



HEREFORD & WORCESTER Fire Authority

Audit and Standards Committee

AGENDA

Wednesday, 15 April 2015

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 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.



Tel: 0845 122 4454





Hereford & Worcester Fire Authority

Audit and Standards Committee

Wednesday, 15 April 2015, 10:30

Agenda

Councillors

Ms L R Duffy (Chairman), Mr G C Yarranton (Vice Chairman), Ms P Agar, Mr S C Cross, Mr W P Gretton, Ms K S Guthrie, Mrs A T Hingley, Mr R I Matthews, Mr A P Miller, Professor J W Raine, Mr P Sinclair-Knipe, Mr J W R Thomas, Mr G J Vickery,

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 meeting held on 21 January 2015.	7 - 8
5	Strategic Risk Register To provide Audit & Standards Committee with an update on changes to the Strategic Risk Register.	9 - 12

6	Internal Audit Monitoring Report	13 - 22
	To provide the Committee with a progress update on the 2014/15 plan delivery.	
7	External Audit Plan	23 - 38
	To provide the Committee with the External Audit Plan for the year ended March 2015 which highlights any risks for Members to be aware of.	
8	Informing the Audit Risk Assessment	39 - 63
	To contribute towards effective communication between the Authoritys external auditors and the Authoritys Audit and Standards Committee. Highlighting areas where external auditors are required to make enquiries of the Audit and Standards Committee under Auditing Standards,	
9	National Fraud Initiative	64 - 70
	To inform Members of the results of the National Fraud Initiative (NFI), the actions taken by Officers and subsequent outcomes.	
10	Annual Compliments, Complaints and Concerns Review	71 - 73
	To update the Committee with details of compliments, complaints and concerns made by the public about the Service over the past 12 months.	
11	Member Development Plan	74 - 78
	To provide Members with the draft Member Development Plan 2015/16 for approval.	



Hereford & Worcester Fire Authority

Audit and Standards Committee

Wednesday, 21 January 2015, 10:30

Minutes

Members Present: Ms L R Duffy , Mr W P Gretton , Ms K S Guthrie , Mrs A T Hingley , Mr A P Miller , Mr P Sinclair-Knipe , Mr G C Yarranton , Ms P Agar , Mr G J Vickery , Professor J W Raine , Mr S C Cross , Mr J W R Thomas

Substitutes: none

Apologies for Absence: Mr R I Matthews

1 Declarations of Interest (if any)

No declarations of interest were made.

2 Confirmation of Minutes

RESOLVED that the minutes of the Audit and Standards Committee meeting held on 24 September 2014 be confirmed as a correct record and signed by the Chairman.

3 Annual Audit Letter 2013/2014

The report was presented by Joan Hill from Grant Thornton UK LLP, the External Auditors. No significant issues were found with the primary statements in the 2013/2014 audit and an unqualified opinion on the Authority's 2013/14 financial statements and value for money conclusions were issued on 29 September 2014.

RESOLVED that the Committee note the Annual Audit Letter 2013/14 from the External Auditors. Grant Thornton UK LLP.

4 Review of Anti Money Laundering Policy

The report was presented by the Treasurer. The policy had been reviewed and updated in accordance with the Authority's code of corporate governance to ensure it remains fit for purpose and compliant with updated legislation.

RESOLVED that the Committee approve the revised Anti Money Laundering Policy.

5 Internal Audit Monitoring Report

The report was presented by internal auditor Andy Bromage. No high priority recommendations were put forward and confirmation was received that all assurances had been delivered.

The Treasurer asked the Committee to note that although the contract between Worcestershire Internal Audit and the Authority had reached its termination date (31 Dec 2014) coverage was continuing to the end of 2014/15 as agreed. Discussions were underway on the terms for the Authority to join the Worcestershire Internal Audit Partnership as agreed by the Fire Authority on 1 October 2014.

RESOLVED that the Committee note the report.

6 External Audit Fee Letter

The report was presented by Mark Stocks from Grant Thornton UK LLP, the External Auditors. Mr Stocks summarised the scale fee for Audit work along with the scope and timings of work to be undertaken.

RESOLVED that the Committee note the External Audit Fee Letter 2014/15 from the External Auditors, Grant Thornton UK LLP.

The Meeting ended at: 11:04

Signed:.....

Date:.....

Chairman

Report of the Head of Operational Support

5. Strategic Risk Register

Purpose of report

1. To provide Audit & Standards Committee with an update on changes to the Strategic Risk Register.

Recommendations

It is recommended that the Committee notes the Strategic Risk Register 2014/15, in particular the continued likelihood, but reduced impact of Industrial Disputes.

Background

2. The Emergency Planning and Resilience Officer is responsible for co-ordinating the annual review of the Departmental Risk Registers and Strategic Risk Register. The review meets the requirements of the Audit & Standards Committee's terms of reference to monitor and review the Authority's risk management arrangements.
3. The purpose of strategic risk management is to effectively identify risks to the success of the organisation and put effective control measures in place to mitigate their effect. For example, to manage the risk of industrial disputes the Service has in place controls such as a robust Business Continuity Plan and regular meetings with Representative Bodies.

Risk Management Strategy

4. The Risk Management Strategy Service Policy Instruction (SPI) is in place for recording risks within the Authority.
5. The overall objective of the Strategy is to ensure that the Authority identifies strategic risks and applies the most cost effective control mechanisms to manage those risks. This ensures they are eliminated or reduced to an acceptable level and that systems are in place to monitor and report against them. The Strategic Risk Register is then prepared to identify controls which mitigate the inherent identified risks. The residual risk demonstrates the revised risk assessment as a result of the action taken.
6. Utilising a "bottom up" approach to risk management, Departments, Area Commanders, and Directors have all assessed their risks. The highest and/or most prevalent risks have been elevated to the Strategic Risk Register.

Strategic Risk Register

7. The overall responsibility for ensuring risks are managed effectively lies with the Authority as professionally advised by Officers. The live Strategic Risk Register outlines to Members the risk scoring for both likelihood and impact of each risk. It reflects the updated National Risk Register which is intended to capture the range of emergencies that may have an impact on all, or significant parts, of the UK as well as internal risks. The National Risk Register drives the Community Risk Register held by West Mercia Local Resilience Forum (WMLRF) and is recognised in the Service's live Strategic Risk Register. From a Service perspective, the Strategic Risk Register acknowledges departmental, project and partnership risks.
8. WMLRF is a multi-agency group comprising bodies within West Mercia such as local authorities, national and local health agencies, the three emergency services and the Environment Agency. The purpose of the LRF is to ensure effective delivery of the duties of the Civil Contingencies Act (CCA) 2004. This requires partner agencies to co-ordinate resources so they can respond effectively when incidents do occur.
9. Within the Strategic Risk Register, the three risks assessed to be of most concern to the Authority are:
 - a. Death of a Firefighter during an operational incident due to the Service's actions;
 - b. Death of a Member of the Public through Service Activities; and
 - c. Reduction in real terms of grants and/or other income affecting service delivery.
10. These risks are being continually monitored by the Senior Management Board (SMB) and a number of control measures have been put in place to control them.
11. Risk No. 2: Industrial Disputes remains 5 on the risk matrix due to the ongoing industrial action by the Fire Brigades Union. The impact was downgraded from a 4 to a 3 due to the continued successful implementation of the Service's Business Continuity Plan for industrial action, which has included:
 - The use of volunteers within the Service willing to provide additional cover (over and above their normal hours) during periods of strike action;
 - The standing up of alternative sites enabling those staff working as normal to avoid crossing picket lines;
 - A resilience crew based at Service Headquarters during strike periods to be used as and when necessary to bolster crewing.
 - Successful communications and relations with staff throughout the dispute.
 - Regular meetings of the Industrial Action Management Group in order to monitor the situation, review and amend plans and to ensure the continued robustness of business continuity arrangements.

Conclusion/ Summary:

12. A robust process has been followed and there is continual monitoring and reviewing taking place at quarterly SMB performance meetings and Middle Management Board meetings to ensure risks are being used to drive business.
13. The Authority's Strategic Risk Register will be formally reported to Members annually, with significant changes being reported to the Audit & Standards Committee in a risk update.

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).	N/A
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)	N/A
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information:

