. (Executive Summary)

- 1.1 Currently the Service is redrafting its Risk Management Framework.
- 1.2 This report allows the Joint Audit Committee to comment on the current iteration of the document and for that feedback to be taken into account by the Service.

#### 2. Recommendation of the Chief Fire Officer

- 2.1 The Joint Audit Committee is asked to review the attached document and provide feedback as necessary.

#### 3. Background to the Proposals

- 3.1 Following Local Government Reform, the Service has taken the opportunity to start a programme of reviewing its key strategic documents. Previously documents have been drafted within the parameters set by the County Council.
- 3.2 LGR has given the Service the opportunity to ensure that each document is designed purely with Fire and Rescue in mind.
- 3.3 The attached document follows the same format as a wide variety of Risk Management Frameworks, but incorporates good practice from other services and input around financial risk provided by the S151 Officer.

#### 4. Financial – What Resources will be needed and how will it be funded?

- 4.1 There are no financial implications to the use of this Framework. Responsibility for the management of the Risk Register rests with the Service Transformation Lead.

4.2 Finance is a key aspect to consider with regard to each risk, and the monetary levels shown within the Framework have been provided following consultation with the S151 Officer.

**5. Legal Aspects – What needs to be considered?**

5.1 The legal aspects of any risk are considered within the Framework and scored accordingly.

5.2 The Service does have access to independent legal advice if required through an arrangement with Cumberland Council.

**6. Health & Safety Implications**

6.1 Health and Safety is a key variable in any risk determination. CFRS has an experienced H&S manager to provide advice and support.

**7. Fire Authority Priorities**

7.1 The priorities of both the Fire Authority (PFCC) and CFRS are impacted upon by risk. The Risk Register including new and emerging risks is discussed at the Fire Executive Meeting. Any risks deemed sufficient to impact on the strategic delivery of the authorities priorities are escalated to sit on the Risk Register of the Police Fire and Crime Commissioner.

**8. What is the Impact of the Decision on Health Inequalities and Equality and Diversity Issues?**

8.1 Any impact of an action to address risk, where appropriate would be subject to the internal Equality Impact Assessment Process

8.2 The EDI impact of any risk is also considered as part of the scoring matrix.

**Report Author**

Mark Clement      Head of Safety and Assurance

## Policy Framework

## Risk Management

Version Control	Changes Made	Author
Version 1		

### 1. Introduction

Risk management is the process of identifying threats and opportunities, evaluating their potential consequences and then determining the most effective and efficient methods of controlling and/or responding to them. Risk management forms an important element of Cumbria Fire and Rescue Service's planning process.

The Risk Management Framework is in place to ensure that risk is systematically addressed at differing levels within the Service to ensure that strategies, plans and activities that contribute to the Service priorities are completed satisfactorily.

### 2. Risk Strands

Risk is inherent in all areas of Cumbria Fire & Rescue Service and should be systematically managed to ensure that the Service is exposed to as low a level of risk as is reasonably practicable.

#### Community Risk

Like all Fire and Rescue Services, we are required to produce a Community Risk Management Plan (CRMP) that identifies and assesses all foreseeable fire and rescue related risks to our communities. From this assessment of risk we allocate people, equipment, skills and resources that allow us to prevent or respond to them.

We have in place a performance management system which allows us to monitor the actions we take and measure their effectiveness.



**Corporate Risk**

A Corporate Risk is a new or elevated risk which may have a serious impact on the Service's ability to function

This category of risk focuses on targeting risks which would prevent the organisation from achieving the activities set out in our CRMP or fulfilling our statutory duties. Corporate Risks are scrutinised by the Service Leadership Team until suitable and sufficient mitigation has been put in place which manages the risk at a tolerable level, or the risk has ceased to exist.

**Departmental Risk**

A Departmental Risk is a known risk reduced to a tolerable level through control measures and monitoring.

This level of risk focuses on monitoring risks which the organisation is aware of and has mitigated to a tolerable level. Departmental Heads manage risks which are allocated to their departments ensuring that all risk reduction activities remain effective in keeping the organisation's levels of exposure to a certain risk as low as is reasonably practicable.

**Project Risk**

All of our projects face risks which can have either a positive or negative effect on the outcomes. The project team will identify potential risks as part of their initial scope of the project and also monitor the operating environment for new risks throughout the life of the project.

**Operational**

CFRS has in place a suite of policies and operational guidance that are specifically focused on managing operational risk on the incident ground. The Service's approach of pre-planned, dynamic and analytical risk assessments ensures that operational activity on the incident ground is carried out as safely as possible.

**Health, Safety and Wellbeing Risk**

CFRS has in place policies procedures and strategies which are targeted at ensuring the health, safety and wellbeing of all groups of staff, contractors, visitors and members of the public which ensures compliance with all relevant Health and Safety legislation.

**Emergency and Business Continuity**

Covered under a separate Service procedure, one of the biggest risks to CFRS is an event or emergency which would inhibit its ability to deliver core services to the communities of Cumbria and to meet its legislative requirements.

As a category 1 responder, the Service has a duty under the Civil Contingencies Act 2004 to have in place business continuity plans to ensure that it can maintain service delivery.

### 3. Roles and Responsibilities

#### Cumbria Commissioner Fire and Rescue Authority

The CCFRA will ensure that a proper governance framework exists to allow risk to be managed effectively, with the facility to elevate risk to the highest level if deemed necessary by CFRS.

#### Service Leadership Team

The Service Leadership Team (SLT) led by the Chief Fire Officer has overall responsibility for ensuring that the Organisation manages risk effectively through the development and implementation of a comprehensive Risk Management Framework.

Decisions taken by SLT should ensure that full consideration is given to risks as part of their decision-making process.

#### Senior Leaders

Comprising of Heads of Department and Group Managers, senior leaders within the Service are responsible for identifying new risks in their areas of responsibility and monitoring both Corporate and Departmental Risks on a regular basis.

These leaders are likely to be the allocated owners of risks identified on the Corporate Risk Register, and it is their responsibility to provide updates at the required frequencies.

#### CFRS Transformation lead

The Corporate Risk Register is overseen by the CFRS Transformation lead.

#### Project Managers

It is the responsibility of project managers that risks are recorded on the Project Initiation Document to be submitted to the Programme Board for scrutiny. Any risks that are identified during the life cycle of the project must be recorded on the monthly update and reported at the monthly Programme Board meeting.

#### Individual Managers and Employees

At the most basic level, individual employees and line managers are tasked with the effective management of the risks associated with their particular roles and duties and for ensuring that significant risks are identified to appropriate managers as soon as they become known.

Primarily these responsibilities are to identify potential and actual hazards/risks within the workplace, assist with their reduction and to comply with Health and Safety policies.

### 4. Strategic Identification and Assessment of Risk

In order for risks to be effectively managed, they must first be identified and assessed. This will be done by reviewing the Service's/Department's strategic, project and operational objectives, considering both external and internal risk factors that may influence these and by identifying all significant risks which could impact them.

Departmental meetings will be used to carry out horizon scanning activities to identify risks which are pertinent to the delivery of departmental activities. Any risks identified may require a higher degree of management to departmental issues, which would not require active monitoring through the risk recording platforms.

Once a risk has been identified and deemed significant enough to pose a risk to the organisation or a department, it will be added to the CFRS register.

## 5. Risk Management Methodology

Having identified and assessed a risk, the Service will employ one of a number of options for effective risk management including

- Terminate – cease undertaking the activity that gives rise to the risk; however this is not always viable
- Transfer – transfer the risk to a third party through either outsourcing/contracting or via insurance arrangements, but this may not be financially viable.
- Tolerate – accept the risk as it stands and take no further action
- Treat – take further action to reduce the risk as low as is practicable, at which point the Service will determine whether it is able to tolerate the revised risk and monitor.

The application of the methodology should be discussed at the correct governance level where a suitable course of action can be decided on and actioned. Decisions on risk, where possible, will not be decided on in isolation.

## 6. Risk Appetite / Risk Tolerance

Risk Appetite, refers to the “amount and type of risk that an organisation is prepared to seek, accept and tolerate”. While risk appetite is about the propensity to take risks, risk tolerance is about the propensity to exercise control.

Ensuring the ongoing effectiveness of risk management requires strong and sustained leadership and commitment by senior officers and it is this tone from the top towards risk management that has one of the greatest impacts on organisational appetite.

As a large and diverse organisation, CFRS recognise that the risk appetite will vary according to the activity undertaken and hence different appetites and tolerances to risk will apply.

CFRS’s current risk appetite is defined by setting maximum risk limits and tolerances within the 5x5 likelihood and impact matrices and risk assessment criteria.

