



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

M. Pearson
CLERK TO THE AUTHORITY

To: **The Chair and Members of the Audit & Performance Review Committee**

(see below)

**SERVICE HEADQUARTERS
THE KNOWLE
CLYST ST GEORGE
EXETER
DEVON
EX3 0NW**

Your ref :
Our ref : APCR/MP/SS
Website : www.dsfire.gov.uk

Date : 25 February 2020
Please ask for : Sam Sharman
Email : ssharman@dsfire.gov.uk

Telephone : 01392 872200
Fax : 01392 872300
Direct Telephone : 01392 872393

AUDIT & PERFORMANCE REVIEW COMMITTEE **(Devon & Somerset Fire & Rescue Authority)**

Wednesday 4 March 2020

A meeting of the Audit & Performance Review Committee will be held on the above date, **commencing at 10.00 am in Committee Room B, Somerset House, Service Headquarters, Exeter** to consider the following matters.

M. Pearson
Clerk to the Authority

A G E N D A

PLEASE REFER TO THE NOTES AT THE END OF THE AGENDA LISTING SHEETS

1 Apologies

2 Minutes (Pages 1 - 4)

of the previous meeting held on 13 November 2019 attached.

3 Items Requiring Urgent Attention

Items which, in the opinion of the Chair, should be considered at the meeting as matters of urgency.

PART 1 - OPEN COMMITTEE

4 External Audit Progress Report and Sector Update (Pages 5 - 26)

The Authority's External Auditor, Grant Thornton, has submitted **FOR INFORMATION** a report (enclosed with this agenda) setting out the progress made in delivering its audit responsibilities to the Devon & Somerset Fire & Rescue Authority up to the beginning of February 2020 together with a Sector Update.

5 External Audit Plan (Pages 27 - 44)

The Authority's External Auditor, Grant Thornton, has submitted, for information (and as attached), an overview of the planned scope and timing of the statutory audit of Devon and Somerset Fire and Rescue Authority ('the Authority') for the year ended 31 March 2020.

6 Group Accounts for Devon & Somerset Fire & Rescue Authority & Red One Ltd. (Pages 45 - 46)

Report of the Director of Finance & Resourcing (Treasurer) (APRC/20/1) attached.

7 Audit & Review 2019-20 Progress Report (Pages 47 - 56)

Report of the Director of Governance & Digital Services (APRC/20/2) attached.

8 2020-21 Internal Audit Plan (Pages 57 - 58)

Report of the Director of Governance & Digital Services (APRC/20/3) attached.

9 2019-20 Draft Annual Statement of Assurance (Pages 59 - 90)

Report of the Director of Governance & Digital Services (APRC/20/4) attached.

10 Her Majesty's Inspectorate of Constabulary & Fire & Rescue Services inspection - Progress Update (Pages 91 - 92)

Report of Director of Governance & Digital Services (APRC/20/5) attached.

11 Corporate Performance Measures - Review (Pages 93 - 94)

Report of the Director of Governance & Digital Services & Director of Service Improvement (APRC/20/6) attached.

12 Authority Policy For Regulation of Investigatory Powers Act 2000 (RIPA) - Review (Pages 95 - 98)

Report of the Director of Governance & Digital Services (APRC/20/7) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Healey MBE (Chair), Clayton, Napper, Prowse (Vice-Chair), Saywell, Way and Wheeler

NOTES

1.	<u>Access to Information</u> Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the “Please ask for” section at the top of this agenda.
2.	<u>Reporting of Meetings</u> Any person attending a meeting may report (film, photograph or make an audio recording) on any part of the meeting which is open to the public – unless there is good reason not to do so, as directed by the Chair - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority. Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chair or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
3.	<u>Declarations of Interests at meetings (Authority Members only)</u> If you are present at a meeting and you are aware that you have either a disclosable pecuniary interest, personal interest or non-registerable interest in any matter being considered or to be considered at the meeting then, unless you have a current and relevant dispensation in relation to the matter, you must: <ul style="list-style-type: none">(i) disclose at that meeting, by no later than commencement of consideration of the item in which you have the interest or, if later, the time at which the interest becomes apparent to you, the existence of and – for anything other than a “sensitive” interest – the nature of that interest; and then(ii) withdraw from the room or chamber during consideration of the item in which you have the relevant interest. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the nature of the interest but merely that you have an interest of a sensitive nature. You must still follow (i) and (ii) above. Where a dispensation has been granted to you either by the Authority or its Monitoring Officer in relation to any relevant interest, then you must act in accordance with any terms and conditions associated with that dispensation. Where you declare at a meeting a disclosable pecuniary or personal interest that you have not previously included in your Register of Interests then you must, within 28 days of the date of the meeting at which the declaration was made, ensure that your Register is updated to include details of the interest so declared.
4.	<u>Part 2 Reports</u> Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.
5.	<u>Substitute Members (Committee Meetings only)</u> Members are reminded that, in accordance with Standing Order 37, the Clerk (or his representative) must be advised of any substitution prior to the start of the meeting. Members are also reminded that substitutions are not permitted for full Authority meetings.

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AUDIT & PERFORMANCE REVIEW COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

13 November 2019

Present:-

Councillors Clayton, Napper, Prowse (Vice-Chair), Saywell and Wheeler

Apologies:-

Councillors Healey MBE (Chair)

NB. Councillor Prowse took the Chair for this meeting in the absence of Councillor Healey MBE.

* **APRC/8**

Minutes

RESOLVED that the Minutes of the meeting held on 19 July 2019 be signed as a correct record.

* **APRC/9**

External Audit

* a **Audit Progress - Request for a Late Audit**

The Committee considered a report of the Director of Finance & Resourcing (Treasurer) (APRC/19/16) that set out further information on a request received from the external auditor, Grant Thornton, for a late audit of the Authority's financial statements in 2020.

Barrie Morriss, representing Grant Thornton, was present at the meeting and he gave an overview of the main reasons behind the request made to the Authority for a late audit. These included:

- That the bringing forward of publication of the Statement of Accounts to 31 July was untenable for external auditors given the availability of quality resources to help meet public sector demand;
- Although Grant Thornton had outperformed other external auditors (63% of its audits delivered by 31 July as opposed to a 58% average in the sector) it was still requesting a late audit for the Authority on the basis that it had fewer issues to be resolved (i.e. financial management and internal controls were of a good standard) and this would allow more time for Grant Thornton to focus on other, less compliant clients;
- This was a sector wide issue and agreeing to the request for a late audit would not prejudice the Authority's ability to publish its accounts in compliance with the Account & Audit Regulations 2015 and would not be a reflection on the Authority's performance.

