



HEREFORD & WORCESTER Fire Authority

Audit and Standards Committee

AGENDA

Monday, 18 January 2016

10:30

Conference Suites

**Headquarters, 2 Kings Court, Charles Hastings Way,
Worcester, WR5 1JR**

ACTION ON DISCOVERING A FIRE

- 1 Break the glass at the nearest **FIRE ALARM POINT**.
(This will alert Control and other Personnel)
- 2 Tackle the fire with the appliances available – **IF SAFE TO DO SO**.
- 3 Proceed to the Assembly Point for a Roll Call –

CAR PARK OF THE OFFICE BUILDING ADJACENT TO THE CYCLE SHED TO THE LEFT OF THE ENTRANCE BARRIER TO 2 KINGS COURT.

- 4 Never re-enter the building – **GET OUT STAY OUT**.

ACTION ON HEARING THE ALARM

- 1 Proceed immediately to the Assembly Point

CAR PARK OF THE OFFICE BUILDING ADJACENT TO THE CYCLE SHED TO THE LEFT OF THE ENTRANCE BARRIER TO 2 KINGS COURT.

- 2 Close all doors en route. The senior person present will ensure all personnel have left the room.
- 3 Never re-enter the building – **GET OUT STAY OUT**.

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- the right to attend all Authority and Committee meetings unless the business to be transacted would disclose “confidential information” or “exempt information”;
- the right to film, record or report electronically on any meeting to which the public are admitted provided you do not do so in a manner that is disruptive to the meeting. **If you are present at a meeting of the Authority you will be deemed to have consented to being filmed or recorded by anyone exercising their rights under this paragraph;**
- the right to inspect agenda and public reports at least five days before the date of the meeting (available on our website: <http://www.hwfire.org.uk>);
- the right to inspect minutes of the Authority and Committees for up to six years following the meeting (available on our website: <http://www.hwfire.org.uk>); and
- the right to inspect background papers on which reports are based for a period of up to four years from the date of the meeting.

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WELCOME AND GUIDE TO TODAY’S MEETING. These notes are written to assist you to follow the meeting. Decisions at the meeting will be taken by the **Councillors** who are democratically elected representatives and they will be advised by **Officers** who are paid professionals. The Fire and Rescue Authority comprises 25 Councillors and appoints committees to undertake various functions on behalf of the Authority. There are 19 Worcestershire County Councillors on the Authority and 6 Herefordshire Council Councillors.

Agenda Papers - Attached is the Agenda which is a summary of the issues to be discussed and the related reports by Officers.

Chairman - The Chairman, who is responsible for the proper conduct of the meeting, sits at the head of the table.

Officers - Accompanying the Chairman is the Chief Fire Officer and other Officers of the Fire and Rescue Authority who will advise on legal and procedural matters and record the proceedings. These include the Clerk and the Treasurer to the Authority.

The Business - The Chairman will conduct the business of the meeting. The items listed on the agenda will be discussed.

Decisions - At the end of the discussion on each item the Chairman will put any amendments or motions to the meeting and then ask the Councillors to vote. The Officers do not have a vote.



HEREFORD & WORCESTER
HWR
FIRE AND RESCUE SERVICE

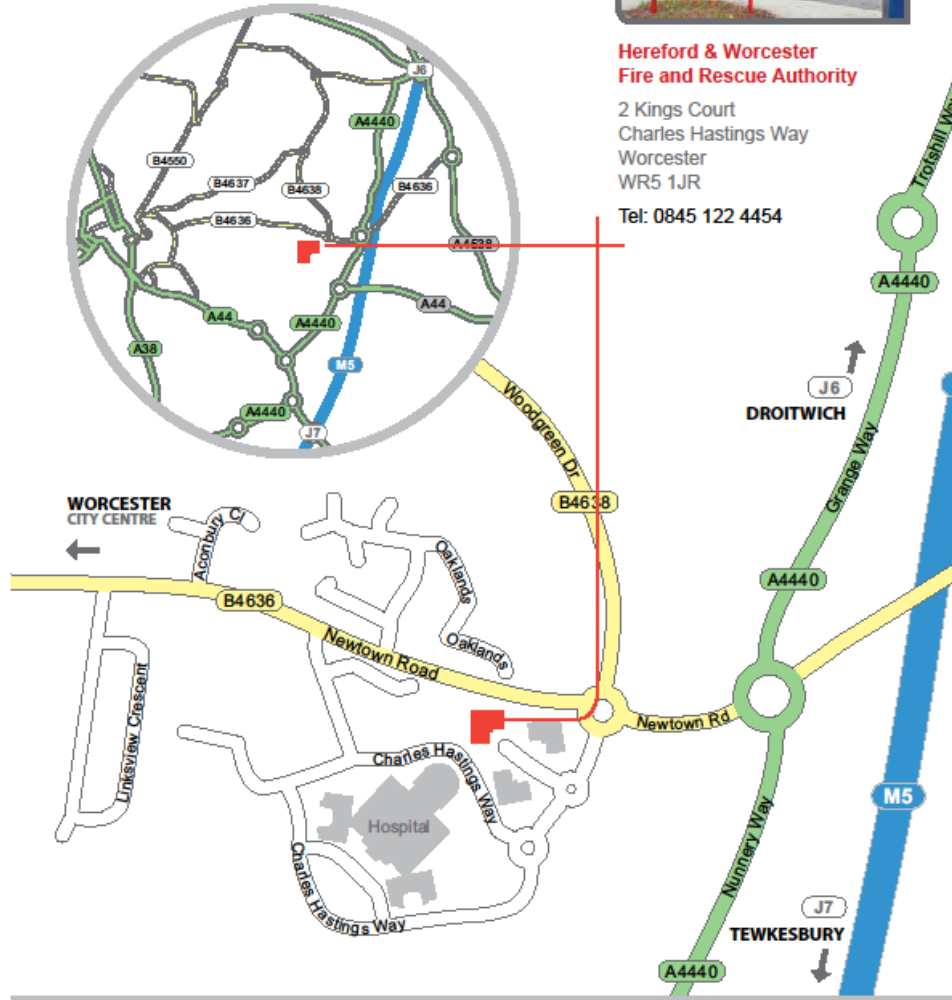
Service Headquarters



**Hereford & Worcester
Fire and Rescue Authority**

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Charles Hastings Way
Worcester
WR5 1JR