Each risk is evaluated using the approved risk assessment criteria for both impact and likelihood, these scores are then multiplied together to provide a final risk score.



A 5x5 risk matrix is used to evaluate risks and to rank those risks that have the highest level of exposure for CFRS. Risk tolerances are defined in terms of High (Red), Medium (Amber) and Low (Green) risk exposure and are treated proportionately.

**5x5 Risk Management Matrix**

<b>Likelihood</b>	<b>V Likely</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>
	<b>Likely</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>12</b>	<b>16</b>	<b>20</b>
	<b>Possible</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>12</b>	<b>15</b>
	<b>Unlikely</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>10</b>
	<b>V Unlikely</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
			<b>Insignificant</b>	<b>Minor</b>	<b>Moderate</b>	<b>Major</b>	<b>Most severe</b>
<b>Impact</b>							

Level of risk exposure	Risk Treatment
<b>High Score 15-25 (Red)</b>	High-scoring risks are significant to CFRS and risk treatment is mandatory.
<b>Medium Score 6-12 (Amber)</b>	Medium-scoring risks may require an evaluation of cost & benefit to determine the most appropriate treatment to mitigate or manage the risk.
<b>Low Score 1-5 (Green)</b>	Low-scoring risks are tolerable and will have a low or no impact, and no risk treatment may be necessary. These risks should be monitored regularly in case the risk scores increase.

This approach guides staff on the level of risk permitted and encourages consistency of approach across CFRS.

In the main, Intolerable risks are those that:

- Negatively affect the safety of customers/ clients and staff
- Have a direct impact on CFRS’ reputation.
- Lead to a breach of laws or regulations.
- Endanger the sustainability of CFRS services.
- Have a significant financial impact.

The table below provides guidance on how to score risk against a series of set criteria.

Impact Score	Organisational/Service	Operational/Performance	Finance	Reputational	Legal	Health & Safety	EDI
<b>5 = Major</b>	Major impact/disruption to critical services. Inability to deliver a number of organisational objectives.	Significant organisational or performance impact. Not achieving more than one of the organisation's performance targets	Fire – over £250k	Sustained national media coverage. External Enquiry. Removal of a command team member.	Prosecution. Major claims/fines against both organisations	Multiple fatalities or multiple permanent injuries	Unjustified impact or interference.
<b>4 = Serious</b>	Serious impact/disruption on critical services with a noticeable impact on local communities.	Large impact on performance resulting in not achieving one of the organisation's performance targets	Fire - over £100k	Sustained adverse media coverage	Serious claims/ fines against both organisations	Single fatality or severe injuries	Serious unjustified impacts or interference.
<b>3 = Moderate</b>	Noticeable impact on non-critical services or short-term disruption.	Impact on performance resulting in difficulty achieving performance targets but where corrective action can still be taken	Fire – over £50k	Some local adverse publicity	Significant litigation/claims Within insurance cover.	Major injury	Some limited unjustified impact or interference.
<b>2 = Low</b>	Minor disruption to Service Delivery	Small impact on performance targets but can still be managed	Fire – over £25K	Short-term customer dissatisfaction	Minor claims within the insurance cover	Minor or slight injury	Impact of interference manageable with existing resources
<b>1 = Negligible</b>	Negligible No noticeable disruption to service. The impact is easily manageable	Minimal/short-term impact on performance, not to the extent where key targets are impacted.	Fire – below £25K	Manageable customer dissatisfaction	Unlikely to lead to litigation or a claim.	Unlikely to have any safety impact.	No impact on diversity/human rights

## 7. Scope and Escalation of Risks

### Who this Policy applies to?

This Policy is in place to ensure that risk management is applied effectively and consistently across all levels of the organisation and that all levels use the risk management process proportionately.

This policy applies to all activities and premises controlled or occupied by CFRS employees. It applies to all employees within CFRS and to those employees within partnerships, commissioned or contracted services.

Decisions about risk will vary depending on whether the risk relates to long, medium- or short-term CFRS Plan, directorate, programme or operational objectives, and there is a need to capture and understand the impact of all risks facing CFRS across all these different levels.

### Escalation of Risk

Within CFRS risks may be escalated from any level within the organisation to SLT and Chief Fire Officer Level. At each stage of the process, the risk owner will review the risk to ensure escalation is required. In a similar fashion, if the level of a risk reduces then the risk may be passed back down through the organisation to the appropriate level.

Strategic risks can be escalated from CFRS to the Office of the Police Fire and Crime Commissioner for consideration. These strategic risks are considered quarterly by the Joint Audit Committee on behalf of the PFCC.

## 8. Measuring, Monitoring and Review

The success of this Policy and the Risk Management Arrangements across CFRS is routinely monitored.

### Risk monitoring & reporting

A risk monitoring report is delivered on a regular basis to the Service Leadership Team.

These meetings monitor progress in the management of the risk exposure for each Risk including future mitigations, they also identify any emerging risks, and potential escalating risks as well as monitor the progress of risk improvement activities and the overall effectiveness of the Risk Management arrangements.

### Internal Audit Activity

Regular updates on risk management are provided to the Joint Audit Committee, hosted by the Office of the Police, Fire and Crime Commissioner. This provides independent oversight and the opportunity to draw on independent expertise.

## Risk Management Policy Review

The Risk Management Policy applies for a rolling three-year period, 2024-2027 and an annual review will take place to ensure it continues to be relevant and meet the needs of CFRS.

The annual review of this Policy will be informed by the annual review of corporate governance arrangements, the aim being:

- To assess how well we comply with our governance framework, and
- To identify areas for further improvement.

The review of this Policy will be overseen by the Transformation Lead to ensure that this Policy aligns with the wider governance arrangements in CFRS.

CCFRA oversight for Risk Management is done through the Joint Audit Committee, which receives a quarterly progress report on the Risk Management Improvement Plan as well as an overview of all corporate risks. This committee also receives an independent annual opinion on the effectiveness of Risk Management arrangements.

# Joint Audit Committee



## Title: Effectiveness of OPFCC Risk Management Activity Monitoring

**Date: 14 May 2024**

**Agenda Item No: 15**

**Originating Officer: Joanne Head, Governance Manager**

Report of the Chief Executive

### 1. Introduction and Background

1.1 As Cumbria Commissioner Fire and Rescue Authority, the Police, Fire and Crime Commissioner has a statutory responsibility to provide fire services for Cumbria. This takes place in a constantly changing and challenging environment and therefore the Office of the Police, Fire and Crime Commissioner (OPFCC) must ensure that it has robust systems and processes in place to identify, monitor and react appropriately to risk.

1.2 This report details the effectiveness for Risk Management within the OPFCC for the period 1 April 2023 to 31 March 2024.

### 2. Effectiveness of Arrangements for Risk Management

2.1 In order to ensure that the OPFCC's arrangements for Risk Management are effective a number of areas of business are monitored to ensure compliance and identify any risks to the organisation.

#### Risk Management Strategy

2.2 The OPFCC Risk Management Strategy is reviewed on a three-year cyclical basis with the latest review taking place in March 2023 where a number of updates were included. The strategy was reviewed and updated to ensure that the OPFCC has a robust risk management process and to highlight the Commissioner taking on responsibility for Cumbria Fire and Rescue Service. The strategy was presented to the Joint Audit Committee where no alterations or additions were recommended.

2.3 The strategy continues to contribute to the overall governance arrangements in place for the Office of the Police, Fire and Crime Commissioner (OPFCC). It allows strategic and operational risks to be identified and provides guidance to enable staff to deal with these appropriately and effectively. Being a dynamic document, it assists the consideration of risk to permeate throughout

the OPFCC's business when making decisions.

## Risk Monitoring

2.4 During 2023-24 all the OPFCC risk registers were reviewed and updated on a quarterly basis. The strategic and operational risk registers have a mechanism to enable risks to be moved between the two, allowing risks to be appropriately monitored and reviewed. Any projects being carried out by the OPFCC have their own individual risk registers. These are monitored on a more frequent basis and if necessary any risks escalated to the strategic risk register.

2.5 Within the reporting period, and in line with the OPFCC's Risk Strategy, JAC were presented with the updated strategic risk register twice during the year to enable them to have oversight in line with their terms of reference. Throughout the year the strategic risks have been reviewed with some risks being elevated from the operational register due to their risk scores.

2.6 During the reporting period there were five risks identified within the strategic risk register. These being Strategic Finance; Fire and Rescue Service Corporate and Support Services; Fire and Rescue Service Hosted Service Arrangements; Estates Resource; Fire Pensions Remedy were as a result of identified risks to the OPFCC which were and continue to be actively managed. The OPFCC's Executive team retains oversight of the progression of risks on both the strategic and operational risk registers.

