



HEREFORD & WORCESTER Fire Authority

Audit and Standards Committee

AGENDA

Wednesday, 28 July 2021

10:30

**Wyre Forest House Council Chamber
Wyre Forest District Council, Wyre Forest House,
Finepoint Way, Kidderminster, Worcestershire, DY11 7WF**

Wyre Forest House Location Map

SAT NAV: DY11 7FB

Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF
Reception at Wyre Forest House 01562 732101

From Stourport:

Head towards Kidderminster on the A451 Minster Road, passing Stourport High School and Stourport Sports Club on your left. When you reach the traffic lights at the crossroads, turn left into Walter Nash Road West (signposted Wyre Forest House). Then take your first left onto Finepoint Way. Follow the road around to your left and Wyre Forest House is at the end of the road on the left. Visitor parking is available and signposted from the mini roundabout.

From Kidderminster:

From Kidderminster, follow the signs for Stourport and head out of Kidderminster on the A451 Stourport Road, this road becomes a dual carriageway. You will pass 24/7 Fitness and Wyre Forest Community Housing on your left. At the crossroads with traffic lights turn right into Walter Nash Road West (there is a dedicated right hand-turn lane), signposted for Wyre Forest House. Then take your first left onto Finepoint Way. Follow the road around to your left and Wyre Forest House is at the end of the road on the left. Visitor parking is available and signposted from the mini roundabout.



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- the right to inspect agenda and public reports at least five days before the date of the meeting (available on our website: <http://www.hwfire.org.uk>);
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- the right to inspect background papers on which reports are based for a period of up to four years from the date of the meeting.

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

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

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

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

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

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



Hereford & Worcester Fire Authority

Audit and Standards Committee

Wednesday, 28 July 2021, 10:30

Agenda

Councillors

Mr M Hart (Chairman), Mr A Amos (Vice Chairman), Mr S Bowen, Mr B Brookes, Mr B Clayton, Mr I D Hardiman, Mr Al Hardman, Ms E Marshall, Ms N McVey, Mr R J Morris, Mr J Robinson, Mrs D Toynbee

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 April 2021.	1 - 4
5	Draft Statement of Accounts 2020/21 To present the Draft 2020/21 Statement of Accounts for information prior to approval at the next Committee.	5 - 7
6	External Audit Plan (2020/21 Accounts) To consider the Audit Plan from the Authority's External Auditor, Grant Thornton UK LLP, which sets out the work to be undertaken in 2021/22 in respect of the 2020/21 Audit.	8 - 28

7	Informing the Audit Risk Assessment 2020/21	29 - 62
	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 2021/22 in respect of the 2020/21 Accounts.	
8	Internal Audit Annual Report 2020/21	63 - 89
	To provide the Committee with:	
	• the overall results in terms of meeting Internal Audit's (IA's) objectives as set out in the internal audit plan for 2020/202;	
	• an audit opinion and commentary on the overall adequacy and effectiveness of the internal control environment; and	
	• a copy of the current internal audit charter.	
9	Internal Audit Draft Audit Plan 2021/22	90 - 98
	To provide the Committee with the Draft Internal Audit Plan for 2021/22.	
10	Risk Management and Strategic Risk Register – Annual Update	99 - 104
	To provide the Audit and Standards Committee with an annual update on the Risk Management Framework and Strategic Risk Register.	
11	People Strategy 2020-22: Progress Report Year 1 2020-2021	105 - 107
	To provide a summary of progress for 2020-2021 in the delivery of the People Strategy 2020-2022.	
12	Equality, Diversity and Inclusion Plan 2020-2025 Update for Q4 2020-21 and proposed Equality Objectives 2021-2025	108 - 117
	1. To provide a summary of progress against the Equality, Diversity and Inclusion Plan 2020-2025 for Quarter 4 2020-2021.	
	2. To recommend the Service's proposed Equality Objectives 2021-2025 and approve them for publication.	
13	National Fraud Initiative 2020/21	118 - 120
	To update Members on the National Fraud Initiative (NFI).	

14 Health & Safety Committee Update

To provide a Health & Safety update on activities and items of significance.

**121 -
135**



Hereford & Worcester Fire Authority

Audit and Standards Committee

Wednesday, 21 April 2021, 10:30

Chairman: Mr M Hart

Vice-Chairman: Mr A Amos

Minutes

Members Present: Ms P Agar, Mr A Amos, Mr S Bowen, Mrs E Eyre BEM, Mr I D Hardiman, Mr Al Hardman, Mr M Hart, Mr R J Morris, Dr K Pollock, Mr L Stark, Mrs D Toynbee

188 Apologies for Absence

There were no apologies received.

189 Named Substitutes

There were no named substitutes.

190 Declarations of Interest (if any)

Cllr P Agar declared that she was a member of the LGPS Pensions Board.

191 Confirmation of Minutes

RESOLVED that the minutes of the meeting held on 20 January 2021 be confirmed as a correct record and signed by the Chairman.

192 Internal Audit Progress Report 2020/21

The Head of Internal Audit Shared Service presented Members with an update in regards to the delivery of the Internal Audit Plan 2020/21.

Members were pleased to note that there were no indications of any 'high' priority recommendations to be reported on the reviews that were progressing through clearance and draft report stages. There were 2 reviews that would not be completed during 2020/21, namely

Safeguarding and Young Firefighters and Volunteering which would be risk assessed as part of the 2021/22 audit plan and rolled into the 2021/21 plan if necessary.

RESOLVED that the report be noted.

193 Draft Annual Governance Statement 2020/21

The Head of Legal Services presented the Draft Annual Governance Statement 2020/21 for approval.

[Cllr R Morris entered the meeting at 10.40am].

Members were informed that the Authority has to review its governance arrangements once a year via self assessment. Members were pleased to note that the vast majority of assurances were green. In relation to data management, where there had been a change to requirements under the GDPR, the Head of Legal Services explained that a project plan from the external consultants had been followed for implementation, all stages of which had been achieved and were fully compliant, however additional stages had been added for minor refinements.

Members raised concern with the wording 'holding staff to account' in appraisals. The Chief Fire Officer assured Members that this was CIPFA's terminology which the Service followed, and gave complete assurance that individual appraisals definitely had 360 degree feedback to ensure staff felt valued. It was suggested that the Annual Governance Statement should emphasise the importance of equality, diversity and inclusion (Core Principle A) and provide further details of staff engagement (Core Principle B).

RESOLVED that the Draft Annual Governance Statement 2020/21 be approved for publication following a minor amendment to be agreed by the Chairman.

194 National Fraud Initiative 2020/21

The Treasurer presented Members with an update on the National Fraud Initiative 2020/21.

Members were informed that there were 225 data matches this year, down from 333 the previous year, which had all been investigated and, except 2 which were still under review, no fraud had been detected.

RESOLVED that the Committee notes:

i) that the process of examining all National Fraud Initiative matches

is almost complete and no fraud has been detected so far; and

ii) that two matches are still under review and outcomes will be reported back to the next meeting of this Committee.

195 Annual Compliments, Complaints, Concerns and Requests for Information 2020/21

The Head of Legal Services presented a report on compliments, complaints, concerns and requests for information made by the public to the Service over the past 12 months.

Members were informed that there were 53 complaints received in the past 12 months, 40 of which were activities of the Service. Each complaint was investigated and written responses were provided for each. There were 6 that were considered the Service was at fault and remedial action was taken and 4 people who were dissatisfied with the response from the investigating officer and those cases were reviewed by the Deputy Chief Fire Officer. One person was still dissatisfied and took the matter to the Local Government Ombudsman, however they declined to investigate.

Compliments were down by 50% compared to last year which was thought to be because a lot are received as a result of home fire safety checks, which last year was 46% fewer.

There were 276 Freedom of Information requests received, which actually resulted in over 1200 pieces of information requested.

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

RESOLVED that the Committee notes that during the period 1 April 2020 to 31 March 2021:

i) a total of 276 requests for information containing 1,224 queries about the Service were received;

ii) a total of 50 compliments were received from the public;

iii) 40 complaints about Service activities were made;

iv) 13 complaints or concerns were received about activities carried out by other organisations or individuals; and

v) 4 of the complainants appealed the response provided and one

was passed to the Local Government Ombudsman for investigation.

196 Health and Safety Committee Update

The Chief Fire Officer presented Members with a Health and Safety update on activities and items of significance.

Members were informed that Quarter 3 October to December is normally a very busy quarter for the Service for operational training activity. Due to training being restricted, this reflected the lower amount of injuries and accidents.

There was concern from a Member of the possible long term affects of contamination and the national research on the high incidents of cancer for retired firefighters. The Chief Fire Officer commented that certain types of cancer are doubling in retired firefighters which is why staff are educated in their cleanliness and hygiene routine and decontaminated kits are stored in sealed bags. The Chief Fire Officer also assured Members that the 2 remaining retained stations that do not have a separate area for kit are now on the build programme in Herefordshire.

There was concern from a Member of the firefighters' knowledge of vehicles with lithium iron batteries which when caught fire are unable to be distinguished. The Chief Fire Officer assured Members that staff are trained in all the hazardous materials and was confident with the training provided, however agreed to discuss with the training department to ensure this area was highlighted further.

RESOLVED that the following issues, in particular, be noted:

i) The involvement of the Service in Health and Safety initiatives; and

ii) Health and Safety performance information recorded during October to December 2020 (Quarter 3).

The Meeting ended at: 11:46

Signed:.....

Date:.....

Chairman

Report of the Treasurer

Draft Statement of Accounts 2020/21

Purpose of report

1. To present the Draft 2020/21 Statement of Accounts for information prior to approval at the next Committee.
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Recommendation

It is recommended that the Draft Statement of Accounts 2020/21 be noted.

Introduction and Background

2. The Accounts and Audit Regulations 2015 set out the dates by which an Authority must approve and publish the Statement of Accounts. As part of the government's response to the restrictions of Covid-19 working these dates are relaxed for a second year running, but not as far as for the 2019/20 Statements.
3. The dates with which an Authority must comply are shown below, with the normal date shown in brackets for information.
4. An Authority must ensure that the Statements are:
 - a. Approved by the Authority by (31 July 2021): 30 September 2021
 - b. Published by (31 July 2021): 30 September 2021
5. The Fire Authority has delegated responsibility for approval of the Accounts to this Committee.
6. There have been a couple of data issues that have slowed the production of the Accounts this year:
 - a. Confirmation of Council Tax/Business Rate Collection fund information from some Billing Authorities was delayed to 30th June, as government relaxed their submission deadlines.
 - b. Queries over Fixed Asset valuations following the demise of Place Partnership at 1st April 2021, which had to be dealt with retrospectively by our new Property Services provider. *(A shared service with the Police and Crime Commissioner, which has been very helpful in assisting with inherited issues).*

7. As a result of this, and with the cooperation of our External Auditors, the Audit itself did not commence until 14th July. Consequently the Audit Findings Report, which the Committee must consider before approving the Statement of Accounts, is not yet available.
8. However, the pre-audited Statements are provided for information and, given the number of new Members; the Treasurer will take the opportunity to go through them in some detail.
9. As a further consequence of the later audit it may be necessary to bring forward the next date of this Committee from 7th October so that it is prior to the 30th September deadline.

Statement of Accounts

10. As Members will now be well aware, the Code of Practice on Local Authority Accounting – Statement of Recommended Practice (SORP) requires that the Accounts are prepared on the basis of International Financial Reporting Standards (IFRS). In a number of fundamental ways these differ from the Statutory Accounting framework used for Council Tax and grant purposes, and under which the Authority is charged with governance.
11. There are charges e.g. depreciation and the liability on pension funds which are required by IFRS but not chargeable on a statutory basis and others which are required by Statute but not permitted under IFRS (e.g. provision to repay borrowing). Government does not recognise IFRS for grant allocations or the statutory budget setting process.
12. As a consequence of these differences there is a large net surplus on the Comprehensive Income & Expenditure Statement (CIES) and an extremely large negative balance on the Balance Sheet.
13. In the case of the CIES this arises from differences in between IFRS and statutory accounting and these are reconciled in the Movement in Reserves Statement (MiRS).
14. In the case of the Balance Sheet the position arises due to the liability on the Pension schemes, in particular the un-funded Fire-fighter schemes (FFPS).
15. The Authority is not, however, required or empowered to fund these deficits immediately as under the statutory arrangements they will be funded by future employer/employee contributions and, in the case of the FFPS, by direct government grant.
16. None of these accounting differences effect the underlying financial position or impact on the resources available to the Authority to deliver services.

Amendments to the Statements

17. No changes have yet been made to the Accounts as the result of the Audit, although there will inevitably be some of a minor nature.

Conclusion/Summary

18. The Statement of Accounts are in the process of being audited, but will be ready for approval by the Regulatory deadline (30th September).
19. Subject to there being no matters arising from the public inspection period, the External Auditor will then be able to issue an Audit Opinion as soon as it is ready.
20. On publication, the approved Statements will include the Audit Opinion and the approved Annual Governance Statement (which was approved at the April 2021 meeting of this Committee).

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 – Statement of Accounts 2020-21 (separate enclosure)

Report of the Treasurer

External Audit Plan (2020/21 Accounts)

Purpose of Report

1. To consider the Audit Plan from the Authority's External Auditor, Grant Thornton UK LLP, which sets out the work to be undertaken in 2021/22 in respect of the 2020/21 Audit.
-

Recommendation

The Treasurer recommends that the External Audit Plan 2021/22 (2020/21 Accounts be noted.

Introduction & Background

2. The External Auditor is required to inform the Authority of the work that will be undertaken during an annual audit and that 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 National Audit Office Code of Audit Practice
 - International Standards on Auditing (ISA) (UK)
 - Financial Reporting Council (FRC)

Key Milestones and Deadlines

5. The Authority is required to prepare the accounting statements by 31 May 2021, however, late information from Billing Authorities may put this date at risk.
6. The Authority is required to publish the accounts along with the Auditor's Opinion, by 30 September 2021.
7. The proposed timetable and planned outputs are included within the report which will be presented by Grant Thornton.
8. The report also outlines the new approach to Value for Money (VFM) arising from a new National Audit Office Code of Practice.

9. The plans of the Authority and External Auditor set out take account of the current expectations in relation to Covid-19 restrictions and may need to be amended should these change significantly.

Audit Fee

10. The plan proposes an increase in Audit fee, which is yet to be ratified by Public Sector Audit Appointments (PSAA) (the collective body established by the majority local authorities to manage the selection and appointment of external auditors) and reflects national pressures on auditors and not any Hereford & Worcester specific risks.
11. The key elements of the rise are detailed as:
 - “Raising the Bar” and is by direction from the FRC following criticism of audit in the case of large scale private sector company failures – again emphasising that this was a criticism of the audit sector and not specifically of Grant Thornton.
 - Additional work on Pensions Liabilities and Property Plant & Equipment (Fixed Assets) and again another filter through from private sector requirements applied to the public sector. Whilst these are big numbers in the Balance Sheet, the funding arrangements for the former and reasons for holding the latter, their practical significance in local authority accounts is substantially different to the private sector.
 - Additional work on VFM required by the new National Audit Office Code of Practice – specifically public sector related, but again not specifically Hereford & Worcester.
 - Additional audit requirements arising from amended ISAs.
12. Whilst it is very disappointing to see a 58% increase against the basic fee in only the third year of the contract, it is consistent across the whole local authority sector, and was probably inevitable, given the state of the external audit market at present. Additionally government have provided specific grant funding towards these costs, although the distribution of this sum between authorities is still awaited.

Conclusion

13. The Audit Plan sets out the work that will be undertaken during the audit of the 2018/19 Accounts. 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 and Standards Committee, as those charged with governance of their responsibilities.

Corporate Considerations

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

Supporting Information

Appendix 1 – External Audit Plan

Hereford & Worcester Fire Authority audit plan

Year ending 31 March 2021

28 July 2021



Contents



Your key Grant Thornton team members are:

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Section

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Accounting estimates and related disclosures
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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 planning 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 all 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.

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Key matters

Factors

Police and Crime Commissioner

Under the provisions of the Policing and Crime Act 2017, the Police and Crime Commissioner (PCC) may submit a business case to the Home Secretary for the PCC to take over governance of the Fire Authority. The PCC for West Mercia (which covers the Hereford and Worcester Fire area) submitted a business case and in March 2018 the Home Secretary indicated that the governance change would take place with effect from 1st June 2018. The transfer has been subject to two judicial reviews. Although the first review confirmed the Home Secretary's original decision, the second was withdrawn by mutual consent. As a consequence the government confirmed that the Home Secretary's decision in March 2018 was withdrawn and that there will need to be a new or updated business case; which would be subject to the statutory procedure for consultation and criteria for decision. It has also been confirmed that the earliest that the Home Office would consider a business case was after the PCC elections in May 2021.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS)

The Authority's HMICFRS report was published in December 2018. The Service was found to be 'good' within the effectiveness area but 'requiring improvement' when considering efficiency and people. In response the Authority prepared a Improvement Plan, and has since provided quarterly updates to Members. We note that many of the actions are complete and, despite the significant impact currently being experienced due to the Covid – 19 pandemic, sound progress is being made to discharge the remaining requirements of the Plan.

Chief Fire Officer

The Chief Fire Officer retired on 31 March 2021. After a thorough Options Analysis, the Authority agreed the permanent appointment of a new Chief Fire Officer with the requisite operational command and strategic Fire Service management experience. The new Chief Fire Officer is the former Assistant Chief Fire Officer.