The Director of Finance & Resourcing (Treasurer) advised the Committee of her reservations in respect of the request made for a late audit. These were primarily surrounding the points:

- that the Home Office was collating a list of those authorities that did not meet the requisite audit publication date and that the Public Sector Audit Appointments (PSAA) may choose to publish this in 2020 so there was a potential reputational risk for this Authority; and
- that this may increase pressure on the Finance team as pushing the audit of financial statements to late September would begin to clash with the start of the budget setting process.

It was noted that the Director of Finance & Resourcing would, however, work closely with Grant Thornton to ensure that the requisite statement on publication of a late audit would reflect the reasons behind this clearly should the Committee be minded to agree this. The Director of Governance & Digital Services added that the purpose of the audit was to provide assurance and, if agreeing to a late audit would assist the auditors in the performance of their duties, it could be justified as being in the general public interest.

Councillor Saywell **MOVED** (seconded by Councillor Wheeler):

“that the request made by Grant Thornton for a late audit in 2020 be approved and that the Director of Finance & Resourcing be delegated authority to publish a revised audit notice by 31 July 2020 stating clearly the reasons behind this”.

The motion was **CARRIED** unanimously.

RESOLVED that the request made by Grant Thornton for a late audit in 2020 be approved and that the Director of Finance & Resourcing be delegated authority to publish a revised audit notice by 31 July 2020 stating clearly the reasons behind this.

* b **External Audit Progress Report and Sector Update**

The Committee received, for information, an external audit progress report and sector update from Grant Thornton (the Authority’s external auditor) covering, amongst other areas:

- The completion of the financial statements audit by 31 July 2019 and value for money assessment;
- The 2019-20 audit deliverables;
- a sector report highlighting Grant Thornton publications, insights from local government sector specialists, reports of interest and accounting and regulatory update;
- Her Majesty’s Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS) news;
- Chartered institute of Public Financial Accountants (CIPFA) – Chief Fire Officer confidence survey;
- Minister for Housing, Communities and Local Government – an independent probe into local government audit and Brexit preparations; and
- National Audit Office – Code of Audit Practice.

* c **Annual Audit Letter**

The Committee received for information the Authority's Annual Audit Letter for the year ended 31 March 2019 as submitted by the Authority's external auditor, Grant Thornton.

Barrie Morriss, representing Grant Thornton, drew attention to the work that had been undertaken with the Authority during the year, including the Statement of Accounts and the Value for Money conclusion, both of which had received an unqualified opinion.

* **APRC/10** **Audit & Review 2019/20 Progress Report**

The Committee received for information a report of the Director of Governance & Digital Services (APRC/19/17) that set out the progress made to date by the Service against the approved 2019-20 Internal Audit Plan and which also provided an update on any additional reviews undertaken.

The Audit & Review Manager drew attention to the final report on the Fleet Review which was a repeat audit. He indicated that this area was still requiring improvement but that there was a positive direction of travel with a lot of actions implemented but not embedded yet. It was expected that it may be up to 2 years before the benefits would be realised fully. Reference was also made to the work being undertaken by the Operational Assurance team on reviewing systems and processes which would impact on the reporting of any trends identified in the future.

* **APRC/11** **Corporate Risk Register**

The Committee received for information a report of the Director of Governance & Digital Services (APRC/19/18) on the Corporate Risk Register and specifically, any new risks added within the previous six months.

The report identified that the Service risk profile had changed in the last six months. The corporate risk register entries totalled nine with one new risk (added in July 2019) in respect of Firefighter Fitness (CR054). Risk CR052 (industrial action) had reduced as a result of the 2019 Firefighters' pay award being accepted. The risk of a "no deal" Brexit has also been de-escalated because of the decision by the EU to agree an extension to 31 January 2020.

The report identified that the Service risk profile had changed in the last six months. The corporate Risk register entries totalled nine now with one new risk (added in July 2019) in respect of Firefighter Fitness (CR054). Risk CR052 (industrial action) had reduced now as a result of the 2019 Firefighters' pay award being offered and accepted. The risk of a "no deal" Brexit has also been de-escalated currently due to the decision by the EU to agree an extension to 31 January 2020.

* **APRC/12** **Devon & Somerset Fire & Rescue Service Performance Report: April to September 2019/20**

The Committee received, for information, a report of the Director of Service Improvement (APRC/19/19) to which was appended the Service performance report covering the Period April to September 2019. The report featured performance measure details with information on the measure status (positive performance; monitor performance; negative exception) established through assessing performance against that in the previous year and medium to long-term trends.

Commentary was included to provide additional contextual information and activities being undertaken to improve performance.

The status on performance for the period April to September 2019 was included in the report which showed that four measures were positive, two were being monitored and two were in negative exception. The two measures in negative exception were:

- Fire related deaths where people live; and
- Fire related deaths where people work, visit and in vehicles.

Further detail on the reasons behind these measures being in negative exception were set out within the report.

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

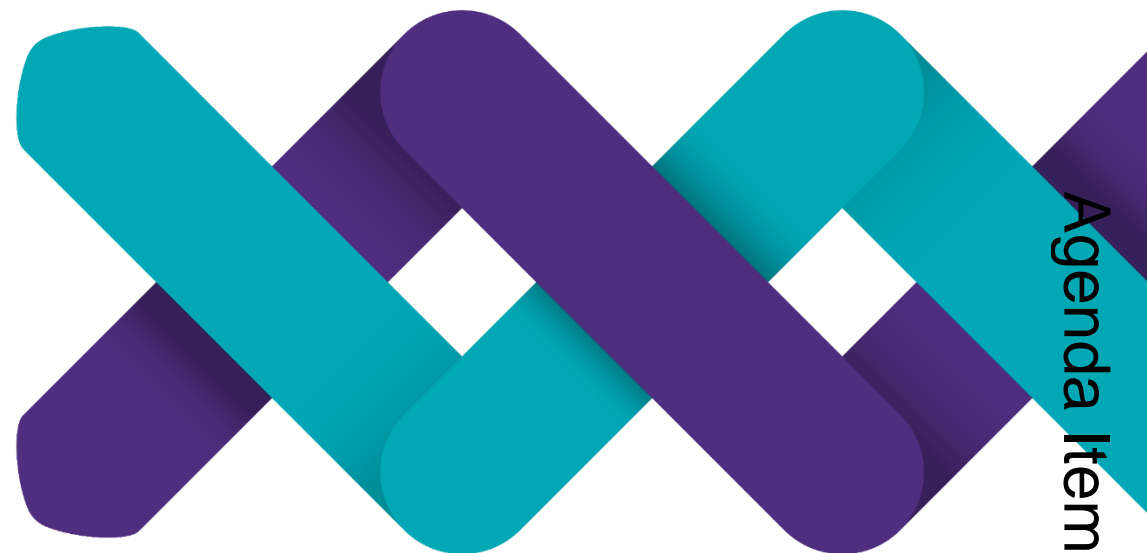
The Meeting started at 10.00 am and finished at 11.17 am

Audit Progress Report and Sector Update

Devon and Somerset Fire and Rescue Authority
Year ending 31 March 2020

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Introduction



Barrie Morris

Engagement Lead

T 0117 305 7708
M 077719 76684
E barrie.morris@uk.gt.com

This paper provides the Audit and Performance Review Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a fire and rescue service; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)



Aditi Chandramouli

Engagement Manager

T 0117 305 7643
M 079207 43362
E Aditi.chandramouli@uk.gt.com

Members of the Audit and Performance Review Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at February 2020

Financial Statements Audit

We issued our opinion on your 2018/19 Statement of Accounts on 30 July 2019, and issued our certificate on the same day, thereby closing the audit.