2.7 In August 2023 a new risk was escalated from the operational register to the strategic risk register, this being Fire & Rescue Service – Hosted Service Arrangements. Progress has been made during 2023 and 2024 to bring services in-house where performance of the SLA has been poor and there has been no financial impact. The 2024-2025 budget includes provision for inflation uplifts on the remaining SLAs. This risk was monitored by the OPFCC at the Executive Board – Fire meetings.

2.9 The OPFCC correlates its risks with the priorities contained within the Police and Crime Plan in both the strategic and operational risk registers as appropriate. Although the objectives within the plan are predominantly for the Constabulary to fulfil, as it is the Commissioner's plan and he holds the Chief Constable to account for the provision of policing services in Cumbria, it is essential that the plan is achieved. The Commissioner has a Fire and Rescue Plan which is for the Chief Fire Officer to attain and by which he holds them to account for the provision of fire services in Cumbria.

2.10 The OPFCC has also reviewed its operational risk register, rationalising it to reflect the operational risks it faced during 2023/24. A review of the operational risk register is carried out on a quarterly basis with all staff being required to review their own risks and make any necessary changes and updates. The OPFCC Executive Team regularly consider both the strategic and operational risk registers as part of their meetings.

2.11 A number of low scoring operational risks remain on the register, these being Risks 3 Financial Governance, Risk 4 Shared Services, Risk 5 Asset management and Risk 6 Insurance. They remain to show illustrated monitoring of these areas of business which are important to the OPFCC's overall Governance regime.

2.12 Assurance from the Joint Audit Committee continues through the reporting of both strategic risks in full, supported by a high-level summary for operational risks. This provides the Committee with oversight that all expected risks are captured and being appropriately scored and monitored.

2.13 During 2023-24 a total of 33 decisions were made. These can be broken down into 17 Commissioner decisions and 5 OPCC Executive Team Gold decisions. All were based on

information provided including any areas of risks which need to be considered. The Executive Support Officer when receiving and logging decision forms ensures that this section of the form is completed to enable the Commissioner to make an informed decision. No forms have been received where this section has not been completed.

## Oversight of Constabulary Strategic Risks

2.14 In addition to monitoring OPFCC risks the Chief Executive and the Governance Manager also carry out monitoring of Cumbria Constabulary's strategic risks. This has taken place two times during 2023/24 whereby they have met with senior Constabulary staff/officers who have responsibility for the Constabulary's Strategic Risk Management. The meetings provide an opportunity to identify and discuss those risks which impacted upon both organisations and seek assurance from the Constabulary that they had correctly identified risks, had appropriate mitigation in place to deal with and monitor the risk, and no areas of concern were identified. Risks between both organisations are also discussed at Collaborative Board meetings to ensure risks of concern have a solution identified and its progression monitored.

2.15 During 2023/24, again the risk of a change to the funding formula was present on both organisation's strategic risk registers. The 2024/25 grant settlement was in line with expectations although additional flexibility was afforded to Police and Crime Commissioner's to increase council tax by up to £13 was provided. However, the additional funding was inadequate to cover the recent increases in inflation and as a result there is a significant savings requirement over the MTF period. Further development and refinement of savings options in conjunction with the Constabulary is being carried out. In response to the increased risk the Constabulary has committed to preparing an enhanced savings and efficiencies plan headed by the DCC.

2.16 Risks continue to be added and removed on the Constabulary's strategic risk register as they are identified and mitigated or dealt with. These have included strategic finance, PIP2 accredited detectives, Firearms Licensing; negotiator deployment; and West Cumbria Coal Mine. All of these have been reported upon to the Joint Audit Committee during the year.

## Oversight of Cumbria Fire and Rescue Service Strategic Risks

2.17 The OFCC Chief Executive and Governance Manager monitor Cumbria's Fire and Rescue Service's strategic risks and has taken place twice during 2023/24. Risks between both organisations are also discussed at the Executive Board – Fire meetings to assure the Commissioner that risks of concern have been identified and suitable solutions put in place with effective monitoring.

2.18 Financial planning and funding remains a key risk for Fire and there are significant uncertainties around future funding commitments as the costs of service provision as the Authority disaggregates from Service Level Agreements with the unitary authorities. Savings have been achieved for 2024/25, however there are increasing cost pressures and plans need to be considered as to how the Fire Authority will react to changes in funding or increases in costs to remain financially resilient.

2.19 Risks continue to be added and removed on the Fire and Rescue Service's strategic risk register as they are identified and mitigated or dealt with. These have included Budget Management, Delivery of HFSV, Use of PPE, Pension Remedy and NWFC CAD System. All of these have been reported upon to the Joint Audit Committee during the year.

## Risk Training

2.20 The Governance Manager, as OPFCC lead officer for risk management, attended a 2-day refresher training course on the 13<sup>th</sup> and 14<sup>th</sup> October 2022 facilitated by our insurance risk control consultant Gallagher Bassett. The OPFCC Governance Officer attended a 2-day risk management training course on 17<sup>th</sup> and 18<sup>th</sup> September 2019. This now affords the OPFCC additional resilience with regards to risk management.

2.21 Risk management training sessions for OPFCC staff were held in July 2023 and January 2024, highlighting everyone's responsibility for risk management, how to identify, analyse and evaluate risks taking into account the OPFCC's risk appetite. No areas of concern have been raised or identified by staff with regards to risk management. Further risk management sessions have been incorporated within the OPFCC's 2024-25 Training Plan and is scheduled for July 2024 and February 2025.

## Joint Audit Committee

2.22 During 2023/24 the OPFCC's Chief Executive presented the OPFCC's strategic risk register to the Joint Audit Committee on two separate occasions. This afforded the OPFCC the benefit of the committee testing the validity of the recorded risks and mitigations; reviewing the current arrangements and ensuring the integration of risk management into governance and decision making processes. Areas of concern or issues identified by the committee have been noted and addressed earlier in this report.

## Lead Officer

2.23 The Governance Manager is the OPFCC lead officer for risk and carried out this role throughout 2023/24. On a quarterly basis they have ensured that the OPCC's strategic and operational risk registers were updated by those members of staff who have responsibility for individual risks. No areas of concern or issues have been identified by the Governance Manager during 2023/24.

## 3. Internal Audit

3.1 As part of the annual audit programme for 2023/24 Internal Audit carried out reviews over a number of areas of business within the OPFCC and Cumbria Constabulary. Each review evaluated any exposures to risks relating to the organisation through its governance, operation and information systems. Audit reviews undertaken during 2023/24 did not identify any new or unidentified risks to the OPFCC.

## 4. Conclusions

4.1 From the monitoring which has taken place during 2023/24 by the Office of the Police, Fire and Crime Commissioner, no unidentified risks have been identified or occurred. When taking this into consideration assurance can be gained that the strategy, policy, systems and processes in place are working effectively.



## 5. Recommendations

Members of the Joint Audit Committee are asked to consider this report and:

- (i) determine whether they are satisfied with the effectiveness of the OPFCC's processes and monitoring of risk.
- (ii) determine whether they wish to make any recommendations to the Commissioner with regard to future developments or improvements in those arrangements

**Financial Implications:** the inability of the OPFCC to successfully identify and manage its organisational and strategic risks could impact financially on not only the OPFCC but Cumbria Constabulary and other partner organisation which are financially dependent upon it.

**Risk Management Implications:** if the OPFCC does not identify and mitigate risks then it may mean that it cannot carry out its statutory function efficiently and effectively.

**Legal Implications:** the OPFCC could face legal challenge on some areas of its business, therefore it is essential that these are identified at an early stage and effectively mitigated and managed.

Contact points for additional information

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## Cumbria Office of the Police, Fire and Crime Commissioner Report



**Title:** Treasury Management Activities 2023/24 Quarter 4 (January to March 2024) and Annual Report 2023/24

**Agenda Item No:** 16

**JAC Meeting 26 June 2024**

### Purpose of the Report

The purpose of this paper is to report on the Treasury Management Activities (TMA), which have taken place during the period January to March 2024, in accordance with the requirements of CIPFA's Code of Practice on Treasury Management.

TMA are undertaken in accordance with the Treasury Management Strategy Statement (TMSS) and Treasury Management Practices (TMPs) approved by the Commissioner in February each year.

### Recommendations

The Commissioner is asked to note the contents of this report.

JAC Members are asked to note the contents of this report. The report is provided as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy.

### Economic Background

Investment returns picked up throughout the course of 2023/24 as central banks, continued to respond to inflationary pressures that were not transitory, and realised that tighter monetary policy was called for.

Starting April at 4.25%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 5.25% by August. By the end of the financial year, no further increases were anticipated. Indeed, the market is predicting a first cut in Bank Rate in either June or August 2024.