Impact of Covid 19 pandemic

The Authority has adapted and responded well to the impact of Covid-19. Internally, business continuity has been good, with officers working from home and from Hindlip as required. Externally, the Authority has supported the regional response, including distributing PPE.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Director of Finance.
- We will consider your arrangements for managing and reporting your financial resources, and continued response to the HMICFRS Report and the Covid-19 pandemic as part of our work in completing our Value for Money work.
- The Authority's valuer reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the Covid 19 pandemic and we expect significant uncertainty will continue in 2020/21. We identified a significant risk in regards to the valuation of properties – please refer to page 6.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Hereford & Worcester Fire Authority ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Hereford & Worcester Fire Authority. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit & Standards Committee).

We are also responsible for undertaking sufficient work to be able to satisfy ourselves as to whether, in our view, the Authority has put arrangements in place that support the achievement of value for money.

The audit of the financial statements does not relieve management or the Audit & Standards Committee of your responsibilities. 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 audit approach is based on a thorough understanding of the Authority's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.
- The Authority's pension fund net liability as reflected in its balance sheet represent significant estimates in the financial statements.
- The valuation of the Authority's land and buildings.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £0.8m (PY £0.688m) for the Authority, which equates to 2% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £40k (PY £34.4k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any risks of significant weakness.

Audit logistics

Our interim visit will take place in March and our final visit will take place in June - September. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £40,061 (PY: £35,145) for the Authority, subject to the Authority delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Hereford & Worcester Fire Authority, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for Hereford & Worcester Fire Authority.</p>
Fraudulent expenditure recognition (rebutted)	Practice Note 10 states that as most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition.	<p>We have rebutted this risk for Hereford & Worcester Fire Authority because:</p> <ul style="list-style-type: none"> • expenditure is primarily related to employee costs • opportunity to manipulate contract variations is low <p>We therefore do not consider this to be a significant risk for Hereford & Worcester Fire Authority.</p> <p>We will continue to review material expenditure transactions as part of our audit ensuring that it remains appropriate to rebut the risk of expenditure recognition for Hereford & Worcester Fire Authority.</p>

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of land and buildings	<p>The Authority revalues its land and buildings on an annual basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • test revaluations made during the year to see if they have been input correctly into the Authority's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtain assurances from the auditor of Worcestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit & Standards Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Authority we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings properties
- Depreciation
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates in respect of surplus assets and PWLB borrowing

The Authority's Information systems

In respect of the Authority's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Authority uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Authority (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have prepared and agreed with management a separate document (Informing the audit risk assessment 2020-21) that will be being presented to the Audit & Standards Committee alongside this audit plan.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
 - issuing a report in the public interest or written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Authority's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report (see page 13).

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the prior financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £0.8m (PY £0.688m) for the Authority, which equates to 2% of your prior year gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision. We have set a separate lower materiality level for the disclosure note on remuneration of individual senior managers. In view of the sensitivity of this note to the reader of the accounts, we have set a materiality level of £50,000.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit & Standards Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit & Standards Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £40k (PY £34.4k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit & Standards Committee to assist it in fulfilling its governance responsibilities.

Prior year gross operating costs

£40.5m Authority
(PY: £34.4m)



■ Prior year gross operating costs

Materiality

£0.8m
Authority
financial
statements
materiality
(PY: £0.688m)



£40k
Misstatements
reported to the
Audit & Standards
Committee
(PY: £34.4k)

Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out opposite.

We have not identified any risks of significant weaknesses from our initial planning work. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's annual report.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Audit logistics and team



Avtar Sohal, Key Audit Partner

Avtar's role will be to:

- be a key contact for the Chief Fire Officer, the Director of Finance & Assets (Treasurer) and the Audit & Standards Committee; and
- take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority.

Neil Preece, Audit Manager

Neil's role will be to manage the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority.

Harvinder Panesar, Audit Incharge

Harvinder's role will be to:

- be the day to day contact for Authority finance staff;
- take responsibility for ensuring there is effective communication and understanding by finance team of audit requirements;
- focus on the more technical aspect of the audit and to discuss emerging national technical matters as they arise and deal with technical matters raised by the you throughout the year in a timely manner.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

In 2017, PSAA awarded a contract of audit for Hereford & Worcester Fire Authority to begin with effect from 2018/19. The fee agreed in the contract was £25,311. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

As referred to on page 13, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. Our estimate is that for your audit, this will result in an increased fee of £40,061 (58%). This is in line with increases we are proposing at all our local audits.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1..

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020/21, as set out below, is detailed overleaf and has been agreed with the Director of Finance.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
Hereford & Worcester Fire Authority Audit	£27,311	£35,145	£40,061
Total audit fees (excluding VAT)	£27,311	£35,145	£40,061

Assumptions

In setting the above fees, we have assumed that the Authority will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA		£25,311
<i>Ongoing increases to scale fee first identified in 2019/20</i>		
Raising the bar/regulatory factors	£750	
Enhanced audit procedures for Property, Plant and Equipment	£1,750	
Enhanced audit procedures for Pensions	£1,750	
		£4,250
Revised Audit fee 2019/20		£29,561
<i>New issues for 2020/21</i>		
Additional work on Value for Money (VfM) under new NAO Code	£5,500	
Increased audit requirements of revised ISAs	£5,000	
<i>Proposed increase to agreed 2019/20 fee</i>		£10,500
Total audit fees (excluding VAT)		£40,061

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that, with the exception of the issue reported below, 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 Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

A Grant Thornton employee, based in our Birmingham Office, is the Son of a key member of Hereford & Worcester Fire Authority's finance team, who worked on the 2018/19 and 2019/20 financial statements. The member of the finance team was a key contact for our audit work in those two years. As the 2020/21 financial statements will include comparative figures for 2019/20 we have applied the following safeguards:

- The Grant Thornton employee will not work on the Authority audit
- The Grant Thornton employee will not people manage anyone working on the audit
- All files will be restricted so that the Grant Thornton employee is unable to gain access to client information
- The resourcing, audit team and the Grant Thornton employee's people manager have been made aware
- The relationship will be declared on annual declarations going forward.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority.

Other services

No other services provided by Grant Thornton were identified.

Report of the Treasurer

Informing the Audit Risk Assessment 2020/21

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 2021/22 in respect of the 2020/21 Accounts.
-

Recommendation

The Treasurer recommends that the External Auditor's "Informing the Audit Risk Assessment" report be noted.

Introduction & 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 generic and specific, and the relevant management responses.

Conclusion

4. 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)	None
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None
Consultation (identify any public or other consultation that has been carried out on this matter)	None

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

Appendix 1 – Informing the Risk Assessment

Informing the audit risk assessment for Hereford and Worcester Fire Authority 2020/21

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Audit Manager

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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 your business 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.

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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 Authority's Audit & 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 & Standards Committee under auditing standards.

Background

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

This two-way communication assists both the auditor and the Audit & 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 & Standards Committee and supports the Audit & 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 Authority's oversight of the following areas:

- General Enquiries of Management;
- Fraud;
- Laws and Regulations;
- Related Parties; and
- Accounting Estimates.

Purpose

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

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21	<p>The key issues that will impact the financial statements are</p> <ul style="list-style-type: none"> • PPE and the valuation of assets and their assessment for inclusion in the accounts • Outcome and accounting requirements surrounding the McCloud/Sargeant Pension case • Issues surrounding the impact of the Covid-19 pandemic.
2. Have you considered the appropriateness of the accounting policies adopted by Hereford & Worcester Fire Authority? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	Yes – these are reviewed as part of the Final Accounts closedown process, at this time there is no requirement for amendment to or new accounting policies.
3. Is there any use of financial instruments, including derivatives?	No
4. Are you aware of any significant transaction outside the normal course of business?	No

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No
6. Are you aware of any guarantee contracts?	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	<p>There is no loss contingency.</p> <p>The Authority maintains an Insurance Reserve to meet the costs of uninsured excess payments.</p>
8. Other than in house solicitors, can you provide details of those solicitors utilised by Hereford & Worcester Fire Authority during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>The Local Government Association have instructed Bevan Brittan in relation to FBU Pension Litigation on behalf of the Fire Authorities. The Authority also use Veena Allyson for employment law advice as and when this is necessary.</p>

General Enquiries of Management

Question	Management response
9. Have any of the Authority's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Other than the use of advisors such as PS Tax and CIPFA FAN, for general queries, the Authority have not used any advisors about specific queries during the year.

Fraud

Issue

Matters in relation to fraud

ISA (UK) 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 & Standards Committee and management. Management, with the oversight of the Audit & 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 & Standards Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Hereford & Worcester Fire Authority 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 & Standards Committee regarding its processes for identifying and responding to risks of fraud; and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit & Standards Committee oversees the above processes. We are also required to make inquiries of both management and the Audit & 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 Hereford & Worcester Fire and Rescue Authority management.

Fraud risk assessment

Question	Management response
<p>1. Has Hereford & Worcester Fire Authority assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Authority's risk management processes link to financial reporting?</p>	<p>Yes –</p> <ul style="list-style-type: none"> • By staffing the finance function of the Authority with appropriately professionally qualified and experienced officers, who adhere to both organisational ethics and a professional ethics framework. • By establishing control systems to reduce risk through financial regulations and standing orders and financial instructions. • By regular budget monitoring reports to highlight any unusual movements. • By understanding and comparing the underlying position with prior years.
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>The nature of the FRA business is such that transactions with third parties are limited and no particular class is viewed as high risk.</p>

Fraud risk assessment

Question	Management response
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Hereford & Worcester Fire Authority as a whole or within specific departments since 1 April 2020?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>None.</p> <p>The Authority has a Risk Management Process, where risk is reviewed quarterly at Senior Management Board and also by the Authority.</p>
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Hereford & Worcester Fire Authority where fraud is more likely to occur?</p>	<p>No</p> <p>No</p> <p>No particular locations are considered to be more at risk to Fraud.</p>
<p>5. What processes do Hereford & Worcester Fire Authority have in place to identify and respond to risks of fraud?</p>	<p>The Authority takes part in the National Fraud Initiative, the Authority also reviews and takes notice of any fraud notifications if they are send to us.</p> <p>But no particular area is deemed to be high risk due to the low levels of interaction with third parties.</p>

Fraud risk assessment

Question	Management response
<p>6. How do you assess the overall control environment for Hereford & Worcester Fire Authority, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>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)?</p>	<p>The Authority uses Worcester Internal Audit Service to independently report on the adequacy of systems. There is separation of duties in operation.</p> <p>No specific areas – the process is generic across the Authority</p>
<p>7. Are there any areas where there is potential for misreporting?</p>	<p>No areas considered to be high risk.</p>

Fraud risk assessment

Question	Management response
<p>8. How does Hereford & Worcester Fire Authority communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>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.</p> <p>Confidential Reporting (Whistleblowing) Policy.</p> <p>Staff are encouraged to report all irregularities identified in confidentiality. Policies such as the Whistleblowing Policy are in place and are available to staff on the Sharepoint Intranet site.</p> <p>No issues reported.</p>
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>The only higher risk areas would be those undertaking higher levels of procurement – Operational Logistics and ICT. These risks are mitigated by the use of Government frameworks or tender processes, which are supervised by the Procurement Officer.</p>

Fraud risk assessment

Question	Management response
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No the nature of the transactions with related parties do not tend to lend themselves to risk.</p> <p>All Senior Managers and Budget Holders are requested annually as part of the Final Accounts process to declare all relationships that may have a third party relationship implication. Members of the authority also complete a declaration requested by the Committee Services Section which is retained by them and any relevant disclosures posted as required on the Authority website and so is available for public scrutiny.</p>

Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Audit & Standards Committee?</p> <p>How does the Audit & Standards Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<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
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>No</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>No</p>

Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit & Standards Committee, is responsible for ensuring that Hereford & Worcester Fire Authority operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

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 Audit & 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.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Hereford & Worcester Fire Authority have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Authority's regulatory environment that may have a significant impact on the Authority's financial statements?</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> <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>

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Hereford & Worcester Fire Authority have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Authority's regulatory environment that may have a significant impact on the Authority's financial statements?</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 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

Question	Management response
<p>2. How is the Audit & 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>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial statements?</p>	<p>There are two on-going matters:</p> <ol style="list-style-type: none"> (1) Some allowances paid to firefighters may not have been treated correctly for pension purposes. The Treasurer/Payroll team have identified the implications for individuals to investigate taking the matter further. (2) The Authority is investigating a small number of cases where pensions may have been paid incorrectly due to the loss of protected pension age.
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>None that would give rise to a material misstatement.</p> <p>The Authority is still involved (jointly with other FRS) in the investigation and defence of the firefighters' pension claim, in connection with the 2015 pension scheme transitional arrangements and it is participating in the class action being co-ordinated by the LGA in respect of the 'Trucks Cartel'.</p>

Impact of laws and regulations

Question	Management response
<p>5. What arrangements does Hereford & Worcester Fire Authority have in place to identify, evaluate and account for litigation or claims?</p>	<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>Any personal accident claims against the Authority are dealt with by Worcestershire County Council / insurers on the Authority's behalf.</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>
<p>6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?</p>	<p>No</p>

Related Parties

Issue

Matters in relation to Related Parties

Hereford & Worcester Fire Authority is required to 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 Hereford & Worcester Fire Authority;
- 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's perspective but material from a related party viewpoint then the Authority must disclose it.

ISA (UK) 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.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Hereford & Worcester Fire Authority 2019/20 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Hereford & Worcester Fire Authority whether Hereford & Worcester Fire Authority has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>There have been no changes identified in the 2019/20 financial statements.</p> <p>All relevant information is compiled and provided in the final accounts and these have not changed from those identified in previous years.</p>
<p>2. What controls does Hereford & Worcester Fire Authority have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Individual related party disclosures by senior staff and members, and awareness of major contracts.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Staff work is restricted in areas where this would lead to potential related party issues.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>As detailed in note 3 above.</p>

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit & Standards Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

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

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Judgements would be required around the outcome and the accounting requirements of the McCloud/Sargeant case and the valuation of PPE, though arrangements are in place with the valuers for these to be revalued annually.
2. How does the Authority's risk management process identify and addresses risks relating to accounting estimates?	The main risk areas relating to accounting estimates are Pensions and Fixed Assets. These risks are addressed by the use of 3 rd party actuaries and valuers – so this mitigates the risk of fraud.
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	This information is received from the 3 rd parties, it is then reviewed by the Finance Department to ensure that it is reasonable and the information is then discussed where relevant with the body responsible for collating it.
4. How do management review the outcomes of previous accounting estimates?	This review is undertaken – the outcomes are reviewed by members of the Finance Department, as part of the budget monitoring function. These outcomes are then used to inform discussions in the coming year.
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	There was no requirement for changes.

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Management review the skills that were required in the previous years such as the Pension actuary's and the Valuers for PPE. And if there are any additional specialist skills that will be required in the next financial year.
7. How does the Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	The Authority ensures that the service providers for accounting estimates have the required professional qualifications to undertake the required tasks.
8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Control is put in place by the use of a Management Letter, which sets out the requirements of the work to be carried out and the deadlines required by the Authority.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>The Pensions estimates are undertaken by specialist actuaries – either a Government Department (GAD) or the County Actuary (Mercers).</p> <p>PPE valuations are reviewed and questioned by the Chief Accountant where movements are identified that are not in line with those expected.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	Yes. Judgements would be required around the outcome and the accounting requirements of the McCloud/ Sargeant case and the valuation of PPE, though arrangements are in place with the valuers for these to be revalued annually.
11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	These are reasonable.
12. How is the Audit & 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, plant & equipment valuations	Property valuations are made by the external valuer from Place Partnership Limited.	Valuer notified of changes to the estate from the prior year.	Use the external valuer (RICS qualified) from Place Partnership Limited.	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 Place Partnership Limited.	The useful lives of property are recorded in accordance with the recommendations of the external RICS qualified valuer.	No
Depreciation and Amortisation	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

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 Place Partnership Limited.	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

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
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 authorities.	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

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?
Provision 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

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?
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



Report of the Internal Auditor

Internal Audit Annual Report 2020/21

Purpose of Report

1. To provide the Committee with:
 - the overall results in terms of meeting Internal Audit's (IA's) objectives as set out in the internal audit plan for 2020/2021,
 - an audit opinion and commentary on the overall adequacy and effectiveness of the internal control environment.
 - a copy of the current internal audit charter.
-

Recommendation

The Treasurer recommends that the Committee note the Internal Audit Charter and that the audit plan delivered in 2020/21 has provided an assurance level of "full" for four core financial areas and that no limited or below assurance areas have been reported or any high priority recommendations.

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 Authority under the Accounts and Audit (England) Regulations 2018. 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 was 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. The Authority is required to publish an Annual Governance Statement to accompany the accounts later in the year.

Objectives of Internal Audit

3. The Chartered Institute of Public Finance and Accounts (CIPFA) Code of Practice for Internal Audit in Local Government in the United Kingdom defines internal audit as: "an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resource".

Internal Audit

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.
 - Advise upon the control and risk implications of new systems or other organisational changes.
5. WIASS is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards as amended.

Assurance Sources

6. We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we seek to place reliance on such work thus reducing the internal audit coverage as required.