Appendix 1 – Strategic Risk Register 2014/15

Contact Officer

Keith Chance: Area Commander

Head of Operations Support

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Appendix 1

Number	Risk Description	Inherent Risk			Existing Control Measures	Residual Risk			Outstanding Exposures	Actions	Date Assessed	Date Reviewed	Risk Owner	Approved by
		Likelihood	Impact	Risk Score		Likelihood	Impact	Risk Score						
1	Major ill health epidemic affecting service levels	2	4	8	1. Business Continuity Plan 2. Occupational Health 3. Flu Pandemic Plan 4. Vehicle dealership support 5. Multi skilled maintenance staff 6. Temporary staff arrangements 7. Existing backup plans in place for delivery services provided by external agency 8. Section 13/16 agreements	2	3	6	Chance of external agencies affected by same epidemic	Implement contingency arrangements as set out in Business Continuity supplement.	28/01/2013	12/05/2014	CFO/ SMB (elevated by Director of Service Support Risk Register)	CFO
2	Industrial disputes	5*	5	25	1. Regular meetings with Representative Bodies 2. Good and effective industrial relations 3. National Guidelines 4. Constant review of actions and guidelines 5. Business Continuity Plan 6. National and Local Resilience Forum briefings 7. Work with National Joint Council 8. Industrial Action Management Group meetings and pre-planning	5	3	15		Implement contingency arrangements as set out in Business Continuity supplement. Impact lessened due to experience of 12 separate strike periods.	28/01/2013	12/05/2014	CFO/ SMB (elevated by Director of Service Support Risk Register)	CFO
3	Death of Member of Public through Service activities	2	5	10	1. Professional training standards & Rolemaps 2. Risk Management 2. High quality operational equipment and Personal Protective Equipment 3. Operational procedures and Standard Operating Procedures 4. Firefighter Safety top Organisational objective 5. Robust Health and Safety Arrangements, Policy, Training 6. Major Event Response Protocol.	1	4	4	1. Reputational issues 2. Working Time Directive 3. Risk Assessment	1. Monitor National Guidance. 2. Monitor De- brief information 3. Review Operational Guidance 4. Maintain Equipment and Personal Protective Equipment 5. Training and Development 6. Policy Review 7. Communications Strategy	28/01/2013	12/05/2014	CFO/SMB (elevated by Director of Service Support and Director of Service Delivery Risk Registers)	CFO
4	Death of a Firefighter as a consequence of an operational incident	2	5	10	1. Professional training standards & Rolemaps 2. High quality operational equipment and Personal Protective Equipment 3. Operational procedures and Standard Operating Procedures 4. Firefighter Safety top Organisational objective 5. Robust Health and Safety Arrangements, Policy, Training 6. Major Event Response Protocol 7. Legislation and Governance 8. National, Regional and Local Frameworks 9. Risk Management 10. Asset Management 11. Internal Operational Assurance	1	5	5	1. Unforeseeable terrorist or other activity	1. Monitor National Guidance. 2. Monitor De- brief information 3. Review Operational Guidance 4. Maintain Equipment and Personal Protective Equipment 5. Operational Gap Analysis 6. Enhanced interoperability	28/01/2013	12/05/2014	CFO/ SMB (elevated by Director of Service Support and Director of Service Delivery Risk Registers)	CFO
5	Reputation damage (challenge to reputation/ employee scandal)	2	3	6	1. Appointment of Head of Legal Services (Legislation and Governance) 2. Policy, Procedure and Protocol 3. Code of Conduct, Ethical Framework and related disciplinary toolkit 4. Communications Strategy 5. Business Continuity Plans	1	2	2	1. Unpredictable actions of staff 2. Service unaware of staff actions	1. Professional strategy 2. Communications strategy 3. Education and awareness	20/02/2013	12/05/2014	CFO/ SMB (elevated by Director of Service Delivery Risk Register)	CFO
6	Inability to respond effectively to major operational challenges (local or national)	2	5	10	1. Legislation and Governance 2. National, Regional and Local Frameworks 3. Risk Management - gap analysis e.g. Martle Farm 4. Policy, Procedure and Protocol 5. Asset Management	1	5	5	Event of Service wide or national significance/ Major terrorism/ environmental/ severe flooding or cultural significance	1. Training and Development 2. Policy review 3. Communications strategy	20/02/2013	12/05/2014	CFO/ SMB (elevated by Director of Service Delivery Risk Register)	CFO
7	Reduction in real terms of grants and/or other income affecting service delivery	5	4	20	1. Good financial planning 2. Strategic planning 4. Vigilant to future implications through monitoring 6. Senior Management Board team preplanning options 7. Meeting the challenge workshops with all staff 8. Integrated Risk Management Plan refers and Service streamlining. Note : Residual risk is the same as inherent risk because neither likelihood or impact are changed by the control measures	5	4	20	1. Extent of Austerity Cuts 2. What does post-Austerity look like 3. National, regional and local financial pressures. 4. Consequential inability to deliver corporate/ business objectives.	1. Continue to monitor all sources of data. 2. Continue to plan for significant resource reductions 3. Staff briefings timely/ accurate	20/02/2013	12/05/2014	CFO/SMB (elevated by Director of Finance and Assets Risk Register)	CFO
8	Failure to obtain/ unavailability of professional (legal/ financial) advice resulting in poor decisions, leading to financial loss and damage to the Authority's reputation.	4	4	16	1. Appointment of Head of Legal Services 2. Right systems and processes in place 3. Insurance for third party losses 4. Annual review of insurance provision 5. External legal advice available	2	4	8	1. Need to raise awareness of Head of Legal Services' role 2. Make arrangements for cover during absences	1. Maintenance of CPD for Head of Legal Services (ongoing) 2. Potential collaboration with other agencies to improve resilience 3. Raise awareness of Head of Legal Services' role 4. Make arrangements for cover	18/09/2012	12/05/2014	SMB/ CFO (elevated by Legal Services Risk Register)	CFO
9	Significant changes to national policy which mean local reaction outside of planned work loads	2	5	10	1. Horizon scanning through Chief Fire Officers Association, Local Government Association and other networks. 2. Cultural acceptance of need to be flexible. 3. Limited reserves to use on unplanned or unforeseen work. 4. Maintenance of local and regional 'decision influence' networks.	2	2	4	1. Non-predicted changes within National Framework or other pseudo statutory documents.	1. Continued horizon scanning and contribution to consultations.	19/03/2013	12/05/2014	SMB/ CFO (elevated by CFO)	CFO

* Likelihood score will fluctuate depending on local and national industrial relations

15th April 2015

Report of the Internal Auditor

6. Internal Audit Monitoring Report 2014/15

Purpose of report

1. To provide the Committee with a progress update on the 2014/15 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 2011. 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 2014/15 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 2014/15, an audit operational programme to be delivered by WIASS was discussed and agreed with the Authority's Section 151 Officer and Treasurer, Chief Accountant as well as External Audit and this was approved at the 30th June 2014 meeting. The audit programme provides a total audit provision of 111 audit days; 100 operational and 11 management days.
7. A small amendment to the draft plan was requested by the Chief Fire Officer during Committee. Subsequently, the plan has been amended to include an 'Operations' audit. This has been achieved by reducing the 'Equality and Diversity' audit budget from 9 to 5, reducing the 'follow up' budget from 7 to 5 and deferring a low risk 'Communications and Media' audit to next year. These actions provide a budget of 15 days, contained within the existing plan, to deliver an audit with regard to 'Operations' without compromising the overall audit coverage.

8. Additional assistance has also been requested as part of the payroll transfer to Warwickshire County Council. This extra work has been agreed with The Treasurer and is continuing.

Audit Delivery

9. Two audits that have been finalised since the 21st January Committee for the 2014/15 Audit Plan are reported below.
10. 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.

2014/15 Audits:

Documentation Services and Data Security

11. The review was a "critical friend" exercise which complemented a recent Public Services Network (PSN) audit that was undertaken. As a result of the PSN audit the authority is currently working towards the development of a proposed improvement plan. In addition the authority was already aware of some of the weaknesses identified prior to the PSN audit and will be working towards improving these as part of the overall improvement plan. Therefore a "critical friend" approach was more suited for this particular piece of internal audit work so that progress could be identified.
12. The audit did not include electronic access to data as controlled by the ICT department.
13. Development areas where further work will enhance the overall security includes the update of service policy instructions, procedures and related documents, the provision of training and promotion of data security to give a consistent approach across the organisation, the provision of clear data retention schedules, and, a nominated Information Risk Officer. The Head of Corporate Services has taken responsibility for the development areas and the plan that the Fire and Rescue Service is working to.

Current Position: Final Report issued 17th February 2015

Assurance: N/A as critical friend audit.

Building Maintenance

14. The review was a full system audit. The audit found there was generally a sound system of internal control in place. Testing identified that where relevant the authority's contract standing orders were followed and that there was a clear process in place to identify any necessary maintenance needs. Maintenance needs are prioritised based on health and safety as well as risk implications.
15. All works were authorised prior to being undertaken. Planned maintenance needs have not been built into the budget setting process during 2014/15 or 2015/16 and the planned maintenance programme has not been completed in full due to resource commitments during 2014/15 for other service units including the Joint Property Vehicle (JPV). However, this is being considered for the future and work continues to be prioritised on a risk/urgency basis. There were no 'high' priority recommendations.

Current Position: Final Report issued 27th February 2015

Assurance: Significant

16. Summary table of the 2014/15 finalised audits and assurance levels.

Audit	Assurance Level
2014/2015	
Documentary Services and data Security	N/A ~ critical friend
Building Maintenance	Significant

2014/15 Audits:

17. Audits that have been completed but not finalised since the 21st January Committee for the 2014/15 Audit Plan are reported below.

ICT

18. The review is a critical-friend review concentrating on areas which include appropriate retention of information on the ICT network, database management processes have been defined, ICT Business Continuity arrangements are fit for purpose, there is a clear defined programme of work for the ICT team over the financial period, and, staff training needs are continually monitored.

Transformational Planning

19. The review is a critical friend review concentrating on the areas in relation to process and procedures undertaken with regard to recent collaborative working projects and will document and critically assess and evaluate the procedures in place for Transformational Planning (collaborative working projects).

Operational Assurance

20. The review is a full system audit concentrating on Operational Assurance in regard to the key six safety critical areas which are:

- Training
- Intel
- Policies
- Active Incident Monitoring
- Thematic Reviews
- External Factors

and whether there is a robust system in place to monitor Operational Assurance performance.

21. As the audits are finalised, update reports will be brought before the Committee along with an extract of any 'high' priority recommendations. Finalised reports will be provided in their entirety to the Chairperson of the Committee for perusal on request.
22. A follow up in regard to Operational Logistics ~ Vehicle Maintenance was undertaken in January 2015 the outcome of which was that of the two high priority recommendations previously reported both had been implemented and satisfied. Work in regard to a medium priority recommendation for procedures remains ongoing due to a restructuring. In addition to the procedures, talks with the suppliers of Tranman are to be undertaken regarding enhancements to the system, this will also take into account the potential for redesigning of the forms used for recording costs against the jobs to enable more efficient working practices. A further internal audit review is planned once there is a full structure in place.

23. Capital Programme Follow Up

A follow up in regard to the capital programme was undertaken in January 2015 the outcome of which was 1 high priority and 2 medium priority recommendations have been satisfied in regard to a central tender register, security of data and the closing down of finance codes for completed projects. 3 further medium priority recommendations are in progress along with 1 which is to be actioned in regard to procurement and project management. There is currently an exercise looking at procurement and the requirements of the Fire Authority.