By January it had become clear that inflation was moving down significantly from its 40-year double-digit highs, and the Bank of England signalled in May 2024 that the next move in Bank Rate would be down, so long as upcoming inflation

and employment data underpinned that view. Currently the CPI measure of inflation stands at 3.4% but is expected to fall materially below 2% over the summer months and to stay there in 2025 and 2026. Nonetheless, there remains significant risks to that central forecast, mainly in the form of a very tight labour market putting upward pressure on wages, and continuing geo-political inflationary risks emanating from the prevailing Middle East crisis and the Russian invasion of Ukraine.

## TM Operations and Performance Measures

The Commissioners' day to day TMA are undertaken in accordance with the TMSS. The TMSS establishes an investment strategy with limits for categories of investment and individual counterparty limits within the categories. As a newly created organisation the level of cash balances and additional Government support was unknown at the time of writing the initial Treasury Strategy. It became apparent that the counterparty limits were restrictive, and the Chief Finance Officer approved an increase to the limits. A revised counterparty table can be found in **Appendix A**.

**Outstanding Investments:** As at 31 March 2024 the total value of investments was **£6.611m** and all were within revised TMSS limits.

The chart below shows the outstanding investments at 31 March by category.

Category	Category Limit (£m)	Investments at 31 Mar (£m)	Compliance with Limit
1 - Banks Unsecured	5	0.361	Yes
2 - Banks Secured	5	0.000	Yes
3 - Government (inc LA)	no limit	6.250	Yes
4 - Registered Providers	2	0.000	Yes
5 - Pooled Funds	5	0.000	Yes
<b>Total</b>		<b>6.611</b>	

A full list of the investments that make up the balance of £5.126m is provided at **Appendix B**.

**Investment Activity:** During quarter 4 a total of 22 investments with a combined value of £60.750m were made within TM categories 1-3 (banks unsecured, banks secured and Government) as fixed term deposits. In addition to these there were regular smaller investments in category 1 as overnight / instant access deposits.

Month	Number of Investments	Total Value of Investments (£m)
January 2024	6	13.80
February 2024	6	17.30
March 2024	10	29.65

**Non-specified investments:** The TMSS sets a limit for investments with a duration of greater than 364 days at the time the investment is made (known as non-specified investments), this limit is £5m. At 31 March the Commissioner had no investments meeting this description.

**Investment Income:** The base budget for investment interest receivable in 2023/24 was set at £250k based on the interest rate predictions at the time. The actual income achieved against this target was £593k. This was as a result of the base rate rises throughout the year as shown in the table below:

Date	% Increase	Rate
23rd March 2023		4.25%
11th May 2023	0.25%	4.50%
22nd June 2023	0.25%	5.00%
03rd August 2023	0.25%	5.25%

The average return on investments during quarter 4 was 5.02%. As a measure of investment performance, the rate achieved on maturing investments of over 3 months in duration would normally be compared with the average BOE base rate for the period of the investment. On this occasion there were no investments longer than 3 months in duration.

**Cash Balances:** The aim of the TMSS is to invest surplus funds and minimise the level of un-invested cash balances.

The actual un-invested cash balances for the period January to March are summarised in the table below:

Quarter 4	Number of Days	Average Balance £000	Largest Balance £000
Days In Credit	90	54	161
Days Overdrawn	1	(12)	(12)

There were a number of occasions where the bank balance exceeded the target balance of £7.5k as the practice of sweeping smaller balances daily into the liquidity select account was halted in August 2021 by the previous Joint CFO. The time taken to perform and verify the transfers outweighed the lost interest from holding higher balances in the main fund. Both the main fund and liquidity select account are held at the Commissioners main bank (the NatWest) so there was no change to the risk profile.

The overnight balance of £161k occurred in March 2024, grant monies were received into the CCFRA main fund account were held overnight to amalgamate with the precept receipts the next day. The total of all surplus funds were then invested with the Debt Management Office. The overdrawn balance occurred in February because of a pensioner back payment completing after the investments had been done for the day. The overall balance at NatWest was £334k so under the pooled account arrangement the CCFRA was not actually overdrawn.

**Loan Activity:** There was no loan activity in quarter 4. The balance on the outstanding loan was £7.5m on the 31 March 2024.

## Prudential Indicators

In accordance with the Prudential Code, the TMSS includes a number of measures known as Prudential Indicators which determine if the TMSS meets the requirements of the Prudential Code in terms of *Affordability, Sustainability and Prudence*.

An analysis of the current position with regard to those prudential indicators for the financial year 2023/24 is provided at **Appendix C**. The analysis confirms that the Prudential Indicators set for 2023/24 have all been complied with.

## Annual Report on Treasury Management Operations 2023/24

**Treasury Strategy:** In February 2023 the Commissioner approved the 2023/24 Treasury Management Strategy Statement (TMSS). The TMSS incorporated the investment and borrowing strategies for the 2023/24 financial year. The investment strategy approved for 2023/24, as mentioned above, has been amended to increase the limits for each category of investment. Each category limit is based on the relative security of each class of financial institution and a percentage of the estimated balances, which would be available for investment during the year. The balances were higher than initially estimated and necessitated an increase in the limits.

In relation to borrowing, the CCFRA has a single loan with the Public Works Loan Bord. This loan was originally arranged in October 2018 by Cumbria County Council but was transferred to the CCFRA in April 2023 following the Local Government reorganisation. The loan value is £7.5m and is on a 10-year interest only arrangement @2.6%. The interest is due twice a year, in April and October, and during 2023/24 the two payments were made each of £97,500. The loan will need to be fully repaid in October 2032.

Commissioner has an underlying need to borrow funds to finance the capital programme, which is measured by the Capital Financing requirement (CFR).

The CFR at the start of 2023/24 amounted to £24.433m (including £13.467m relating to the PFI agreement) leaving a £10.966m exposure to external borrowing at some time in the future, which is presently being covered by the use of internal funds (reserves).

The closing CFR for 2023/24 is still to be calculated.

Long-term borrowing rates were high during 2023/24 and the core advice from Link Asset services was to reappraise any capital expenditure plans/profiles, and internally borrow for any financing, or use short dated borrowing, this advice will remain until the long term rates reduce.

The provision of treasury management advice services is through a contract with Link Asset Services Ltd.

The Commissioner, in consultation with the treasury advisors continues to look for the most opportune time to undertake any longer term borrowing to fund the capital financing requirement.

### Key Statistics:

It is normal practice to compare the key statistics to those of the previous financial year but as new organisation there is no available data for comparison on this occasion.

**Principal:**

Number of investments placed during 2023/24 was 87

Value of investments placed during 2023/24 was **£230.080m**

All of these investments made were to external counterparties and as such will have attracted a £20 transfer fee per transaction. The transfer to the NatWest Liquidity Select account for overnight money is classed as an inter-account transfer' as the NatWest holds the Commissioner's main bank account. This type of transfer is free although we do pay a small fee to access the internet banking site.

The **average** daily investment balance during 2023/24 was **£12.038m**

The **highest** daily investment balance in 2023/24 was **£16.784m**

The **lowest** daily investment balance in 2023/24 was **£6.5m**

A detailed breakdown of the closing balance invested as at 31 March 2024 is provided at **Appendix B**.

The graph below shows the pictorially the level of cash reserves available to invest during 2023/24. Due to the level of ad-hoc transition funding received this graph is not representative of the expected levels of invested balances in the future. Even if these were removed the use of shared service arrangements with the Councils during 2023/24 mean that the cashflow shown in relation to creditor payments is not representative of the future cashflows.

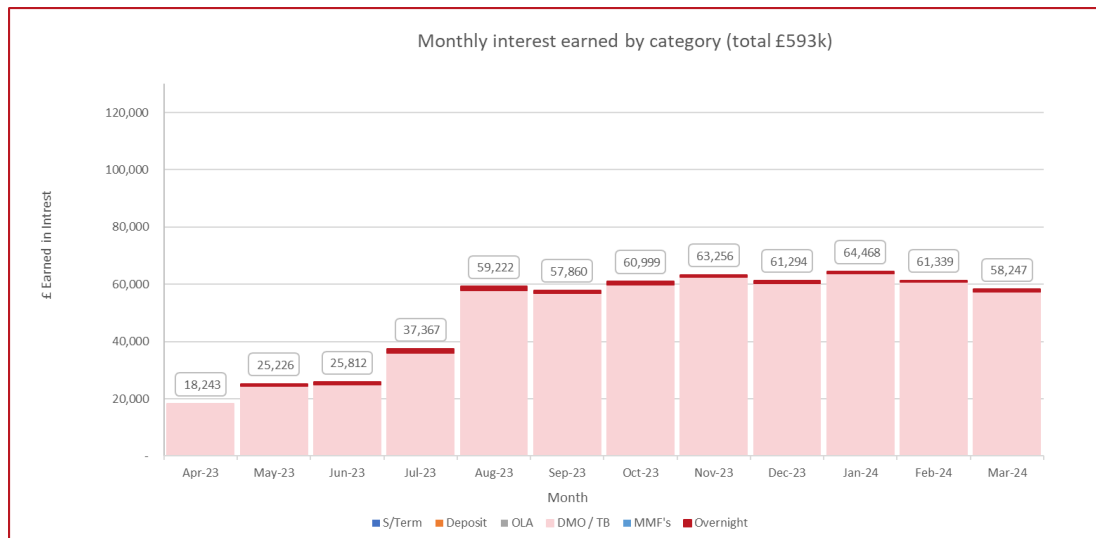


This chart illustrates the monthly average amounts invested during 2023/24

**Key Statistics Continued**

**Interest:**

A total of £593k was earned in 2023/24 from the treasury management activities and can be broken down as follows:



This chart illustrates the monthly interest receipts during 2023/24 by category of investment

As can be seen the majority of the interest earned was from the Debt Management Office with only a small amount coming from overnight funds invested with NatWest.