We began our planning for the 2019/20 audit in January and have issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2019/20 financial statement, which is included on this agenda.

We will begin our interim audit in February 2020. Our interim fieldwork includes:

- updated review of the Authority's control environment
- updated understanding of financial systems
- review of Internal Audit reports on core financial systems
- early work on emerging accounting issues
- early substantive testing

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by September 2020

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- informed decision making
- sustainable resource deployment
- working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by September 2020

The NAO is consulting on a new Code of Audit Practice from 2020 which proposes to make significant changes to Value for Money work. Please see page 9 for more details.

Progress at February 2020 (Cont.)

Other areas

Meetings

We met with Finance Officers in October and February as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Financial Reporting Workshop in February, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (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.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the “few improvements needed” (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and our proposed fees for 2019-20 are set out as an appendix to this report

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Audit Deliverables

2019/20 Deliverables	Planned Date	Status
<p>Fee Letter</p> <p>Confirming audit fee for 2019/20</p>	April 2019	Complete
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Audit and Performance Review Committee setting out our proposed approach in order to give an opinion on the Authority's 2019-20 financial statements.</p>	March 2020	Complete, and included within this agenda
<p>Interim Audit Findings</p> <p>We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.</p>	April 2020	Not yet due
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the September Audit and Performance Review Committee.</p>	September 2020	Not yet due
<p>Auditors Report</p> <p>This is the opinion on your financial statements, annual governance statement and value for money conclusion.</p>	September 2020	Not yet due
<p>Annual Audit Letter</p> <p>This letter communicates the key issues arising from our work.</p>	October 2020	Not yet due

Sector Update

Local authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit and performance review committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Effectiveness, efficiency and people 2018/19 - Devon and Somerset Fire and Rescue Service

Devon and Somerset Fire and Rescue Service was inspected in the third and final tranche of HMICFRS inspections.

In carrying out inspections of fire and rescue services in England, HMICFRS have regard to the three main questions:

1. How effective is the fire and rescue service at keeping people safe and secure from fire and other risks?
2. How efficient is the fire and rescue service at keeping people safe and secure from fire and other risks?
3. How well does the fire and rescue service look after its people?

The categories of graded judgement used are: **outstanding, good, requires improvement and inadequate**

The overall summary provided the following information:

- Devon & Somerset FRS is good at providing an effective service to the public. It is good at: understanding the risk of fire and other emergencies; preventing fires and other risks; protecting the public through fire regulation; and responding to national risks.
- It does, however, require improvement in how it responds to fires and other emergencies.
- The service's efficiency requires improvement. HMICFRS judged the way it uses its resources to require improvement. But the FRS is good at making its services affordable now and in future.
- The way that Devon & Somerset Fire & Rescue Service looks after its people requires improvement. In particular it requires improvement at: promoting the right values and culture; ensuring fairness and promoting diversity; and managing performance and developing leaders. However, it is good at getting the right people with the right skills

The report sets out areas of good practice, such as:

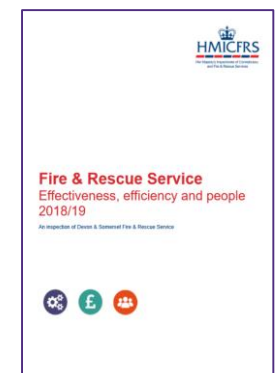
- A good understanding of local risk
- Sound financial management and governance of procurement and tendering processes
- an effective prevention strategy

Some areas for improvement were also listed, such as:

- Providing assurance that the current arrangements for the management of health and safety in the workplace are effective
- providing assurance that it has effective grievance procedures
- evaluating whether prevention campaigns can be better supported by operational crews.

One cause for concern was also included in the report, specifically around operational members of staff meeting minimum fitness requirements to perform their role. The HMICFRS recommends that by 28 February 2020, the service should provide an action plan that details how it will address this issue.

The full report can be accessed by clicking on the cover



State of Fire and Rescue -The Annual Assessment of Fire and Rescue Services in England 2019

This report, published by the HMICFRS in January 2020, contains an assessment of the effectiveness and efficiency of fire and rescue services in England, based on the inspections carried out between June 2018 and August 2019.

The report is split into 3 parts:

Part 1 contains the HMICFRS' assessment of the state of fire and rescue services in England, and also includes four key recommendations made to the sector

Part 2 gives an overview of the gradings and findings from the first round of inspections, carried out between June 2018 and August 2019. The overall gradings are as follows:

- a) Effectiveness – The HMICFRS graded 29 services as good, and 16 as requiring improvement; there were no services rated as outstanding or inadequate
- b) Efficiency - The HMICFRS graded 26 services as good, 16 as requiring improvement; and 1 as inadequate; there were no services rated as outstanding
- c) People - The HMICFRS graded 18 services as good, 25 as requiring improvement; and 2 as inadequate; there were no services rated as outstanding

Part 3 sets out the full list of reports and other inspection publications for the period covered by the report. This includes the consultation document seeking views on the HMICFRS proposed inspection programme and framework for 2020-21, as well as a report around public perceptions of fire and rescue services in England in 2019

Part 1 of the State of Fire and Rescue report notes that the sector has many strengths, including the dedication of staff to protect life and property, and providing highly skilled responses to emergencies. However the report also notes that improvement is needed, specifically around efficiency and effectiveness. The report goes on to set out recommendations, which are set out below.