Independence and Safeguards

7. WIASS internal audit activity is organisationally independent. Internal Audit reports to the Treasurer but has a direct and unrestricted access to the senior management team and the Audit Committee Chair. Where WIASS provide assistance with the preparation of areas of work such as Risk Management or the Annual Governance Statement there are clear safeguards in place to ensure independence is not compromised. Safeguards include review within the audit service by an independent person to those who have completed the work as well as independent scrutiny by the Treasurer of the authority. Audit Committee can also challenge the reported findings and the minutes would record this.

8. To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan was shared with the external auditors for information.

Risk Management

9. Risk Management is a high profile activity due to the nature of the Authority. Regular updates have been brought before Committee and a robust and embedded risk management process exists within the Fire Authority. Regular review of the risk profile takes place with appropriate mitigation agreed and reported.

Summary of the prime features

2020/2021 Key Internal Audit planned Inputs for WIASS

10. A summary of the position is provided at Appendix 1

2020/2021 Key Internal Audit planned Outputs for WIASS

11. During 2020/21 Internal Audit was originally required to:
 - complete ten systems audits (including critical friend reviews) of which four needed to suitably assist the External Auditor reach their “opinion”.
 - provide sufficient audit resources for other operational areas which assist the Fire Service maintaining/improving its control systems and risk management processes or implementing / reinforcing its oversight of such systems, i.e. provide an on-going consultancy to managers on internal control, for example where system changes are being made;
 - meet Internal Audit’s external work requirements;
 - achieve a benchmark of delivery for 2020/21 of all audits as agreed in the operational programme as agreed at the 22nd January 2020 Committee.
12. Most audits, on completion, are assigned an assurance using a predefined definition and all reported recommendations are given a priority. The audit assurance and recommendation priority is agreed with Management before the final report is published. An example of the assurance and priority definitions is provided at Appendix 2 for information. The overall assurance that has been attributed to the various areas that have been audited regarding the 2020/21 programme reflects the fact there have been no ‘high’ priority recommendations to report.

Productive Work

13. During 2020/21, 90 productive audit days were delivered by WIASS against an overall budget of 111 days. The 2020/21 plan reflected the delayed start due to the COVID-19 pandemic and certain reviews were rolled to the 2021/22 plan. It has been necessary to consider all Partner plans and adjust

them where necessary. It was considered that the areas of adjustment in the Fire Authority plan would have least impact and allow the service to continue to concentrate on delivering to the residents the best service provision without distraction. Areas identified and rolled over were Safeguarding and Young Fire Fighters. 2020/21 also saw an increase in the overall time frame to deliver audits due to remote working, teleconferencing or alternative means whereas prior to this a simple and brief conversation alongside an Officers desk or in passing would have sufficed. Priority was given to potentially higher risk areas and financial audits. The 2020/21 plan remained very flexible, but the core financial areas of the business were completed and reported on. Committee was continually and regularly informed of developments throughout the year and any variations to the plan were agreed by the Treasurer.

14. Consultancy, advice and guidance are demand led activities and can fluctuate from year to year but have been contained well within the agreed budget.
15. Follow up in respect of audits provided to the Fire and Rescue Service have continued and were included as part of the 2020/21 audit programme and have been undertaken during the past twelve months for example GDPR, Equality and Diversity as well as all the core financial reviews.
16. Internal audit has worked with external audit to try and avoid duplication of effort, provide adequate coverage for the 2020/21 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.

Work of interest to the External Auditor

17. The results of the work that we performed on four systems audits during 2020/21 was of direct interest to External Audit. Audit reports are passed to the external auditor on request for their information and for them to inform their opinion.
18. Dialogue continues with the External Auditor to ensure that the IA work will continue to provide the assurance they seek at an acceptable standard.

Quality Measures – internal

19. Managers are asked to provide feedback on systems audits as the audit progresses. Comments have been received from several Managers who have expressed their appreciation of the audit approach and the fact that it will assist them to add value to their service area. Feedback has predominantly been immediately forth coming from the appropriate Managers. A questionnaire is available/provided where a more formal response is required. WIASS analyse the returns during the year to ensure that the audit programme continues to add value. The Treasurer, Senior Management Team and External Audit have also confirmed a high satisfaction with the audit product during discussions with the Head of the Internal Audit Shared Service.

20. Further quality control measures embedded in the service include independent individual audit reviews and regular Client Officer feedback. WIASS staff work to a given methodology and have access to reference material and the Charter which reflects the requirements of the standards. A copy of the Charter is included at Appendix 4 for information.
21. The Client Officer Group (i.e. management board) meet on a regular basis and consider the performance of the Shared Service including progress against the Service Plan and promote continuous improvement of the Service.
22. To further assist the Committee with their assurance of the overall delivery WIASS conforms to the Public Sector Internal Audit Standards as amended.
23. Appendix 3 provides the audit opinion and commentary which provides further assurance to the Committee.

Internal Audit Self Assessment

24. As part of the compliance with the Standards, Internal Audit self-assesses to identify areas where further development can enhance the Service. The self-assessment was undertaken during August 2020 and as a result a Quality Assurance Improvement Plan (QAIP) was formulated and is reported at Appendix 5 for information. This has been a regular feature of the regular progress reports placed before Committee throughout the year.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	H&WFRS joined the Shared Service as a full partner in April 2016. The financial details are not fully detailed in this report, but any contribution is agreed by The Treasurer who is a voting Member of the Client Officer Group.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	There are legal issues e.g. joining as a partner in the shared service required consideration but are not fully detailed in this report. Internal audit provides an independent assessment of risk mitigation against corporate priorities.
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

**FIRE & RESCUE SERVICE
INTERNAL AUDIT PLAN FOR 2020/21**

Audit Area	Source	Planned days 2020/21		Service	Comment/Outline Scoping	Strategy link	Delivery date	Assurance
Accountancy & Finance Systems								
Main Ledger (inc Budgetary Control & Bank Rec)	Fundamental to HWFRS CRMP delivery	9		Finance	Increase in days for a full system audit returning to light touch 2021/22	Resourcing for the Future	Finalised – 2 nd December 2020	Full
Creditors (a/c's payable)	Fundamental to HWFRS CRMP delivery	8		Finance	Increase in days for a full system audit returning to light touch 2021/22	Resourcing for the Future	Finalised – 2 nd December 2020	Full
Debtors (a/c's receivable)	Fundamental to HWFRS CRMP delivery	5		Finance	Increase in days for a full system audit returning to light touch 2021/22	Resourcing for the Future	Finalised – 2 nd December 2020	Full
Payroll & Pensions inc GARTAN	Fundamental to HWFRS CRMP delivery	12		Service Support	Full Payroll audit. ToR: to ensure everything has embedded and all scenarios have been encountered depending on Payroll procurement outcome. Pensions to include governance due to changes. (See 'Asset Management Registers' below re. potential budget reallocation).	Resourcing for the Future	Finalised – 11 th May 2021	Significant

Audit Area	Source	Planned days 2020/21		Service	Comment/Outline Scoping	Strategy link	Delivery date	Assurance
Capital Budgeting	Fundamental to HWFRS CRMP delivery	11		Finance	Full system audit. Required per prudential code. ToR: process -v- reality.	Resourcing for the Future	Finalised – 20 th May 2021	Full
SUB TOTAL		45						
Corporate Governance								
Key Performance Indicators	Fundamental to HWFRS CRMP delivery	11		Service Support	Critical friend review to consider why the KPI's are useful, process of capture, interpretation, consistency, and the strategic alliance reporting and outcomes. Underpins everything HWFRS report on and are changing.	Fire & Rescue Authority	Finalised – 18 th December 2020	N/a – Critical Friend Review
SUB TOTAL		11						
System / Management Arrangements								
Young Fire Fighters & Volunteering	Identified risk and priority area	-		All	Potential for reputational risk, cost and value added requirements. Focus will be Droitwich as Redditch has closed. ToR: to be agreed at commencement of review.	Fire & Rescue Authority	Rolled to 2021/22 Plan	N/a
Safeguarding	Priority area	-		All	Continuing risk associated with this area of the business. Last looked at 2016/17. ToR: Corporate ownership and embedded responsibilities.	Fire & Rescue Authority	Rolled to 2021/22 Plan	N/a
Charge cards	Potential for emerging risk	8		Finance	Cards limited to certain requirements but looking to extend the number of card holders which has the potential to increase the	Resourcing for the Future & Services	Finalised – 26 th April 2021	Full

Audit Area	Source	Planned days 2020/21		Service	Comment/Outline Scoping	Strategy link	Delivery date	Assurance
					risk. ToR: good governance re. process and practice.			
Asset Management Registers	Fundamental to HWFRS CRMP delivery	10		Service Support	ToR: consistency with finance asset list and whether the same information is reported. Potential budget to come from unused Payroll (i.e. contingency depending on payroll procurement outcome 2020/21).	Fire & Rescue Authority	Finalised – 26 th April 2021	Full
SUB TOTAL		18						
Follow up Reviews	Good Governance	5		All	Good governance and best practice	N/a	Q1 – Q4 inclusive	
Advice, Guidance, Consultation, Investigations	N/a	2		N/a	Contingency and pull down	N/a	Q1 – Q4 inclusive	
Audit Cttee support, reports and meetings	N/a	9		N/a	Delivery Support requirement	N/a	Q1 – Q4 inclusive	
SUB TOTAL		16						
TOTAL CHARGEABLE		90						

Note: GAD has been not included ~ conformity to be provided by Worcestershire County Council.

Summary of 2020/21 Audit Assurance Levels

2020/21	Number of Fire and Rescue Service Audits	Assurance	Overall % (rounded)
From 10 reviews	6	Full	60%
	1	Significant	10%
	Nil	Moderate	0
	Nil	Limited	0
	Nil	No	0
	Nil	To be finalised	0
	1	Critical Friend	10%
	2	Deferred to 21/22	20%

Note:

Follow Up, Advice, Audit Committee Support and management reporting areas are not included in the above figures.

Overall Conclusion:

- 70% of the finalised audits undertaken for 2020/21 which have been allocated an assurance returned a level of significant or above. An ICT audit that bridged 2019/20 and 2020/21 was also finalised but not included in this year's plan statistics.
- Managers and the Treasurer are satisfied with the audit process and service delivery from the feedback received from them.

Audit Reports 2020/21

Definition of Audit Opinion Levels of Assurance

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

Hereford and Worcester Fire and Rescue Authority Commentary and Audit Opinion 2020/21

1. Internal Audit: Hereford and Worcester Fire and Rescue Authority's responsibility for maintaining an adequate and effective internal audit function is set out in the Accounts and Audit (England) Regulations 2018.
2. Due to the global COVID-19 pandemic, 2020/21 was a very challenging year regarding governance. Changes in the way services needed to be delivered and staff deployed saw a move away from traditional office-based working to flexible and remote working. This created many challenges with a move to an almost total reliance on back office ICT solutions for those staff having to work from home during the pandemic lockdowns. This created some real challenges to ensure the services could continue to be delivered during the national lockdowns and subsequent restrictions during the pandemic.

Overall Governance Conclusion

3. Based on the audits performed against the 2020/21 audit plan, the Head of Internal Audit Shared Service has concluded although not all audits have achieved full assurance the lack of serious shortcomings found in the range of audits carried out indicates that the Hereford and Worcester Fire and Rescue Service internal control arrangements throughout the pandemic and the changing environment are generally adequate and have effectively managed the principal risks identified by management as part of the pandemic response and the audit plan and can be reasonably relied upon to ensure that the Authority's corporate objectives have been met.

Risk Management Conclusion

4. The Head of Internal Audit can confirm the development of formal risk management systems was sustained during the year and risk management continues to feature prominently throughout the activities of the Fire Authority.
5. The corporate risk register was updated and the Audit Committee have received the necessary updates on key risks. Updates will continue to be made regularly to the Audit Committee. The link between risk identification and control is of fundamental interest to internal auditors, although the responsibility for controlling the risk itself rests firmly with line managers, who must ensure that appropriate controls are considered to mitigate the identified risks.

Findings

6. The Internal Audit function is provided by the Worcestershire Internal Audit Shared Service (WIASS) which was set up as a shared service in 2010/11 and hosted by Worcester City for 5 district councils and the Fire and Rescue Service. 2016/17 was the first year Hereford and Worcester Fire and Rescue Authority became a full voting member of the shared service. The shared service operates in accordance with, and conforms to, the Public Sector Internal Audit Standards as amended. It objectively

reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Fire and Rescue Authority objectives and contributes to the proper, economic and effective use of resources.

7. The Internal Audit Plan was agreed with External Audit, the Treasurer and s151 Officer and was approved by the Audit and Standards Committee on the 22nd January 2020. This was prior to the declaration of the global COVID-19 pandemic. It included:
 - a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion'
 - other corporate systems for example embedding of national operational guidance, equality and diversity and communication and engagement strategy.
8. Due to the pandemic the plan was reconsidered during May 2020 and a revised risk-based plan emerged for auditing to commence from June 2020 onwards. The core financial audits were targeted along with a couple of areas which were considered to potentially attract more risk. Regular updates regarding these reviews were reported before the Audit Committee during the year. Two reviews, Safeguarding and Young Fire Fighters were rolled to 2021/22. Based on the audits performed by WIASS in accordance with the approved and revised audit plan the Head of Internal Audit Shared Service can report that the Hereford and Worcester Fire and Rescue Authority governance framework arrangements during 2020/2021 six have provided assurance outturns of 'full' in regard to four core financial areas along with 'full' and 'significant' assurances in regard to other operational aspects. There were no 'moderate' 'limited' or below assurances reported.
9. 'Full' to 'moderate' assurance essentially provides there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified.
10. In relation to the planned ten reviews during 2020/21, two were deferred to 2021/22 and eight have been finalised.
11. WIASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide those charged with the responsibility of governance with a reasonable assurance based on the audits performed in accordance with the approved plan and revisions thereto and the scoping therein with the backdrop of exceptional circumstances with the global pandemic and the necessity to move away from traditional office based protocols to remote working.

Andy Bromage

Head of Worcestershire Internal Audit Shared Service

June 2021



Worcestershire Internal Audit Shared Service (WIASS)

Internal Audit Charter

Hereford and Worcester Fire and Rescue Authority

Definitions

1. Management refers to the Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer/Directors and Area Commanders/Heads of Service.
2. Board refers to the Audit & Standards Committee

This Charter was last reviewed by the Audit and Standards Committee on the 29th July 2020.

1. Introduction

Purpose

- 1.1 The purpose of this charter is to define what Internal Audit is and explain its purpose, role and responsibilities.

Provision of Internal Audit Services

- 1.2 WIASS covers five district authorities Wychavon, Malvern Hills, Bromsgrove, Redditch and Worcester and one Fire Service, Hereford and Worcester Fire and Rescue Authority. WIASS will provide internal audit services to third parties under contractual arrangements.
Worcester City Council hosts the Shared Service provision under an on-going Administrative Collaborative Agreement. It is governed by a Client Officer Group (COG) which is made up of the district and Fire Service s151 officers each having an 'equal say'. The Client Officer Group meets approximately 4 times a year.
- 1.3 For line management matters internal audit will report to the Corporate Director of Resources (s151 Officer within Worcester City Council) and the Monitoring Officer in their prolonged absence.

2. Mission and Definition

2.1 Mission:

"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".

Additional information can be found on the local intranet site:

<https://staffroom.worcester.gov.uk/internal-audit>

2.2 Definition:

Internal Auditing is 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 bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

3. Scope and Authority of Internal Audit Work

- 3.1 Under the Accounts and Audit Regulations 2015 No. 234 Part 2 Regulation 5:
(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—
(a) make available such documents and records; and
(b) supply such information and explanations;
as are considered necessary by those conducting the internal audit.
(3) In this regulation "documents and records" includes information recorded in an electronic form.
To aid compliance with Regulation 5 of the Accounts and Audit Regulations 2018 as amended, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 details that "Internal Audit should work in partnership with management to improve the control environment and assist the organisation in achieving its objectives".
Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives.
- 3.2 In the course of their reviews internal audit staff, under the direction of the Head of Service, shall have authority in all partner organisations to:-

- at all reasonable times after taking account of audit requirements, enter on any partners' premises or land;
- have access to, and where internal audit deem necessary take into their possession, any records, documents and correspondence relating to any matter that is the subject of an audit;
- require and receive such explanations as may be considered necessary from any officer of the Partner regardless of their position;
- require any officer of the Partner to produce forthwith cash, stores or any other property under their control.

for the Partner in which the internal audit service is being provided.

3.3 Internal Audit work will normally include, but is not restricted to:

- review and assess the soundness, adequacy, integrity and reliability of financial and non-financial management and performance systems, and quality of data;
- reviewing the means of safeguarding assets;
- examine, evaluate and report on compliance with legislation, plans, policies, procedures, laws and regulations;
- promote and assist the Partner in the effective use of resources
- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Partner and recommend arrangements to address weaknesses as appropriate;
- advise upon the control and risk implications of new systems or other organisational changes.
- provide a 'critical friend' to assist services to achieve value for money
- undertake independent investigations into allegations of fraud and irregularity in accordance with the Partner's policies and procedures and relevant legislation
- at the specific request of management¹, internal audit may provide consultancy services provided:
 - the internal auditors independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management¹ have made proper provision for resources within the annual plan
 - management understands that the work being undertaken is not internal audit work.

3.4 IA's remit extends across the entire control environment of the organisation and is not limited to certain aspects or elements.