Tel: 0845 122 4454





Hereford & Worcester Fire Authority

Audit and Standards Committee

Monday, 18 January 2016, 10:30

Agenda

Councillors

Ms L R Duffy (Chairman), Mr G C Yarranton (Vice Chairman), Ms P Agar, Mr A Amos, Mr S C Cross, Mr W P Gretton, Ms K S Guthrie, Mrs A T Hingley, Mr R I Matthews, Professor J W Raine, Mr G J Vickery, Mr S D Williams,

No.	Item	Pages
1	Apologies for Absence To receive any apologies for absence.	
2	Named Substitutes To receive details of any Member of the Authority nominated to attend the meeting in place of a Member of the Committee.	
3	Declarations of Interest (if any) This item allows the Chairman to invite any Councillor to declare an interest in any of the items on this Agenda.	
4	Confirmation of Minutes To confirm the minutes of the Audit and Standards Committee meeting held on 28 September 2015.	7 - 10
5	Annual Audit Letter To present the Annual Audit Letter 2014/15 from the External Auditors, Grant Thornton UK LLP.	11 - 21

6	External Audit Fee	22 - 30
	To apprise the Audit and Standards Committee of the audit fee for the Authority along with the scope and timing of work to be undertaken.	
7	Internal Audit Monitoring Report 2015/2016	31 - 35
	To provide the Committee with a progress update on the 2015/16 plan delivery.	
8	Whistleblowing Policy	36 - 47
	To report on the review of the Authority's Whistleblowing Policy and recommend approval of the revised document.	



Hereford & Worcester Fire Authority

Audit and Standards Committee

Monday, 28 September 2015, 10:30

Minutes

Members Present: Ms L R Duffy, Mr W P Gretton, Ms K S Guthrie, Mrs A T Hingley, Mr G C Yarranton, Ms P Agar, Mr R I Matthews, Mr S C Cross, Mr S D Williams

Substitutes: none

Absent: none

Apologies for Absence: Mr G J Vickery, Professor J W Raine, Mr A Amos

Declarations of Interest:

24 Declarations of Interest (if any)

None

25 Confirmation of Minutes

Members requested that future minutes reflect more than just the resolution of the agenda item.

RESOLVED that the minutes of the Audit and Standards Committee held on 29 June 2015 be confirmed as a correct record and signed by the Chairman.

26 Approval of the Audited Accounts 2014/2015

The Treasurer provided a refresh of the presentation delivered at the last Audit and Standards Committee on 29 June 2015 and presented the 2014/2015 Statement of Accounts to the Committee.

In the discussions it was highlighted by the Treasurer that there had been some changes to the draft accounts that were presented to the Committee on 30 June, relating to events and information arising after

that date:

- the treatment of the Bromsgrove Fire Station lease;
- the capital receipt expected in relation to the previous Worcester Fire Station;
- the liability in respect of business rates for GP surgeries; and
- changes due to the Government Actuary's Department commutation rates.

No further changes to the accounts were made by the external auditors.

***RESOLVED* that the Statement of Accounts 2014/2015 be approved.**

27 External Audit Findings Report 2014/2015

The External Auditor highlighted the following three key messages arising from the audit:

1. The accounts were of good quality and the external auditor was grateful for the assistance of staff in the Finance Department.
2. The intention to give an unqualified opinion on the Authority's accounts.
3. The intention to give an unqualified Value for Money conclusion.

In the ensuing discussion Members congratulated officers on the quality and presentation of the Statement of Accounts and challenged officers on whether our current contingency arrangements and borrowing policies were adequate and appropriate. Members also queried how officers would report back progress on 'amber' areas highlighted in the findings. Officers reassured Members that constant and continuing scrutiny is an on-going process.

***RESOLVED* that the**

i) External Audit Findings Report 2014/15 be noted; and

ii) the letter of representation be approved on behalf of the Authority.

28 Annual Governance Statement 2014/2015

The Head of Legal Services presented a report compiled during the self-assessment review providing assurances that supported the Annual Governance Statement. Three areas were highlighted as on-going with

the Whistleblowing Policy scheduled to come back as a separate agenda item in January 2016.

Members echoed the value and good practice in the continuing review of such matters.

RESOLVED that the Draft Annual Governance Statement 2014/15 be approved.

29 Statement of Assurance

The Head of Corporate Services provided the Committee with an overview of the Statement of Assurance highlighting its new 'reader friendly' format.

Members congratulated the Head of Corporate Services and the Performance Team on their recent award of the Chairman's Commendation Certificate for their work in producing the Authority's Community Risk Management Plan.

RESOLVED that the draft Statement of Assurance 2015/2016 be adopted and approved for publication.

30 Internal Audit Monitoring Report 2015/2016

The Internal Auditor presented the Audit Monitoring Report 2015/16 highlighting that there were no high priority recommendations, concerns or risks and that a conclusion of Significant Assurance had been delivered.

Members questioned why there were no assurance levels stated in relation to 'critical friend' audits. The Internal Auditor reassured Members that such audits were principally designed to challenge the Authority and that an assurance level was not appropriate but that the Authority had been shown to be delivering in each of the areas examined. In the ensuing discussion regarding operational assurances, in particular risks, the Chief Fire Officer highlighted that in an invited visit the Health and Safety Executive had been very impressed by the stringent level of process and detail in the Fire Authorities operations.