Recommendations:

- By June 2020, the Home Office, in consultation with the fire and rescue sector, should review and with precision determine the roles of: (a) fire and rescue services; and (b) those who work in them
- By June 2020, the Home Office, the Local Government Association, the National Fire Chiefs Council and trade unions should consider whether the current pay negotiation machinery requires fundamental reform. If so, this should include the need for an independent pay review body and the future of the 'grey book'
- By September 2020, the Home Office should consider the case for legislating to give chief fire officers operational independence. In the meantime, it should issue clear guidance, possibly through an amendment to the Fire and Rescue National Framework for England, on the demarcation between those responsible for governance and operational decision making by the chief fire officer
- By December 2020, the National Fire Chiefs Council, with the Local Government Association, should produce a code of ethics for fire and rescue services. The code should be adopted by every service in England, and considered as part of each employee's progression and annual performance appraisal.

The full report can be accessed by clicking on the cover



Redmond Review – Review of local authority financial reporting and external audit

The independent review led by Sir Tony Redmond sought views on the quality of local authority financial reporting and external audit. The consultation ran from 17 September 2019 to 20 December 2019.

Grant Thornton provided a comprehensive submission. We believe that local authority financial reporting and audit is at a crossroads. Recent years have seen major changes. More complex accounting, earlier financial close and lower fees have placed pressure on authorities and auditors alike. The target sign-off date for audited financial statements of 31 July has created a significant peak of workload for auditors. It has made it impossible to sustain specialist teams throughout the year. It has also impacted on individual auditors' well-being, making certain roles difficult to recruit to, especially in remote parts of the country.

Meanwhile, the focus on Value for Money, in its true sense, and on protecting the interests of citizens as taxpayers and users of services are in danger of falling by the wayside. The use of a black and white 'conclusion' has encouraged a mechanistic and tick box approach, with auditors more focused on avoiding criticism from the regulator than on producing Value for Money reports that are of value to local people.

In this environment, persuading talented people to remain in the local audit market is difficult. Many of our promising newly qualified staff and Audit Managers have left the firm to pursue careers elsewhere, often outside the public sector, and almost never to pursue public audit at other firms. Grant Thornton is now the only firm which supports qualification through CIPFA. It is no longer clear where the next generation of local auditors will come from.

We believe that now is the time to reframe both local authority financial reporting and local audit. Specifically, we believe that there is a need for:

- More clearly established system leadership for local audit;
- Simplified local authority financial reporting, particularly in the areas of capital accounting and pensions;

- Investing in improving the quality of financial reporting by local bodies;
- A realistic timescale for audit reporting, with opinion sign off by September each year, rather than July;
- An increase in audit fees to appropriate levels that reflect current levels of complexity and regulatory focus;
- A more tailored and proportional approach to local audit regulation, implementing the Kingman recommendations in full;
- Ensuring that Value for Money audit work has a more impactful scope, as part of the current NAO Code of Audit Practice refresh;
- Introducing urgent reforms which help ensure future audit arrangements are sustainable and attractive to future generations of local audit professionals.

We note that Sir Donald Brydon, in his review published this week, has recommended that *“the Audit, Reporting and Governance Authority (ARGA) (the proposed new regulatory body) should facilitate the establishment of a corporate auditing profession based on a core set of principles. (This should include but not be limited to) the statutory audit of financial statements.”* Recognising the unique nature of public audit, and the special importance of stewardship of public money, we also recommend that a similar profession be established for local audit. This should be overseen by a new public sector regulator.

As the reviews by John Kingman, Sir Donald Brydon, and the CMA have made clear, the market, politicians and the media believe that, in the corporate world, both the transparency of financial reporting and audit quality needs to be improved. Audit fees have fallen too low, and auditors are not perceived to be addressing the key things which matter to stakeholders, including a greater focus on future financial stability. The local audit sector shares many of the challenges facing company audit. All of us in this sector need to be seen to be stepping up to the challenge. This Review presents a unique opportunity to change course, and to help secure the future of local audit, along with meaningful financial reporting.

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Financial Reporting Council – Summary of key developments for 2019/20 annual reports

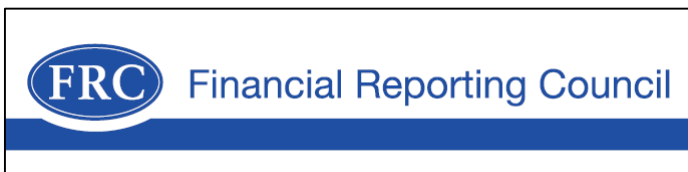
On 30 October the Financial Reporting Council (FRC) wrote an Open Letter to Company Audit Committee Chairs. Some of the points are relevant to local authorities.

The reporting environment

The FRC notes that, “In times of uncertainty, whether created by political events, general economic conditions or operational challenges, investors look for greater transparency in corporate reports to inform their decision-making. We expect companies to consider carefully the detail provided in those areas of their reports which are exposed to heightened levels of risk; for example, descriptions of how they have approached going concern considerations, the impact of Brexit and all areas of material estimation uncertainty.” These issues equally affect local authorities, and the Statement of Accounts or Annual Report should provide readers with sufficient appropriate information on these topics.

Critical judgements and estimates

The FRC wrote “More companies this year made a clear distinction between the critical judgements they make in preparing their accounts from those that involve the making of estimates and which lead to different disclosure requirements. However, some provided insufficient disclosures to explain this area of their reporting where a particular judgement had significant impact on their reporting; for example, whether a specific investment was a joint venture or a subsidiary requiring consolidation. We will continue to have a key focus on the adequacy of disclosures supporting transparent reporting of estimation uncertainties. An understanding of their sensitivity to changing assumptions is of critical value to investors, giving them clearer insight into the possible future changes in balance sheet values and which can inform their investment decisions.” Critical judgements and estimates also form a crucial part of local authority statements of account, with the distinction often blurred.



IFRS 16 Leases

The FRC letter notes “IFRS 16 is effective for periods beginning on or after 1 January 2019. We recently conducted a thematic review looking at how companies reported on their adoption of the new standard in their June 2019 interim accounts. In advance of our detailed findings which will be published shortly, I set out what we expect to see by way of disclosures in the forthcoming accounts, drawing on the results of our work.

- Clear explanation of the key judgements made in response to the new reporting requirements;
- Effective communication of the impact on profit and loss, addressing any lack of comparability with the prior year;
- Clear identification of practical expedients used on transition and accounting policy choices; and
- Well explained reconciliation, where necessary, of operating lease commitments under IAS 17, ‘Leases’, the previous standard and lease liabilities under IFRS 16.”

The implementation of IFRS is delayed until 1 April 2020 in the public sector when it will replace IAS 17 Leases and the three interpretations that supported its application. Authorities will need information and processes in place to enable them to comply with the requirements. They will need to make disclosures in the 2019/20 accounts about the impact of IFRS 16 in accordance with IAS 8/ Code 3.3.4.3 requirements for disclosure about standards which are issued but are not yet effective.

Financial Reporting



Challenge question:

Will you have the opportunity to review and comment on your authority’s statement of accounts before they are published at the end of May?