4. Responsibility of Management¹ and of Internal Audit.

4.1 At all times internal audit will operate in accordance with the partner's Constitution and legal requirements and all internal audit staff will adhere to recognised Professional Standards and Codes of Conduct and Ethics e.g. the Institute of Internal Auditors' and/or CIPFA as well as the Partner's Codes of Conduct and Anti-Fraud and Corruption Policies.

- 4.2 It is the responsibility of Management to put in place adequate controls to ensure systems meet their objectives and that they are notified without delay of any instances where systems are failing to operate properly. However, where there has been, or there are grounds to suspect that there is risk of a serious breakdown in a significant system, the Head of Service should be informed of the problem and any counter measures already in hand or proposed, as quickly as possible, in order that the Head of Internal Audit Shared Service can decide whether audit involvement is needed.
- 4.3 Similarly, it is the responsibility of Management to put in place adequate controls to prevent and detect fraud, irregularities, waste of resource, etc. Internal Audit will assist Management to effectively manage these risks. However, no level of controls can guarantee that fraud and the like will not occur even when the controls are performed diligently with due professional care. As a consequence all cases of actual or suspected fraud should be reported to the Head of Internal Audit Shared Service forthwith. The Head of Internal Audit Shared Service will then decide the course of action to be taken with due regard to the Partner's Constitution, e.g. Whistleblower's Charter, Stopping Fraud and Corruption Strategy, etc.
- 4.4 Any officer of a partner organisation who has genuine concerns at raising a suspected instance of fraud or malpractice through their normal reporting channels can raise the matter under the Partner's Whistleblower's Charter directly with any of the persons named in the policy document, including the Head of Internal Audit Shared Service. Head of Internal Audit Shared Service will then pursue the matter in accordance with the provisions of the policy document.
- 4.5 Internal audit is not responsible for any of the activities which it audits. WIASS will not assume responsibility for the design, installation, operation or control of procedures. However, should any partner/client contract for specialist services within an area then the WIASS staff member assigned will not be asked to review any aspect of the work undertaken until two years have passed from the completion of the assignment.
- 4.6 The Head of Internal Audit Shared Service will ensure that the relevant Head of Service and/or Section 151 Officer is briefed on any matter coming to the attention of internal audit, either through a review or otherwise, that could have a material impact on the finances, create an unacceptable risk or be fraudulent for the Partner as quickly as possible, and will ensure the appropriate Officer of the Authority e.g. Director, Monitoring Officer is regularly briefed on the progress of audits having a corporate aspect. Matters involving fraud or malpractice are to be reported in line with the anti-fraud and corruption policy. The most appropriate action/engagement of the relevant Head of Service will be determined by the HoWIASS depending on the circumstances.
- 4.7 In order to (1) maintain a broad skills base within Internal Audit and (2) maximise the ability of the team to offset the cost of providing the internal audit function to the Partner, the strategic plan will include a commitment that internal audit obtains income to the Partner from external work either from partnership working and/or selling its expertise. Such activities will be governed by targets set out in the Collaborative Administrative Agreement and will be approved and reported on to the Client Officer Group.

5. Planning and Reporting

- 5.1 To meet the objectives above, the Head of Internal Audit Shared Service shall:-
- a) prior to the beginning of each financial year, following consultation with Management¹ and after taking into account comments from Members arising from the reporting process set out below, provide the Committee with:

- a risk based audit plan forecasting which of the Partner's activities are due to receive audit attention in the next 12 months. The risk based plan will take into consideration a number of risk factors including corporate risk register, service risk register, local knowledge, corporate promises or objectives, key strategic documents e.g. five year plan and any external audit guidance. Where there is a potential difference between strategy/plan and resource this is reported to the Board²;
 - a detailed operational plan using a risk based assessment methodology showing how/what resources will be required/allocated in the coming financial year in order to meet the requirements of the Partners strategic plans. The Plans will be flexible and include a small contingency contained as part of the consultancy budget to allow for changes in priorities, emerging risks, ad hoc projects, fraud and irregularity, etc. The Head of Internal Audit Shared Service will bring to the attention of the s151 Officer if this budget is depleted so an additional contingency can be agreed. 'Consultancy', for the purposes of WIASS activity, is defined as work that is of a specialist nature and commissioned/requested in regard to an area of work activity within a service area that is in addition to the agreed partners audit plan. The work can be financial or governance based and the output will provide management¹ with challenges to consider depending on its nature. The approach to the assignment can be flexible but follow a similar path in regard to the methodology.
- b) during the course and at the close of each financial year provide the Board² with:
- quarterly progress reports on actual progress compared to the plan and performance indicators. Such reports to highlight serious problems, either affecting the implementation of the plan, or, in the take up of audit recommendations;
 - an annual report summarising the overall results for the year compared to the plan and pointing out any matters that will impact on internal audit's ability to meet the requirements in the strategic plan;
- c) during the course and close of each full systems/risk audit provide the client manager¹ with:
- a copy of an audit brief and audit information request setting out the objectives and scope of the audit prior to commencement of the audit and a confirmation of resource requirements for the audit.
 - draft recommendations, which will be discussed with the responsible manager¹ prior to sending the draft audit report. The manager¹ is responsible for confirming the accuracy of the audit findings and is invited to discuss the report during the 'clearance' meeting prior to the issue of the draft report.
 - an audit report containing an overview of the quality of the control system, an opinion as to the level of system assurance and detailed findings and recommendations including priority. 'Assurance', for WIASS purposes, is defined as the determination of an overall outcome against a predetermined criteria leading to an applied level giving an overall summary for the work audited.
- d) shortly after the close of each financial year provide for the purposes of the Annual Governance Statement:
- an annual audit opinion of the Partner's system of controls based on the audit work performed during the year in accordance with the plans at 5.1(a) above and reported in accordance with 5.1(b) and (c) above and on the assurance methodology adopted, and, a statement of conformance

with the Public Sector Internal Audit Standards and the results of quality assurance and improvement programme.

- 5.2 Expectations of Clients:
Managers and staff should co-operate with the Auditors, and responses should be made to draft reports as outlined at 3 above. Responses should include an action plan, dates for action and responsibility where actions are delegated. The final 'High' and 'Medium' recommendations will be reported to the Board².
- 5.3 Audit reports will be drawn up following the internal audit report framework. A matrix type report displaying audit findings, risks and recommendations along with a column for management comments, as per 5.1(c), will be provided to management¹. The report will also contain an introduction and priority categories for each of the recommendations. A covering report will be attached to the matrix providing details of the partner organisation, circulation, audit scope and objectives, an audit opinion, an executive summary and an audit assurance rating as well as a clear indication of what action is required by management.
- 5.4 Upon completion of audits, the audit exceptions will be discussed with the relevant line manager and will form the basis of the draft audit reports. The draft audit reports are issued to the relevant line managers for them to confirm the accuracy of the audit findings and content. Managers are invited to contact the Auditor if they wish to discuss the report and asked to show their response in the form of an action plan to each recommendation on the draft report. For accepted recommendations, dates for action or implementation are recorded. The managers' responses are recorded in the final reports that are issued to the appropriate Management¹ officers as deemed relevant for the audit.
- 5.5 In accordance with professional standards, after three/six months from the date of issue of the final report, follow-up audits are undertaken to ensure that the agreed recommendations and action plans have been implemented, or, are in the process of being implemented. A formal follow up procedure / methodology is used to follow up audit reports and reported on an exceptions basis.
- 5.6 Internal Audit works to the reporting quality standards of:
- draft audit reports to be issued within 5 working days of the clearance meeting;
 - management responses received within 10 working days;
 - final audit reports to be issued within 5 working days of the final discussions of the draft audit report and receipt of management responses;
 - final reports to be followed-up initially within 3 to 6 months of the date issue of the final audit report depending on the recommendation priority and residual risk, to ensure that the accepted recommendations due for implementation have been established.
- 5.7 Escalation for late or non return of audit reports will be instigated when after two requests the reports have not been provided by management. The escalation will commence with the s151 Officer being informed of the late return. If the report remains outstanding then the Board² will be informed of the inaction with a view to them calling in the Officer to justify the late return.

6. 7 Principles of Public Life and how WIIASS interprets and applies them.

1. Selflessness - protecting the public purse and ensuring all actions taken are solely in the public interest.

2. Integrity - completely independent and above undue bias or influence in the work that we do.

3. Objectivity – demonstrate impartiality and fairness in all aspects of our work and when reporting uses only the best evidence without discrimination or bias.

4. Accountability – provide transparency and assurance holding people to account in regard to decisions and actions and provide assurance to those in governance roles.

5. Openness – to promote and ensure through good governance that decisions are taken in an open and transparent manner and no information is withheld from the public unless there are clear and lawful reasons for so doing

6. Honesty – to provide independent assurance to those in governance of confirmation of truthfulness

7. Leadership – through the audit work actively promotes and robustly supports the principles and shows a willingness to challenge poor behaviour wherever it occurs.

For further information on the principles of public life:

<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

7. Core Principles for Professional Practice and how WIIASS interprets and applies them.

1. Demonstrates integrity:

WIIASS works independently, without influence or undue bias. The audit plan is created so that there are no conflicts of interest between the officer and the audit. Potential conflicts of interest are formally checked annually with all members of the WIIASS team. Areas of risk for WIIASS are identified and mitigated. Potential areas of risk include, but are not limited to, auditors re-auditing Risk Management, NFI, and Regulatory Services in consecutive years and Services that they have transferred from. Officers that have conflicts of interest, or if they are / have been working in the area of audit, will not undertake any audits in the conflicting area for a minimum of three years, safeguarding the officers and WIIASS' integrity. Further protection is in place by using randomly selected testing samples and a series of independent review stages. All audit working papers, reports and findings are reviewed and if necessary challenged before being issued to the client by either the Head of Service or Team Leader.

2. Demonstrates competence and due professional care:

All reports are reviewed and signed off by either the WIIASS Head of Service or Team Leader both of which are highly qualified and governed by professional institution standards. Regular 1-2-1 meetings are held with each officer to ensure progress and

personal development. An “open door” culture is adopted throughout WIIASS allowing all team members to ask for assistance advice and support at any time. Training (both in-house and external) is available and is provided should it be deemed relevant and appropriate by Head of Worcestershire Internal Audit Shared Service (HoWIIASS) / Team Leader.

3. Is objective and free from undue influence:

Independence and safeguarding is a key element of internal audit provision. All WIIASS staff are vetted via the Basic Disclosure Check, as well as making a Declaration of Interest on an annual basis declaring any potential conflicts of interest with upcoming audit programme and the partners that WIIASS work with. No auditor, who has transferred from a Service, will audit that Service for a minimum of three years. The Service is organisationally independent for all Partners. Although the HoWIIASS reports directly to the s151 Officers of the Partner organisations the role has direct and unrestricted access to the senior management team and Committee Chair. The Client Officer Group, who governs the Service, meets on a quarterly basis and is made up of the Partner s151 Officers. They each have an equal vote and consider the strategic direction of the Service as well as progress and performance. Further independence and safeguard checks are reported throughout this Charter in the form of checks, actions and process.

4. Aligns with the strategies, objectives, and risks of the organisation:

The audit plan and it's content is discussed with Management¹ and s151 Officers to ensure that risks are identified; appropriate processes, systems and strategies are tested and that areas of risk are monitored and mitigated. Corporate and service risk registers are used along with corporate knowledge and the promises and objectives. Five year plans are also considered as part of the risk profiling and plan definition.

5. Is appropriately positioned and adequately resourced:

As a shared service, WIIASS is hosted by Worcester City Council, but audit allocations ensure a presence in all authorities that it serves across the year. Resources are monitored and tracked throughout the annual audit plan, with forecasting used as often as possible to prevent resources becoming too stretched resulting in reduced coverage. WIIASS is governed by a Client Officer Group made up from the Partner s151 Officers but also has direct access to Management¹ and the Board² Chairs. Delegated powers are used should there be any resourcing issues.

6. Demonstrates quality and continuous improvement:

Continuous monitoring of the teams performance via trackers is conducted. Quarterly and annual reports are issued to committee and board members demonstrating trends in productivity and value. Individual reviews via 1-2-1 meetings are held monthly with the Team Leader and include personal development plans for all team members. Improvements and changes will also be made using external assessment as well as internally generated client feedback forms. A self assessment will be completed each municipal year to further provide assurance of quality and improvement. The Service is working with partners to ensure that it continues to provide a 'fit for purpose' Service by developing techniques that will complement requirements, continue to add value and work in a changing environment e.g. critical friend reviews. There is a continuous desire to ensure that the Service changes and adopts best practice methods as identified by the professional institutions e.g. IIA, CIPFA.

7. Communicates effectively:

Various forms of communication are adopted (verbal, written, diagram / graph) throughout the review process by all members of the WIASS team. Continued monitoring and improvements to the methodology are conducted, making the report and testing documents clearer for all users. Findings are discussed verbally with management¹ prior to the issue of a formal report. Reports are issued to Officers and Committee¹ on a regular basis.

8. Provides risk-based assurance:

The audit plans are risk based with reviews being classified from high to low risk. The review scope is risk based which drives the review without creating restrictions on the areas covered. All findings are rated high, medium or low risk. Risks associated with the findings are linked directly to the recommendation and the management action to mitigate it. The review risk is combined to create the overall assurance level of the audit, which will be presented to the client with explanation and reasoning in the form of a report.

9. Is insightful, proactive and future-focused:

Insightful – where possible WIASS officers with relevant background experience will be assigned to conduct audits in similar fields. Continued monitoring of current “audit and fraud affairs” is distributed to all WIASS team members. A sharing of knowledge is encouraged in the Service and pre-engagement research.

Identification of best practice is shared amongst the authorities. Reports identify areas that are working well as well as those that require improvement. Reviews look for efficiencies and better ways of working.

Proactive – scoping meetings are held for all audits allowing for changes to the audit scope in line with changes in service delivery and legislation between annual planning and audits starting. There is also an ability to vary the plan should an emerging risk present itself using delegated powers so the audit service can be proactive in providing assurance to those in governance. Consultancy days are built into the plans to allow for pre implementation of new system/process advice.

Future-focused – The Service will scan the horizon for risks and issues that are emerging. Networking using, for example, the Midlands Audit Group is used to help inform the audit plans and consultancy assignments to provide information to the partners before it becomes a potential issue for them. Monitoring of the next generation initiatives from Central Government and having a team of auditors aware of the potential risks and impact along with environmental control issues will assist in adding value for our partners.

10. Promotes organisational improvement:

Ethics and culture are key aspects to organisation improvement. WIASS reviews consider ethical and cultural aspects and the potential impact and associated risk. Liaison with s151 Officers, Senior Management Teams and governance boards where applicable to promote continuous organisational development. Audit Reports are issued to management¹ to ensure oversight of the organisation and areas of concern including common themes are looked at and improved on. High and Medium priority findings are followed up after a 3 or 6 month period respectively using an established methodology to ensure that potential risks are being mitigated and there is continuous improvement. Findings will be followed up until such time that they are satisfied. Follow up on findings will be documented and reported to Management,

Heads of Service and or the appropriate s151 to give assurance of action and risk mitigation.

For further information please reference:

<https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-Professional-Practice-of-Internal-Auditing.aspx>

8. External Relationships

8.1 The main contacts are with:

- Institute of Internal Auditors
- External Auditors
- Local Authorities in the Worcestershire area
- Local Authorities in the Midlands area
- Organisations within the Exeter Benchmarking Group
- CIPFA (publishers of the systems based auditing control matrices written by Exeter IA section)
- National Fraud Initiative via DCLG and Cabinet Office

but may include other external parties as necessary.

8.2 Assurance will be accepted and reported from 3rd parties as long as WIASS can rely on their work, and they are suitably qualified to carry out the assessment. The relevance of the work will also be a consideration in using a 3rd party certification e.g. IT integrity testing.

8.3 Where work is undertaken on a contractual basis assurance will be provided to 3rd parties outside of the partnership as appropriately agreed. The methodology applied to audit 3rd party organisations will be the same as the methodology used for the members of the partnership. All of the safeguards used to protect the integrity of the audits carried out for the partnership will be extended to 3rd parties as well and appropriate reporting protocols established as part of any contractual agreement. These will be established as part of the engagement with a clearly identified engagement officer and requirements. No contract will be entered into if it is considered that the independence or integrity of the Service will be compromised. If, during the delivery of a contract, it becomes apparent that there is undue influence being brought to bare and/or that the actions of the client is undermining the ethos of internal audit the HoWIASS will inform the Client Officer Group without delay so a strategic decision can be made to avoid any potential reputational damage or compromised independence. Any assurances provided to 3rd Parties will be based on the established internal methodology and the defined definitions of the different levels and priorities.

Notes

- a) In the absence of the Head of Internal Audit Shared Service all provisions relating to him/her above will apply to the relevant Team Leader in accordance with the duties allocated by the Head of Internal Audit Shared Service.