The average return on investments for 2023/24 was 4.929%. The base rate started the year at 4.25 % and was increased 3 times towards the end of the financial year as follows:

Date	% Increase	Rate
23-Mar-23		4.25%
11-May-23	0.25%	4.50%
22-Jun-23	0.25%	5.00%
03-Aug-23	0.25%	5.25%

The rate has been held at 5.25% since August 2023, it is expected that rates will start to reduce during 2024.

The table above shows the outturn on investment interest as £593k for 2023/24 which is considerably above the £250k base budget. The base budget was set when interest rates were 3% and still volatile. In each quarterly treasury management activities report the latest expected outturn has been reported, namely, June £470k, September £510k and December £570k.

The latest forecasts estimate that rates will reduce to 4.5% by the end of the financial year although the economy is still volatile, and this is the current forecast.



**Treasury Operations - Investments:** As discussed above the aim of the Treasury Management Strategy is to invest surplus cash and minimise the level of un-invested cash balances, whilst limiting risks to the Commissioner's funds.

Actual un-invested balances for 2023/24 for the CCFRA main bank account are summarised in the table below:

	Number of Days	Average Balance £000	Largest Balance £000
<b>2023/24</b>			
Days In Credit	364	152	7,336
Days Overdrawn	2	(7)	(12)

The largest credit balance occurred April 2023 and was reported in the quarter 1 report. The largest overdrawn balance occurred in Feb-24 and has been explained in the quarter 4 activities section of this report.

The large balance on the CCFRA main fund accumulated over three consecutive days on the 3rd, 4th and 5th of April. These were due to the receipt of the first grant funds and transitional payments on separation from the County Council. The lending account at the Debt Management Office was not available immediately and the funds remained in the main bank account until they were invested on the 6th April.

#### **Treasury Operations – Borrowing:**

No new borrowing activities were carried out during 2023/24.

The CCFRA has a single loan with the Public Works Loan Bord. This loan was originally arranged in October 2018 by Cumbria County Council but was transferred to the CCFRA in April 2023 following the Local Government reorganisation. The loan value is £7.5m and is on a 10-year interest only arrangement @ 2.6%. The interest is due twice a year, in April and October, and during 2023/24 the two payments were made each of £97,500. The loan will need to be fully repaid in October 2032.

#### **Compliance with Prudential Indicators**

All treasury related Prudential Indicators for 2023/24, which were set in February 2023 as part of the annual Statement of Treasury Management Strategy, have been complied with. Further details can be found at **Appendix C**

## Appendix A

### Change to the counterparty Limits

Credit Rating	Maximum	1	2	3	4	5
		Banks Unsecured	Banks Secured	Government	Registered Providers	Pooled Funds
<u>Category Limit 2023/24</u>	<i>Amount</i>	<b>£5m</b>	<b>£5m</b>	<i>Unlimited</i>	<b>£2m</b>	<b>£5m</b>
	<i>Duration</i>					
<u>Individual Institution/Group Limits</u>						
UK Government	Amount	N/A	N/A	£ unlimited	N/A	N/A
	Duration			50 Years		
AAA	Amount	£1.0m <del>£0.5m</del>	£2.0m <del>£1.0m</del>	£2.0m <del>£1.0m</del>	£1.0m <del>£0.5m</del>	£2m <del>£1m</del> per fund (Pooled funds are generally not rated but the diversification of funds equate to AAA credit rating)
	Duration	5 years	20 years	50 years	20 years	
AA+	Amount	£1.0m <del>£0.5m</del>	£2.0m <del>£1.0m</del>	£2.0m <del>£1.0m</del>	£1.0m <del>£0.5m</del>	
	Duration	5 years	10 years	25 years	10 years	
AA	Amount	£1.0m <del>£0.5m</del>	£2.0m <del>£1.0m</del>	£2.0m <del>£1.0m</del>	£1.0m <del>£0.5m</del>	
	Duration	4 years	5 years	15 years	10 years	
AA-	Amount	£1.0m <del>£0.5m</del>	£2.0m <del>£1.0m</del>	£2.0m <del>£1.0m</del>	£1.0m <del>£0.5m</del>	
	Duration	3 years	4 years	10 years	10 years	
A+	Amount	£1.0m <del>£0.5m</del>	£2.0m <del>£1.0m</del>	£1.0m <del>£0.5m</del>	£1.0m <del>£0.5m</del>	
	Duration	2 years	3 years	5 years	5 years	
A	Amount	£1.0m <del>£0.5m</del>	£2.0m <del>£1.0m</del>	£1.0m <del>£0.5m</del>	£1.0m <del>£0.5m</del>	
	Duration	13 months	2 years	5 Years	5 years	
A-	Amount	£1.0m <del>£0.5m</del>	£2.0m <del>£1.0m</del>	£1.0m <del>£0.5m</del>	£1.0m <del>£0.5m</del>	
	Duration	6 months	13 months	5 years	5 years	
None	Amount	N/A	N/A	£1.0m <del>£0.5m</del>	£1.0m <del>£0.5m</del>	
	Duration			25 years	5 years	

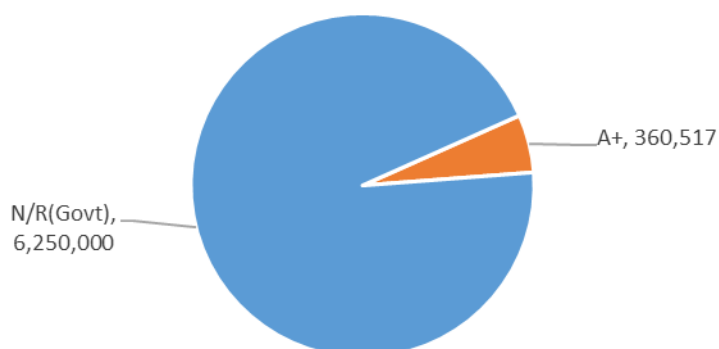
Previous Treasury Strategy Management Limits are shown crossed out in grey text to allow comparison to the current approved limits in black text. The limits introduced in 23/24 will also apply in 2024/25

## Appendix B

### Investment Balance at 31 March 2024

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
<b>Category 1 - Banks Unsecured (Includes Banks &amp; Building Societies)</b>							
NatWest (Liquidity Select Acc)	A+	31/03/2024	01/04/2024	O/N	1.45%	360,517	360,517
						<b>360,517</b>	<b>360,517</b>
<b>Category 2 - Banks Secured (Includes Banks &amp; Building Societies)</b>							
None						<b>0</b>	<b>0</b>
<b>Category 3 - Government (Includes HM Treasury and Other Local Authorities)</b>							
Debt management Office	Gov	11/03/2024	22/04/2024	22	5.1800%	2,200,000	
Debt management Office	Gov	22/03/2024	22/04/2024	22	5.1900%	1,450,000	
Debt management Office	Gov	28/03/2024	30/04/2024	30	5.1900%	1,100,000	
Debt management Office	Gov	28/03/2024	05/04/2024	5	5.1900%	1,500,000	6,250,000
						<b>6,250,000</b>	<b>6,250,000</b>
<b>Category 4 - Registered Providers (Includes Providers of Social Housing)</b>							
None						<b>0</b>	<b>0</b>
<b>Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)</b>							
None						<b>0</b>	<b>0</b>
<b>Total</b>						<b>6,610,517</b>	<b>6,610,517</b>

Analysis of Outstanding Investments by Credit Rating of Counterparty at 31 March 2024



Note – The credit ratings in the table & chart relate to the standing as at 31 March 2024, these ratings are constantly subject to change.