Financial Reporting Council – aid to Audit Committees in evaluating audit quality

On 19 December the Financial Reporting Council (FRC) issued an update of its Practice Aid to assist audit committees in evaluating audit quality in their assessment of the effectiveness of the external audit process.

The FRC notes that, “The update takes account of developments since the first edition was issued in 2015, including revisions of the UK Corporate Governance Code, the requirement for all Public Interest Entities (PIEs) to conduct a tender at least every 10 years and rotate auditors after at least 20 years, and increasing focus generally on audit quality and the role of the audit committee. It also takes account of commentary from audit committees suggesting how the Practice Aid could be more practical in focus and more clearly presented.

The framework set out in the Practice Aid focuses on understanding and challenging how the auditor demonstrates the effectiveness of key professional judgments made throughout the audit and how these might be supported by evidence of critical auditor competencies. New sections have been added addressing the audit tender process, stressing that high-audit quality should be the primary selection criterion, and matters to cover in audit committee reporting.

As well as illustrating a framework for the audit committee’s evaluation, the Practice Aid sets out practical suggestions on how audit committees might tailor their evaluation in the context of the company’s business model and strategy; the business risks it faces; and the perception of the reasonable expectations of the company’s investors and other stakeholders. These include examples of matters for the audit committee to consider in relation to key areas of audit judgment, and illustrative audit committee considerations in evaluating the auditor’s competencies.

The FRC encourages audit committees to use the Practice Aid to help develop their own approach to their evaluation of audit quality, tailored to the circumstances of their company. Audit committees are encouraged to see their evaluation as integrated with other aspects of their role related to ensuring the quality of the financial statements – obtaining evidence of the quality of the auditor’s judgments made throughout the audit, in identifying audit risks, determining materiality and planning their work accordingly, as well as in assessing issues.”



The Practice Aid can be obtained from the FRC website:

<https://www.frc.org.uk/getattachment/68637e7a-8e28-484a-aec2-720544a172ba/Audit-Quality-Practice-Aid-for-Audit-Committees-2019.pdf>

What is the future for local audit?

Paul Dossett, Head of local government at Grant Thornton, has written in the Municipal Journal “Audit has been a hot topic of debate this year and local audit is no exception. With a review into the quality of local audit now ongoing, it’s critical that part of this work looks at the overarching governance and management of the audit regime. We believe there is a strong need for new oversight arrangements if the local audit regime is to remain sustainable and effective in the future.”

Paul goes on to write “Local (local authority and NHS) audit has been a key part of the oversight regime for public services for more than a century. The National Audit Office (NAO) has exercised this role in central government for several generations and their reporting to Parliament via the Public Accounts Committee is a key part of the public spending accountability framework.

Local audit got a significant boost with the creation of the Audit Commission in 1983 which provided a coordinated, high profile focus on local government and (from 1990) NHS spending and performance at a local level. Through undertaking value for money reviews and maintaining a tight focus on the generational governance challenges, such as rate capping in the 1980s and service governance failings in the 1990s, the Commission provided a robust market management function for the local audit regime. Local audit fees, appointments, scope, quality and relevant support for auditors all fell within their ambit.

However, the Commission was ultimately deemed, among other things, to be too expensive and was abolished in 2010, as part of the Coalition Government’s austerity saving plans. While the regime was not perfect, and the sector had acknowledged that reform of the Commission was needed, complete abolition was not the answer.

Since then, there has been no body with complete oversight of the local audit regime and how it interacts with local public services. The Ministry of Housing, Communities and Local Government; Department of Health; NHS; NAO; Local Government Association (LGA); Public Sector Audit Appointments Ltd (PSAA); the Financial Reporting Council (FRC); the Chartered Institute of Public Finance & Accountancy (CIPFA), audit firms and the audited bodies themselves all have an important role to play but, sometimes, the pursuit of individual organisational objectives has resulted in sub-optimal and even conflicting outcomes for the regime overall.

These various bodies have pursued separate objectives in areas such as audit fee reduction, scope of work, compliance with commercial practice, earlier reporting deadlines and mirroring commercial accounting conventions – to name just a few.

This has resulted in a regime that no stakeholder is wholly satisfied with and one that does not ensure local audit is providing a sufficiently robust and holistic oversight of public spending.

To help provide a more cohesive and co-ordinated approach within the sector, we believe that new oversight arrangements should be introduced. These would have ultimate responsibility for ensuring the sustainability of the local audit regime and that its component parts – including the Audit Code, regulation, market management and fees – interact in an optimal way. While these arrangements do not need to be another Audit Commission, we need to have a strategic approach to addressing the financial sustainability challenges facing local government and the NHS, the benchmarking of performance and the investigation of governance failings.

There are a number of possible solutions including:

- 1) The creation of a new arm’s length agency with a specific remit for overseeing and joining up local audit. It would provide a framework to ensure the sustainability of the regime, covering fees, appointments, and audit quality. The body would also help to create a consistent voice to government and relevant public sector stakeholders on key issues arising from the regime. Such a body would need its own governance structure drawn from the public sector and wider business community; and
- 2) Extending the current remit of the NAO. Give it total oversight of the local audit regime and, in effect, establish a local audit version of the NAO, with all the attendant powers exercised in respect of local audit. In this context, there would be a need to create appropriate governance for the various sectors, similar to the Public Accounts Committee.

While the detail of the new arrangements would be up for debate, it’s clear that a new type of oversight body, with ultimate responsibility for the key elements of local audit, is needed. It would help to provide much-needed cohesion across the sector and between its core stakeholders.

The online article is available here:

<https://www.themj.co.uk/What-is-the-future-for-audit/214769>

Implementation of International Financial Reporting Standard 16 Leases

IFRS 16 *Leases*, as interpreted and adapted for the public sector, will be effective from 1 April 2020.

Background

IFRS 16 Leases was issued by the International Accounting Standards Board (IASB) in January 2016 and is being applied by HM Treasury in the Government Financial Reporting Manual from 1 April 2020. Implementation of the Standard will be included in the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) for 2020/21.

The new Standard replaces the current leasing standard IAS 17 and related interpretation documents IFRIC 4, SIC 15 and SIC 27 and it sets out the principles for the recognition, measurement, presentation and disclosure of leases. The IASB published IFRS 16 because it was aware that the previous lease accounting model was criticised for failing to provide a faithful representation of leasing transactions.