Version Control:	Date of Change	Action	Updated by
1.0	2 nd March 2012	Charter for WIASS	AB
2.0	9 th August 2012	Update to Charter	AB
3.0	23 rd April 2013	Update to Charter re. International Standards	AB
4.0	21 st Janaury2016	Update to Charter re. legislative requirements & title changes	AB
5.0	1 st July 2016	Update re. titles and definition of 'consultancy' and 'assurance'.	AB
6.0	April 2017	Full review in line with Standards	HT
7.0	May 2017	COG suggestion: Update of H&WFRS name to reflect legal entity & 'Council's' to 'Partners'.	HT
8.0	June/July 2018	External Assessment recommendations: Update to Mission & Definition Inclusion of 3.4, IA remit Update to 4.6 regarding HIASS responsibility on briefing Inclusion of 5.7, escalation for late and non return audit reports Inclusion of 6 – Principle of Public Life Inclusion of 7 – Core Principles of Public Practice Inclusion of 8.2, assurance from 3 rd Parties Inclusion of 8.3, assurance to 3 rd Parties	HG, AB, HT
9.0	June 2021	Review of Charter	AB

Appendix 5

Quality Assurance Improvement Plan 2020/21 onwards.

Action Number	Area for Action and Standards Reference	Outcome Required	Action	Lead person	Target Date for completion	Date of Completion	Latest Position
1	1000	Updated Charter and Partner approval.	To review and update as appropriate, and present to COG and Partner Committees for approval.	Head of Internal Audit & Team Leader	Sep-21 (Annual Reports)	Ongoing	Presented to Committee July 2021
2	1210.A1 - Training Requirements	Professional qualifications to be obtained.	Auditors to enhance their skills and qualifications through professional study e.g. IIA	Auditors	2023/24	Ongoing	March 2021: An Auditor is undertaking IIA training.
3	2420 - Timely Completion of Review Stages	Improvement in issuing the 'Draft Report' to the agreed date as set out in the Brief. To make improvements in the monitoring of the management response after the issue of a Draft Report.	Monitor the issue of Draft Reports and the receipt of management response during the financial year taking appropriate and timely action where the target dates are stressed.	Auditors	Mar-22	Ongoing	March 2021: Extended deadline due to the impact of the pandemic and the new normal. Ongoing monitored
4	2500.A1 - Follow Up	More efficient and timely follow up regarding reported management action plans.	To review and enhance the follow up process, and monitor progress to reduce potential slippage.	Audit Team Leader	Sept-22	Ongoing	March 2021: Extended deadline due to the impact of the pandemic and the new normal Being monitored and discussed as 1:2:1s
5	2010.A1 - Annual Risk Assessments	More effective implementation of Annual Risk Assessments into	To review the current process of using the annual risk assessments and	Head of Internal Audit / Audit Team	Nov-20	Complete 30 th November 2020	All office risk assessments have been reviewed. Risk assessments

		the annual planning and use within individual audits.	how inclusion into annual planning and audit planning can be improved.	Leader			have been drafted for COVID associated office risks when visiting Partner offices. Home risk assessments have been completed. Actions identified have been completed.
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Report of the Head of Internal Audit Shared Service

Internal Audit Draft Audit Plan 2021/22

Purpose of report

1. To provide the Committee with the Draft Internal Audit Plan for 2021/22.
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Recommendation

The Treasurer recommends that the 2021/22 Draft Internal Audit Plan is approved.

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 2018. 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) in which Hereford and Worcester Fire and Rescue Authority is a Partner. 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 CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom defines internal audit as: “an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness to achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resource”. WIASS is committed to satisfying/achieving the requirement of the CIPFA Code of Practice for Internal Audit and conforms to 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 will work with external audit to avoid duplication of effort, provide adequate coverage for the 2021/22 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 2021/22 an audit operational programme to be delivered by WIASS was discussed and agreed with the Treasurer and will be provided to External Audit. The audit programme provides a total audit provision of 111 audit days; 100 operational and 11 management days. As the audits and follow up reviews are completed summary update reports will be brought before Committee along with an extract of the 'high' priority recommendations. Full reports will be provided to the Chairperson of the Committee for perusal on request.
7. WIASS operates an Internal Audit Charter which sets out the standards to which it operates for this Authority. The Internal Audit Plan for 2021/22, which is included at Appendix 1, is a risk based plan which takes into account the adequacy of the Authority's risk management, performance management, challenges, other assurance processes as well as organisational strategic objectives and priorities. It has been based upon the risk priorities per the strategic risk register and emerging risks identified by the Senior Management Board. Large spend budget areas have also been considered, and, direct association has been made to the Community Risk Management Plan 2021 - 2025. It has been formulated with the aim to ensure Hereford and Worcester Fire and Rescue Service meets its strategic purposes and delivers the Community Risk Management Plan and has directly linked the various aspects to identify the 'golden thread' in regards to the Plan and risk identification to Service delivery. It is brought before the Audit and Standards Committee in draft format as the involvement of the Committee is considered an important facet of good corporate governance and contributing to the internal control assurance given in the Annual Governance Statement.

8. The Internal Audit Plan for 2021/22 has been based upon a resource allocation of 111 productive audit delivery days, a resource allocation which has been agreed with the Authority's Treasurer and section 151 Officer. A detailed plan provision has been included within the Internal Audit Plan for 2021/22 at Appendix 1. Those areas that are considered to have a 'high' priority will be targeted first during the plan delivery. Other areas which are identified as 'medium' priority have been considered and an assessment has been made whether to include in the plan based on the overall risk and governance profile. Full audits were undertaken on the financial systems in 2020/21 so a watching brief will be maintained over the next 2 years with a full system audit planned for 2023/24. As part of good governance assurance is to be given to show embedded process, control and anti fraud measures remain in place. A combination of full audit reviews and light touch reviews will continue in the future. Operational support days are included to give a little flexibility and contingency in the plan e.g. consultancy. They are also necessary to support the delivery of the plan.
9. Due to the continuing changing environment the plan must be a framework for Internal Audit work for the forthcoming year. There is a need for improved flexibility in the plan due to a changing risk profile and emerging risks which, post COVID-19, a new normal may bring. To ensure flexibility there is the possibility that the plan will be updated during the year to address such challenges and to complement national initiatives. System security will also be considered as part of the reviews.
10. We recognise there are other review functions providing other sources of assurance, both internally and externally, (e.g. ICT Public Service Network assurance testing) over aspects of the Authority's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.
11. To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan is shared with the external auditors for information.
12. Appendix 1 provides the Committee with a breakdown of the draft 2021/22 internal audit plan.
13. Appendix 2 provides the Committee with an overview and comparison of the audits delivered over the past 9 ½ years.

Conclusion/Summary

14. Operational progress against the Internal Audit Plan for 2021/22 will be closely monitored and the Head of Internal Audit Shared Service will report the position to the Audit and Standards Committee on a quarterly basis. For information, any 'high' priority recommendations will also be included.

Corporate Considerations:

Resource Implications (identify any financial, legal, property or human resources issues)	There are financial implications that require consideration as the Authority is a partner in the Internal Audit Shared Service however these are not fully detailed in this report as the Treasurer is appraised of the position on a regular basis during the Partner Board meetings.
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. Collaborative Agreement that require consideration but are not fully detailed in this report as they are contained within the Agreement.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	The whole report is associated with risk.
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

FIRE & RESCUE SERVICE
DRAFT INTERNAL AUDIT PLAN FOR 2021/22

Audit Area	Source	Planned days 2021/22	Service	Comment/Outline Scoping	Strategy link	Indicative Timing of Review
Accountancy & Finance Systems						
Main Ledger (inc Budgetary Control & Bank Rec)	Fundamental to HWFRS CRMP delivery	6	Finance	Reduction in days for a light touch system audit.	Resourcing for the Future	Q3 & 4
Creditors (a/c's payable)	Fundamental to HWFRS CRMP delivery	7	Finance	Reduction in days for a light touch system audit.	Resourcing for the Future	Q3 & 4
Debtors (a/c's receivable)	Fundamental to HWFRS CRMP delivery	5	Finance	Reduction in days for a light touch system audit.	Resourcing for the Future	Q3 & 4
Payroll & Pensions inc GARTAN	Fundamental to HWFRS CRMP delivery	11	Service Support	Reduction in days for a light touch system audit.	Resourcing for the Future	Q3 & 4
Review of Financial Processes Tech1	Fundamental to HWFRS CRMP delivery	14	Finance	Moving to web based so security checks to be undertaken	Resourcing for the Future	Q4
SUB TOTAL		43				

Audit Area	Source	Planned days 2021/22		Service	Comment/Outline Scoping	Strategy link	Indicative Timing of Review
Corporate Governance							
Procurement and Contracts		14		Service Support	Area identified as part of 2020/21 discussions for 2021/22. ToR to include quality of specifications, matrix formulation, embedded training from 2020/21.	Fire & Rescue Authority	Q4
COVID-19 lessons learnt business resilience planning and implementation.		8		All	Risk associated with this area across the business to provide assurance that lesson learnt have been implemented. ToR to be Corporately identified lessons learnt implementation plan, ownership and overall progress.	Fire & Rescue Authority	Q2
SUB TOTAL		22					
System / Management Arrangements							
Young Fire Fighters & Volunteering		10		All	Roll forward from 2020/21. Links to reputational risk, cost and value added requirements. Focus will be Droitwich as Redditch has closed.	Fire & Rescue Authority	Q1

Audit Area	Source	Planned days 2021/22	Service	Comment/Outline Scoping	Strategy link	Indicative Timing of Review
				ToR to be agreed.		
Safeguarding		10	All	Roll forward from 2020/21. Risk associated with this area of the business. Last looked at 2016/17. ToR to be Corporate ownership and responsibility?	Fire & Rescue Authority	Q1
SUB TOTAL		20				
Follow up Reviews	Good governance	7				
Advice, Guidance, Consultation, Investigations	Support	8				
Audit Cttee support, reports and meetings	Support	11				
SUB TOTAL		26				
TOTAL CHARGEABLE		111				

Summary of audit coverage since 2011/12:

Audit Review	Handover year from County	Year Undertaken								
		Contractual delivery to H&WFRS by WIASS				WIASS Partnership Delivery				
Payroll & Pensions	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Debtors	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Creditors	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Petty Cash Imprest / Floats		2012/13			2015/16					
Main Ledger incl. Budgets & Budgetary Control	2011/12 (Not Main Ledger)	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Property & Asset Management		2012/13				2016/17 (Client Side)				2020/21
Capital Programme			2013/14				2017/18			2020/21
Follow up	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19		
Risk Management Arrangements		2012/13	2013/14	2014/15	2015/16		2017/18	2018/19		
Business Continuity		2012/13					2017/18		2019/20	
Corporate Management (different areas each year)		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19 (GDPR & KPIs)	2019/20	
Procurement / Contracts		2012/13					2017/18			
Members Allowances (incl. in Payroll)		2012/13								
Computer Audit		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	(2019/20)	2019/20	
Community Safety			2013/14					2018/19		
Urban Search and Rescue			2013/14					2018/19		
Operational Logistics incl. Fleet			2013/14				2017/18	2018/19		
Stores					2015/16					
Transformational Planning (20/20 Plan)				2014/15			2017/18			
Building Maintenance				2014/15						
Equality and Diversity				2014/15				(2019/20)	2019/20	
Operations				2014/15						
Human Resources					2015/16				2019/20	
Training Centre (Droitwich)						2016/17	2017/18			
Technical Fire Safety						2016/17				

Fees and Charges						2016/17				
VAT						2016/17				
Safeguarding						2016/17				
Partnership Working							2017/18			
Embedding National Operation Guidance									2019/20	
Communications (Social Media)									2019/20	
Charge Cards										2020/21
Performance Indicators										2020/21

Report of Assistant Director – Protection

Risk Management and Strategic Risk Register – Annual Update

Purpose of report

1. To provide the Audit and Standards Committee with an annual update on the Risk Management Framework and Strategic Risk Register.

Recommendation

It is recommended that the summary of strategic risks and existing controls measures set out in the appendix be noted and agreed.

Background

2. The overall objective of the Risk Management Framework is to ensure that the Authority identifies strategic risks and applies the most appropriate and cost effective control mechanisms to manage those risks wherever possible. It also provides a robust audit trail for how the Service has considered and mitigated those risks should an issue be subject to scrutiny.
3. Department Heads are responsible for the completion of a quarterly risk register Review, with support from the Emergency Planning and Resilience Officer (EPRO).
4. The Strategic Risk Register (SRR) is reviewed at a Senior Management Board (SMB) meeting at the end of each quarter and is collectively owned by SMB and supported by the Emergency Planning and Resilience Officer (EPRO).
5. The Corporate Risk Management Policy was last reviewed in April 2017 and was due for review in April 2020. The Service has procured the guidance for the ISO standard 31000/2018 and IEC 31010/2019 for corporate risk management to support the review. There was a delay in completing this due to Covid-19 workload in 2020, however the review is currently in its final stages and due to be sent for consultation imminently.

Strategic Risk Register (SRR)

6. The SRR is the overarching document that looks at the highest impact risks. The highest and/or most prevalent risks from departmental risk registers can be elevated to the SRR as appropriate, through the discussion held at SMB as a standard quarterly agenda item.

7. Identified risks should normally either be eliminated or reduced to an acceptable level, with systems in place to monitor and report against this. All risks at each level are evaluated by the responsible manager for that area, normally a Department Head. The residual risk after control measures have been implemented, where possible, is then recorded in the risk assessment.
8. These quarterly reviews meet the requirements of the Audit and Standards Committee's requirement to monitor and review the Authority's corporate risk management arrangements.
9. Each strategic risk has either a business continuity plan(BCP) or policy linked to the risk; these plans or policies provide control measures and steps to mitigate against those risks, e.g. dealing with the death of a member of staff, severe weather, pandemic, fuel shortages, etc. Policies are reviewed approximately every three years.
10. The overall responsibility for ensuring risks are managed effectively lies with the Authority as professionally advised by Senior Officers. The live SRR outlines to Members the risk scoring for both impact and likelihood of each identified risk based on a matrix agreed by SMB.

External Considerations

11. West Mercia Local Resilience Forum (WMLRF) is a multi-agency group comprising of bodies within West Mercia including Local Authorities, national and local health agencies, the three emergency services and the Environment Agency, among others. The purpose of the LRF is to ensure effective delivery of the duties of the Civil Contingencies Act (CCA) 2004, which includes risk assessment. This requires partner agencies to assess local risks, undertake planning and co-ordinate resources so they can respond effectively when incidents do occur. The LRF acts not only as a reliable conduit for information on risks providing a multi-agency planning forum, but also assists in testing and responding to the type of events that are likely to affect our communities and pose business continuity issues for the Fire and Rescue Service.
12. The National Security and Risk Assessment (NSRA) 2019 is a national document intended to capture the range of emergencies that may have an impact on all, or significant parts, of the UK as well as local and internal risks. The NSRA informs the Community Risk Register held by the WMLRF Risk Assessment Working Group and this information is used to inform decision making on risk management.
13. SMB considers emerging local risks from the Local and Community Risk Registers within the LRF which may become strategic risk register issues in the future. The SRR also acknowledges departmental, project and partnership risks where relevant.

Changes from 2019/2020

14. In Q4 2021 the risk score of SRR1a (major ill health epidemic affecting Service levels) dropped from high to medium in response to improving situation of Covid-19 in the UK and overall staffing levels remained stable throughout the pandemic period.
15. In Q3 2020 SRR11 (change in property management services) was added in response to the transition away from Place Partnership to OPCC Estates.

Conclusion/Summary

16. The Strategic Risk Register and Departmental Risk Registers are a method for continual monitoring and reviewing the services risks by SMB and middle managers informing the Service's objectives and business goals overtime.
17. The Authority's Strategic Risk Register is formally reported to Members annually, with significant changes being reported to the Audit and Standards Committee in a risk update.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Each risk carries potential resource implications. These vary in degree based on the type of risk and the and the scale by which they affect the service
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	Each risk brings with it a potential impact on the Services ability to deliver against the CRMP and its core Response, Prevention and Protection strategies
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	The risks listed within the SRR are tracked within departmental and district risk registers. Furthermore, the impact is assessed and mitigated within Business Continuity plans
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?)	An equalities impact assessment has been completed for the key risks linked to staff and the community.

Supporting Information

Appendix 1 – Summary of the Strategic Risk Register 2020/2021

Summary of the Strategic Risk Register 2020/2021

The full details of the register are available.