RESOLVED that the Internal Audit Monitoring Report 2015/2016 and the residual 2014/15 work be noted.

31 Internal Audit Draft Audit Plan for 2015/2016

The Internal Auditor provided the Committee with the draft Audit Plan for 2015/16 highlighting the timetable of scheduled assessment dates, the determination of which is measured on risk. The External Auditor confirmed that he had been consulted on the Internal Audit Plan

Members expressed a wish to have an additional column within the table showing scheduling for all areas of the Audit Review through future years.

***RESOLVED* that the draft Internal Audit Plan 2015/16 is approved.**

The Meeting ended at: 11:33

Signed:.....

Date:.....

Chairman

Report of the Treasurer

5. Annual Audit Letter 2014/15

Purpose of report

1. To present the Annual Audit Letter 2014/15 from the External Auditors, Grant Thornton UK LLP.

Recommendation

The Treasurer recommends that the Committee notes the Annual Audit Letter 2014/15 from the External Auditors, Grant Thornton UK LLP.

Introduction and Background

2. Under the Audit Commission Act the Auditors must be satisfied that the Authority has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources focusing on the arrangements for:
 - securing financial resilience; and
 - prioritising resources within tighter budgets.
3. The Auditors undertake a risk assessment to identify any significant risks which need to be addressed before the value for money conclusion is reached. The Auditors assess the Authority's financial resilience as part of their work on the value for money conclusion.
4. The Annual Audit Letter summarises the findings from the 2014/15 audit.
5. The Audit comprised of two elements:
 - a. the audit of the Authority's financial statements; and
 - b. an assessment of the Authority's arrangements to achieve value for money in its use of resources.

Overview

6. The key messages in the Audit 2014/15 are as follows:
 - (i) testing was conducted as planned the audit of the accounts went well.
 - (ii) Officers prepared the accounts in accordance with the agreed timetable, and audit;
 - (iii) working papers were good quality and officers were responsive to questions

- (iv) the Authority has a realistic Medium Term Financial Plan which underpins the annual budget
- (v) the Authority has put in place proper arrangements to secure value for money in its use of resources

Conclusion/Summary

Audit Opinion and Financial Statements

7. An unqualified opinion on the Authority's 2014/15 financial statements was issued on 29 September 2015 and were considered to give a true and fair view of the Authority's financial position.

Value for Money

8. The Engagement Lead issued an unqualified Value for Money Conclusion on 29 September 2015 as work did not identify any matters which indicated that the Authority did not have proper arrangements in place for securing economy, efficiency and effectiveness.
9. The Engagement Lead was satisfied on the basis of his work that in all significant respects Hereford & Worcester Fire and Rescue Authority has put in place proper arrangements to secure value for money in its use of resources for the year ending 31 March 2015.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	None
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None
Consultation (identify any public or other consultation that has been carried out on this matter)	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 – Annual Audit Letter 2014/15 from the External Auditors, Grant Thornton UK LLP

Contact Officer

Martin Reohorn, Director of Finance (Treasurer)
(01905 368205)
Email: mreohorn@hwfire.org.uk

The Annual Audit Letter for Hereford & Worcester Fire Authority

Year ended 31 March 2015

October 2015

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Manager

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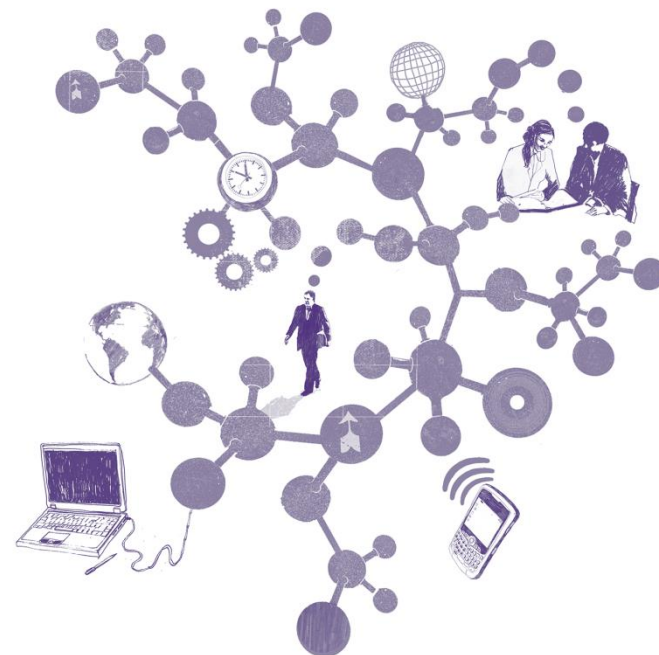
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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Hereford & Worcester Fire Authority ('the Authority') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Authority and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

Financial statements audit (including audit opinion)	<p>We reported our findings arising from the audit of the financial statements to the Audit & Standards Committee in our Audit Findings Report on 28 September. The key messages reported were:</p> <ul style="list-style-type: none">• our audit of your accounts went well. Officers prepared the accounts in accordance with our agreed timetable, and we were able to conduct our audit testing as planned;• working papers were good quality and officers were responsive to our questions;• there were three adjustments which changed a number of balances in the pre-audit accounts. These relate to reclassifying the Bromsgrove Fire Station lease from a finance to operating lease, increased provision in respect of NNDR (business rates) for GP premises, and a tribunal decision affecting lump sums paid to retired firefighters; and• the overall affect of these adjustments was to increase Total Comprehensive Income and Expenditure by £274k. <p>The first adjustment relates to the Pensions Ombudsman publishing his determination in a case concerning the lump sum paid to a firefighter on his retirement. The Ombudsman found that the Government Actuary Department (GAD) should have reviewed the commutation factors and ordered a new commutation factor be prepared with a payment made to the member to reflect the recalculated commutation lump sum. Officers concluded that this amounted to an adjusting event after the balance sheet date, and adjusted the accounts accordingly. This resulted in an increase in total expenditure of £996k. Officers consider that the Authority will be reimbursed through the pension top-up grant, and therefore recognised this income in year to offset the increased cost.</p>
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Key messages continued

The second adjustment concerns the reclassification of Bromsgrove Fire Station from a finance to operating lease. The asset is now essentially treated as if the Authority rents it rather than owns it. The asset was removed from the Authority Balance Sheet which reduced the value of Property, Plant & Equipment and long term liabilities.