Impact on 2019/20 financial statements

Whilst the new Standard is effective from 1 April 2020, authorities are required by the Code to *'disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted'*. This requirement of the Code (3.3.4.3) reflects the requirements of paragraph 30 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

In the 2019/20 financial statements we would therefore expect to see authorities make disclosures including:

- the title of the Standard
- the date of implementation
- the fact that the modified retrospective basis of transition is to be applied, with transition adjustments reflected through opening reserves
- known or reasonably estimable information relevant to assessing the possible impact that application will have on the entity's financial statements, including the impact on assets, liabilities, reserves, classification of expenditure and cashflows
- the basis for measuring right of use assets on transition
- the anticipated use of recognition exemptions and practical expedients recognising that what is sufficient disclosure for one body may not be sufficient for another

Information needed for 2019/20 financial statements

In order to make disclosures in 2019/20, a significant amount of data will be needed, most significantly:

- a complete list of leases previously identified under IAS 17 and IFRIC 4
- details of non-cancellable lease terms, purchase options, extension and termination options
- details of lease arrangements at peppercorn or NIL rental
- anticipated future cash flows and implicit interest rates or incremental borrowing rates to enable calculation of lease liabilities

Audit work on IFRS 16 transition

At this stage, we would expect you to have:

- determined whether the impact of IFRS 16 will be material for your authority
- raised awareness of the new Standard across the authority, potentially including procurement, estates, legal and IT departments
- assessed the completeness and accuracy of your lease register and taken action if necessary
- formalised and signed existing lease documentation
- identified leases of low value assets and leases with short terms
- considered whether liaison with valuation experts is necessary
- started to draft your 2019/20 disclosure note
- started to embed processes to capture the data necessary to manage the ongoing accounting implications of IFRS 16

and that you are monitoring progress against an approved IFRS 16 implementation plan. Your local engagement team will be in touch to discuss your progress with IFRS 16 implementation and audit working paper requirements.

Implementation of International Financial Reporting Standard 16 *Leases*

Further information and guidance

CIPFA published their 2020/21 Code consultation on 12 July 2019, including an Appendix concerned with IFRS 16 implementation, further details can be found at:

<https://www.cipfa.org/policy-and-guidance/consultations-archive/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202021?crdm=0>

HM Treasury published IFRS 16 Application Guidance in December 2019 which can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/853238/IFRS_16_Application_Guidance_December_2019.pdf

CIPFA's IFRS 16 'Early guide for local authority practitioners' is available at:

<https://www.cipfa.org/policy-and-guidance/publications/i/ifrs-16-leases-an-early-guide-for-local-authority-practitioners>

IFRS 16 has been adopted a year earlier in the commercial sector. The Financial Reporting Council has published an IFRS 16 Thematic Review '*Review of Interim Disclosures in the First Year of Application*', containing key findings from their review and providing helpful insights into important disclosure requirements. The FRC's publication is available at:

<https://www.frc.org.uk/getattachment/a0e7c6e7-67d0-40fe-b869-e5cc589afe79/IFRS-16-thematic-review-2019-optimised.pdf>.

Financial Reporting



Challenge question:

Does your authority have a project plan in place in relation to IFRS 16 *Leases* implementation?

Is your authority's progress against the project plan on track?

Grant Thornton's Sustainable Growth Index Report

Grant Thornton has launched the Sustainable Growth Index (formerly the Vibrant Economy Index) – now in its third year. The Sustainable Growth Index seeks to define and measure the components that create successful places. Our aim in establishing the Index was to create a tool to help frame future discussions between all interested parties, stimulate action and drive change locally. We have undergone a process of updating the data for English Local Authorities on our online, interactive tool, and have produced an updated report on what the data means. All information is available on our online hub, where you can read the new report and our regional analyses.

The Sustainable Growth Index provides an independent, data-led scorecard for each local area that provides:

- businesses with a framework to understand their local economy and the issues that will affect investment decisions both within the business and externally, a tool to support their work with local enterprise partnerships, as well as help inform their strategic purpose and CSR plans in light of their impact on the local social and economic environment
- policy-makers and place-shapers with an overview of the strengths, opportunities and challenges of individual places as well as the dynamic between different areas
- Citizens with an accessible insight into how their place is doing, so that they can contribute to shaping local discussions about what is important to them

The Index shows the 'tip of the iceberg' of data sets and analysis our public services advisory team can provide our private sector clients who are considering future locations in the UK, or wanting to understand the external drivers behind why some locations perform better than others.

Our study looks at over 50 indicators to evaluate all the facets of a place and where they excel or need to improve.

Our index is divided into six baskets. These are:

- 1 Prosperity
- 2 Dynamism and opportunity
- 3 Inclusion and equality
- 4 Health, wellbeing and happiness
- 5 Resilience and sustainability
- 6 Community trust and belonging

This year's index confirms that cities have a consistent imbalance between high scores related to prosperity, dynamism and opportunity, and low scores for health, wellbeing, happiness inclusion and equality. Disparity between the richest and poorest in these areas represents a considerable challenge for those places.

Inclusion and equality remains a challenge for both highly urban and highly rural places and coastal areas, particularly along the east coast from the North East to Essex and Kent, face the most significant challenges in relation to these measures and generally rank below average.

Creating sustainable growth matters and to achieve this national policy makers and local authorities need to do seven things:

- 1 Ensure that decisions are made on the basis of robust local evidence.
- 2 Focus on the transformational trends as well as the local enablers
- 3 Align investment decisions to support the creation of sustainable growth
- 4 Align new funding to support the creation of sustainable growth
- 5 Provide space for innovation and new approaches
- 6 Focus on place over organisation
- 7 Take a longer-term view

The online report is available here:

<https://www.grantthornton.co.uk/en/insights/sustainable-growth-index-how-does-your-place-score/>



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Grant Thornton

An instinct for growth™

Amy Webb
 Director of Finance and Resourcing
 Devon & Somerset Fire & Rescue Authority
 Service Headquarters
 The Knowle
 Clyst St George
 Exeter
 EX3 0NW

Grant Thornton UK LLP
 2nd Floor, 2 Glass Wharf
 Bristol
 BS2 0EL

5 February 2020

Dear Amy

Audit scope and additional work 2019/20

In recent conversations, including at Devon & Somerset Fire & Rescue Authority's Audit and Performance Review Committee, we have discussed the increased regulatory focus facing all audit suppliers and the impact this will have on the scope of our work for 2019/20 and beyond. You will have also recently received a letter via email from Tony Crawley of PSAA explaining the changing regulatory landscape. In his letter, Mr Crawley highlights: *"significantly greater pressure on firms to deliver higher quality audits by requiring auditors to demonstrate greater professional scepticism when carrying out their work across all sectors – and this includes local audit. This has resulted in auditors needing to exercise greater challenge to the areas where management makes judgements or relies upon advisers, for example, in relation to estimates and related assumptions within the accounts. As a result, audit firms have updated their work programmes and reinforced their internal processes and will continue to do so to enable them to meet the current expectations."*

I promised I would set out in more detail the likely impact of this on our audit, and I am pleased to do so in this letter. Should further matters arise during the course of the audit they could also have fee and timetable implications that we would need to address at that point.