Strategic risk code	Consequences	Description of actions already taken or controls in place to mitigate the risk.	Residual score (April 2021)
SRR1 A widespread event or situation that leads to a significant loss of workforce in the workplace	Inability to deliver core purpose and over a longer term the inability to maintain core systems and/or deliver Service infrastructure and obligations (e.g. financial, legislative, departmental such as Fleet and ICT)	All Actions here are generic that are elaborated upon in the sub risks specific to this category. 1. Business Continuity Plans as outlined in the specific sub risks below. 2. Section 13/16 agreements that will mitigate a certain loss of workforce 3. Temporary Staffing arrangements 4. National Guidelines 5. Meetings with relevant stakeholders or Rep Bodies	8 Medium
SRR1A Major ill health epidemic affecting service levels	Loss of a percentage of front line and/or support staff resulting in a reduction or loss in the ability to deliver the service that Hereford and Worcester Fire and Rescue Service provides, including but not exhaustive to Prevention and Service Delivery	1. Business Continuity Plans including pandemic influenza and severe weather plans. 2. NHS prioritisation of specific emergency service workers allows selective members of staff to be immunised. 3. Temporary staff arrangements either from temp agencies (support staff) or national brigades. 4. Section 13/16 agreements that are in place	8 Medium
SRR1B Severe weather event(s) affecting service delivery	1) Loss of a percentage of staff due to several factors including but not exhaustive to: a) Inability for staff to travel into work b) School closures leading to a reduction in service delivery	1. Business Continuity Plans to deal with severe weather and flooding 2. National mutual aid arrangements and Over The Border agreements between Fire and Rescue Services for Mutual Aid are in place (However, if severe weather is regionalised this may not be possible)	6 Low/ Medium
SRR1C Industrial disputes	1) Strike action for an unknown period of time of a percentage of frontline and or support staff 2) A period of action short of strike for an indefinite period of time which may result in a loss of extra activities such as but not including overtime. These may potentially result in an inability to provide services to the public as outlined in the FRSA 2004	1. Regular meetings with Representative Bodies to proactively maintain working relationships' 2. National Guidelines 3. Constant review of actions and guidelines 4. Business Continuity Plan for Industrial Action 5. National and Local Resilience Forum briefings 6. Work with National Joint Council 7. Industrial Action Management Group meetings and pre-planning 8. A review of the impact of the decision of the judges' legal case on pensions.	9 Medium
SRR1D Inability to recruit or retain key parts of the workforce.	An inability to deliver and maintain core functions and systems, and/or significant impact on service delivery in core areas	1. Cover arrangements for stations if appliances are OTR. 2. BCP for loss of key departments or provisions for maintaining service provision. 3. Changes to Recruit training to create a more flexible approach to training to allow less impact on RDS Primary employment. 4. Section 13/16 agreements to facilitate service provision. 5. There is currently an ICT audit underway to review workloads and staffing.	8 Medium

SRR2 Continuous pressure of reductions in real terms of grants and/or other income affecting service delivery	1) Unable to deliver the same level of service/ Reduction in service 2) Having to source funding from elsewhere 3) Potential redundancies/ voluntary redundancies	1. Good financial planning and horizon scanning for future developments in Budget constraints 2. Strategic planning to ensure ground work is done to prepare for budget alterations rather than react. 3. Vigilant to future implications through monitoring 4. Senior Management Board team preplanning options 5. Meeting the challenge workshops with all staff 6. Integrated Risk Management Plan refers and Service streamlining. Note: Residual risk is the same as inherent risk because neither likelihood nor impact are changed by the control measures 7. HWFRS efficiency plan has now been submitted and confirmed by the Government.	15 High
SRR2A Loss of Section 31 National Resilience grant	Loss of funding causes: 1) Removal of assets and capabilities provide for NR incidents. 2) Inability to utilise these assets in local response plans a reduction in the services ability to provide an operational response to Local and National Section 31 incidents. 3) Additional staff paid for through NR funding would become over establishment and require removal from Service establishment 4) Interim funding would be required to manage these posts to avoid redundancy.	1) Amalgamation of the two separate units of USAR and Droitwich to create a combined fire and technical rescue team. 2) Loss of posts via natural wastage. 3) Explore the chance to reclaim finances through offering responses to other services. i.e. MOE for policy etc.. 4) Reserve Funding	12 Medium/High
SRR3 Death or serious injury of a member of staff whilst at work as a result of their work activities	1) Impact on other employees carrying out similar duties (e.g. Driving) 2) Reputational loss 3) Investigations and legal proceedings and prosecutions. 4) Financial implications of claims 5) Departmental resilience issues	1. Professional training standards & Role maps being developed and maintained 2. High quality of training in work related activities and quality PPE provision when required 3. Robust Health and Safety Arrangements (Policies and Training in place) with current and up to date Risk Assessments for all work based activities. 4. Procedures in place for dealing with a range of generic work based activities 5. Legislation and Governance 6. National, Regional and Local Frameworks 7. Risk Management 8. Asset Management 9. Internal Assurance	12 Medium/High
SRR4 Significant changes to national policy which mean local reaction outside of planned work loads	1) Not correctly adhering to national policy which could mean that Hereford and Worcester Fire and Rescue Service are not fulfilling statutory or legal or moral duties, under one or more national policies.	1. Horizon scanning through Chief Fire Officers Association, Local Government Association and other networks. 2. Cultural acceptance of the need to be flexible. 3. Limited reserves to use on unplanned or unforeseen work. 4. Maintenance of local and regional 'decision influence' networks.	12 Medium/High
SRR8 Local or national loss of data and intelligence as a result of	1) Reputational damage 2) Investigations and legal proceedings and	1) cyber security patches always being updated 2) NSCC release warnings 3) ROCU training of SMB on cyber risks	9 Medium

a cyber security attack	<p>prosecutions.</p> <p>3) Loss of business critical data impacting service delivery</p>	<p>4) Attacks are dynamic and frequently evolving, being proactive is difficult.</p>	
SRR9 (was SRR3A) Death of a member of staff as a consequence of an operational incident	<p>1) Impact on other employees carrying out similar duties (e.g. BA wearing).</p> <p>2) Reputational loss</p> <p>3) Governmental and HSE scrutiny</p> <p>4) Investigations and legal proceedings and prosecutions.</p> <p>5) Financial implications of claims made</p> <p>6) Workforce loss of confidence in organisation</p> <p>7) Media Scrutiny</p>	<p>1. Professional training standards & Role maps being developed and maintained</p> <p>2. High quality operational equipment and Personal Protective Equipment alongside robust Health and Safety Arrangements (Policies and Training in place)</p> <p>3. Operational procedures and Standard Operating Procedures</p> <p>4. Firefighter Safety remaining the top Organisational objective</p> <p>5. Major Event Response Protocol in place and up to date</p> <p>6. Legislation and Governance</p> <p>7. National, Regional and Local Frameworks</p> <p>8. Risk Management</p> <p>9. Asset Management</p> <p>10. Internal Operational Assurance</p>	8 Medium
SRR10 (was SRR3B) Death or serious injury of Member of Public through Service activities	<p>1) Impact on other employees carrying out similar duties (e.g. Driving).</p> <p>2) Reputational loss</p> <p>3) Investigations, legal proceedings and prosecutions.</p> <p>4) Financial implications of claims made</p> <p>5) Departmental resilience issues</p>	<p>1. Professional training standards & Role maps being developed and maintained</p> <p>2. Risk management- Gap analysis - using past incidents to tailor training and development</p> <p>2. High quality operational equipment and Personal Protective Equipment</p> <p>3. Operational Procedures and Standard Operating Procedures being reviewed and adhered to</p> <p>4. Robust Health and Safety Arrangements including Policy and Training</p> <p>5. Major Event Response Protocol in place.</p> <p>6. Graded Response Policy</p>	8 Medium

Report of the Assistant Director: Prevention

People Strategy 2020-22: Progress Report Year 1 2020-2021

Purpose of report

1. To provide a summary of progress for 2020-2021 in the delivery of the People Strategy 2020-2022.

Recommendation

It is recommended that Members note progress made against the People Strategy for 2020-2021.

Introduction and Background

2. The [People Strategy 2020-2022](#) sets out how the Service will support and value its workforce across six commitments. Progress is reported to Members on an annual basis and this report updates on progress during 2020-2021. The People Strategy is aligned to the National Fire Chiefs Council's (NFCC) People Strategy, which is also due to be reviewed in 2022:

Commitment	Aim
1. Culture, Values and Behaviour	Develop a learning culture that promotes fairness and trust, and values the contribution of all
2. Equality and Diversity	Recognise and demonstrate equality and diversity in our workforce and across our activities
3. Leadership and Management	Encourage and promote effective leadership and management at all levels of our organisation
4. Training and Education	Provide high quality learning outcomes for our workforce
5. Health, Wellbeing and Fitness	Promote the health, wellbeing and fitness of our staff
6. Innovative Ways of Working	Support and develop ways of working that are flexible and adaptable to changing needs and demands

Progress update 2020-2021

3. Substantial progress has been made against the People Strategy objectives including:
 - Further implementation of the Equality, Diversity and Inclusion Plan 2020-2025 and successful delivery against the associated Year 1 Delivery Framework.

- An aligned approach to Equality and Gender Pay Gap reporting.
- Delivery of the first cohort of Wholetime Firefighter recruits against the national Firefighter Apprenticeship at the Fire Service College.
- Continued corporate membership to the Asian Fire Service Association (AFSA) and Networking Women in the Fire Service (NWFS).
- Virtual delivery of accredited leadership and management qualifications at Levels 3 and 5 (Level 5 in collaboration with Shropshire Fire and Rescue Service).
- Development of online, live learning and development sessions covering topics such as managing workplace behaviours and coaching skills for managers, to further embed our organisational values and inclusion agenda.
- Reviewed and published key Service policies including Grievance, Discipline, Recruitment (including Safer Recruitment principles) and Promotion policies.
- Further embedded the NFCC Leadership Framework into our recruitment and selection principles and our learning and development offer.
- Continued Service commitment to mental wellness by signing the Time to Change pledge as part of Mind's Blue Light Programme.
- Launch of a dedicated Welfare Support team of trained employees and volunteers, providing confidential support to colleagues.
- Development of a Training Framework to support organisational excellence and to create more flexible ways to support training, including On-Call and Support Staff.

Priorities for 2021-2022

4. Delivery of the People Strategy for 2021-2022 will seek to build on the work already underway across the six commitments and consolidate the progress made over the last 12 months. Recommendations from the recent inspection by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) will also be reviewed and built into workplans as necessary.
5. Priorities for the year ahead include:
 - Ongoing investment in the processes and content of the staff learning and development offer to drive up the skills profile of the workforce.
 - Continued investment in leadership development and developing an 'aspiring leaders' offer in particular.
 - Development of specific strategies to deliver our Service values as a lived experience for staff including integrating principles for inclusion and diversity into mainstream learning and development and tools to further embed our Code of Conduct;
 - Embedding the NFCC's Core Code of Ethics;
 - Continued focus on workforce wellbeing;
 - Introducing hybrid working as a tool for flexibility,
 - Continued review of HR and Development policies;
 - Growing our performance management framework;
 - A new coaching and mentoring offer and;
 - Developing employee "voice" through staff groups and tools for co-design.

Conclusion

6. The People Strategy 2020-2022 is in its final year of implementation. The People Strategy 2023-2025 will be presented at the Audit & Standards Committee in January 2022 for ratification.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Implications of championing and embedding work into mainstream business may incur financial and management support for implementation, dissemination of resources and consideration of different ways of working.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	The report demonstrates progress in support of the Service's purpose, vision, mission and core values.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Failure to demonstrate an ongoing commitment to our people may damage our reputation as an employer of choice and attract public, media and political scrutiny.
Consultation (identify any public or other consultation that has been carried out on this matter)	There is a continued collaborative approach across all business functions. Ongoing engagement with staff networks and Representative Bodies continues to take place.
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	As this is an update report on the People Strategy no people impact assessment is required. Any actions and changes brought about as a result of implementation will be monitored for equalities impacts.

Report of the Assistant Director: Prevention

Equality, Diversity and Inclusion Plan 2020-2025 Update for Q4 2020-21 and proposed Equality Objectives 2021-2025

Purpose of report

1. To provide a summary of progress against the Equality, Diversity and Inclusion Plan 2020-2025 for Quarter 4 2020-2021.
 2. To recommend the Service's proposed Equality Objectives 2021-2025 and approve them for publication.
-

Recommendation

It is recommended that Members:

- i. note progress made against the Equality, Diversity and Inclusion Plan 2020-2025 in Q4 2020-21.***
- ii. ratify the Service's proposed Equality Objectives 2021-2025 and approve them for publication on the Service website.***

Introduction and Background

3. The [Equality, Diversity and Inclusion \(EDI\) Plan 2020-2025](#) supports Commitment 2: Equality & Diversity of the [People Strategy 2020-2022](#). It ensures the Service meets its legal obligations under the Equality Act 2010 and Public Sector Equality Duty.
4. The inaugural report presented to Members in January 2021 provided an update on activity following the first six months of the EDI Plan implementation (Quarter 2 to Quarter 3 2020-2021). This update reports on progress during Quarter 4 2020-2021 (completing Year 1 of the EDI Plan delivery).

Progress headlines

5. Appendix 1 provides a summary of activity against the deliverables expected in Q4 2020-2021. Progress is RAG rated to demonstrate the areas where actions have been completed or are on-going. Good progress has been made against the EDI Plan over Q2-Q3 2020-21, despite the continued challenges of COVID-19 and there are no significant areas for concern.

Next steps

6. The EDI Plan 2021-2022 (Year 2) will continue to build on the foundations set out during Year 1.

7. Priorities for the year ahead include:
 - Improving the use of people impact assessments (PIA) for key decisions, policies and processes;
 - Mainstreaming our EDI training into our learning and development offer;
 - Furthering engagement with minority groups in our communities;
 - Supporting our staff networks to develop and grow;
 - Focusing positive action on under-represented groups;
 - Focusing on development opportunities to support female career progression.
8. Recommendations from the recent inspection by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) will also be reviewed and built into workplans as necessary.

Equality Objectives 2021-2025

9. The Public Sector Equality Duty of the Equality Act 2010 requires all public sector organisations to prepare and publish specific and measureable equality objectives at least every four years.
10. The aim of setting these objectives is to assist the Service to perform the general equality duty and focus on its priority equality issues in order to drive and deliver improvements. The Service's current equality objectives were published in 2017 and the Service is required to set new objectives for 2021-2025.
11. The EDI plan sets four core aims and several priority areas up to 2025. The Service is already delivering this plan through an annual work programme as summarised earlier in this report.
12. The proposal is to use these four core aims as our new Equality Objectives. Positive feedback has been gained from staff on adopting these core aims as our Equality Objectives via an employee survey and follow-up focus group.

The Four Proposed Equality Objectives:

- | | |
|--|--|
| 1. Our Organisation:

Leadership and Corporate Commitment | <ul style="list-style-type: none"> • Our leaders will provide visible leadership to ensure our people; our partners and our communities see the personal commitment to inclusion. • We will maximise the transparency of our organisation so our activities can be scrutinised and we can be held accountable. |
| 2. Our Communities:

Understand, engage and build good relationships | <ul style="list-style-type: none"> • We will better understand our communities by ensuring we put in place systems that enable the collection, collation and analysis of community data and information. • We will enhance our engagement with our communities to foster good relationships and understand the community priorities. |

3. Our People: Develop, engage and understand	<ul style="list-style-type: none"> • We will develop our people to better understand diversity and inclusion. • We will create an inclusive culture where our people feel able to be themselves. • We will better understand our workforce composition through our workforce data. • We will put in place effective strategies to enable engagement with our staff and networks to continue to develop an inclusive culture.
4. Our Partners: Working together	<ul style="list-style-type: none"> • We will work with external partners to develop strategies that enable effective service provision to our communities. • We will collaborate across our own business functions and staff networks to better build equality and inclusion into our policies, processes and practices to ensure inclusion and our values are at the heart of everything we do.

Monitoring and Review

13. Progress against the Equality Objectives within the EDI plan will continue to be monitored by the Senior Management Board and reported to the Authority on a bi-annual basis.

Conclusion/Summary

14. The Service continues to make good progress in furthering our equality, diversity and inclusion agenda for the benefit of our employees and our local community. Setting our Equality Objectives fulfills the requirements of the Public Sector Equality Duty of the Equality Act 2010, and more importantly confirms our commitment to equality, diversity and inclusion. Subject to Authority approval, the finalised objectives will be published on the Service website and the EDI Plan updated accordingly.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Implications of championing and embedding equality into mainstream business may incur financial and management support for implementation, dissemination of resources and consideration of different ways of working.
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Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	The EDI Plan and Equality Objectives support the Service's vision and core values and links to the People Strategy – specifically Commitment 2: Equality & Diversity. Also links to the Positive Action Plan 2020-2022.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Setting and publishing Equality Objectives at least every four years is a requirement of the Public Sector Equality Duty. Failure to demonstrate the value and importance of an ongoing commitment to EDI may damage our reputation as an employer of choice and attract public, media and political scrutiny.
Consultation (identify any public or other consultation that has been carried out on this matter)	There is a continued collaborative approach across all business functions. Ongoing engagement with staff networks and Representative Bodies continues to take place.
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	Yes – no adverse impacts identified. Any actions arising from the implementation of the equality outcomes may require individual people impact assessments.