# Appendix C

## Prudential Indicators 2023/24

Treasury Management Indicators				Result	RAG	Prudential indicators				Result	RAG
<b>The Authorised Limit</b>						<b>Ratio of Financing Costs to Net Revenue Stream</b>					
<p>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not be sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit under section 3(1) of the Local Government Act 2003.</p>		TEST - Is current external borrowing within the approved limit	YES	●	<p>This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs.</p>		TEST - Is the ratio of capital expenditure funded by revenue within planned limits	YES	●		
<b>The Operational Boundary</b>						<b>Net Borrowing and the Capital Financing Requirement</b>					
<p>The operational boundary represents an estimate of the most likely but not worst case scenario it is only a guide and may be breached temporarily due to variations in cash flow.</p>		TEST - Is current external borrowing within the approved limit	YES	●	<p>This indicator is to ensure that net borrowing will only be for capital purposes. The Police, Fire Crime Commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceding year plus any additional borrowing for the next 2 years.</p>		TEST - Is net debt less than the capital financing requirement	YES	●		
<b>Actual External Debt</b>						<b>Capital Expenditure and Capital financing</b>					
<p>The Police, Fire Crime Commissioner will seek advice from the advisors before undertaking any new borrowing. New external borrowing will be required to finance the capital expenditure programme.</p>		TEST - Is the external debt within the Authorised limit and operational boundary	YES	●	<p>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2023/24.</p>		TEST - Is the current capital outturn within planned limits	YES	●		
<b>Gross and Net Debt</b>						<b>Capital Financing Requirement</b>					
<p>The purpose of this indicator is to highlight a situation where the Police, Fire Crime Commissioner is planning to borrow in advance of need.</p>		TEST - Is the Chief Fire Officer planning to borrow in advance of need	NO	●	<p>The CFR is a measure of the extent to which the Police, Fire Crime Commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</p>		TEST - Is the capital financing requirement within planned limits	YES	●		
<b>Maturity Structure of Borrowing</b>											
<p>The indicator is designed to exercise control over the Police, Fire Crime Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</p>		TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time	NO	●							
<b>Upper Limit for total principal sums invested for over 365 Days</b>											
<p>The purpose of this indicator is to ensure that the Police, Fire Crime Commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.</p>		TEST - Is the value of long term investments within the approved limit	YES	●							



## Cumbria Office of the Police, Fire and Crime Commissioner

# Joint Audit Committee

**Date of Meeting: 26 June 2024:**  
**Agenda Item 17**

## Review of effectiveness of the arrangements for Audit 2023/24

A Joint Report by the Chief Executive and PFCC/CCFRA Chief Finance Officer of the Police, Fire and Crime Commissioner. This report covers the arrangements for Joint Audit Committee during 2023/24 when the Committee held joint meetings for OPFCC/Cumbria Constabulary and Cumbria Commissioner Fire and Rescue Authority.

### 1. Introduction and Background

- 1.1. The Accounts and Audit Regulations 2015 removed the requirement within the 2011 Regulations to conduct an annual review of the effectiveness of the arrangements for audit. Assurances in respect of the arrangements for audit are however part of a robust governance framework. They support the Commissioner in placing reliance on the opinion of the Director of Audit (TIAA) and support the Joint Audit Committee in placing reliance on the work and reports of the internal auditors. An effective internal audit service is also a characteristic within the seven principles of the CIPFA 2016 Good Governance Framework.
- 1.2. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines the system of Internal Audit as the entirety of the arrangements for audit put in place by the entity, including the activities of any oversight committee. This report sets out an overall judgment, based on that review. The review comprises the arrangements for internal audit, detailed within this report and the arrangements for the Joint Audit Committee, detailed in the Committee's Review

of Effectiveness. The review of effectiveness in relation to the Joint Audit Committee is now conducted over a biennial cycle as follows:

- Odd Years – A report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance is produced.
- Even Years - A 360' review of committee effectiveness which is private meeting between members, DCC, OPFCC CFO / CCFRA CFO, OPFCC CEO & CC CFO.

1.3. The review process seeks to provide assurance that the arrangements are adequate and effective. This is based on a judgment made following an assessment of compliance with relevant codes and standards. For internal audit the review is undertaken against the Public Sector Internal Audit Standard (PSIAS). The review of the effectiveness of the arrangements for the Joint Audit Committee is undertaken in line with the CIPFA 2018 guidance<sup>1</sup> that provides an evaluation self-assessment framework and a checklist of good practice.

## 2. Effectiveness of the Internal Audit Function

2.1. From 2022/23, an arrangement was put in place for Internal Audit Services with TIAA Ltd providing this function.

2.2. The effectiveness of the internal audit function is reviewed on the basis of compliance by the Internal Audit provider with the PSIAS. The Director of Audit (TIAA) is required under the PSIAS to include within his annual report, a statement of conformance with the Standards. Any instances of non-conformance must be reported to the Joint Audit Committee. Furthermore, any significant non-conformance should be considered for inclusion within the Commissioner and Chief Constable's and Cumbria Commissioner Fire and Rescue Authority respective Annual Governance Statements.

2.3. The Public Sector Audit Standards support audit effectiveness by setting out the requirements for the governance, management and delivery of internal audit. This includes a requirement to develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of internal audit activity. Key elements of the QAIP include on-going monitoring of the performance of the internal audit activity, periodic assessment or self-assessment and external

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<sup>1</sup> audit committees\Practical Guidance for Local Authorities and Police

assessment. The QAIP also ensures that reasonable assurance is provided that Internal Audit is performing its work in accordance with its Internal Audit Charter, which is consistent with the PSIAS and that it operates in an effective and efficient manner.

- 2.4. The QAIP is included within the Director of Audit (TIAA) annual report and opinions for 2023/24 and will be presented to members of the Joint Audit Committee at their meeting on 26 June 2024 for review. The QAIP report set out what was in place during 2023/24. The QAIP sets out for members how audit engagements are supervised, how work including final reports are reviewed, arrangements for the audit manual and performance measures. The QAIP also includes the annual assessment of Internal Audit's conformance with its Charter and annual completion of the CIPFA checklist for assessing conformance with the PSIAS. The Internal Audit Charter in place during 2023/24 was presented at the 20 March 2024 Joint Audit Committee. The Internal Audit Charter sets out the purpose, authority, responsibility and objectives of Internal Audit, providing clarity on how Audit works, its scope, lines of reporting and requirements in respect of objectivity and independence. The Charter, alongside the QAIP, supports the organisation and its auditors in ensuring the delivery of arrangements for Internal Audit that are effective. During the year members of the Joint Audit Committee have also received monitoring reports on actual performance against Internal Audit's performance framework at their quarterly meetings.
- 2.5. The summary of the outcomes of the completed self-assessment is attached to this report at Appendix A and is further supported by an evaluation of the role of the Director of Audit (TIAA) against the CIPFA standard at Appendix B. The full 48 page checklist is retained on file for review by the External Auditors. The Annual Report of the Director of Audit (TIAA), provided within this agenda, confirms that the Standards within the PSIAS have been complied with.
- 2.6. TIAA Limited commissioned an External Quality Assessment (EQA) of its internal audit services in 2022. An EQA is required every five years, in line with the requirements of the International Professional Practices Framework (IPPF) and the Standards set by the Global Institute of Internal Auditors (IIA). The independent EQA considered TIAA's conformance with the IPPF and the Standards and also the Public Sector Internal Audit Standards (PSIAS), which govern internal audit in the public sector. The independent EQA was undertaken by a senior partner at Chiene + Tait, a long-established and high-quality accountancy firm headquartered in Edinburgh with offices in Scotland and London. The review assessed TIAA's internal audit methodology and

delivery against the Core Principles, the Code of Ethics and the Standards. It took into account their comprehensive framework, their guiding policies, organisational culture, planning and delivery, investment in their people, tools and techniques and their quality assurance framework, including feedback from clients. The independent EQA assessor was able to conclude that TIAA 'generally conforms to the requirements of the Public Sector Internal Audit Standards and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF)'. 'Generally conforms' is the highest rating that can be achieved using the IIA's EQA assessment model. It was also noted that there were no areas of non-conformance or partial conformance with the Standards.

- 2.7. The review of internal audit against the PSIAS provides the primary source of assurance. Further assurance of the effectiveness of internal audit was previously taken from the opinion provided by the external auditors. In 2020, the external auditor (Grant Thornton) advised that they no longer use the work of internal audit to assist with their own work and as such have not provided an opinion on the work of internal audit. The internal auditors have however shared some information with external auditors in relation to the audit on financial sustainability to prevent the finance team having to duplicate provision of information.