Across all suppliers and sectors (public and private), the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, as well as to undertake additional and more robust testing. There is a general 'raising of the quality bar' following a number of recent, high-profile company failures that have also been attributed to audit performance. Alongside the FRC, other key stakeholders including the Department for Business, Energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. The FRC has been clear to us that it expects audit quality in local audit to meet the same standards as in the corporate world and the current level of financial risk within local audit bodies supports this position.

As a firm, we are absolutely committed to meeting the expectations of the FRC and other key stakeholders with regard to audit quality and public sector financial reporting. To ensure the increased regulatory focus and expectations are fully met, we anticipate that, as first seen in 2018/19, we will need to commit more time in discharging our statutory responsibilities, which will necessitate an increase in costs. I set out below the implications of this for your Authority's audit.

Increased challenge and depth of work – raising the quality bar

The FRC has raised the threshold of what it assesses as a good quality audit. The FRC currently uses a four-point scale to describe the quality of the files it reviews, as follows:

Score	Description
1 or 2a	Acceptable with Limited Improvements Required
2b	Improvements required
3	Significant Improvements Required

Historically, the FRC's definition for 2b was 'acceptable but with improvements required' and, as such, both the Audit Commission and PSAA considered a '2b' to represent an acceptance level of audit quality for contract delivery purposes. The FRC has now set a 100% target for all audits (including local audits) to achieve a '2a'. Its threshold for achieving a '2a' is challenging and failure to achieve this level is reputationally damaging for individual engagement leads and their firm. Non-achievement of the standard can result in enforcement action, including fines and disqualification, by the FRC. Inevitably, we need to increase the managerial oversight to manage this risk. In addition, you should expect the audit team to exercise even greater challenge of management in areas that are complex, significant or highly judgmental. We will be required to undertake additional work in the following areas, amongst others:

- use of specialists
- information provided by the entity (IPE)
- journals
- management review of controls
- revenue
- accounting estimates
- financial resilience and going concern
- related parties and similar areas.

As part of our planning, we have also reflected on the level of materiality which is appropriate for your audit. As outlined above, the profile of local audit has increased considerably over the past year. The reviews led by Sir John Kingman, Sir Donald Brydon and Sir Tony Redmond are focusing attention on the work of auditors everywhere. Parliament, through the work of its Scrutiny Committees, has made clear its expectations that auditors will increase the quality of their work.

As a result, you may find the audit process for 2019/20 and beyond even more challenging than previous audits. This mirrors the changes we are seeing in the commercial sectors.

Property, plant and equipment (PPE or 'Fixed Assets')

The FRC has highlighted that auditors need to improve the quality of audit challenge on Property, Plant and Equipment (PPE) valuations across the sector. We will therefore increase the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations.

Pensions (IAS 19)

The FRC has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Specifically, for the following areas, we will increase the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting. Our planned additional procedures include:

- verification of the accuracy and completeness of the data provided to the actuary by both the admitted body and the administering authority
- checking the value of the Pension Fund Assets at 31 March per the Authority's financial statements against the share of assets in the Pension Fund statements

- review and assess whether the significant assumptions applied by the actuary are reasonable and are followed up on areas identified by either our review or PwC as outliers
- ensuring that the instructions from the audit team to the Pension Fund auditor include enquiries in respect of service organisation reports as well as testing in respect of material level 3 pension assets (please note that this is outside the scope of PSAA's fee variation process)

Complex accounting issues and new accounting standards

You are required to respond effectively to new accounting standards and we must ensure our audit work in these new areas is robust. This year we will both be responding to the introduction of IFRS16. IFRS16 requires a leased asset, previously accounted for as an operating lease off balance sheet, to be recognised as a 'right of use' asset with a corresponding liability on the balance sheet from 1 April 2020. There is a requirement, under IAS8, to disclose the expected impact of this change in accounting treatment in the 2019/20 financial statements.

We know the Authority has appreciated our responsiveness in the past and we would wish to continue to be able to do this in the future.

Impact on the audit and associated costs

You will note we did not raise additional fees across the sector as a whole in 2018/19 in respect of the additional work required in response to the implementation of IFRS9 and IFRS15. This was a goodwill decision we took in support of the strong relationship we have with the sector. However, the volume of additional work now being required, as set out above, means we are no longer able to sustain that position. This is an issue not just across public services but also in the private sector where fees are being increased by all of the major suppliers by more than 20%.

We benefit from effective and constructive working relationships which we have established during our engagement with you to date. This allows us to absorb some of the impact of these changes. Using our strong working knowledge of you and efficiencies that we are continuously seeking to implement as part of our focus on continued collaborative working with you, we have sought to contain the impact as much as possible to below the market average.

We have assessed the impact of the above as follows for 2019/20, with the comparative position for the two previous years shown. Please note these are subject to approval by PSAA in line with PSAA's normal process. Should other risks arise during the course of the audit which we have not envisaged, we may need to make a further adjustment to the fee.

Area	Cost £		
	2019/20	2018/19	2017/18
Scale Fee	£26,041	£26,041	£33,820
Increased challenge and depth of work	£1,250	-	-
PPE	£1,750	-	-
Pensions	£1,750	£1,500	-
New standards/ developments	£500	-	-
Total	£31,291	£27,541	£33,820

This would give a scale fee for the statutory accounts audit for 2019/20 of £26,041 plus VAT plus a variation of £5,250 plus VAT, giving a total fee of £31,291 plus VAT.

Please note that PSAA's arrangements require a separation of fees and remuneration, which means that Grant Thornton does not receive 100% of the current fees charged.

The additional work we are now planning across the whole of our portfolio will inevitably have an impact on the audit timetable and whether or not your audit can be delivered to appropriate quality standards by the 31 July 2020. Grant Thornton remains the largest trainer of CIPFA qualified accountants in the UK and is committed to continue to resource its local audits with suitably specialised and experienced staff but the pool of such staff is relatively finite in the short-term. I will be happy to explain the impact of the further work we are planning to undertake on our delivery timetable for your audit, which at this stage is planned to be delivered by 30 September 2020.

Future changes to audit scope

As I have previously mentioned in meetings and at the audit and risk committee, the National Audit Office is currently consulting on revisions to the Code of Audit Practice and has also indicated its intention to consult on the accompanying Auditor Guidance Notes. This defines the scope of audit work in the public sector. The most significant change is in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- a) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- b) Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- c) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

Under each of these criteria, statutory guidance will set out the procedures that auditors will need to undertake. An initial review of arrangements will consist of mandatory procedures to be undertaken at every local public body plus any local risk-based work. The consultation closed on 22 November 2019. A new Code will be laid before Parliament in April 2020 and will apply from audits of local bodies' 2020/21 financial statements onwards.

