

CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 8TH DECEMBER 2021
REPORT OF: DIRECTOR OF GOVERNANCE AND COMMISSIONING
AUTHOR: ANDREW LEADBETTER

SUBJECT: EXTERNAL AUDITOR'S
ANNUAL REPORT 2020-21

Purpose of Report

1. To allow Members to consider the External Auditor's Annual Report for the year ending 2020-21.

Recommended: That Members

- [1] Note the External Auditor's Annual Report; and
- [2] Authorise the Chief Fire Officer and Chief Executive, Treasurer and Monitoring Officer to make changes to the Financial Regulations to more closely align the Authority's procurement practices with those operated by Cheshire Constabulary, confirming the changes that have been made at the next meeting of the Fire Authority.

Background

2. Section 20(1)(c) of the Local audit and Accountability Act 2014 requires the External Auditor to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources. The Code of Practice issued by the National Audit Office requires the External Auditor to report to the Authority about this.

Information

3. The External Auditor's Annual Report (the Annual Report) for year ending 2020-21 is attached to this report as Appendix 1.
4. Members will see on page 4 of the Annual Report (page numbers are in the bottom right-hand corner) that the External Auditor considers 'Financial Stability', 'Governance' and 'Improving Economy, Efficiency and Effectiveness'. The External Auditor found no significant weaknesses in any of these areas. However, three improvement recommendations were made; these can be found on pages 13, 14 and 18 of the Annual Report, with associated Management comments.

5. The following paragraphs provide further context around the intended actions relating to the recommendations.

Recommendation concerned with audit committee and independent member

6. It is possible that the responsibilities expected of an audit committee could be subsumed into the existing responsibilities of one of the current committees. A number of local authorities now have an Audit and Governance Committee, or similar.
7. The recruitment of an independent member who is suitably qualified to fulfil the role may be a challenge. This may need to be explored with neighbouring public bodies.
8. Members will receive a report in due course suggesting the best way to deliver a suitable response to the recommendation.

Recommendation concerned with financial performance reporting and financial input

9. This recommendation is self-explanatory.
10. Members will receive information about how financial performance reporting and financial input can be enhanced during the next quarter. The changes should be capable of being introduced quickly.

Recommendation concerned with procurement protocols

11. A separate report was being prepared about this when the Annual Report was received. It is an area that has been under consideration for some time
12. The procurement practices of fire and police do differ. A very high-level summary of the different requirements appears in the table below

Fire	Police
£500 to £5,000 3 verbal quotations Record must be kept	Up to £10,000 No requirement for competitive process
£5,000 to £50,000 3 written quotations	Must secure best value Use of framework if available If complex, unusual, business critical, or involves particular operational, commercial, or strategic risks must get guidance from Procurement Team
£50,000 to EU Threshold Competitive Contract Notice Via online procurement portal	£10,000 or above Inform Procurement Team Range of steps to be followed in conjunction with Procurement Team
EU Threshold Compliance with EU Directive	

13. Officers have received compelling information that supports a change to the current arrangements. The administrative burden of securing three verbal quotes and the delay that this can cause for a £500 spend is difficult to justify. Officers are considering the adoption of a threshold for procurements up to £5,000 expressed in similar terms to the arrangements operated by the police for procurements up to £10,000.
14. Aligning procurement practices should help the Procurement Team to work more effectively. Changing the threshold should make the work of a number of teams simpler.

Financial Implications

15. Responding to the recommendations in the Annual Report may have financial implications. For example, changes to the Financial Regulations could have an impact on the achievement of value for money. It will be important to introduce the changes with appropriate governance and carry out monitoring, at least initially. The changes should, however, also lead to some efficiencies.

Legal Implications

16. There are no legal implications arising from this report.

Equality and Diversity Implications

17. There are no equality and diversity implications arising from this report.

Environmental Implications

18. There are no environmental implications arising from this report.

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BACKGROUND PAPERS: NONE**