### 3. Effectiveness of arrangements for an Audit Committee

- 3.1. The effectiveness of the arrangements for an audit committee is assessed by reviewing the arrangements for the Joint Audit Committee against the assessment criteria and checklist provided by CIPFA in its 2018 updated publication "audit committees, Practical Guidance for Local Authorities and Police". The guidance document provides a detailed regulatory framework against which the work and activity of the committee, in addition to the overall arrangements, can be assessed and consideration given to areas for improvement and development. In a change from previous years, from 2020/21 the effectiveness of the committee is to be assessed on a biennial cycle as outlined in paragraph 1.2 above.
- 3.2. The overall conclusion and assessment from the review is that the Joint Audit Committee is effective in its operation. However, with the addition of Fire responsibilities and a new Commissioner in May 2024, the Committee will undertake a more formal review in June 2024 to undertake a full 360 degree review.



## 4. Conclusions

4.1. From the reviews described above, it is concluded that:

- i. The review of the internal audit arrangements against the PSIAS, and supported by the review of the role of the Head of Internal Audit, demonstrates that the service is effective.
- ii. The annual review of the arrangements for an audit committee in accordance with the guidance, assessment criteria and checklists defined by CIPFA, demonstrates that the Joint Audit Committee is effective in its operation

4.2. When taken together, there are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2024, or to the date of this meeting.

## 5. Recommendations

5.1. Members of the Joint Audit Committee are asked to consider this report and:

- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2024 and to the date of this meeting, and
- ii. Consider any areas where they might wish to make recommendations to the Commissioner and Chief Constable for improvements in 2024/25.

5.2. The Commissioner, Chief Constable and Chief Fire Officer are asked to consider this report and:

- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2024 and to the date of this meeting, taking into account the views of the Joint Audit Committee, and
- ii. Consider any areas where they might wish to see improvements or changes in 2024/25.

Gill Shearer  
OPFCC Chief Executive

Steven Tickner  
OPFCC Chief Finance Officer / CCFRA Chief Finance Officer  
26 June 2024

**Human Rights Implications:** None Identified

**Race Equality / Diversity Implications:** None Identified

**Personnel Implications:** None Identified

**Financial Implications:** None Identified

**Risk Management Implications:**

The Annual Governance Statement and the underpinning reviews, including the effectiveness of arrangements for audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Commissioner and Chief Constable discharge their respective responsibilities.

**Contact points for additional information**

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E Mail: [steven.tickner@cumbria.police.uk](mailto:steven.tickner@cumbria.police.uk)

## Review of Internal Audit Effectiveness

### 1. Definition of Internal Auditing

- 1.1. Internal audit work is carried out in line with the definition of internal auditing so as to provide independent assurance on the Commissioner's and Chief Constable's systems of risk management, governance and internal control.
- 1.2. All internal audit reviews result in an audit report detailing the level of assurance that can be given. Standard definitions are in place to ensure consistency in the assurance levels across the service.
- 1.3. Internal audit does not have any operational responsibilities, thereby ensuring its ability to independently review all of the Commissioner and Chief Constable's systems, processes and operations

### 2. Code of Ethics

- 2.1. The internal audit team have been made aware of the mandatory code of ethics within the PSIAS and have the opportunity to discuss this at team meetings.
- 2.2. All internal audit work is performed with independence and objectivity and all staff are aware of the need for them to declare any relevant business interests in order that any potential conflict of interest or compromise to audit objectivity is effectively managed.
- 2.3. Staff are aware of their responsibilities in relation to confidentiality and information governance.
- 2.4. Arrangements are in place to ensure that work is performed by staff with the appropriate skills, knowledge and experience and that training and development needs are identified through annual appraisals and six-month reviews.

### 3. Purpose, Authority and Responsibility

- 3.1. An internal audit charter is in place which defines the purpose, authority and responsibility of internal audit as well as its rights of access to all information, premises and personnel for the purpose of completing internal audit reviews.
- 3.2. The charter sets out the functional reporting line of the Director of Audit (TIAA) to the Joint Audit Committee to ensure internal audit independence.
- 3.3. Director of Audit (TIAA) attends all meetings of the Joint Audit Committee.
- 3.4. Director of Audit (TIAA) has direct access to the Chief Officer Group (Constabulary), Senior Leadership Team (Fire), the Chief Executive, the Commissioner and the Joint Audit Committee Chair.
- 3.5. The reporting lines for the Director of Audit (TIAA) ensure that internal audit independence is maintained and in line with the Standards, the Audit Manager reports directly to the Chief Finance Officer (S151 Officer) who is a member of the Public Accountability Conference.
- 3.6. There have been no identified threats to internal audit independence or objectivity during the year.
- 3.7. The Standards refer to the arrangements for the Director of Audit (TIAA) appraisal. Input and feedback should be obtained from the Chief Executive or equivalent and Chair of the Joint Audit Committee. This is a requirement of the employing organisation designed to protect the independence of the Director of Audit (TIAA) in relation to those audits that may be subject to undue influence, being within the area of the appraiser's responsibility. Whilst this is not a requirement for either the Commissioner, Chief Constable, Chief Fire Officer or the Chief Finance Officer, on behalf of both entities, will provide feedback on the performance of the Director of Audit (TIAA) as part of the arrangements for management of the internal audit contract.

### 4. Proficiency and Due Professional Care

- 4.1. Director of Audit (TIAA) is professionally qualified and experienced to deliver an effective internal audit service.

- 4.2. Job descriptions and person specifications reflect the duties required to deliver the risk-based approach to internal auditing and the skills needed to undertake the roles.
- 4.3. The TIAA team has a wide range of skills and experience brought about by the fact that they are a specialist internal audit provider operating nationally.
- 4.4. All audit work is undertaken with due professional care and reviewed by an Director of Audit (TIAA) to ensure that the work undertaken supports conclusions reached.
- 4.5. A Quality Assurance and Improvement Programme (QAIP) has been in place during 2023/24. The programme has been formally documented and is included as an appendix, within the Head of Internal Audit's annual report and opinions for 2023/24, which is included within this agenda. This includes the adoption of a comprehensive performance framework that is incorporated within the audit charter. The Joint Audit Committee have received quarterly reports monitoring actual performance against the framework.

## 5. Performance Standards

- 5.1. Internal audit work is undertaken to support the purpose of internal audit as defined within the audit charter. Management arrangements are in place to ensure that all work is delivered in accordance with the charter and to deliver relevant assurance to management, the Joint Audit Committee, the Commissioner, Chief Constable and Chief Fire Officer.
- 5.2. Risk based audit plans have been developed across the internal audit service. The plans have been developed to enable an overall annual opinion to be provided on the arrangements for governance, risk management and internal control.
- 5.3. In developing the plans, account has been taken of the organisation's risk management frameworks, the expectations of senior management and emerging national and local issues.
- 5.4. Audit plans have been developed based on a documented risk assessment. Arrangements are in place to report required amendments to audit plans to the Joint Audit Committee should this become necessary.
- 5.5. The plans identify the audit resources required to deliver them and arrangements are in place to allocate the workload across the audit team in advance to ensure all plans can be delivered.

- 5.6. Arrangements are in place to ensure the audit manual is continually updated as working practices continue to be reviewed.
- 5.7. Internal audit contributes to improving the Commissioner, Chief Constable's and Chief Fire Officer's operations through delivery of approved audit plans. Internal audit recommendations are aimed at strengthening performance and risk management, governance and ethical policies and values and internal controls.

## 6. Engagement Planning

- 6.1. All internal audit reviews are scoped and a brief prepared setting out the scope and objectives of the audit work together. This process ensures that management input to the scope of each audit. A standard client notification document has been designed and has been used for all audit reviews. Audit scopes include consideration of systems, records, personnel and premises.
- 6.2. The audit planning process includes a preliminary assessment of risk for each audit included in the plan. Auditors then undertake research as part of planning individual audit reviews to identify specific risks within the area under review. Within the risk based approach, once the scope of an audit is agreed, a full risk identification exercise is undertaken as part of the audit fieldwork. This ensures that risk is considered throughout the audit process.
- 6.3. The Internal Audit management review process ensures that work plans are prepared for each audit that document how the audit objectives will be met and that sufficient audit work is undertaken to support conclusions reached.
- 6.4. There is a document retention policy in place to manage audit records.
- 6.5. All internal audit work is subject to management review, and there is a consistent approach in place to documenting and retaining evidence of this review.
- 6.6. All internal audit reports are issued in draft for management comments and agreement of the factual accuracy and completion of the action plan. Clients have the opportunity to discuss the draft reports with the auditor.
- 6.7. Audit final reports issued in relation to 2023/24 audit plans were accurate, comprehensive and complete. All contained an assurance statement and agreed action plan.