The third adjustment is that, as a result of successful appeals against NNDR charges by GP surgeries, councils have had to increase their NNDR appeals provisions. This affects the Authority owing to the way NNDR income and expenditure is shared between the public bodies in Herefordshire and Worcestershire. The Authority has therefore had to increase own its provision for NNDR appeals by £150k, and reduce the income received by £136k.

We issued an unqualified opinion on the Authority's 2014/15 financial statements on 29 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Authority's financial position and of the income and expenditure recorded by the Authority.

Key messages continued

Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2014/15 on 29 September 2015. For securing financial resilience, our work concluded that the Authority has a realistic Medium Term Financial Plan which underpins the annual budget. Savings against budget have been made in recent years, with the surplus being set aside to finance any future deficits, or to pump prime projects. However, we noted that, for strategic financial planning, the MTFP identifies £3,300k savings needed by 2019/20. The Authority expects this to be bridged in a number of ways, including lower than budgeted pay increases, council tax growth, and savings from transformational schemes, such as the Wyre Forest blue light hub. We note that some of these are either at early stages, or outside the Authority's control. There is therefore a risk that the required savings may not be delivered. The Budget Reduction Reserve now stands at £3,216k, and this will be used to support and smooth any restructuring. We therefore highlighted this as an area for development, and one to which Officers will need to pay particular attention.</p> <p>For challenging economy, efficiency and effectiveness, we reported that the Authority has taken difficult decisions in rethinking the crewing patterns and appliances needed at stations. Savings are also achieved through the secondment programme and closer working with other public sector partners. We reported that for the 2015/16 financial year, the secondments allow the Authority to offset approximately £1,300k of wholetime uniformed staffing costs. We also reported on some of the other initiatives the Authority is involved in. These include Place Partnership Limited, Project Arrow (with Warwickshire Fire & Rescue Service), and the Wyre Forest blue light hub.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.</p>
Audit fee	<p>Our fee for 2014/15 was £43,829, excluding VAT which is consistent with that reported in our audit plan.</p> <p>The Audit Commission granted a rebate for the Authority of £4,505.</p> <p>Further detail is included within appendix A.</p>

Appendix A: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Per Audit plan £	Actual fees £
Authority audit	43,829	43,829
Total audit fees	43,829	43,829

Fees for other services

Service	Fees £
Audit related services	Nil
Non-audit related services	Nil

Audit Commission Rebate

There is a rebate for the Authority of £4,505.

Reports issued

Report	Date issued
Audit Plan	10 March 2015
Audit Findings Report	22 September 2015
Annual Audit Letter	October 2015

Appendix B: How we have worked with you during the year

Audit & Standards Committee

We:

- met regularly with the Audit & Standards Committee to ensure you were kept up to date with the audit progress, as well as emerging issues affecting the wider Fire & Rescue and Local Government Sectors
- invested in regular dialogue with the Audit & Standards Committee to ensure there were no surprises and to maintain a robust and independent stance
- provided independent external audit commentary and insight on the Authority's issues through senior attendance at every Audit & Standards Committee
- provided regular, timely and transparent reports from our work.

Authority

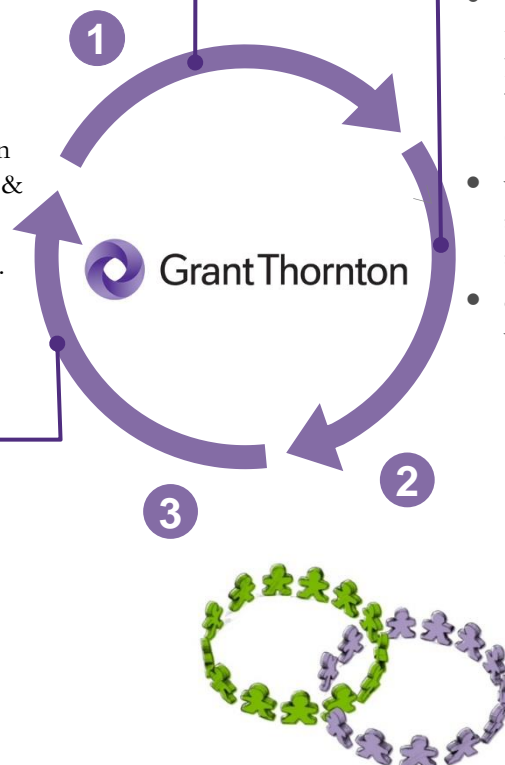
We:

- ran a governance seminar for local authority members across Herefordshire & Worcestershire.

Senior Officers

We:

- met regularly with the Chief Fire Officer and the Treasurer to discuss some of your major projects and to share our insight into national Fire & Rescue service issues
- shared our understanding of some of the key issues facing the sector in our national reports on Better Collaborative Procurement in the Fire Sector, Crews control: making better use of people and equipment, and Local Government Governance
- worked with the finance department to improve the accounts production process, shared technical knowledge and provided early warning on key risks
- officers attended an accounts closedown and production workshop in our Birmingham office.





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Report of the Treasurer

6. External Audit Fee 2015/16

Purpose of report

1. To apprise the Audit and Standards Committee of the audit fee for the Authority along with the scope and timing of work to be undertaken.
-

Recommendation

The Treasurer recommends that the report be noted.