24. Stock Follow Up

A follow up in regard to stock was undertaken in January 2015 the outcome of which was progress has been made to resolve the issues with the current stock recording system. A meeting has taken place between the Finance Dept. the providers of the finance system and the officers undertaking the day to day duties in relation to stock and an action plan has been put together. Once these improvements have been implemented then the system will be able to provide more reliable management information.

25. Appendix 1 provides the Committee with a breakdown of 2014/15 internal audit plan delivery to date.

26. Appendix 2 provides the Committee with a breakdown of the 'high' priority recommendations that have been reported in respect of audits where the audit has been completed and final report issued. Also included are the definitions used to decide audit recommendation priority and overall assurance.

Conclusion/Summary

27. Operational progress against the Internal Audit Plan for 2014/15 remained steady with a clear plan of delivery to the end of March 2015. The revised plan has been delivered in its entirety with the bulk of the audit work completed. The remaining audits that are currently progressing through their final stages will be reported to the next Committee.

28. The H&WFRS and WIASS are continuing to work together to achieve internal audit partnership status for the H&WFRS. It is planned that the outline plan for 2015/16 will be brought before the next Committee for consideration along with the annual report.

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 not, identify any potential implications).	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.
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 – 2014/15 Internal Audit Plan delivery summary

Appendix 2 – ‘High’ priority recommendations for completed audits including definitions

Contact Officer

Andy Bromage

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Appendix 1

FIRE AUTHORITY Audit Plan for 2014/15

Service Area	System	Anticipated Days	Preferred Timing
Main Systems			
Accountancy and Finance Systems	Payroll & Pensions incl. GARTAN system	13	Final Report issued 17/12/14
	Creditors	8	Final Report issued 4/12/14
	Debtors	5	Final Report issued 4/12/14
	Main Ledger & Budgetary Control (and Training Budget)	8	Final Report issued 4/12/14
Corporate Governance	IT Audit	10	Draft Report
	Risk Management (Health Check)	5	Final Report issued 31/10/14
	Corporate Governance (Document Retention Services)	8	Final Report issued 17/02/15
System Management Arrangements /	Transformational Planning	10	Draft Report
	Building Maintenance	7	Final Report issued 27/02/15
	Communications and Media (Deferred to 2015/16 as replaced by Operations audit which was included part way through year)	0	n/a
	Equality and Diversity	5	Final Report issued 3/10/14
	Operations	15	Draft Report
General	Follow Ups	5	2014/15
	Advice & Guidance	1	2014/15
	Audit Committee & Management Reporting	11	2014/15
Total Contracted Days		111	

Audit Reports 2014/15

Definition of Audit Opinion Levels of Assurance (for information)

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

Definition of Priority of Recommendations

Priority	Definition
H	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.
M	Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.
L	Control weakness that has a low impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation is desirable as it will improve overall control within the system.

‘High’ Priority Recommendations reported

With the audits that have been finalised since the last Committee (21st January 2015) there have been no ‘high’ priority recommendations reported.

Report of the Treasurer

7. External Audit Plan 2014/15

Purpose of report

1. To consider the Audit Plan from Grant Thornton, the Authority's External Auditor, that sets out the work for the 2014/15 audit.
-

Recommendation

The Treasurer recommends that the Audit Commission's Audit Plan attached at Appendix 1 be noted.

Introduction and Background

2. The External Auditor is required to inform the Authority of the work they will undertake during an annual audit and this is submitted in the form of an Audit Plan.
3. The Audit Plan is based on the Grant Thornton's risk-based approach to audit planning.
4. Grant Thornton comply with the statutory requirements that govern their work in particular:
 - The Audit Commission Act 1998; and
 - The Code of Audit Practice for local government bodies.

Key Milestones and Deadlines

5. The Authority is required to prepare the accounting statements by 30 June 2015.
6. The Authority's Auditor aims to complete the work and issue the opinion and value for money conclusion by 30 September 2015.
7. The proposed timetable and planned outputs are included within the report which will be presented by Grant Thornton.

Conclusion/Summary

8. The Audit Plan sets out the work that will be undertaken during the 2014/15 audit. The Plan is based on Grant Thornton's risk-based approach to audit planning. However, the audit does not relieve the

management or the Audit Committee, as those charged with governance of their responsibilities.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are financial issues that require consideration	No	

Legal Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	No	

Additional Considerations

9. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e. paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	No	
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	No	
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	No	
Consultation with Representative Bodies	No	

Supporting Information: Appendix 1 –Audit Plan

Background papers – none

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The Audit Plan for Hereford and Worcester Fire and Rescue Authority

Year ended 31 March 2015

10 March 2015

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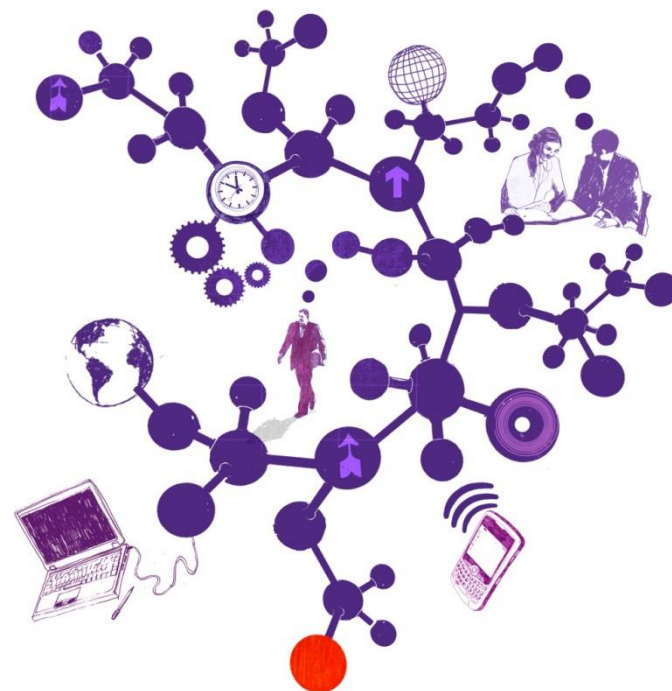
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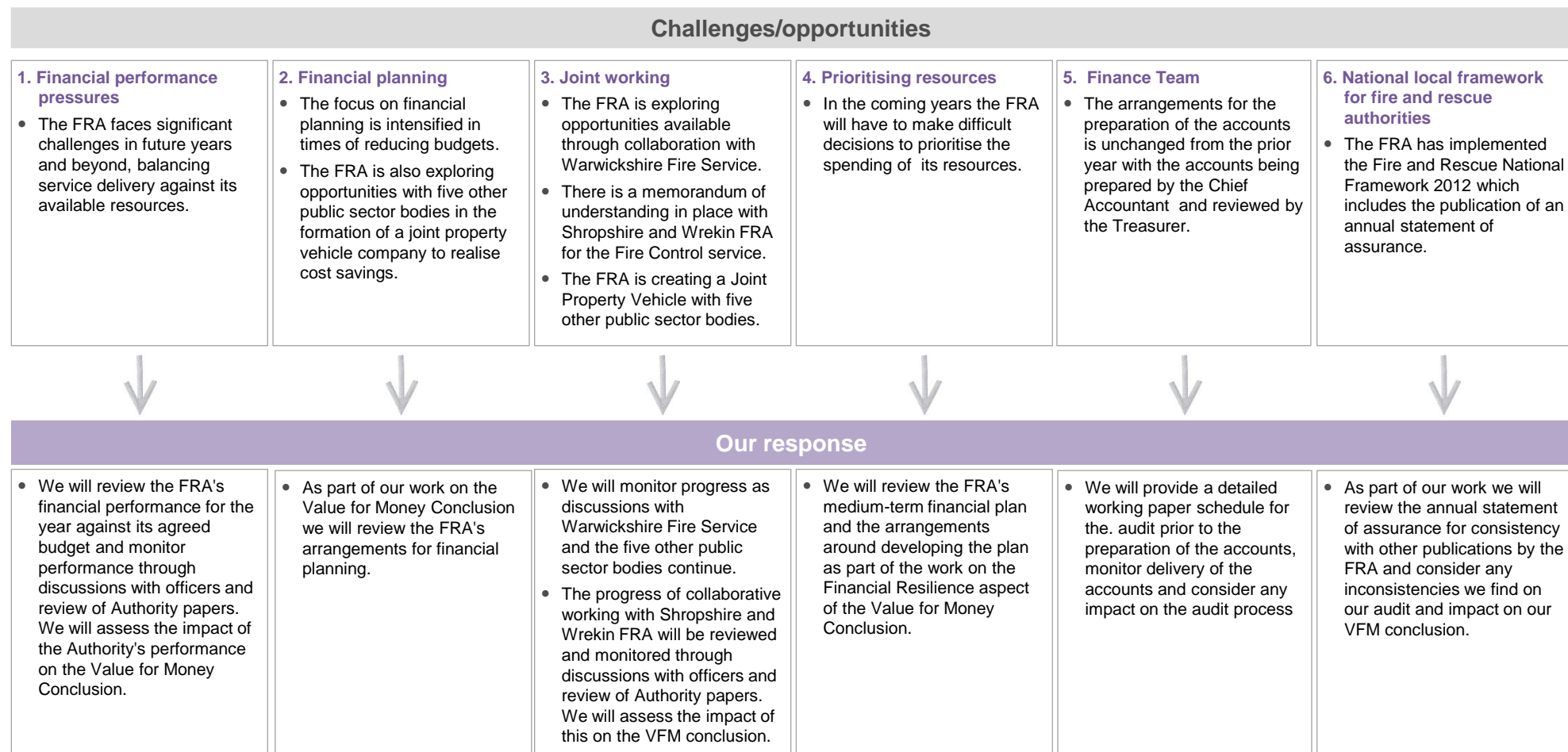
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Authority is facing. Whilst recognising there have not been any significant changes from last year, we set out a summary of our understanding below.



Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance. Whilst recognising there have not been any significant changes from last year, we set out a summary of our understanding below.