Supporting Information

Appendix 1 – EDI Plan Progress Update Summary for Quarter 4 2020-2021

Equality, Diversity and Inclusion (EDI) Plan Delivery Framework: Q4 2020-21 Update

Our Organisation – Leadership and Corporate Commitment				
Objectives	Action	Performance Measure	Progress Update	RAG
<p>Our leaders will provide visible leadership to ensure our people; our partners and our communities see the personal commitment to inclusion.</p> <p>We will maximise the transparency of our organisation so our activities can be scrutinised and we can be held accountable.</p>	<ul style="list-style-type: none"> EDI Champion: Establish FRA member with portfolio for EDI. 	<ul style="list-style-type: none"> Champions established and awareness and understanding of the role embedded in organisation and Authority. 	Two EDI Member Champions had been established. This role will be revisited in Q1 2021 – 2022 following recent changes within the FRA.	Green
	<ul style="list-style-type: none"> SMB EDI Champion Establish SMB level champion not as a sponsor but as an active participant setting the tone from the top. 	<ul style="list-style-type: none"> Champions established and awareness and understanding of the role embedded in organisation and Authority. 	Deputy Chief Fire Officer established as SMB EDI Champion.	Green
	<ul style="list-style-type: none"> People Impact Assessments: Refresh our approach to assessing impacts on equalities 	<ul style="list-style-type: none"> Key decisions, policies and processes are supported by a people impact assessment leading to positive outcomes for protected groups. 	A number of staff have attended the NFCC People Impact Assessment training. NFCC Equality of Access documents and protected characteristics factsheets are available on our staff Intranet. A toolkit for staff and a training video has been developed for wider rollout. This work will traverse into Q1 2021 – 2022.	Amber (On-going)
	<ul style="list-style-type: none"> SMB EDI Objectives: SMB to set EDI objectives for 2021-2022 	<ul style="list-style-type: none"> Leadership is visible in driving the EDI agenda forward 	DCFO will facilitate the setting of EDI objectives by SMB by the end of Q1 21-22.	Amber (On-going)
	<ul style="list-style-type: none"> Equality and Gender pay gap reporting: Complete report and publish results. Communicate results and future actions to staff and community. 	<ul style="list-style-type: none"> Analysis informs specific actions to help reduce the gender pay gap. Results used to inform targeted positive action. 	Gender pay gap information reported to Government website as per the Regulations.	Green

Our Communities – Understand, engage and build good relationships				
Objectives	Action	Performance Measure	Progress Update	RAG
<p>We will better understand our communities by ensuring we put in place systems that enable the collection, collation and analysis of community data and information.</p> <p>We will enhance our engagement with our communities to foster good relationships and understand community priorities.</p>	<ul style="list-style-type: none"> Equality Objectives: Review and refresh our equality objectives. 	<ul style="list-style-type: none"> Revised equality objectives are publicised and scrutinised and form the basis of the work we do. 	Proposed equality objectives drafted with direct links to EDI Plan. Online survey launched to gain staff feedback and staff focus group held. Final proposal regarding the equality objectives to be presented at the Audit & Standards Committee in July 2021 for approval.	Green
	<ul style="list-style-type: none"> Community events: Active participation in events e.g. local Pride events, etc. as a recruitment/outreach opportunity. 	<ul style="list-style-type: none"> Increased attendance and participation at events. Positive feedback from protected characteristic groups in the community and workplace. 	COVID-19 has continued to make the physical support of community events a challenge. However, supporting events virtually has been explored e.g. local Chinese Associations were liaised with in respect of virtual celebrations for Chinese New Year. In addition, with social distancing measures in place, colleagues from Worcester Station, our EDI Officer, Kathryn Berry and SC John Elsworth supported the Worcestershire Polish Association with their celebrations for Polish Heritage Day, further strengthening our links with the Polish Community.	Amber (On-going)
	<ul style="list-style-type: none"> Community groups: Develop and maintain a central list of community groups for engagement and consultation purposes. 	<ul style="list-style-type: none"> Up to date list of contacts developed and utilised. Local priorities are shaped through partnership and community engagement. Groups are consulted on equality plans, recruitment messages, etc. 	<p>A shared directory continues to be developed in liaison with our Community Risk team, creating a list of key local community group contacts.</p> <p>Positive relationships continue to be built with the High Sheriff of Herefordshire and the President of the British Red Cross (Herefordshire, Worcestershire and Shropshire) to enable sharing of networks and contacts to further this workstream.</p>	Amber (on-going)
	<ul style="list-style-type: none"> Local Demographic 	<ul style="list-style-type: none"> Frontline staff better 	Factsheets available on staff intranet	Amber

	Guidance: Produce information to raise awareness of our diverse communities	understand the different risks and needs of protected groups.	with data on ethnic and religious composition of our two counties, including predominant languages spoken. Detailed information about culture/religions available on staff intranet.	(on-going)
Our People – Develop, engage and understand				
Objective	Action	Performance Measure	Progress Update	RAG
We will develop our people to better understand diversity and inclusion. We will create an inclusive culture where our people feel able to be themselves.	<ul style="list-style-type: none"> EDI training: Review current training programme. 	<ul style="list-style-type: none"> Feedback from staff is positive and staff awareness in relation to EDI is increased. 	<p>Completion rates of our EDI in the Workplace training package for all employees and new starters are monitored.</p> <p>EDI training is being mainstreamed into our learning and development offer.</p>	Green
We will better understand our workforce composition through our workforce data. We will put in place effective strategies to enable engagement with our staff and networks to continue to develop an inclusive culture.	<ul style="list-style-type: none"> EDI Content: Develop dedicated intranet space for EDI content, e.g. information on key EDI events such as International Women's Day, Black History Month, etc. 	<ul style="list-style-type: none"> EDI calendar of messages and EDI content available to staff 	EDI content being shared via staff intranet on an ongoing basis.	Green
	<ul style="list-style-type: none"> Induction: Review EDI content provided as part of the induction process for new starters. 	<ul style="list-style-type: none"> Updated EDI information included in induction. 	Direct input provided to our new intake of Wholtime recruits in collaboration with Women@HWFire network, EDI Officer and Engagement & Wellbeing Officer. Arrangements made with Training Centre for this input to be given to all new recruits going forward.	Green

	<ul style="list-style-type: none"> Diversity monitoring: Review diversity monitoring questionnaires to ensure consistency. Data collection campaign to be run in collaboration with Corp Comms to encourage current staff to share their diversity data. More sophisticated data capture and reporting needed re promotions/new starters/leavers. 	<ul style="list-style-type: none"> Baseline established for all protected characteristic groups. 	Staff comms continue in order to encourage an increase in disclosure of equalities information.	Green
	<ul style="list-style-type: none"> Local staff survey: Conduct local survey focused on workforce opinion and understanding of EDI matters to inform EDI activity focus 	<ul style="list-style-type: none"> Enhanced understanding of staff experiences and perceptions of EDI 	Pulse survey undertaken to gain staff feedback on our draft equality objectives.	Green
	<ul style="list-style-type: none"> Dyslexia Support: Publicise guidance re dyslexia, dyspraxia and dyscalculia in order to raise awareness and to support reasonable adjustments 	<ul style="list-style-type: none"> Updated information available to managers and staff 	Training undertaken by a number of HR staff with the British Dyslexia Association. Asian Fire Service Association (AFSA) Disability & Reasonable Adjustments Toolkit available on staff intranet. Neurodiversity/dyslexia section on staff intranet developed with information added on an ongoing basis.	Green
	<ul style="list-style-type: none"> Reasonable adjustments: Review guidance available to staff and managers 	<ul style="list-style-type: none"> Updated information available to managers and staff 	Practical & Reasonable adjustments toolkit undergoing final review by key stakeholders.	Amber (on-going)

Our Partners – Working together				
Objectives	Action	Performance Measure	Progress Update	RAG
<p>We will work with external partners to develop strategies that enable effective service provision to our communities.</p> <p>We will collaborate across our own business functions and staff networks to better build equality and inclusion into our planning, policies, processes and practices to ensure inclusion and our values are at the heart of everything we do.</p>	<ul style="list-style-type: none"> Staff networks: Continue to encourage and engage with staff networks as critical friends e.g. Organisational Development and Challenge Group, Women@HWFire. 	<p>Staff networks are contributing to organisational priorities and are agents for change.</p>	<p>The Women@HWFire group has extended an invite to all male colleagues to participate in the group. Therefore all colleagues, regardless of gender, from all workforce groups are welcome. This is to show that gender diversity is not a “women’s only issue” but requires allies from all genders to help effect positive change. There is still a mechanism to arrange female specific meetings to discuss sensitive and / or female specific issues in a discrete environment.</p> <p>Links continue to be made with other departments such as Community Risk e.g. Hate Crime Partnership.</p> <p>Equality information is shared with staff networks to better understand barriers and areas for opportunity.</p> <p>A focus group took place with staff in January 2021 with regards to our draft equality objectives.</p>	Green
	<ul style="list-style-type: none"> Equality groups: Establish/ develop relationships with local, regional and national EDI groups and bodies e.g. Worcs Equalities Group 	<ul style="list-style-type: none"> Greater engagement and consultation with equality groups. Resources, skills and expertise are pooled to deliver equality outcomes. 	<p>Our EDI Officer is now a member of regional and national EDI groups.</p> <p>Engagement continues with local groups e.g. Worcestershire Equalities Group.</p>	Green

	<ul style="list-style-type: none"> • Representative Bodies: Continue to routinely involve representative bodies in staff engagement, change programmes and in developing the equality agenda. 	<ul style="list-style-type: none"> • Representatives are actively involved in addressing EDI issues. 	<p>Engagement on equality issues takes place informally with Representative Bodies and formally at JCC.</p> <p>Positive discussions continue to explore key equality issues for their members.</p>	Green
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Report of the Treasurer

National Fraud Initiative 2020/21

Purpose of report

1. To update Members on the National Fraud Initiative (NFI).
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Recommendation

The Treasurer recommends that the Committee notes that the process of examining all National Fraud Initiative matches is now complete and no fraud has been detected.

Introduction and Background

2. The NFI is a biennial exercise carried out since 2006/07 for local government and other public bodies and is currently undertaken by the Cabinet Office.
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 Cabinet Office. Data matches are notified to Authorities for examination to eliminate the possibility of fraud and/or error. 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.
5. The initial NFI reports were received on 29 January 2021 and, as usual, the very low overall number of matches means that each one can be examined in detail. A summary list of matches is shown at Appendix 1.
6. At the date of the previous report to this Committee (21 April 2021) a review had been undertaken for all, except two, of these matches. These have now been completed.

Outstanding Matches

7. The two matches actually refer to the same instance but were identified from two different matching Reports:

- a. **Report 750 – Payroll to Companies House (Director):** The purpose of this report is to identify undeclared interests that may have given a pecuniary advantage. This matches payroll data to Companies House information and then to creditor data.
- b. **Report 81 – Payroll to Creditors:** This match identifies instances where an employee and creditor are linked by the same address and identifies employees with interests in companies the Fire Authority is trading with. It may indicate potential undeclared interests or possible procurement corruption.

8. Investigation has found this was local use of a known supplier, who is also a retained fire-fighter. Whilst the employee was not directly involved in the procurement and it was of relatively low value and no fraud was involved, it has identified a minor area where management oversight could be improved in future.

Conclusion

9. Every NFI match has been reviewed and no fraud has been detected.

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 – 2020/21 Raw Data Match

Appendix 1

Hereford & Worcester Fire Authority National Fraud Initiative – 2020/21 Raw Match Data

	2018/19 Raw Matches	2020/21 Raw Matches
<u>Employee Related</u>		
65 Payroll to Payroll (<i>within bodies</i>)	2	
66 Payroll to Payroll (<i>between bodies</i>)	35	15
Total Raw Matches - Payroll	37	15
<u>Creditor Related</u>		
700 Duplicate creditors by creditor reference	50	
701 Duplicate creditors by creditor name	7	6
702 Duplicate creditors by address detail		4
703 Duplicate creditors by bank account number	15	2
707 Duplicate records by reference, amount and creditor reference	97	44
708 Duplicate records by amount and creditor reference	121	146
709 VAT over Paid		1
711 Duplicate records by invoice number and amount but different creditor reference and name	2	1
713 Duplicate records by postcode, invoice amount but with different creditor reference and invoice number reference and date	1	1
Total Raw Matches - Creditors	293	205
<u>Procurement Related</u>		
81 Payroll to Creditors		1
750 Procurement - Payroll to Companies House (Director)	3	4
Total Raw Matches - Procurement	3	5
 Total Raw Matches	 333	 225

Report of Assistant Director – Protection

Health and Safety Committee Update

Purpose of report

1. To provide a Health & Safety update on activities and items of significance.
-

Recommendation

It is recommended that the following issues, in particular, be noted:

- (i) *The involvement of the Service in Health and Safety initiatives; and*
- (ii) *Health and Safety performance information recorded during January to March 2021 (Quarter 4).*

Introduction and Background

2. A key aim of Hereford & Worcester Fire Authority is to ensure the safety and wellbeing of its employees and to reduce and prevent accidents and injuries at work as outlined in the People Strategy 2020-2022.
3. The Health and Safety Committee is established to provide effective arrangements for the liaison and review of matters of a common interest in regards to Health and Safety (H&S). The Committee provides the opportunity for the Service to discuss general H&S matters and to consult with the workforce via employee representatives. It is chaired by the Assistant Chief Fire Officer and last met on 16 June 2021.
4. The Committee has the facility to task work to the Health & Safety Working Group, which sits beneath it and is chaired by the Area Commander, Protection. The group meets as and when required.

Health & Safety Initiatives Update

National Activities

5. The National Fire Chiefs Council (NFCC) continues to publish guidance and risk assessments to support with managing Covid-19; these are available on the NFCC website. HWFRS has utilised this facility and has used this as the basis of internal guidance, issuing regular updates to staff as required.

6. The HSE is considering increasing their no-notice visits; they will be looking at training on and off station and in training centres. All policies, procedures and risk assessments are to be in place for these locations and Risk Assessments for these locations must be specific and not generic. The H&S Advisor has spoken to the Group Commander (GC) responsible for Training Centre to make them aware and has been assured control measures are in place and are continually under review.
7. HWFRS has undertaken a GAP analysis of the updated NFCC 'Death in the Workplace' guidance. The H&S Advisor has been working with the GC Operational Policy, HR and Corporate Communications to enhance current procedures. Further updates will be brought to the Committee as part of the GAP analysis agenda item.

Regional Activities

8. Since the beginning of the Covid-19 outbreak, regional H&S business planning activities have been deferred. However, H&S staff from the five regional FRSS are in regular contact with each other to discuss Covid-19 related concerns and to share best practice. It is envisaged that the regional peer audit process will reconvene in late 2021.

HWFRS Local Activities

9. Following on from the last update that was provided in the Quarter 3 report, HWFRS have continued to monitor and implement safe systems of work via the Covid Recovery Group. Best practice guidance has been shared with departmental managers to ensure the 'Covid Secure' assessments/ fire risk assessments are regularly reviewed. The Service was also visited by the HSE as part of the Covid-19 workplace spot check process with no significant issues identified with our control measures.
10. The Service has continued to fully utilise government and NFCC guidance and to facilitate agile/hybrid working for support departments, with additional PPE and social distancing measures being introduced for all staff who remained operational. The H&S Advisor has provided assurance that all guidance is integrated into our own procedures.
11. Risk Assessment Database: During Quarter 4, a total of 389 risk assessments (RA) were reviewed and 57 new RAs were created (see table below). The database is maintained by the owners of the RAs, with automatic email prompts sent when the RAs are due to be reviewed. If they are no longer applicable, they are archived from the database.

	Quarter 1 (20/21)		Quarter 2 (20/21)		Quarter 3 (20/21)		Quarter 4 (20/21)	
Location	Reviewed	Created	Reviewed	Created	Reviewed	Created	Reviewed	Created
North District	36	5	115	12	119	6	92	14
South District	135	19	99	15	75	20	102	18
West District	123	57	128	112	95	8	69	19
Training Centre	8	0	56	1	29	2	96	2
Others	57	15	8	20	1	11	30	4
Total	359	96	406	160	319	47	389	57

Quarter 4 Performance Report

12. Appendix 1 provides details relating to all safety events that were reported and investigated during Quarter 4 (January to March 2021) of the 2020-21 reporting year.
13. The total number of safety events reported in Q4 increased significantly by 21 compared to the previous quarter. The key drivers in the increase in accident reporting are Personal Injuries (+13) and Near Hit / Cause for Concerns (+3). Increases also occurred in all other areas, apart from Violence and Aggression reports, which remained the same.
14. The Violence and Aggression incidents reported were of a minor nature and were of general frustration from members of public, which were controlled by the local officer in charge with no requirement for police assistance.
15. The majority of Vehicle Collisions happened during slow manoeuvring routine activities. A Service Bulletin article has been issued for crews to review the bankpersons online training package.
16. Seven injuries were reported to the Health & Safety Executive (HSE) under the RIDDOR regulations – four were due to dangerous occurrences, two were over seven day injuries and one was due to a hospital visit.
17. Seven Basic Specialist Investigations took place as a result of three personal injuries, three property/equipment failures and one exposure incident.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Contained within H&S budgets and departmental capacity.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	Corporate Strategy: ensuring firefighter safety.

Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Reduces the overall impact for H&S management in the areas identified and safeguards the Services legal requirements.
Consultation (identify any public or other consultation that has been carried out on this matter)	Representative Bodies attend H&S Committee and are fully consulted on H&S matters.
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1: Quarter 4 (January - March 2021) Event Reporting and Summary

Health and Safety Quarterly Report Quarter 4 (January – March 2021) Event Reporting and Summary

1. Overview

In the period January to March 2021 a total of **55** Health and Safety (H&S) events were reported. They fall into the categories of:

- 17 Personal Injury
- 13 Vehicle Collisions
- 4 Property or Equipment
- 15 Near Hits or Causes for Concern
- 3 Violence or Aggression
- 3 Exposure or Contamination

Individual detailed summaries of reporting in the key areas above are outlined in Appendix A.

2. Breakdown of Events

By Activity

Table 1 shows that during Q4, personal injuries and near hit/cause for concerns were the most frequently reported incidents. Personal injuries occurred mostly during training or operational activities. The majority of the near hit/cause for concerns tended to happen during operational activities.

	Total	Training	Operational Activities	Routine Activities	Non-Service Related Activities
Total H&S Events Q4	55	17	22	10	6
Personal Injury	17	7	7	2	1
Vehicle Collision	13	1	4	5	3
Property or Equipment Failure	4	4	0	0	0
Near Hit or Cause for Concern	15	3	8	2	2
Exposure or Contamination	3	2	0	1	0
Violence or Aggression	3	0	3	0	0

Table 1: Safety Event Breakdown Q4 2020-2021

By Injury Type

Table 2 identifies manual handling and slips, trips and falls as being the main cause of personal injuries. The incidents classified as 'other' related to a firefighter feeling unwell following a vaccination, and a firefighter suffering a back sprain whilst undertaking some personal fitness.

