



Please reply to:

Mr Chris Little
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Dear Ross,

Further to your request for declarations from those charged with governance we can confirm that the following arrangements are in place to enable the Audit and Governance Committee to exercise oversight of the processes in place to prevent and detect fraud and gain assurance that all relevant laws and regulations are complied with.

1) How do you exercise oversight of management's processes in relation to:

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

As the Audit and Governance Committee we review the Authority's Financial Statements and take advice from both officers' internally and externally regarding the accounting statements and processes in place to ensure they are a true and fair view of the Authority's financial position. A rigorous targeted quality assurance review of the final accounts and financial statements is undertaken by Hartlepool Borough Council's accounting staff who prepare the statements, supported by the Treasurer and the Authority's Finance Team, to ensure that they are not subject to material misstatement. Financial reports are subject to a quarterly review which is scrutinised by the Executive Leadership Team.

- **identifying and responding to risks of fraud in the Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;**
- **communicating to employees its views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's code of conduct); and**

The Authority has strong corporate governance arrangements in place in relation to the risk of fraud. Internal audit has reviewed these arrangements in line with CIPFA and National Fraud Authority guidance to identify and respond to fraud risk areas. This is communicated to staff through an annual training seminar which is jointly run by the Treasurer and Monitoring Officer, with a guidance document available on the intranet and in the staff handbook.

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

2) How do you oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2021/22?

The Audit and Governance Committee is satisfied that the Authority has adequate governance arrangements in place in relation to its internal control environment and gains assurance from the work of its internal and external auditors. The Authority has a well-established and publicised Whistleblowing Policy in place as well as an up to date Anti-Fraud and Corruption policy detailing our stance and response in relation to fraud, and expectations regarding behaviour of officers. Staff are expected to report all instance of suspected fraud and corruption and are encouraged to do so.

3) How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2021/22?

4) Are you aware of any actual or potential litigation or claims that would affect the financial statements?

5) Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on the Authority's ability to continue as a going concern?

Appendix 1

1. Are you aware of any instances of actual, suspected or alleged fraud within Cleveland Fire Authority during the period 1 April 2021– 31 March 2022?

The Audit and Governance Committee does not have knowledge of actual fraud or suspect fraud may be occurring within the Authority and is satisfied that adequate arrangements are in place to tackle suspected fraud. The Committee considers those posts dealing with all aspects of procurement and cash handling to be high risk in relation to potential fraud. The Committee takes assurance from the fact that risk assessment of posts is undertaken and training is provided to staff and that the Authority has sufficiently skilled and experienced staff to deliver the Authority's objectives. The Committee is not aware of any entries made in the accounting records of the Authority that we believe or suspect are false or intentionally misleading. We do not believe any assets, liabilities or transactions have been improperly included or omitted from the accounts of the Authority. The Committee takes assurance from both its internal and external audit coverage of the Authority's accounting records and is satisfied that sufficient checks and balances are in place.

2. Do you suspect fraud may be occurring within the Authority?

• **Have you identified any specific fraud risks within the Authority?**

No specific fraud risks have been identified within the Authority.

• **Do you have any concerns that there are areas within the Authority that are at risk of fraud?**

There are no concerns over any specific areas within the Authority although we are aware that there is always the potential for fraud to occur.

• **Are there particular locations within the Authority where fraud is more likely to occur?**

As with any organisation there are areas which are more likely to attract both the opportunist and professional fraudster. Areas such as finance and ICT systems have greater emphasis placed upon them around governance and internal controls with a comprehensive internal and external audit regime which provides independent assurance against weaknesses.

3. **Are you satisfied that internal controls, including segregation of duties, exist and work effectively?**
- **If not where are the risk areas?**
Internal controls measures are in place and working effectively, all audit results give assurance against weakness.
 - **What other controls are in place to help prevent, deter or detect fraud?**
The Authority has strong corporate governance arrangements in place in relation to the risk of fraud. Internal audit has reviewed these arrangements in line with CIPFA and National Fraud Authority guidance to identify and respond to fraud risk areas. This is communicated to staff through an annual training seminar which is jointly run by the Treasurer and Monitoring Officer.
4. **How do you encourage staff to report their concerns about fraud?**
- **What concerns about fraud are staff expected to report?**
The Authority has a well-established and publicised Whistleblowing Policy in place as well as an Anti-Fraud and Corruption policy detailing our stance and response in relation to fraud, and expectations regarding behaviour of officers. Staff are expected to report all instances of suspected fraud and corruption and are encouraged to do so.
5. **From a fraud and corruption perspective, what are considered to be high risk posts within the Authority?**
- High risk posts are deemed to be those in significant positions of authority, staff with access to financial systems and procurement related processes including contracts.*
- **How are the risks relating to these posts identified, assessed and managed?**
These positions are not specifically addressed, but the processes that they have access to have a higher proportion of internal control to reduce the risk of fraud.
6. **Are you aware of any related party relationships or transactions that could give rise to instances of fraud?**
- **How do you mitigate the risks associated with fraud related to related party relationships and transactions?**
The Committee is assured that adequate arrangements are in place for the recording and declaration of any relationships or interests that may raise cause for concern which makes all staff and Members aware of their responsibilities. A periodic check is undertaken. All Members, as well as section and departmental heads and any staff in a position where they may be involved in procurement or financial transactions, are written to annually in order to identify any business/commercial/financial interests they have which might give rise to a potential conflict of interest, e.g. that they, or a close friend, or relative, are an owner, director, or employee of a supplier to the Authority. They must provide a written response which is held in the register of interests. Member's declaration of interests are published on the Brigade's web site.
7. **Are you aware of any entries made in the accounting records of the Authority that you believe or suspect are false or intentionally misleading?**
- The Audit and Governance Committee does not have knowledge of actual fraud or suspect fraud may be occurring within the Authority and is satisfied that adequate arrangements are in place to tackle suspected fraud. The Committee considers those posts dealing with all aspects of procurement and cash handling to be high risk in relation to potential fraud. The Committee takes assurance from the fact that risk assessment of posts is undertaken and training is provided to staff and that the Authority has sufficiently skilled and experienced staff to deliver the Authority's objectives. The Committee is not aware of any entries made in the accounting records of the Authority that we believe or suspect are false or intentionally misleading. We do not believe any assets, liabilities or transactions have been improperly included or omitted from the accounts of the Authority. The Committee takes assurance from both its internal and external audit coverage of the Authority's accounting records and is satisfied that sufficient checks and balances are in place.*

- Are there particular balances where fraud is more likely to occur?
 - Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the financial statements of the Authority?
 - Could a false accounting entry escape detection? If so, how?
 - Are there any external fraud risk factors which are high risk of fraud?
8. Are you aware of any organisational, or management pressure to meet financial or operating targets?
- Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?
9. What arrangements has the Authority put in place in response to the Bribery Act 2010?

The Terrorism Act 2000, Bribery Act 2010, Proceeds of Crime Act, 2002, and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations, 2017, as amended, have broadened the definition of money laundering, and increased the range of activities caught by the statutory framework.

Accordingly, the Authority is required to implement working procedures and undertake risk assessments designed to prevent the use of its services for money laundering.

The Authority has included the Bribery Act 2010 (and others) and the widening of the money laundering definition within its Anti-Money Laundering Policy.

Training, including the offences of active and passive bribery is incorporated and communicated to staff through an annual training seminar which is jointly run by the Treasurer and Monitoring Officer.

Yours sincerely

Chris Little
Treasurer

Councillor Steve Kay
Audit & Governance Committee Chair