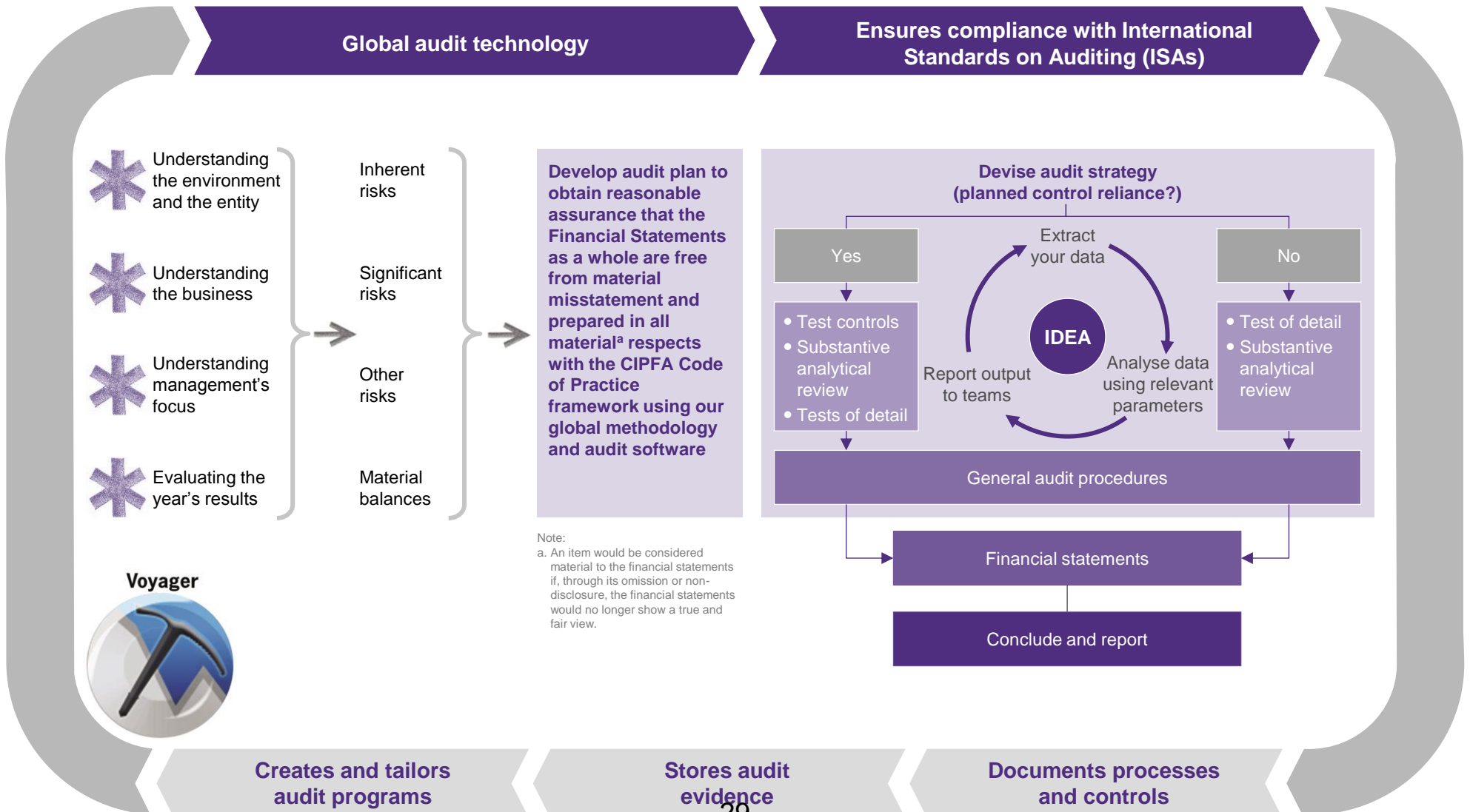
Developments and other requirements

1. Financial reporting <ul style="list-style-type: none"> Changes to the CIPFA Code of Practice for 2014/15, including those related to pension cost disclosures Clarification of Code requirements in 2014/15 for the determination of the net defined benefit liability (asset) The presentation of financial statements to reflect the amendments to IAS 1. 	2. Financial pressures <ul style="list-style-type: none"> Local Government Finance settlement Progress against savings plans. 	3. The efficiency agenda <ul style="list-style-type: none"> Reductions in central government funding continue to have an impact on fire authorities and on local government The Sir Ken Knight review was reported in May 2013 highlighting the drive for efficiency within the fire service. 	4. Pensions <ul style="list-style-type: none"> The requirement for auto enrolment commenced during 2013/14 and significant structural changes (i.e. introduction of career weighted average) for the Local Government pension Scheme (LGPS) will come into force in 2014/15 Changes to the Firefighters' pension are due to be implemented from April 2015. 	5. Corporate Governance <p>As in previous years the Authority is required to summarise the operation of its system of internal control in its Annual Governance Statement (AGS) and include an Explanatory foreword in its accounts.</p>	6. Other requirements <ul style="list-style-type: none"> The Authority is required to submit a Whole of Government accounts pack on which we provide an audit opinion .
--	--	--	--	---	---

Our response

<p>As part of our work on the financial statements, through discussions with management and through our audit testing we will:</p> <ul style="list-style-type: none"> ensure the Authority materially complies with the requirements of the CIPFA Code of Practice review the process for ensuring valuations are materially correct and comply with the CIPFA Code of Practice . 	<p>We will review the Authority's performance against the 2014/15 budget, including consideration of performance against the savings plan as part of our work on the Value for Money conclusion.</p>	<p>We will review the Authority's progress in identifying and delivering efficiencies as part of our work on the Value for Money conclusion.</p>	<p>We will discuss:</p> <ul style="list-style-type: none"> How the Authority dealt with the impact of the 2013/14 changes and has planned for the 2014/15 changes through our meetings with senior management How the authority plans to meet the requirement to determine the net benefit liability (asset) between the formal actuarial valuations every four years. 	<p>We will review:</p> <ul style="list-style-type: none"> the arrangements the Authority has in place for the production of the AGS the AGS and the explanatory foreword to consider whether they are consistent with our knowledge. 	<p>We will undertake our work in accordance with requirements in line with the prescribed timetable.</p>
---	--	--	--	--	--

Our audit approach



Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	We have considered whether the presumed risk of fraud due to improper recognition of revenue applies for the audit of Hereford and Worcester FRA. Due to the immaterial level of external non grant revenues expected to be received in 2014/15 we have concluded that the presumed risk can be rebutted for authority revenues. Contributions to the Fire fighters pension fund have also been considered. There are arrangements in place for the reconciliation of Fire fighters pension contributions which are administered by the authority's service provider for payroll and pension administration, Worcestershire County Council. We have concluded that the presumed risk can be rebutted for Fire fighters pension fund contributions.
Management over-ride of controls	Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.	Work planned: <ul style="list-style-type: none">• Review of accounting estimates, judgments and decisions made by management• Testing of journal entries• Review of unusual significant transactions

Other risks

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

Other reasonably possible risks	Description	Work completed to date	Further work planned
Operating expenses	Completeness Creditors understated or not recorded in correct period	<ul style="list-style-type: none"> We have documented the processes and controls in place around the accounting for Operating expenses and carried out walkthrough tests to confirm operation of controls. 	Tests of detail on operating expenses included in the financial statements including: <ul style="list-style-type: none"> Review of calculation of significant accruals and other items Review of payments after the year end Testing a sample of operating expenses.
Employee remuneration	Completeness Employee remuneration accruals understated	<ul style="list-style-type: none"> We have documented the processes and controls in place around the accounting for Employee remuneration and carried out walkthrough tests to confirm operation of controls. 	Tests of detail on employee remuneration including: <ul style="list-style-type: none"> Testing a sample of employee remuneration payments Agreement of employee remuneration disclosures in the financial statements to supporting evidence Review of the reconciliation between payroll and the general ledger Agreement of employee remuneration accrual in the financial statements to supporting evidence.
Fire fighters' pensions Benefit payments	Completeness Benefits incorrectly calculated/Liability understated	<ul style="list-style-type: none"> We have documented the processes and controls in place around the accounting for Fire fighters' pensions Benefit payments and carried out walkthrough tests to confirm operation of controls. 	Tests of detail on Fire fighters' pensions benefit payments including: <ul style="list-style-type: none"> Testing on a sample of fire fighters' pensions benefit payments Agreement of pension disclosures in the financial statements to supporting evidence.

Results of interim audit work

Scope

As part of the interim audit work and in advance of our final accounts audit fieldwork, we have:

- considered the effectiveness of the Internal Audit function
- considered Internal Audit's work on the Authority's key financial systems
- undertaken walkthrough testing to confirm whether controls are implemented as per our understanding in areas where we have identified a risk of material misstatement
- undertaken early substantive testing of Employee Remuneration and Operating expenses.

	Work performed	Conclusion/ Summary
Internal audit	<p>We have undertaken a high level review of Internal Audit's overall arrangements.</p> <p>We have reviewed Internal Audit's work on the Authority's key financial systems to date.</p>	<p>Overall, we have concluded that the Internal Audit service continues to provide an independent service to the Authority.</p> <p>We can take assurance from Internal Audit work in contributing positively to the internal control environment and overall governance arrangements at the Authority.</p> <p>Our review to date of Internal Audit work has not identified any weaknesses which impact on our audit approach or any issues which we wish to bring to your attention.</p>
Walkthrough testing	<p>Walkthrough tests in relation to the specific accounts assertion risks which we consider to present a risk of material misstatement to the financial statements for the following were completed at our interim site visit:</p> <ul style="list-style-type: none">• Employee remuneration – completeness• Operating expenses – completeness• Fire fighters' pension benefits payments – completeness	<p>From the work completed to date our work has not identified any weaknesses which impact on our audit approach.</p>

Results of interim audit work (continued)

	Work performed	Conclusion/ Summary
Journal entry controls	We have reviewed the Authority's journal entry policies as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Authority's control environment or financial statements. We have also reviewed the Authority's journal entry procedures and we have not identified any procedures that would adversely impact on the Authority's control environment or financial statements.	From the work completed to date our work has not identified any weaknesses which impact on our audit approach.
Early substantive testing	<p>We have commenced our testing in the areas of:</p> <ul style="list-style-type: none">• Employee Remuneration• Operating Expenses.• Journals <p>Samples of transactions from each of these areas have been selected from the period April 2014 to January 2015 and will be tested on the next site visit.</p>	From the work completed to date our work has not identified any weaknesses which impact on our audit approach.