Total Personal Injuries	17
Manual Handling	7
Slips, Trips & Falls	6
Hit by Moving Object	0
Hit Stationary Object	2
Burns – Operational	0
Burns – Training	0
Other	2

Table 2: Personal Injury Breakdown Q4 2020-2021

By Vehicle Type

Table 3 highlights that vehicle collisions involving fire engines are mostly whilst non-blue light driving, which is the same for the car and van collisions.

Vehicle Collisions	Fire Engines		Cars and Vans		Non-Service related
	On blue lights	Off blue lights	On blue lights	Off blue lights	
Total Collisions	1	7	0	5	0

Table 3: Vehicle Breakdown Q4 2020-2021

Vehicle Mileage Statistics

Vehicle mileage statistics for the year 2019-2020 were provided by the Operational Logistics Fleet Department and have been used to predict vehicle mileage for 2020-21. These are summarised in Table 3A below. It can be seen that there were five white fleet safety events out of approximately 213,911 miles driven, which equates to one event for every 42,782 miles driven.

The eight safety events involving red fleet vehicles were out of approximately 52,024 miles driven, which equates to one event for every 6,503 miles driven.

Fleet	Total Mileage 2019-2020	Predicted Mileage Q4 2020-2021
White Fleet	855,645	213,911
Red Fleet	208,095	52,024
	Totalling 1,063,740 miles	Totalling 265,935 miles

Table 3A: Vehicle Mileage Statistics Q4 2020-2021

3. Events Requiring Investigation during Quarter 4 (Jan 21 – Mar 21)

Tier One Investigations

A Tier One standard investigation is required for all safety events and is usually conducted by the on-duty / line manager present at the time of the event. Events that are minor in nature usually remain at this tier.

Tier Two Basic Specialist Investigations

In addition to the standard investigation required for Tier One, a Basic Specialist Investigation (SI) is required for:

- Rare, unusual or unlikely events resulting in either serious injuries or losses, or with the potential to incur such injuries or losses.
- Events involving Breathing Apparatus (BA).
- Near Hits resulting from unusual conditions or with the potential to cause serious injury or loss that are rare or unlikely to reoccur.

Seven safety events reported during Q4 required a Tier Two Basic Specialist Investigation:

- 1) 1255 - 1 relates to a personal injury. The firefighter lost their footing and fell from the appliance step onto the floor.
- 2) 1280 - 1 relates to an exposure. A firefighter's lung demand valve (LDV) was pulled out whilst in a contaminated area.
- 3) 1285 - 1 relates to property/equipment failure. Whilst in use the LDV on the BA set went into free flow and couldn't be turned off, causing rapid air loss. No harm was caused to the wearer.
- 4) 1287 - 1 relates to property/equipment failure. Whilst being used in training, there was rapid and uncontrolled air loss through the LDV of a BA set.
- 5) 1290 - 1 relates to property/equipment failure. Whilst being worn during training a BA set failed and the mask went into supplementary supply without being activated.
- 6) 1295 - 1 relates to a personal injury. A firefighter hurt their back whilst moving a length of hose during a drill.
- 7) 1301 - 1 relates to a personal injury. Whilst taking part in RTC training the firefighter slipped and injured their calf muscle.

Tier Two Full Specialist Investigations

A full SI may be assigned immediately or following a Basic SI and is required for:

- Possible or likely events resulting in serious injuries or losses.
- All significant events involving Breathing Apparatus (BA).
- Near Hits resulting from unusual conditions or with the potential to cause serious injury or loss that are possible or likely to reoccur.

No safety events were reported during Q4 that required a full Specialist Investigation.

Tier Three MERP Specialist Investigations

A Tier Three Specialist Investigation is conducted as required by the Major Event Response Protocol (MERP) SPI. These are for the most serious events such as death or potentially life-threatening injury to a member of HWFRS whilst on duty, or a third party either occurring on Service property or as a result of an act or omission by HWFRS.

No safety events during Q4 required a Tier Three Specialist Investigation.

RIDDOR Events for Quarter 4 (Jan 21 – Mar 21)

During Q4, seven RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reports were submitted to the Health and Safety Executive (HSE). Four were classed as Dangerous Occurrences, three were over seven day injuries.

4. Comparison between Quarters and Trend Analysis

Comparison of Events Reported Showing Differences Q4 2019-20 & Q4 2020-21

Table 4 below compares the number of events reported in Q4 2019-20 and Q4 2020-21 for the different categories. For events over the last 12 months, three of the categories experienced a decrease, while three reported an increase, one quite significantly.

Overall, event reporting as a whole increased by one over the period, with 55 reports in Q4 2020-21 compared to 54 in Q4 2019-20. The increase was driven by a significant rise in Near Hits which should be seen as a positive part of the overall H&S culture, because in general these occurrences provide the opportunity to introduce additional control measures helps to reduce the risk likelihood of personal injuries occurring.

Event Type	Q4 2019-20	Q4 2020-21	Increase/Decrease
Personal Injuries	21	17	-4
Vehicle Collisions	18	13	-5
Property or equipment	3	4	+1
Violence & Aggression	7	3	-4
Near Hits	3	15	+12
Exposure / contamination	2	3	+1
Overall	54	55	+1

Table 4: Quarterly Events Reported Q4 2019-20 and Q4 2020-21

Trend Analysis

In summary compared with the previous year, there was an increase in the number of events reported during Q4 (+1).

The main decrease was vehicle collisions (-5). The main increase was Near Hit/Cause for Concerns (+12).

All events that occurred during the quarter were investigated at a minimum of Tier One local level investigation to identify preventative control measures and help to reduce the likelihood of similar occurrences.

12 Month Trend Analysis

Table 5 below breaks down the latest 4 quarters by reported accident type. Q4 figures are above the four previous quarters.

Personal Injuries have significantly increased over the last quarter, as well as Near Hit/Cause for Concerns. Property/Equipment Damage reports have increased this quarter, compared to last. Vehicle collisions continue to rise.

Whilst it appears vehicle collision increased in the final 3 quarters of the year this could be attributed to a return to more normal road usage and working practices following initial COVID restrictions across the Country during quarter 1.

All categories have shown an increase since last quarter, apart from violence/aggression, which has remained the same.

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21
Total H&S Events	43	44	34	55
Personal Injury	15	14	4	17
Vehicle Collision	5	12	12	13
Property or Equipment Failure	4	0	2	4
Near Hit or Cause for Concern	11	17	12	15
Exposure or contamination	6	1	1	3
Violence or Aggression	2	0	3	3

Table 5: 12 Month Trend Analysis Q1 2020 – 2021 to Q4 2020 – 2021

Brief Description of all Safety Events**A1. Personal Injury**

Of the **55** H&S events reported, **17** relate to the category of Personal Injury. These are described in Table A1 below:

Sub-Categories	Break-down of Injuries in Each Sub-Category
2 events were during routine activities	1263 - 1 relates to a personal injury. A firefighter hurt their back whilst opening one of the appliance lockers.
	1276 - 1 relates to a personal injury. A firefighter twisted their knee when stepping backwards out of the appliance.
7 events were during training activities	1255 - 1 relates to a personal injury. The firefighter lost their footing and fell from the appliance step onto the floor. BASIC SI
	1261 - 1 relates to a personal injury. A firefighter slipped on a patch of ice in the training yard.
	1284 - 1 relates to a personal injury. The firefighter had their radio in their pocket. They knelt down to look at something and the radio aerial hit them in the eye.
	1294 - 1 relates to a personal injury. A firefighter became unwell during BA training, following his CV19 vaccination.
	1295 - 1 relates to a personal injury. A firefighter hurt their back whilst moving a length of hose during a drill. BASIC SI
	1300 - 1 relates to a personal injury. Whilst taking part in river training the firefighter collided with some rocks and hurt their coccyx.
	1301 - 1 relates to a personal injury. Whilst taking part in RTC training the firefighter slipped and injured their calf muscle. BASIC SI
7 events were during operational activities	1250 - 1 relates to a personal injury. The firefighter twisted their back whilst lifting a sled out of the water.
	1262 - 1 relates to a personal injury. Whilst using a piece of large, heavy equipment a firefighter felt a pop in their elbow resulting in pain and discomfort. RIDDOR
	1259 - 1 relates to a personal injury. A firefighter twisted their back whilst carrying the rescue boat down an embankment.
	1266 - 1 relates to a personal injury. Whilst working at height the firefighter slipped and their chest made contact with the roof ladder wheel, causing the firefighter to experience chest pains a few days after the event.
	1270 - 1 relates to a personal injury. A firefighter experienced pain in their left shoulder whilst carrying out fire fighting duties. This is suspected to be brought on when rolling out the hose.
	1289 - 1 relates to a personal injury. Whilst attending a house fire a firefighter tripped over the hose and twisted their ankle.
	1302 - 1 relates to a personal injury. Whilst walking over loose debris at an incident, the firefighter slipped and fell, impacting their ribs on the debris.
1 event was non service related	1264 - 1 relates to a personal injury. A firefighter strained their back whilst undertaking some personal training exercises.
	Totalling 17 personal injuries
	32 Calendar Days / 16 Working days lost.

Table A1: Personal Injuries Reported during Q4 2020 – 2021

A2. Vehicle Collisions

Of the **55** H&S events, **13** relate to the category of Vehicle Collisions, which are further described in Table A2 below. All **13** of these events could be attributed to the FRS driver; these events are highlighted in grey. If these collisions occurred whilst on response to an operational incident the category of response has been provided in bold. The majority of the events involved slow manoeuvring contact with objects. Driver training have sent out a bulletin item for crews to familiarise themselves with the 'banksperson' CTR technical knowledge package and requesting that when contact is made with tree branches, crews should contact the local highways team to get the hazard removed.

Sub-Categories	Breakdown of Vehicle Collisions in Each Sub-Category
5 events were during routine activities	1254 - 1 relates to a vehicle incident. While driving down a dark lane the appliance caught a tree branch cracking one of the wing mirrors.
	1257 - 1 relates to a vehicle accident. Whilst driving down a narrow road the appliance had to move out of the way of an oncoming HGV resulting in the mirror making contact with an overgrown hedge.
	1279 - 1 relates to a vehicle accident. Whilst being jacked up the driver's door of the appliance opened and hit the ramp pillar.
	1283 - 1 relates to a vehicle accident. When opening their car door the firefighter caught the appliance causing a small dent.
	1296 - 1 relates to a vehicle accident. A firefighter reversed the appliance without using a banksman and ended up colliding with the appliance bay door.
1 event was during training activities	1267 - 1 relates to a vehicle accident. The USAR bobcat collided with the side of another appliance during training.
4 events were during operational activities	1249 - 1 relates to a vehicle accident. Whilst driving up a private road the appliance caught a boulder.
	1265 - 1 relates to a vehicle accident. The water rescue vehicle became stuck in flood water during a rescue.
	1272 - 1 relates to a vehicle accident. Whilst driving to an incident on blue lights the appliance pulled out to pass a parked vehicle. The wing mirror hit a low hanging tree branch, causing the back on the wing mirror to crack. EMERGENCY RESPONSE
	1304 - 1 relates to a vehicle accident. The top of the appliance caught a telegraph pole.
3 events were non service related	1256 - 1 relates to a vehicle accident. Whilst manoeuvring in a car park the car scraped a wall causing damage to the paintwork.
	1286 - 1 relates to a vehicle accident. A wheelie bin hit a Service car resulting in a cracked light cover.
	1299 - 1 relates to a vehicle accident. Whilst reversing out of a parking space, the officer's car collided with another vehicle's tow bar.
	Totalling 13 vehicle collisions

Table A2: Vehicle Collisions Reported during Q4 2020 - 2021

A3. Property or Equipment Damage

Of the 55 H&S events, 4 relate to the category of Damage to Property or Equipment.

Sub-Categories	Break-down of Property or Equipment Damage in Each Sub-Category
4 events were during training activities	1285 - 1 relates to property/equipment failure. Whilst in use the LDV on the BA set went into free flow and couldn't be turned off, causing rapid air loss. No harm was caused to the wearer. BASIC SI
	1287 - 1 relates to property/equipment failure. Whilst being used in training there was rapid and uncontrolled air loss through the LDV of the BA set. BASIC SI
	1290 - 1 relates to property/equipment failure. Whilst being worn during training a BA set failed and the mask went into supplementary supply without being activated. BASIC SI
	1293 - 1 relates to an equipment failure. Whilst undertaking water training, a deployed throw bag was found to detached from its line resulting in a firefighter having to self-rescue
	Totalling 4 property/equipment damage events.

A4. Near Hits or Causes for Concern

Of the 55 H&S events, 15 relate to the category of Near Hits or Causes for Concern - these are further described in Table A4 below.

Sub-Categories	Breakdown of Near Hits or Causes for Concern in Each Sub-Category
3 events were during training activities	1252 - 1 relates to a near hit / cause for concern. Whilst undertaking water safety training the self inflating life jacket did not fully deploy.
	1278 - 1 relates to a near hit / cause for concern. Whilst using some concrete slabs during training, the slabs became unfit for purpose after they broke.
	1292 - 1 relates to a near hit / cause for concern. Whilst carrying out BA training the recruit suffered a panic attack and had to withdraw from training.
8 events were during operational activities	1253 - 1 relates to a near hit / cause for concern. A firefighter tested positive for CV19.
	1269 - 1 relates to a near hit / cause for concern. Whilst removing the roof during an RTC incident the gas strut on the boot of the vehicle turned into a projectile and travelled around 10m from the vehicle.
	1271 - 1 relates to a near hit / cause for concern. The locker lights on the appliance had caught fire.
	1273 - 1 relates to a near hit / cause for concern. Whilst attending a garage fire it was discovered that the mains electric supply to the garage had not been isolated and was still live.
	1275 - 1 relates to a near hit / cause for concern. Whilst supplying the ALP with water the hose coupling and hose became separated.
	1281 - 1 relates to a near hit / cause for concern. Whilst driving to an incident the driver applied the brakes. The overhead locker opened and the contents fell out, hitting the firefighter on the head.
	1297 - 1 relates to a near hit / cause for concern. There was an uncontrolled loss of air from the LDV of the BA set.
	1303 - 1 relates to a near hit / cause for concern. Whilst driving to an incident the pump bay door of the appliance opened which could have resulted in equipment falling out.
2 events were during routine activities	1277 - 1 relates to a near hit / cause for concern. A firefighter tested positive for CV19
	1298 - 1 relates to a near hit / cause for concern. A member of staff was able to access electronic personal information on the F drive for a member of a different team.
2 events were non service related	1248 - 1 relates to a near hit/cause for concern. A firefighter tested positive for CV19
	1268 - 1 relates to a Near hit / cause for concern. A firefighter tested positive for CV19.
	Totalling 15 near hits or causes for concern

Table A4: Near Hits or Causes for Concern Reported during Q4 2020/21

A5. Violence or Aggression

Of the **55** H&S events, **3** relate to the category of Violence or Aggression.

Sub-Categories	Breakdown of Violence/Aggression in Each Sub-Category
3 events were during operational activities	1251 - 1 relates to an act of violence/aggression. Whilst attending an incident the casualty started throwing objects in the area the crew were in.
	1258 - 1 relates to an act of violence/aggression. While attending to a HGV that had become stuck in flood water, the driver of the HGV became aggressive. He accelerated away creating a bow wave which went towards fire service personnel who were forced to take safety action.
	1274 - 1 relates to an act of violence/aggression. Crews were subjected to verbal abuse when attending an incident.
	Totalling 3 violence/aggression events.

A6. Exposure or Contamination

Of the **55** H&S events, **3** relate to the category of Exposure or Contamination.

An exposure event will be investigated where a harmful substance has entered the body through a route e.g. by inhalation, ingestion, absorption, by injection or when the body is irradiated. Where there is uncertainty as to whether any exposure has taken place, or this is negligible, then this would be

recorded as a potential exposure and an investigation would not normally be instigated, unless related symptoms develop.

A contamination event occurs where a substance has adhered to or is deposited on people, equipment or the environment, creating a risk of exposure and possible injury or harm.

Sub-Categories	Breakdown of Exposure or Contamination in Each Sub-Category
1 event was during routine activities	1282 - 1 relates to an exposure. Four further firefighters tested positive for CV19 following contact with another colleague.
2 events were during training activities	1280 - 1 relates to an exposure. Firefighters LDV was pulled out whilst in a contaminated area. BASIC SI
	1288 - 1 relates to an exposure. During river training the firefighter ingested some river water and later suffered from sickness and blood test confirmed bacterial infection. RIDDOR
	Totalling 3 exposure or contamination event

Table A6: Exposure or Contamination Reported during Q4 2020/21

There were three reports of skin reddening during Q4. Skin reddening is recorded following training or incidents where immediately following exposure to high temperatures there is some skin discolouration which may be a result of this exposure. These occurrences are recorded and if they continue past 24 hours these are reported as a Personal Injury Safety Event.

35 potential exposure/contamination incidents were recorded during Q4, involving firefighters. Potential exposure/contaminations are where personnel have been exposed (during training or incidents) to hazardous environments but where appropriate control measures were implemented.