Introduction and Background

2. Grant Thornton (UK) LLP was appointed by the Audit Commission to act as auditors for Hereford and Worcester Fire and Rescue Authority.
3. The Commission determined the scale fee for Audit work for the period of the contract. The abolition of the Commission and outsourcing of the Audit service have significantly reduced Audit fees by over 40% since 2010/11.

Scale Fee

4. The scale fee is defined as the fee required by auditors to carry out the work necessary to meet statutory responsibilities in accordance with the Code of Audit Practice.
5. The Authority's scale fee for 2015/16 is £32,872 which is lower than the £43,829 fees for 2013/14 and 2014/15.
6. Fees will be reviewed and updated as necessary as the audit work progresses, but in the last two years it has not been necessary to charge anything in addition to the scale fee..
7. Fees will be billed quarterly in advance.
8. The scale fee excludes any work requested by the Authority that Grant Thornton may agree to undertake outside of the audit code. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Authority.

Outline Audit Timetable

9. Audit planning and interim audit procedures will be undertaken in the spring of 2016. Upon completion of this phase of work a detailed audit plan setting out findings and details of audit approach will be issued. Final accounts and work on the Value for Money Conclusion will be completed in July/August 2016 and work on the whole of government accounts return in September 2016.

Phase of Work	Timing	Outputs
Audit planning and interim audit	January to March 2016	Audit Plan
Final accounts audit	July to September 2016	Report to those charged with governance
Value for Money Conclusion	January to September 2016	Report to those charged with governance
Whole of government accounts	September 2016	Opinion on the Whole Government Accounts (WGA) return
Annual audit letter	October 2016	Annual audit letter to the Authority

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Fees (see paras 4 – 8)
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None.
Consultation (identify any public or other consultation that has been carried out on this matter)	None.
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 – Grant Thornton UK LLP – Planned Audit Fee for 2015/16 letter dated 14/04/2015

Contact Officer

Martin Reohorn, Treasurer
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Grant Thornton

An instinct for growth™

Mr Martin Reohorn
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14 April 2015

Dear Martin

Planned audit fee for 2015/16

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. In this letter we set out details of the audit fee for Hereford & Worcester Fire & Rescue Authority along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The Authority's scale fee for 2015/16 has been set by the Audit Commission at £32,872, which compares to the audit fee of £43,829 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission's closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/ and on the Public Sector Audit Appointments PSAA website psaa.co.uk

The audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Chartered Accountants

Member firm within Grant Thornton International Ltd
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A list of members is available from our registered office.

Scope of the audit fee

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that the Authority has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Authority's financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2015	8,218
December 2015	8,218
March 2016	8,218
June 2016	8,218
Total	32,872

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2015 to February 2016. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in July and August 2016 and work on the whole of government accounts return in September 2016.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2015- February 2016	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Authority's accounts and VfM.
Final accounts audit	June to Sept 2016	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	Jan to Sept 2016	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2016	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2016	Annual audit letter to the Authority	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2015/16 are:

	Name	Phone Number	E-mail
Engagement Lead	Mark Stocks	0121 232 5437	mark.c.stocks@uk.gt.com
Engagement Manager	Neil Preece	0121 232 5292	Neil.A.Preece@uk.gt.com
In Charge Auditor	Harry Gabriel	0121 232 5339	harry.gabriel@uk.gt.com

Additional work

The scale fee excludes any work requested by the Authority that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Authority.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts, our Public Sector Assurance regional lead partner at jon.roberts@uk.gt.com.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Stocks', with a long horizontal line extending to the right.

Mark Stocks
Engagement Lead
For Grant Thornton UK LLP

18 January 2016

Report of the Internal Auditor

7. Internal Audit Monitoring Report 2015/16

Purpose of report

1. To provide the Committee with a progress update on the 2015/16 plan delivery.
-

Recommendation

The Treasurer recommends that the report is noted.

Introduction and Background

2. The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority under the Accounts and Audit (England) Regulations 2015. This includes considering, where appropriate, the need for controls to prevent and detect fraudulent activity. These should also be reviewed to ensure that they are effective. This duty has been delegated to the Treasurer and Internal Audit is provided by Worcestershire Internal Audit Shared Service (WIASS). Management is responsible for the system of internal control and should set in place policies and procedures to ensure that the system is functioning correctly.

Objectives of Internal Audit

3. The Public Sector Internal Audit Standards 2013 defines internal audit as: “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. WIASS is committed to conforming to the requirements of the Public Sector Internal Audit Standards.

Aims of Internal Audit

4. The objectives of WIASS are to:

- Examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Fire Service and recommend arrangements to address weaknesses as appropriate;
- Examine, evaluate and report on arrangements to ensure compliance with legislation and the Fire Service's objectives, policies and procedures;
- Examine, evaluate and report on procedures that the Fire Service's assets and interests are adequately protected and effectively managed;
- Undertake independent investigations into allegations of fraud and irregularity in accordance with Fire Service's policies and procedures and relevant legislation; and
- Advise upon the control and risk implications of new systems or other organisational changes.

5. Internal audit has worked with external audit to try and avoid duplication of effort, provide adequate coverage for the 2015/16 financial year so that an internal audit opinion can be reached and support external audit by carrying out reviews in support of the accounts opinion work.

Audit Planning

6. To provide audit coverage for 2015/16, an audit operational programme to be delivered by WIASS was discussed and agreed with the Authority's Section 151 Officer and Treasurer as well as Senior Management Board and was brought before Committee in September for consideration. The audit programme provides a total audit provision of 111 audit days; 92 operational and 19 management days.

Audit Delivery

7. 2015/16 audits commenced after the Committee had agreed the 2015/16 plan at the 28th September 2015 Committee.