Value for money

Value for money

The Code requires us to issue a conclusion on whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

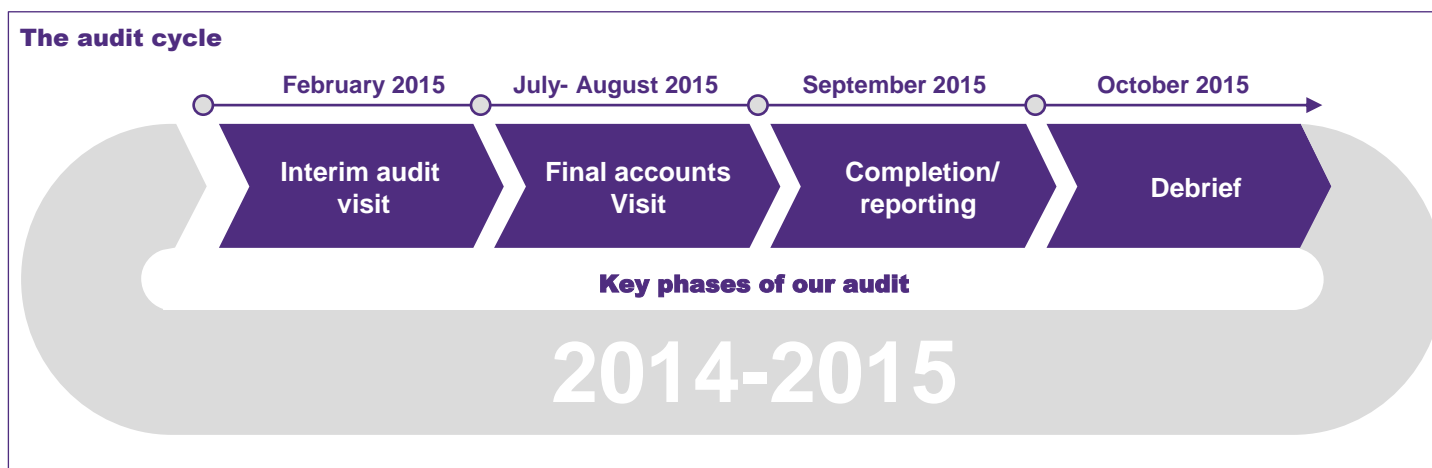
Our VfM conclusion is based on the following criteria specified by the Audit Commission:

VfM criteria	Focus of the criteria
The organisation has proper arrangements in place for securing financial resilience	The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness	The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity

We have undertaken a risk assessment to identify areas of risk to our VfM conclusion. We have not identified any need to undertake any specific local reviews to support our VFM conclusion. However, given the financial pressures facing many public sector bodies, we will review your medium term financial plan and savings plans. We will continue to update our risk assessment during our audit.

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings report and in the Annual Audit Letter.

Key dates



Date	Activity
December 2014	Planning meeting
February 2015	Planning site visit
April 2015	Interim Site Visit and Presentation of Audit Plan to Audit and Standards Committee
July – August 2015	Year end fieldwork
September 2015	Audit findings clearance meeting with Treasurer
September 2015	Report audit findings to the Audit and Standards Committee
September 2015	Sign report on financial statements and Value for Money conclusion
October 2015	Issue Annual Audit letter

Fees and independence

Fees

	£
Authority audit	43,829
Total	43,829

Fees for other services

Service	Fees £
None	Nil

Our fee assumptions include:

- Our fees are exclusive of VAT
- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Authority and its activities have not changed significantly
- The Authority will make available management and accounting staff to help us locate information and to provide explanations

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Authority.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Authority's key risks when reaching our conclusions under the Code.

It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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Report of the Treasurer

8. Informing the Audit Risk Assessment 2014/15

Purpose of report

1. To make Members aware of the Audit Risk Assessment carried out by Grant Thornton UK LLP, the Authority's External Auditor, in deriving the External Audit Plan.
-

Recommendation

The Treasurer recommends that the External Auditor's "Informing the Audit Risk Assessment", attached at Appendix 1, be noted.

Introduction and Background

2. In setting out the Audit Plan, Grant Thornton takes a risk-based approach to audit planning.
3. Appendix 1 contains details of the identified risks, both specific and generic, and management responses.
4. This information is not new but prior to 2012/13 it was dealt with in correspondence between the Auditor, Chair of the Audit Committee, Treasurer and Monitoring Officer.
5. It is now considered that to bring the information to the attention of all Committee Members further enhances the openness of governance.

Conclusion/Summary

6. There are no specific risks highlighted that are abnormal, or which cause the Treasurer or External Auditor particular concern.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	No
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	No
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	No
Consultation (identify any public or other consultation that has been carried out on this matter)	No
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	n/a

Supporting Information

Appendix 1 – Informing the Audit Risk Assessment

Contact Officer

Martin Reohorn, Treasurer

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Informing the audit risk assessment for Hereford and Worcester Fire and Rescue Authority

Year ended

31 March 2015

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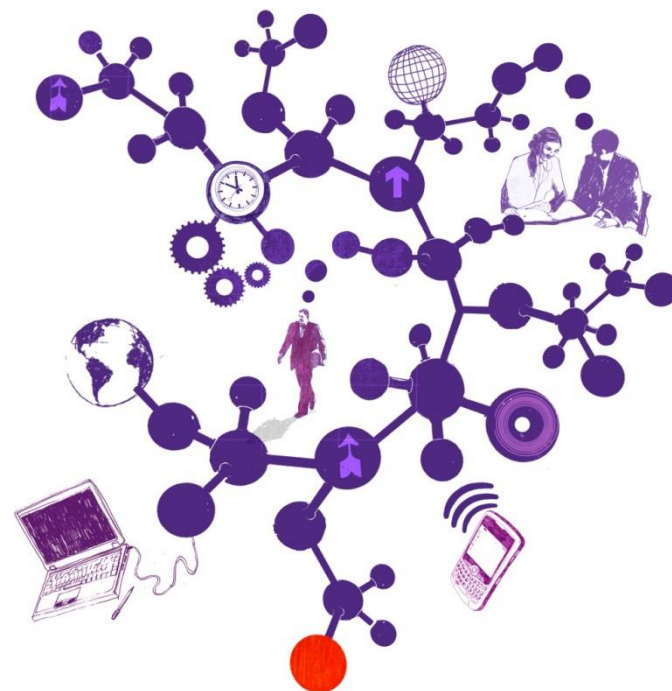
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Purpose

The purpose of this report is to contribute towards the effective two-way communication between the Authority's external auditors and the Authority's Audit and Standards Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit and Standards Committee under auditing standards.

Background

Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the Audit and Standards Committee. ISA(UK&I) emphasise the importance of two-way communication between the auditor and the Audit and Standards Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and Standards Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit and Standards Committee and supports the Audit and Standards Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit and Standards Committee's oversight of the following areas:

- fraud
- laws and regulations
- going concern
- accounting estimates
- related parties.

This report includes a series of questions on each of these areas and the response we have received from the Authority's management. The Audit and Standards Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

Fraud

Issue

Matters in relation to fraud

ISA(UK&I)240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Standards Committee and management. Management, with the oversight of the Audit and Standards Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit and Standards Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As the Authority's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud
- process for identifying and responding to risks of fraud, including any identified specific risks
- communication with the Audit and Standards Committee regarding its processes for identifying and responding to risks of fraud
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit and Standards Committee oversees the above processes. We are also required to make inquiries of both management and the Audit and Standards Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the Authority's management.

Fraud risk assessment

Question	Management response
<p>Has the Authority assessed the risk of material misstatement in the financial statements due to fraud or error?</p> <p>What are the results of this process?</p>	<p>Yes –</p> <p>By staffing the Finance function of the Authority with appropriately professionally qualified and experienced officers, who application adhere to both organisational ethics and a professional ethics framework.</p> <p>By establishing control systems to reduce risk through financial regulations and standing orders and financial instructions.</p> <p>By regular budget monitoring reports to highlight any unusual movements.</p> <p>By understanding and comparing the underlying position with prior years.</p> <p>NOTE – as the FRA Accounts are not company accounts and therefore do not have the same potential impact on share price and company value, nor the remuneration of employees/Members, then there is a significantly reduced risk of fraudulent miss-statement.</p>
<p>What processes does the Authority have in place to identify and respond to risks of fraud?</p>	<p>Notice is taken in reference to regular National Bulletins from government and professional bodies notifying cases of specific issues. The National Fraud Initiative (NFI) is fully reviewed and no matches have been found in the last 8 years. The Authority has access to Internal Audit in any case of suspected fraud. If there is any previous level of fraud experience it will influence the direction of assessments undertaken.</p>
<p>Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?</p>	<p>None.</p>
<p>Are internal controls, including segregation of duties, in place and operating effectively?</p> <p>If not, where are the risk areas and what mitigating actions have been taken?</p>	<p>Yes.</p> <p>n/a</p>

Fraud risk assessment (continued)