6.8. The Director of Audit (TIAA) produces an annual report to the Joint Audit Committee and the Public Accountability Conference, which includes the overall opinion on the arrangements for governance, risk management and internal control. The report includes a summary of the work undertaken in support of the opinion.

## 7. Monitoring Progress

7.1. Arrangements are in place for follow up of agreed actions arising from internal audit reports and the outcome of these is reported to the Joint Audit Committee within the quarterly progress reports.

## 8. Communication of the Acceptance of Risks

8.1. Arrangements are in place to ensure that where key risks are accepted by management, this is discussed with senior management. Should the Director of Audit (TIAA) consider that the organisation is accepting a level of risk that may be unacceptable, this would be reported to the Joint Audit Committee and the Public Accountability Conference.

## **CIPFA Statement on the Role of the Head of Internal Audit 2019**

### **1. Introduction**

1.1 In 2019, CIPFA published an updated Statement on the Role of the HoIA in Public Sector Organisations in recognition of the critical position occupied by the Head of Internal Audit (HoIA) within any organisation in helping it to achieve its objectives by giving assurance on its internal control and risk management arrangements and playing a key role in promoting good corporate governance. Conformance with the Statement is cited as an example of good governance within the Delivering Good Governance Framework 2016

### **2. The Five Principles**

3.1 The Statement sets out how the requirements of legislation and professional standards should be fulfilled by the HoIA in carrying out their role and is structured under five core principles:

3.2 The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:

- championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
- giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

3.3 To perform this role, the Head of Audit:

- must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee
- must lead and direct an internal audit service that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

3.4 A completed self-assessment template is attached below for appropriate sign off.



## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	TIAA arrangement and any required actions	Assessment of conformance		
			Y	N	P
<b>Principle 1: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments</b>					
1.1	Set out the HIA's role in good governance and how this fits with the role of others.	HoIA Role Profile sets out the contribution of the annual report of the HoIA to the Annual Governance Statement.	✓		
1.2	Ensure that the importance of good governance is stressed to all in the organisation, through policies, procedures and training	Code of Corporate Governance sets out the frameworks that are in place to support the overall arrangements. There are individual codes for the Cumbria OPFCC and Cumbria Constabulary. Cumbria Commissioner Fire and Rescue Authority has its own Corporate Governance Framework	✓		
1.3	Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives.	Internal audit plan incorporates some capacity to respond to emerging issues and projects.	✓		
<b>Principle 2: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control</b>					
2.1	Set out the responsibilities of the HIA, which should not include the management of operational areas.	Responsibilities of the HoIA are set out in the Role Profile and do not include any operational responsibilities.	✓		
2.2	Ensure that internal audit is independent of external audit.	Internal audit is independent of external audit. IA plans will be shared with external audit, but will not be in any way directed by external audit.	✓		
2.3	Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically	Not applicable.			

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	TIAA arrangement and any required actions	Assessment of conformance		
			Y	N	P
	approve the IA strategy for these and associated plans and reports and ensure the work is independently managed.				
2.4	Establish clear lines of responsibility for those with an interest in governance (e.g. Chief Executive, Chief Legal Officer, Chief Financial Officer, Audit Committee, non-executive directors/elected representatives). This covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies.	Clear lines of responsibility are set out in job roles, the scheme of delegation and key supporting governance documents e.g. financial regulations, procurement regulations, grant regulations. The Joint Audit Committee has a clear Terms of Reference consistent with the CIPFA guidance.	✓		
2.5	Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns	Reporting lines are defined within the Internal Audit Charter which has been agreed by the Board.	✓		
2.6	Agree the terms of reference for internal audit with the HIA and the Audit Committee as well as with the Leadership Team	Internal audit charter sets out internal audit's terms of reference. Charter has been approved by Board and presented to Joint Audit Committee.	✓		
2.7	Set out the basis on which the HIA can give assurances to other organisations and the basis on which the HIA can place reliance on assurances from others.	The basis of assurances provided to other organisations is set out within the contract. Various sources of assurance have been taken into consideration in preparing the audit plan to ensure optimum audit coverage.	✓		
2.8	Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g. risk management, corporate planning, anti-fraud and corruption and whistleblowing.	Key governance documents include the Code of Corporate Governance, scheme of delegation, Anti-fraud and corruption strategy, policy and procedure. Risk management arrangements are in place and the corporate risk register for each organisation is reported to Joint Audit Committee.	✓		
2.9	Ensure that the annual internal audit opinion and report are issued in the name of the HIA.	Annual report of the Director of Audit (TIAA) contains the internal audit opinion for the Police & Crime Commissioner for Cumbria, the Chief Constable for Cumbria Constabulary and	✓		

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	TIAA arrangement and any required actions	Assessment of conformance		
			Y	N	P
		Cumbria Commissioner Fire and Rescue Authority. This report is presented to Joint Audit Committee by the Director of Audit (TIAA).			
2.10	Include awareness of governance in the competencies required by members of the Leadership Team.	Role profiles for the Chief Executive, CFO and deputy monitoring officer are based on the relevant professional standards and include governance responsibilities. Constabulary Chief Officers are trained on governance matters as part of their professional qualification.	✓		
2.11	Set out the framework of assurance that supports the annual governance report and identify internal audit's role within it. The HIA should not be responsible for preparing the report.	The framework of assurance that supports the annual governance statement is documented within the Statement itself. HIA is not responsible for preparing the AGS.	✓		
2.12	Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team.	Public Sector Internal Audit Standards (PSIAS) refer to the requirement for internal audit plans to include a statement of how internal audit service will be delivered. This is included within the audit plan.	✓		
<b>Principle 3: The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.</b>					
3.1	Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or agreement.	The Director of Audit (TIAA) is the designated HoIA for the PFCC / Chief Constable / CCFRA	✓		

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	TIAA arrangement and any required actions	Assessment of conformance		
			Y	N	P
3.2	Ensure that where the HIA is an employee that they are sufficiently senior and independent within the organisation's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team.	Not applicable.			
3.3	Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract or agreement with the internal audit supplier.	Not applicable.			
3.4	Establish an Audit Committee in line with guidance and good practice.	There is a Joint OPFCC / Constabulary Audit Committee which is the recommended approach in the Financial Management Code of Practice for the Police Forces of England and Wales. The Joint Audit Committee undertakes on a biennial basis a self-assessment against the CIPFA practical guidance checklist and has assessed itself as performing appropriately, in the intervening years, the committee and officers carry out a 360' review of the work of the committee.  The Joint Audit Committee is also responsible for scrutiny of Cumbria Commissioner Fire and Rescue Authority	✓		
3.5	Set out the HIA's relationship with the Audit Committee and its Chair, including the Committee's role (if any) in appointing the HIA.	The relationship is set out in the Internal Audit Charter.	✓		

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	TIAA arrangement and any required actions	Assessment of conformance		
			Y	N	P
3.6	Ensure that the organisation's governance arrangements allow the HIA: – to bring influence to bear on material decisions reflecting governance; – direct access to the Chief Executive, other Leadership Team members, the Audit Committee and external audit; and – to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate.	There are appropriate arrangements in place to allow the HIA to perform these functions appropriately.	✓		
3.7	Set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.	This is defined within the Internal Audit Charter	✓		
3.8	Set out the HIA's responsibilities relating to partners including joint ventures and outsourced and shared services.	The HoIA responsibilities are defined within the Audit Charter in relation to the arrangement with TIAA.	✓		
<b>Principle 4: The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.</b>					
4.1	Provide the HIA with the resources, expertise and systems necessary to perform their role effectively.	Internal audit is resourced appropriately to deliver the level of service currently required.	✓		
4.2	Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assesses performance and takes action as appropriate.	Internal audit is resourced appropriately to deliver the level of service currently required.	✓		

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	TIAA arrangement and any required actions	Assessment of conformance		
			Y	N	P
4.3	Ensure that there is a regular external review of internal audit quality	Mandatory EQA of TIAA was undertaken in 2022 with a 'Generally Conforms' rating being given.	✓		
4.4	Ensure that where the HIA is from another organisation that they do not also provide the external audit service	TIAA does not provide the external audit service to the Police & Crime Commissioner for Cumbria or the Chief Constable for Cumbria Constabulary or Cumbria Commissioner Fire and Rescue Authority	✓		
<b>Principle 5: The HIA in a public service organisation must be professionally qualified and suitably experienced</b>					
5.1	Appoint a professionally qualified HIA whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation.	HolA responsibilities are defined and make appropriate reference to the requirements of the 2019 CIPFA Statement.	✓		
5.2	Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role.	28 years of internal audit experience which has allowed him to lead auditing projects for private and public sector organisations, financial due diligence and operations for a large number of clients.	✓		