8. To assist the Committee to consider assurance on the areas of work undertaken, an overall assurance level is given to each audit area based on a predetermined scale. Also, the findings are prioritised into 'high', 'medium' and 'low' within audit reports with all 'high' priority recommendations being reported before committee.

2015/16 Audits:

9. During quarter three five audits were delivered and are now nearing completion with the draft reports issued. The audits included Payroll and Pensions, Creditors, Debtors, Main Ledger and Budgetary Control and Imprest account/cash float.
10. The summary results of these audits will be reported to the next Committee, however, it can be reported in the interim that there are no 'high' priority recommendations resulting from the work that has been completed.

Conclusion/Summary

11. The Internal Audit Plan for 2015/16 is progressing well and outcomes and assurance will be reported to the next Committee.
12. The H&WFRS and WIASS are continuing to work together to achieve internal audit partnership status for the H&WFRS.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	There are financial issues that require consideration as there is a contract in place but not fully detailed in this report.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do)	None There are legal issues e.g. contractual and procurement that require consideration but are not fully detailed in this report as they are contained within the contract.

not, identify any potential implications).	
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Yes, whole report.
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A – no policy change is recommended
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 – ‘High’ priority recommendations for completed audits including definitions

Contact Officer

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'High' Priority Recommendations reported

As audit work is continuing in regard to the 2015/16 audit programme outline findings so far indicate there are no 'high' priority recommendations to report.

Report of the Head of Legal Services

8. Review of the Whistleblowing Policy

Purpose of report

1. To report on the review of the Authority's Whistleblowing Policy and recommend approval of the revised document.

Recommendation

It is recommended that the revised Whistleblowing Policy be approved.

Introduction and Background

2. A key element of the Authority's governance framework is to create an environment in which staff, contractors and the public feel able to report any concerns they may have about improper conduct and to be confident their concerns will be investigated without fear of reprisal. The Whistleblowing Policy is designed to meet that requirement.
3. In addition to the requirements for good governance, the Public Interest Disclosure Act 1998 (PIDA) protects employees against unfair dismissal or victimisation where they make a 'protected disclosure' within the meaning of the Act. The other purpose behind the Whistleblowing Policy is therefore to provide the mechanisms and safeguards to give staff the confidence to raise matters in-house at an early stage.

Review of the Whistleblowing Policy

4. The Audit & Standards Committee has responsibility to formulate and approve policy documentation in relation to Whistleblowing and to review the effectiveness of the policy throughout the Authority. The policy was last reviewed in April 2013.
5. The policy has recently been reviewed in light of the publication of the following documents:
 - i) the report on the effectiveness of existing arrangements for workplace whistleblowing in the UK, which was published by the Whistleblowing Commission in November 2013; and
 - ii) the guidance for employers and code of practice on whistleblowing published by the department of Business Innovation and Skills (BIS) in March 2015.

6. The revised policy is attached at Appendix 1, and contains the following amendments:
 - a) The title has been amended to read Whistleblowing Policy, rather than Confidential Reporting (whistleblowing). Although the Authority will make every effort to protect the identity of a whistle-blower, confidentiality cannot be automatic. The previous title of the document may have given a false expectation.
 - b) The amended policy provides further clarity with regards to the legal protection provided to a whistle-blower under PIDA, particularly where a concern is raised externally. Paragraphs 7.2 to 7.6 provide further clarity on the conditions that must be met in order to be protected by the law.
 - c) Paragraphs 5.3 and 5.4 provide further guidance to staff in raising a concern, in particular they type of information that may help them to convey the facts surrounding any concern.
 - d) Paragraph 5.8 provides staff with the option to contact the Audit & Standards Committee Chairman if they have raised a matter with officers and still have concerns. This reinforces the independent role of the Committee, through its Chairman.
 - e) The difference between confidentiality and anonymous allegations is highlighted in paragraph 8.2 and raises awareness of the lack of support or protection available to an anonymous whistle-blower.
7. Staff and others who work with the Authority will be made aware of the revised policy. This will be carried out through awareness sessions with managers on how to deal with concerns raised by staff, by disseminating information via the staff bulletin and maintaining awareness with those who may contract with the Authority.

Conclusion/Summary

8. The Whistleblowing Policy is an important element in our approach to corporate governance as it facilitates the effective scrutiny of conduct within the organisation. A key element of the Authority's governance framework is to create an environment in which staff, contractors and the public feel able to report any concerns they may have about improper conduct and to be confident their concerns will be investigated without fear of reprisal. The Whistleblowing Policy is designed to meet that requirement.
9. The current policy has been reviewed in light of guidance documents published by the Whistleblowing Commission and by BIS. We will continue to raise awareness amongst all those who work for or on behalf of the Authority. This will be carried out through awareness sessions with managers on how to deal with concerns raised by staff, disseminating information via the staff bulletin and maintaining awareness with those who may contract with the Authority.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	N/A
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	Adhering to principles of good governance underpins delivery of 'Our Strategy'
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	N/A
Consultation (identify any public or other consultation that has been carried out on this matter)	Staff representative bodies have been consulted on the proposed amendments and their comments have been incorporated.
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	An equalities impact assessment form has not been completed as the revised Whistleblowing Policy follows guidance published by BIS and the Whistleblowing Commission.

Supporting Information

Appendix 1 – Revised Whistleblowing Policy

Background papers:

- Code of Corporate Governance
- Annual Governance Statement
- The effectiveness of existing arrangements for workplace whistleblowing in the UK, Whistleblowing Commission, November 2013
- Guidance for employers and code of practice on whistleblowing, Department of Business Innovation and Skills (BIS), March 2015.