Question	Management response
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets) ?	No areas considered to be high risk.
Are there any areas where there is a potential for misreporting override of controls or inappropriate influence over the financial reporting process ?	No areas considered to be high risk.
How does the Audit and Standards Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What arrangements are in place to report fraud issues and risks to the Audit and Standards Committee?	<p>The Audit and Standards Committee receives reports from Internal Audit on compliance with internal controls against a risk based plan approved by the Committee. In addition, the Committee receives a regular update on governance arrangements to provide assurance that intended controls are working. This is done through regular review of and adherence to:</p> <ul style="list-style-type: none"> Code of Corporate Governance – Committee Structure & Role of Members Standing Orders for the conduct of business and committee process Scheme of Delegation to Officers Standing Orders for the regulation of contracts Financial Regulations Members allowance scheme Member development programme Whistleblowing Policy Protocol for Member/Officers relations Gifts and hospitality register Register of interests for officers Protocol on the use of Authority resources by Members Anti-fraud and Corruption Policy Money Laundering Policy

Fraud risk assessment (continued)

Question	Management response
How does the Authority communicate and encourage ethical behaviour of its staff and contractors?	Anti-Money Laundering, Anti-Fraud and Corruption, Ethical Framework and Code of Conduct, and Confidential Reporting (Whistleblowing) Policies information are on the staff intranet. These policies are always current, but it is practice to bring them to the attention of staff on an annual basis. As part of the induction process both members and officers are given documentation of a code of conduct setting out key views and instructions on aspects of the business function; this is supported by training at budget-holders meetings and ethical behaviour instruction where appropriate, plus the distribution of relevant leaflets which are subject specific.
How do you encourage staff to report their concerns about fraud? Have any significant issues been reported ?	Confidential Reporting (Whistleblowing) Policy. None.
Are you aware of any related party relationships or transactions that could give rise to risks of fraud ?	No – the nature of the transactions with related parties do not tend to lend themselves to risk.
Are you aware of any instances of actual, suspected or alleged fraud, either within the Authority as a whole or within specific departments since 1 April 2014 ?	No.
Are you aware of any whistleblower reports or reports under the Bribery Act since 1 April 2014 ? If so, how has the Audit and Standards Committee responded to these ?	No. n/a

Laws and regulations

Issue
<p>Matters in relation to laws and regulations</p> <p>ISA(UK&I)250 requires us to consider the impact of laws and regulations in an audit of the financial statements.</p> <p>Management, with the oversight of the Audit and Standards Committee, is responsible for ensuring that the Authority's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.</p> <p>As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and Standards Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.</p> <p>Risk assessment questions have been set out below together with responses from management.</p>

Impact of laws and regulations

Question	Management response
What arrangements does the Authority have in place to prevent and detect non-compliance with laws and regulations ?	<p>The Authority has appointed a Monitoring Officer and a Treasurer, both of whom are responsible for ensuring all applicable statutes and regulations are complied with. The Monitoring Officer will report to the Authority if he/she considers any proposal or decision to be unlawful.</p> <p>The Treasurer is required to report to the Authority if a decision has been made or is about to be made that involves incurring unlawful expenditure or any unlawful action in relation to the financial accounts.</p> <p>Legal, financial and risk considerations are highlighted in reports to the Authority and its Committees</p> <p>The Authority has a Whistleblowing Policy in place (latest review to be considered by Audit and Standards Committee on 17th April 2013) to enable staff to raise concerns regarding malpractice. In addition, the Authority's constitution incorporates Financial Regulations, Standing Orders for the Regulation of Contracts, Standing Orders for the Conduct of Business, the Scheme of Delegations to Officers and the local Code of Conduct for Authority Members to ensure business is conducted in compliance with existing law and regulations.</p>

Impact of laws and regulations (continued)

Question	Management response
<p>How does management gain assurance that all relevant laws and regulations have been complied with ?</p>	<p>The Monitoring Officer and Treasurer provide advice to the Senior Management Board on compliance with relevant laws and regulations.</p> <p>Internal Audit examine, evaluate and report on arrangements to ensure compliance with legislation and regulations, recommending to management any arrangements to address weaknesses, as necessary.</p> <p>The Strategic Risk Register sets out risk priorities, which will include any potential for changes to existing legislation and regulations and subsequent actions needed to be taken by management.</p> <p>There is an established process for developing Service Policies and Instructions to ensure staff comply with relevant laws and regulations.</p> <p>Lead officers and key staff are in place to ensure changes in statute and regulations are complied with, for example Finance, Human Resources, Committee & Members' Services, Data Management, Asset Management, Fire Safety.</p>

Impact of laws and regulations (continued)

Question	Management response
<p>How is the Audit and Standards Committee provided with assurance that all relevant laws and regulations have been complied with ?</p>	<p>The Monitoring Officer and Treasurer provide advice to the Audit and Standards Committee on compliance with relevant laws and regulations.</p> <p>The Committee is responsible for the approval of the Annual Governance Statement and the review of the related assurances which set out the system of internal control and detail the policies and procedures in place. This provides the Committee with assurance that management arrangements are in place for identifying and responding to changes in law and regulations and highlights any significant governance issues arising as a result of such changes.</p> <p>Internal Auditors' reports to the Audit and Standards Committee incorporate issues relating to compliance with legislation and regulations, where appropriate.</p>
<p>Have there been any instances of non-compliance or suspected non-compliance with laws and regulations since 1 April 2014, or earlier with an on-going impact on the Authority's 2014/15 financial statements ?</p>	<p>None.</p>

Impact of laws and regulations (continued)

Question	Management response
What arrangements does the Authority have in place to identify, evaluate and account for litigation or claims ?	<p>The Strategic Risk Register sets out risk priorities, which would include any potential for litigation or claims and subsequent actions needed to be taken by management.</p> <p>The Authority also has arrangements in place such as the Service Complaints Policy, Grievance Policy and Whistleblowing Policy that can identify potential litigation or claims.</p> <p>The Authority has delegated the Clerk (Monitoring Officer) to decide the action to be taken in respect of legal proceedings and other matters involving the Authority. The Authority has arrangements in place for insurance to protect against costs associated with litigation and claims.</p> <p>The Treasurer has responsibility to account for litigation or claims in the annual accounts that are considered by Audit and Standards Committee and subject to external audit.</p>
Is there any actual or potential litigation or claims that would affect the financial statements ?	None.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance ?	None.

Going Concern

Issue

Matters in relation to going concern

ISA(UK&I)570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements. Under this assumption entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Going concern considerations have been set out below and management has provided its response.

Going concern considerations

Question	Management response
Does the Authority have procedures in place to assess the Authority's ability to continue as a going concern ?	The Authority is established by statutory regulations and remains a going concern as a consequence.
Is management aware of the existence of other events or conditions that may cast doubt on the Authority's ability to continue as a going concern ?	No.
Are arrangements in place to report the going concern assessment to the Audit and Standards Committee ?	Yes.
Are the financial assumptions in that report (e.g. future levels of income and expenditure) consistent with the Authority's Business Plan and the financial information provided to the Authority throughout the year ?	MTFP is based on realistic assumptions which do not comprise the 'Going Concern assumptions'.
Are the implications of statutory or policy changes appropriately reflected in the Business Plan, financial forecasts and report on going concern ?	Yes.
Have there been any significant issues raised with the Audit and Standards Committee during the year which could cast doubts on the assumptions made ? (Examples include adverse comments raised by internal audit regarding financial performance or significant weaknesses in systems of financial control).	No – Internal Audit Reports have been satisfactory.

Going concern considerations (continued)

Question	Management response
Does a review of available financial information identify any adverse financial indicators including negative cash flow ? If so, what action is being taken in improve financial performance ?	Officers have plans to deal with the short term budget gap, and reviews are commencing to deal with the longer term gaps, that at this stage are speculative, being well after the General Election and any continuation or change of national fiscal strategy that may emerge.
Does the Authority have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Authority's objectives ? If not, what action is being taken to obtain those skills ?	Yes.

Related Parties

Issues

Matters in relation to Related Parties

Fire and Rescue Authorities are required to comply with IAS 24 and disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the authority (i.e. subsidiaries);
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the authority;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the authority, or of any entity that is a related party of the authority.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Authority perspective but material from a related party viewpoint then the Authority must disclose it.

ISA (UK&I) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Question	Management response
What controls does the Authority have in place to identify, account for and disclose related party transactions and relationships ?	Individual related party disclosures by senior staff and members, and awareness of major contracts.

Accounting estimates

Issue

Matters in relation to accounting estimates

Fire and Rescue Authorities apply appropriate estimates in the preparation of their financial statements. ISA (UK&I) 540 sets out requirements for auditing accounting estimates. The objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how the Authority identifies the transactions, events and conditions that may give rise to the need for an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that the Authority is using as part of its accounts preparation; these are detailed in appendix 1 to this report. The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

We would ask the Audit and Standards Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Question	Management response
Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable ?	Yes.
How is the Audit and Standards Committee provided with assurance that the arrangements for accounting estimates are adequate ?	By sight of the assumption methodologies before accounts are prepared.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property valuations	Property valuations are made by the external valuer from Worcestershire County Council.	Valuer notified of changes to the estate from the prior year	Use the external valuer (RICS qualified) from Worcestershire County Council	Valuations are made in-line with the CIPFA Code of Practice guidance - reliance on expert	No
Estimated remaining useful lives of PPE	Assets are assigned to asset categories with appropriate asset lives.	Consistent asset lives applied to each asset category.	Use the external valuer (RICS qualified) from Worcestershire County Council	The useful lives of property are recorded in accordance with the recommendations of the external RICS qualified valuer.	No
Depreciation	Depreciation is provided for on property plant and equipment with a finite useful life on a straight-line basis	Consistent application of depreciation method across assets	No	The length of the life is determined at the point of acquisition or revaluation.	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Impairments	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.	Use the external valuer (RICS qualified) from Worcestershire County Council	Valuations are made in-line with the CIPFA Code of Practice guidance - reliance on expert	No
Non adjusting events - events after the balance sheet date	The Authority follows the requirements of the CIPFA Code of Practice.	The Treasurer is notified by the Chief Accountant.	This would be considered on individual circumstances	This would be considered on individual circumstances	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Measurement of Financial Instruments	Measurements are obtained from appropriate sources. The Authority follows the requirements of the CIPFA Code of Practice.	The financial instruments are measured by the Chief Accountant and the accounts reviewed by the Treasurer .	No	The measurements are based upon the best information held at the current time and are provided by experts in their field.	No
Creditor accruals	Accruals are estimated by reviewing goods and services received prior to the end of the financial year for which an invoice has not been received.	The date of receipt of the goods and services is used in the estimation of the accrual.	No	The use of actual dates of receipt of goods and services gives a low degree of uncertainty.	No
Pension Fund Actuarial gains/losses	The actuarial gains and losses figures are calculated by the two actuarial experts (Mercers and Government Actuary Department) These figures are based on making % adjustments to the closing values of assets/liabilities.	For the Firefighters' pension scheme interim and final submissions made to the actuary. The Authority undertakes testing on the data prior to submission to the actuary and responds to queries raised by the actuary on the submission. For the LGPS the Authority responds to queries raised by the administering authority Worcestershire County Council.	The Authority are provided with an actuarial report by Mercers (LGPS) and Government Actuary Department (Firefighters' Pension Fund)	The nature of these figures forecasting into the future are based upon the best information held at the current time and are developed by experts in their field.	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions for liabilities	Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense line in the CI&ES in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties	Charged in the year that the Authority becomes aware of the obligation	No	Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received by the Authority	No