Contact Officer

Nigel Snape, Head of Legal Services
(01905 368242), Email: nsnape@hwfire.org.uk



Whistleblowing Policy

Folder Name	Management & Administration	Folder Number	1
Section Name	Personnel	Section Number	D
Part Name	N/A	Part Number	N/A

Title	Whistleblowing Policy
Status	Live
Document Version	Draft Version 03.01
Author	
Sponsor	Nigel Snape, Monitoring Officer
Department	Legal Services
Date Approved by SMB	TBC
Review frequency	3 Years
Next Review	TBC

Version History

Version	Date	Description

Executive Summary

Hereford & Worcester Fire Authority (the Authority) is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, we expect employees and others working at or for the Authority who have serious concerns about any aspect of the Service's work to come forward and voice those concerns.

This policy ensures that you will not be treated unfairly by the Authority or lose your job with the Authority because you 'blew the whistle' and it applies to anyone working for or on behalf of the Authority. This policy explains how to raise a concern and how the Authority will handle the matter. It also sets out a list of contacts where further advice can be obtained.

The Authority will make every effort to protect your identity if you so wish and we will not disclose it without your consent. If the situation arises where it is not possible to pursue your concern without revealing your identity (for example, the need to give evidence in court or at a disciplinary hearing), we will discuss with you how and if we can proceed.

The law protects workers who raise legitimate concerns made in the public interest from suffering any detriment. Any victimisation or harassment of a worker raising such a concern will be considered a disciplinary matter and dealt with accordingly.

Alternative Formats

If you require this document in another format please contact the Human Resources and Development Department.

Risk Critical Information (if applicable)

N/A

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Whistleblowing Policy

1. Introduction

- 1.1** It is often people working within organisations, who are the first to realise that there may be something seriously wrong in their place of work. They may be wary of expressing concerns because they feel that to do so would be disloyal to their colleagues. They may also fear harassment or victimisation. In these circumstances it may feel easier to ignore the concern rather than report what may just be a suspicion of malpractice. The Authority is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, we expect employees and others working at or for the Authority who have serious concerns about any aspect of the Service's work to come forward and voice those concerns.
- 1.2** This Policy is based on a series of comprehensive and inter-related procedures:
- Ethical Framework & Employees Code of Conduct
 - Members Code of Conduct
 - Contract Standing Orders
 - Financial Regulations
 - Disciplinary Procedure

2. Aims of the Policy

- 2.1** Everyone should be aware of the importance of preventing and eliminating wrongdoing at work. Workers should be watchful for illegal and unethical conduct and report anything of that nature that they become aware of.
- 2.2** Under the Authority's Financial Regulations, all staff are required to observe the Anti-Fraud, Bribery and Corruption Policy as summarised in paragraph 5.2 below. Any staff involved in entering into contracts should ensure that the values and behaviours described in the Anti-Fraud, Bribery and Corruption Policy are applied and that suppliers are selected in an honest and transparent fashion.
- 2.3** All employees have certain responsibilities to report unlawful or unfair behaviour, as set out in the Ethical Framework and Code of Conduct. This policy is designed to encourage and enable you to raise concerns about such behaviour. It does this by providing you with an opportunity to raise concerns that you reasonably believe point to serious malpractice without fear of victimisation, subsequent discrimination or disadvantage.
- 2.4** The law protects workers who raise legitimate concerns made in the public interest that:
- a criminal offence;
 - a breach of a legal obligation;

- a miscarriage of justice;
- an act creating risk to health and safety;
- an act causing damage to the environment; or
- concealment of any of the above

is being, has been, or is likely to be committed by employees, Officers, Members of the Fire Authority or others acting on behalf of the Fire Authority.

- 2.5** Victimisation or harassment of a worker raising such a concern will be considered a disciplinary matter and dealt with accordingly. This means that the continued employment and opportunities for future career progression or training will not be prejudiced because a worker has raised a legitimate concern. If you believe you are suffering detriment or discrimination for having raised your concern you should report this to Human Resources or to the Responsible Officer who is dealing with your case (see paragraph 6.1).

3. Who is covered by the Policy?

- 3.1** The policy applies to you if you work for or on behalf of Authority e.g. an employee, contractor, casual worker, secondee, volunteer.
- 3.2** This policy is designed to be used for concerns raised in the public interest and not for issues that concern personal interests. If you have concerns over your own personal circumstances you must use the Service Policy/Instructions 1.D.7.7.1 'Grievance Procedure for Uniformed and Support Staff' (Service personnel only), a copy of which is available from the Human Resources Department at Headquarters.

4. Who is Responsible for the Policy?

- 4.1** The Chief Fire Officer and the Monitoring Officer (Head of Legal Services) have overall responsibility for the maintenance and operation of this policy. Their role is to ensure that all matters raised are investigated properly and to maintain a record of concerns raised, together with outcomes; they will report as necessary to the Fire Authority without jeopardising confidentiality.
- 4.2** The Authority's Audit & Standards Committee is responsible for the independent oversight and review of whistleblowing processes and the effectiveness of their application throughout the Authority.

5. How to Raise a Concern

Step 1

- 5.1** If you have a concern about malpractice, the Authority hopes that you will be able to raise the matter with your immediate Manager or his/her Line Manager. If you are not

directly employed by the Authority and do not have a Line Manager within the Authority you should raise the matter directly with the Monitoring Officer.

- 5.2** If you suspect fraud, bribery or corruption, please also refer to Service Policy/Instructions 1.B.10 'Anti-Fraud, Bribery and Corruption Policy' which requires staff and managers who suspect fraud, bribery or corruption, or who have such suspicions to report them immediately to the Head of Finance (or to the Treasurer or other officer listed at the in the Policy– if this would not be appropriate), who will notify the Treasurer. A copy of the SPI is available from the Legal Services Department at Headquarters.
- 5.3** It is best to raise any concern as early as you can. Concerns may be raised verbally and/or in writing and must convey the facts. The following headings may help you organise your thoughts but do not need to be followed exactly:
- why you are concerned and background information about the matter;
 - any other procedures which you have already used and what happened;
 - the people involved and where they work;
 - dates or periods of time; and
 - the names and jobs of any other people who will support your concern.
- 5.4** If you wish to make a written report you should mark it private and confidential.
- 5.5** However, if you feel unable to raise the matter with your Line Manager due to the seriousness and sensitivity of the issues involved or if you believe that your Senior Manager may be involved you should approach the Monitoring Officer for guidance.
- 5.6** If you are personally involved in the matter raised, please inform the Authority at the outset. You may invite your Trade Union representative, a member of staff from Human Resources or a work colleague to be present during any meetings or interviews (which may be arranged away from your normal workplace if you so wish) in connection with the concerns you have raised.

Step 2

- 5.7** If you have followed these channels and you still have concerns or you feel you are unable to discuss the matter with any of the nominated Officers listed above, please contact either the Monitoring Officer (Head of Legal Services) or the Director of Service Support.

Step 3

- 5.8** In most cases there will be an appropriate senior officer e.g. the Chief Fire Officer, Monitoring Officer or Treasurer with whom you should be able to raise your concern. However, if you feel you are unable to discuss the matter with Senior Officers or you have already followed steps 1 and/or 2 and still have concerns, please contact the Chairman of the Authority's Audit & Standards Committee. Committee & Members' Services can provide you with contact details for the current Committee Chairman.

6. How will we Handle the Matter?

- 6.1** We will write to you within 7 working days to acknowledge that your concern has been received and to inform you of any relevant support mechanisms. The Authority will respond promptly to your concerns by assessing what action ought to be taken. This may involve an internal investigation or a more formal inquiry. We will tell you who is handling the matter (the Responsible Officer), how you can contact them, how long the investigation is likely to take and whether any more assistance from you will be required.
- 6.2** Some concerns may be resolved by agreed action without the need for an investigation. If urgent action is required this may be taken before any investigation is conducted.
- 6.3** Thereafter, the Responsible Officer will keep you informed of progress and the outcome of any investigations or decisions on the matter, where appropriate.
- 6.4** The Authority will support you and will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Authority will arrange for you to receive advice about the procedure.

7. Step 3 – Raising a Concern Externally

- 7.1** Whilst it is hoped that this policy gives you the confidence to raise your concern with the Authority, if you feel you are unable to do this we would prefer that you raised your concern with an external regulator rather than not at all.
- 7.2** You can refer your concern to an external regulator and still be protected by the law if:
- you act in good faith;
 - you reasonably believe that the information you are disclosing is substantially true; and
 - your concern falls within the remit of one of the prescribed external regulators as listed by the Department for Business, Innovation and Skills.
- 7.3** If you report an issue to an external regulator must ensure that you have chosen the correct body or person for the issue concerned. The Department for Business, Innovation and Skills has published guidance on the list of prescribed persons and bodies to whom concerns can be raised in certain circumstances ([Blowing the Whistle to a Prescribed Person: List of Prescribed Persons and Bodies](#)).
- 7.4** Finally, in circumstances where you genuinely believe that the matter cannot or will not be dealt with internally or by a prescribed external regulator and you have evidence to back up your concern, you may consider it appropriate to contact a non-regulatory external body, for example the Police.

7.5 You may retain protection under the law in any of the following circumstances:

- a) you reasonably believe that you will be subject to detriment if you make your concern known to the Authority or the prescribed external regulator; or
- b) where there is no relevant prescribed external regulator and you reasonably believe that evidence will be concealed or destroyed if you put forward your concerns to the Authority; or
- c) you have previously made the same disclosure of information to the Authority or the prescribed external regulator to no avail.

7.6 To be protected under the law you will also need to meet the following conditions:

- your concern is made in good faith;
- you reasonably believe that the information disclosed is substantially true;
- your concern is not raised for personal gain; and
- it is reasonable to disclose the information.

7.7 You are strongly advised to seek independent advice before you raise any issue outside the Authority. A list of contacts is given in the section to follow entitled 'Further Advice and Contacts'.

8. Confidentiality

8.1 The Authority will make every effort to protect your identity and we will not disclose it without your consent. If the situation arises where it is not possible to pursue your concern without revealing your identity (for example, the need to give evidence in court or at a disciplinary hearing), we will discuss with you how and if we can proceed.

8.2 An anonymous concern will be assessed as best it can to establish whether there is substance to the concern and whether it can be addressed. The Authority will be unable to reassure or protect a worker who discloses information anonymously.

9. Untrue Allegations

9.1 If you make an allegation in good faith but it is not substantiated by the evidence produced during the investigation, no action will be taken against you. If, however, you are an employee or statutory office holder and you make an allegation maliciously or for personal gain, this may result in disciplinary action being taken against you. If you are a contractor or you are employed by another organisation but working on behalf of the Authority and you make an allegation maliciously or for personal gain, this may result in you being removed from the approved list of contractors or the Authority may discontinue using your services.

10. Further Advice and Contacts

10.1 You may of course seek advice from any of the following:

Monitoring Officer (Head of Legal Services) - Nigel Snape	Hereford & Worcester Fire Authority 2 Kings Court Charles Hastings Way Worcester WR5 1JR Tel: 01905 368242
Internal Auditor Worcestershire Internal Audit Shared Service South Wing, Guildhall, High Street Worcester WR1 2EY Tel: 01905 722 051	External Auditor Grant Thornton UK LLP Colmore Plaza, Colmore Circus Birmingham B4 6AT Tel: 0121 212 4000

10.2 If you want independent advice at any time you may contact your Trade Union or the independent charity, "Public Concern at Work" on 020 7404 6609 or email them at helpline@pcaw.demon.co.uk. Their lawyers will give you free confidential advice at any time on how to raise a concern about serious malpractice at work.