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Report of the Treasurer

9. National Fraud Initiative 2014/15

Purpose of report

1. To inform Members of the results of the National Fraud Initiative (NFI), the actions taken by Officers and subsequent outcomes.
-

Recommendations

The Treasurer recommends that:

- i) Members note the action taken to date by the Authority in response to the National Fraud Initiative and that no fraud has been detected.*

Introduction and Background

2. The NFI is a biennial exercise carried out since 2008/09 for local government and other public bodies by the Audit Commission and forms part of the statutory audit in accordance with the Audit Commission Act 1998.
3. Authorities are required to provide certain mandatory datasets; for the Fire Authority, the mandatory datasets comprise of creditors, payroll and pensions payroll. Payroll and pensions payroll data is subject to a series of data matches against data provided by other public bodies including payroll, pensions, Housing Benefit, Home Office (removed and failed asylum seekers), UK Visas and Department for Work and Pensions deceased persons. Creditor payments are matched only within Authorities.
4. The data provided is processed by a specialist contractor on behalf of the Audit Commission. Data matches are notified to Authorities for examination to eliminate the possibility of fraud and/or error.
5. The existence of a match in an NFI report does not mean that there is a fraud; only that there is a need to investigate further to eliminate the possibility of fraud or error.
6. The initial NFI reports were received in late January, with no additional reports issued to date.
7. A complete list of matches is shown at Appendix 1 and Members will note that there has been a slight reduction (10%) in matches since 2012/13. The main

reason for this decrease is the reduction in reported matches relating to Duplicate Payments by amount (Report 708).

8. At the time of writing this report the process of checking all matches was not complete, but as significant progress has been made an interim report has been deemed appropriate.
9. As this report is in the public arena, full details of the matches are not disclosed as they contain details of employees and no suggestion of fraud has been identified.

Analysis of Reports

10. Each NFI report is produced with a particular purpose which will be stated and comprises of a number of matches and a number of items. There will be more items than matches and each match may have more than two items.
11. In each case an explanation of the Fire Authority matches will be given to demonstrate why there is no fraud.

Report 54 Pensions Payroll to Payroll within bodies

12. The purpose of this report is to identify if anyone in the payroll is also in receipt of a public sector pension. This is primarily because most public sector pension schemes, including the Local Government Pension scheme, are abated.
13. The Firefighters scheme in its present form is now abated, but this was not previously the case and is unusual in that it is payable after 30 years' service. This results in matches that are not actually errors, as people have been re-employed.
14. The 1 match related to an ex-firefighter now legitimately re-employed as a member of support staff.

Report 55 – Pensions Payroll to Payroll between bodies

15. One match was found under this heading where a retired Hereford and Worcester wholetime firefighter is employed by another Fire Service.

Report 58 – Pensions to Injury Benefits

16. The purpose of this report is to identify individuals in receipt of an enhanced injury pension who have failed to declare relevant state benefits that may remove or reduce entitlement to the enhanced pension.
17. Seven matches were identified; these were notified to the Pension Section at Worcestershire County Council, who subsequently confirmed that six of these cases were not in receipt of an enhanced injury pension. This additional payment had been made only in one case, and the County Council confirmed that they were aware of this. However, responsibility for notifying DWP about the receipt of this enhanced pension rests with the individual.

Report 65 – Payroll to Payroll within Bodies

18. The purpose of this report is to identify staff with more than one job, who may be committing fraud by failing to work their contracted hours because they are employed elsewhere or on long term sickness from one job.
19. This has identified a large number of matches, due to the fact that contractually day crew staff have the two elements of their pay, paid on different payrolls with different pay numbers.
20. In addition there are significant numbers of wholetime firefighters (and a few support staff) who are also employed as RDS firefighters, again with different pay numbers.
21. Review of the 119 matches has identified the following reasons for the member of staff having two contracts with the Authority

Staff who are also Retained Firefighters	63
Day Crew and USAR Staff etc. - two contracts	56
Total	119

Report 66 – Payroll to Payroll – between bodies

22. The purpose of this report is to identify if there are inappropriate dual employments – e.g. risking safety by long working hours or claiming sick pay from one job whilst working on another.
23. The report produced 30 matches, the reasons for these were validated and are detailed below:
 - 9 are FRA Members
 - 16 are RDS personnel with legitimate second jobs
 - 5 are firefighters who are retained in other services

Report 78 – Payroll to Pensioners

24. This report identifies staff who are on the Authority's payroll and are in receipt of a pension from another body.
25. One case was identified which related to a member of staff who is in receipt of a pension from another Fire Authority and is now employed by this Authority as a member of support staff.

Report 80 – Payroll to Creditors with same bank account (within body)

26. This report identifies staff who are on the Authority's payroll and have also been paid through the creditor system.
27. One case was identified which related to the purchase of goods from a member of staff, this is also detailed within Report 81. Review has been carried out to

ensure that the goods have been purchased in accordance with Financial Regulations and use of this Creditor is monitored on an on-going basis.

Report 81 – Payroll to Creditors with same address (within body)

28. The purpose of this match is to identify employees who have an interest in suppliers with whom the Authority trades.
29. There are 3 matches, 2 of these matches relate to the same creditor and is an employee who has supplied goods to the Authority. Review has identified that the goods were purchased in accordance with Financial Regulations and no other suppliers could be found in the vicinity. This supply is monitored on an on-going basis. The remaining match related to a supply of goods made from a company belonging to a retained fire fighter. This company has rarely been used by the Authority, the last occurrence being in 2012/13.

Creditor Matches – General

30. The main purpose of these data matches which are based solely within bodies is to identify potential duplications and errors which could result from or lead to fraud.
31. Where relevant, and for simplicity a tabular approach has been adopted to provide information on Creditor matches.

Report 701 – Duplicate Creditors by Creditor Name

Different Bank Accounts	9
Identified Duplicates – now inactive	2
Total	11

32. The process has identified matches that have been correctly set up on the system. They relate to payments to suppliers who require billing to different parts of the organisation, such as Worcestershire County Council who receive Pension payments to a different account than the general payments.

Report 702 – Duplicate Creditors by Address Details

33. The purpose of this report is to identify multiple creditors operating at the same address.
34. Review of the report identified 8 matches the reasons for these are as follows:

Subsidiary Companies	3
Duplicate entry on system	1
Shared Service Provider (Gov't)	2
Takeovers	2
Total	8

In one case the creditor had inadvertently been set up on the system twice, once using its full name and once using the abbreviated version, but this had already been identified and made inactive.

Report 703 – Duplicate Creditors by Bank Account Number

35. One match was identified relating to different divisions of the same company and was found to be an inactive duplicate. (see also Report 701 above).

Report 708 – Duplicate records by invoice amount and creditor reference

36. This analysis is not yet completed. There were 135 matches relating to 270 individual invoices. In previous years the matches (99% in 2012/13) were annual monthly payments to the same supplier, or the same type of goods/services at different periods, or multiple purchased separately, e.g. software licenses. Indications are that this is again the case.

Report 709 – VAT Overpaid

37. This report simply highlights where VAT on an invoice does not equal the prevailing standard rate. There were 7 matches found, of which 1 was a payment for a supply of goods with a mixed VAT rate on it. The other 6 had been dealt with correctly, but a technical problem had occurred when the report was run this has since been discussed and corrected by the Software Supplier.

Report 710 – Duplicate Records by Name, Invoice Number and Amount – with different creditor reference

38. Two matches were found, where orders had been raised on the wrong account for the supplier, in both cases more than one supplier is set up on the system because payment is required to be sent to different areas of the organisation. Both cases had previously been identified and corrected.

Report 711 – Duplicate Payments by Invoice Number and Amount – with different creditor name and reference

39. Six matches were found, but all of these had been previously identified and corrected. These related to payments where either the originating order or the payment had been entered against the wrong supplier. In all of these cases the payment was corrected before being made.

Report 713 – Duplicate Postcode and amount but with different creditor reference, invoice reference and amount

40. Two matches were found, in one case the company has been correctly set up with two separate creditor numbers, because they trade under two different names. In the second case the company had been taken over by another. In both cases although the amounts were the same they related to different orders raised within different financial years.

Conclusion and Further Work

41. The NFI outputs have been examined promptly and comprehensively and no fraud has been identified.
42. A final report will be brought to the next Audit and Standards Committee to provide final details in relation to:
 - Report 708 – Duplicate records by invoice amount and creditor reference
 - Any new reports published in the interim

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?)	None

Supporting Information

Appendix 1 – National Fraud Initiative – 2014/15 Raw Data Match

Background papers

FRA Audit Committee – 9 October 2009 : Report on National Fraud Initiative 2008/09

FRA Audit Committee – 21 April 2011 : Report on National Fraud Initiative 2010/11

FRA Audit Committee – 17 April 2013 Report on National Fraud Initiative 2012/13

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Appendix 1

Hereford & Worcester Fire Authority National Fraud Initiative – 2014/15: Raw Match Data

	2010/11 Raw Matches	2012/13 Raw Matches	2014/15 Raw Matches
Employee Related			
52 Pensions Payroll to Benefits Agency Records*	2		
54 Pensions Payroll to Payroll (within bodies)	10	10	1
55 Pensions Payroll to Payroll (between bodies)	1	1	1
58 Pensions to Injury Benefits		2	7
65 Payroll to Payroll (within bodies)	108	114	119
66 Payroll to Payroll (between bodies)	42	31	30
78 Payroll to Pensioners			1
80 Payroll to Creditors with same bank a/c (within body)		1	1
81 Payroll to Creditors with same address (within body)	5	2	3
Total Raw Matches - Payroll	168	160	163
Creditor Related			
701 Duplicate Creditor - by Creditor Names	8	14	11
702 Duplicate Creditor – by Address Details	8	6	8
703 Duplicate Creditor – by Bank Account Number	2	4	1
708 Duplicate Payments by amount	147	171	135
709 Overpaid VAT	1	7	7
710 Duplicate Payments by Name, Invoice number and Amount – with different creditor name and reference		2	2
711 Duplicate Payments by Invoice number and amount but with different creditor reference and name	2	8	6
712 Duplicate Postcode, Invoice date and amount but with different creditor reference and invoice ref	1		
713 Duplicate Postcode and amount but with different creditor reference, invoice reference and amount	1		2
Total Raw Matches - Creditors	170	212	172
Total Raw Matches	338	372	335

* Report not yet issued by the Audit Commission

Report of the Head of Legal Services

10. Annual Compliments, Complaints and Concerns 2014/15 Report

Purpose of report

1. To update the Committee with details of compliments, complaints and concerns made by the public about the Service over the past 12 months.
-

Recommendations

It is recommended that the Committee notes that during the period 1 April 2014 to 31 March 2015:

- i) a total of 95 compliments and donations, 20 complaints and concerns about the Service were received from the public; and***
- ii) none of the complainants appealed regarding the response provided and no complaints were sent to the Local Government Ombudsman for investigation.***

Introduction and Background

2. It is important that the Authority has good corporate governance arrangements to ensure services are run in an open and accountable manner. The role of the Committee includes the monitoring and review of the Authority's corporate governance arrangements, which includes responsibility to consider the process and review of compliments, complaints and concerns made by the public about the Service.

Complaints and Concerns Received 1 April 2014 to 31 March 2015

3. The Service received a total of 34 complaints and concerns from the public, with 20 being concerned with Service activities and 14 concerning activities carried out by other organisations. Following investigation by officers, 12 of the complaints about the Service were upheld, a summary is set out overleaf.

Summary of complaints upheld

Issue	Number of complaints upheld	Outcome
Nuisance caused by Fire Service facilities	7	Remedial action undertaken (7) e.g. community contact and liaison and promotion of key training dates Apology only (1)
Poor service	2	Apology only
Inaccuracy of information	2	Remedial action (1) Apology only (1)
Driving standards	1	Issue passed issue on to insurers

4. None of the complainants appealed to the Assistant Chief Fire Officer regarding dissatisfaction with the response provided and no complaints were sent to the Local Government Ombudsman.
5. It should be noted that the complaints and concerns received regarding the responsibilities of other organisations or individuals included concerns over poor fire safety at business and residential premises and the potential lack of access to properties in an emergency.
6. All complaints and concerns are acknowledged within 3 working days of receipt and all but one received a response within 10 working days. The single complaint that missed the 10 day deadline was a complex issue involving more detailed investigation and in this case a holding letter was sent to the complainant noting a later response date due to the on-going investigation.

Compliments and Donations Received 1 April 2014 to 31 March 2015

7. The Service received 95 compliments and donations during this period and it should be noted that the majority (45) came following Home Fire Safety Checks or Fire Service attendance at events. There were 19 reports following attendance at fires or road traffic collisions with the remainder noting miscellaneous compliments from animal and lift rescues to ring removal.

Conclusion/Summary

8. The role of the Audit and Standards Committee includes the monitoring and review of the Authority's corporate governance arrangements. This includes responsibility for considering the process with regards to compliments, complaints and concerns made by the public. This process was last reviewed

on 16 April 2014 and was considered to be robust and fit for purpose. There have been no significant issues that have arisen since this date and it has not been necessary to make any changes in Service delivery.

9. Your officers are satisfied that there are no significant levels of recurring themes or trends in the concerns and complaints being reported to give any cause for concern.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	The complaints, concerns and compliments process uses existing resources. No compensation payments have been required.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	The complaints, concerns and compliments process links in with the Authority's Code of Corporate Governance.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	The Audit & Standards Committee receive an annual report to provide assurance to Members that the process is effective. Committee and Members' Services Officers monitor for any emerging trends in reported concerns and complaints on a monthly basis.
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 – no policy change is recommended

Supporting Information

Background papers:
Hereford & Worcester Fire Authority Annual Governance Statement and Code of Corporate Governance

Contact Officer

Alison Hughes: Committee and Members' Services Manager
Tel: 01905 368209, email: ahughes@hwfire.org.uk

Report of the Head of Legal Services

11. Member Development Plan 2015/2016

Purpose of report

1. To provide Members with the draft Member Development Plan 2015/16 for approval.
-

Recommendations

It is recommended that the Member Development Plan 2015/16 attached at Appendix 1 be approved.

Introduction and Background

2. The Code of Corporate Governance requires that arrangements are put in place to support Members to enable them to carry out their roles on the Authority effectively. To facilitate this requirement, the Authority has adopted a Member Development Strategy from which a three year rolling programme (2013 to 2016) was established.
3. The rolling programme aims to be Fire Authority specific and complimentary to the programmes provided by constituent authorities. The key objective is to provide opportunities for Members to improve their knowledge and awareness, thereby strengthening their roles in decision making and in providing challenge.
4. The rolling programme comprises an a plan for each year which includes an Induction for new Members, which is also a useful refresher for existing Members to keep updated with any changes in the Service. In addition, the annual plan provides a range of information on core issues. These sessions link in with key objectives as set out in Our Strategy and the feedback received from Members on previous sessions provided.

Member Development Themes

5. In 2013/14, the plan linked in with the Our Strategy theme of 'People and Resources' which focused on:
 - The Role of the Authority Member
 - Ethical Framework and Equality & Diversity

- Firefighter Training
 - Community Engagement
6. The theme for 2014/15 was 'Our Services, Buildings, Fleet & Equipment' and included the Members' Tour of Facilities and further provision of information in the Members' Bulletin on capital projects, fleet and equipment.
 7. The theme for the 2015/16 Member Development Plan is "Resourcing for the Future" and aims to build on the programme that has been delivered over the previous two years. However, there is an element of repetition in the plan with regards to site visits to key locations.
 8. This has been included firstly, because there is the potential for new Members to be appointed to the Authority following the Herefordshire Council elections in May. Secondly, this provides another opportunity for existing Members to attend the visits who were unable to attend previously.
 9. In addition to the annual core plan there are sessions for Members with specific roles. Further details are attached at Appendix 1.

Conclusion/Summary

10. In order to assist Members to carry out their role in decision making and in providing challenge, the Authority has adopted a Member Development Strategy from which a three year rolling programme was established. The rolling programme comprises an annual plan that includes an induction session and a range of information on key issues, linked to the themes set out in Our Strategy.
11. The annual plan for 2015/16 follows the theme "Resourcing for the Future" and is attached at Appendix 1 for the consideration of the Committee.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Sessions will be facilitated in house and will require the input of key members of staff.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	The Programme links with 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)	The feedback from Members has been incorporated in the development of the Programme.
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 – Draft Member Development Plan 2015/16

Background papers – Member Development Strategy 2013-2016, Member Role Description

Contact Officer

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Member Development 2015/16

Theme: Resourcing for the Future

Session	Aims
Members' Induction Session Wednesday 10 June 2015	Overview for new Members and a refresh for existing Members: <ul style="list-style-type: none"> • Legislative Framework • Our Strategy • Services We Deliver • 20/20 Vision Projects • Financial Context • Key Roles and Responsibilities of Members (incl. Ethical Framework, Equality & Diversity, Health & Safety)
Members' Induction Tour of Key Facilities (1) Start at Worcester	Visit key locations to raise awareness of stations, partnership working and crewing systems.
Members' Induction Tour of Key Facilities (2) Start at Hereford	Visit key locations to raise awareness of stations, training and crewing systems.
Pensions	To familiarise Members with different schemes To raise awareness of future impact on budget / accounts
Transformation Bid Projects	Workshop for Members to provide update on projects.
National Structures	Awareness raising with regards to the national structures and their impact on the Authority: <ul style="list-style-type: none"> • Chief Fire Officers' Association • Local Government Association Fire Commission • LGA Fire Services Management Committee
Fire Safety	To raise awareness of targeted and quality services <ul style="list-style-type: none"> • Business Fire Safety • Community Fire Safety

Session	Aims
Authority Budgets and Finances	<p><u>Services: 'We will deliver targeted and quality services with the resources available to us'.</u></p> <p>To provide information on the Government settlement and the development of the Medium Term Financial Plan.</p>

Specific Sessions

Session	Target Members	Aims	Date / Time	Lead Officers
Statutory Officer Appraisals	Authority Chair & Committee Chairs	Familiarisation of process and the role of Members	25 March 2015	Nigel Snape
Senior Officer Recruitment & Selection	Appointments Committee Members		Prior to recruitment process taking place	
Code of Conduct	Any Members not been trained		As necessary	Nigel Snape
Pensions Board	TBC if Authority Members are not precluded from serving.	To ensure Board Members are conversant with the Firefighters Pensions Schemes and Pensions law.	June 2015	DCLG