Until the consultation is finalised and more details emerge of what is expected of auditors, it is difficult to cost the impact. However, as soon as the requirements are finalised and it is clear exactly what the expectations will be, I will share with you further thoughts on the potential impact on the audit and associated costs.

I hope this is helpful and allows you to plan accordingly for the 2019/20 audit. Should you wish to discuss this further, please do not hesitate to contact me. We will be sharing our detailed Audit Plan with you in due course. We look forward to working with you again this year,

Yours sincerely



Engagement Lead and Key Audit Partner

For and on behalf of Grant Thornton UK LLP

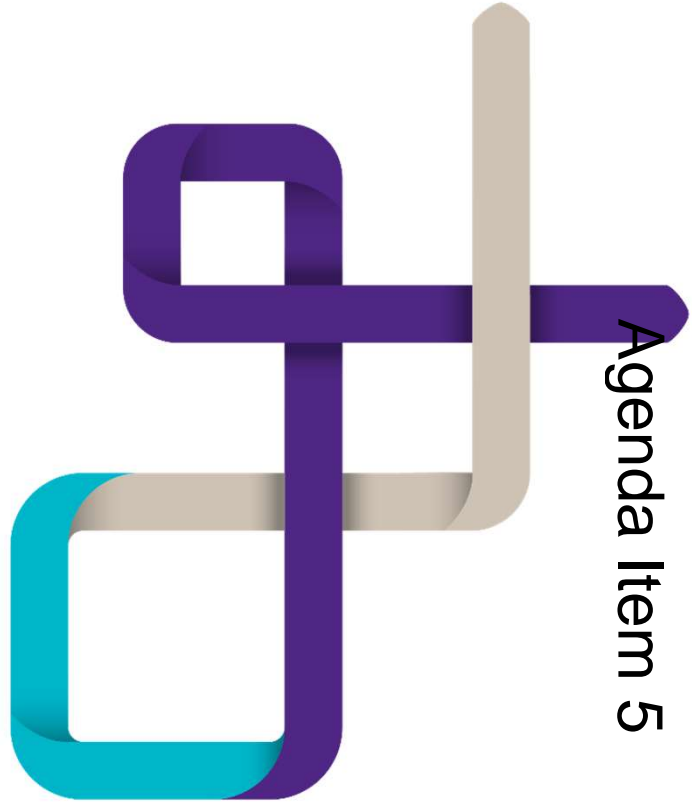


External Audit Plan

Year ending 31 March 2020

Devon and Somerset Fire and Rescue Authority
13 February 2020

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Contents



Your key Grant Thornton
team members are:

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Barrie Morris

Director

T: 0117 305 7708

E: barrie.morris@uk.gt.com

Aditi Chandramouli

Manager

T: 0117 305 7643

E: Aditi.Chandramouli@uk.gt.com

Oscar Edwards

Associate

T: 0292 034 7607

E: Oscar.r.Edwards@uk.gt.com

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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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1. Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Devon and Somerset Fire and Rescue 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 Devon and Somerset Fire and Rescue Authority. We draw your attention to both of these documents on the [PSAA website](#).*

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 and Performance Review Committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Performance Review 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:

- Revenue recognition (rebutted)
- Management override of controls
- Valuation of land and buildings
- Valuation of net pension fund liability

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 £1.65m (PY £1.73m) for the Authority, which equates to 2% of your forecast gross expenditure for the year. 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 £83k (PY £87k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- Medium Term Financial Planning

Audit logistics

Our interim visit will take place in February and our final visit will take place in September 2020. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £31,291 (PY: £27,541) for the Authority, subject to the Authority meeting our requirements set out on page 12

Independence

We have complied with the Financial Reporting Council's Ethical Standard 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..

2. Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. For Devon and Somerset Fire and Rescue Authority, this resulted in an overall funding shortfall of 25% over the 2016-17 to 2019-20 financial periods. The Authority has made savings over the last few years to overcome this funding shortfall, and is forecasting a £0.5m underspend for the 2019-20 financial year.

At a national level, the government continues its negotiation with the EU over Brexit, and future arrangements remain clouded in uncertainty. The Authority will need to ensure that it is prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.

Financial reporting and audit – raising the bar

The Financial Reporting Council (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 more robust testing as detailed in Appendix 1.

Our work in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of local government financial transactions which require greater audit scrutiny.

Implementation of IFRS 16 – Leases

The Authority is required to respond effectively to new accounting standards, and we must ensure our audit work in these new areas is robust. IFRS 16 requires a leased asset, previously accounted for as an operating lease off balance sheet, to be recognised as a right of use asset with a corresponding liability from 1 April 2020. There is a requirement, under IAS8 to disclose the expected impact of this change in accounting treatment in the 2019-20 financial statements

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of Authority and will review related disclosures in the financial statements.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Director of Finance and is subject to PSAA agreement.

We will assess the adequacy of your disclosure about the financial impact of implementing IFRS 16 – Leases from 1 April 2020 and test a sample of lease obligations to determine whether they have been accounted for appropriately under the new requirements.

4. 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
<p>The revenue cycle includes fraudulent transactions (rebutted)</p>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <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 Devon and Somerset Fire and Rescue Authority mean that all forms of fraud are seen as unacceptable 	<p>Therefore we do not consider this to be a significant risk for Devon and Somerset Fire and Rescue Authority</p>
<p>Management over-ride of controls</p>	<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.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	<p>The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£114m) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2020.</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 the 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 valuations were carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Authority's valuer's report and the assumptions that underpin the valuation. • test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register • evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
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</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£786 million in the Authority's balance sheet) 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; and • obtain assurances from the auditor of Devon 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.

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 Report in September 2020.

5. Other risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
International Financial Reporting Standard (IFRS) 16 Leases – (issued but not adopted)	<p>The public sector will implement this standard from 1 April 2020. It will replace IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognise all leases on their balance sheet as a right of use asset and a liability to make the lease payments.</p> <p>In accordance with IAS 8 and paragraph 3.3.4.3 of the Code disclosures of the expected impact of IFRS 16 should be included in the Authority's 2019/20 financial statements. The Code adapts IFRS 16 and requires that the subsequent measurement of the right of use asset where the underlying asset is an item of property, plant and equipment is measured in accordance with section 4.1 of the Code.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate the processes the Authority has adopted to assess the impact of IFRS16 on its 2020/21 financial statements and whether the estimated impact on assets, liabilities and reserves has been disclosed in the 2019/20 financial statements. • Assess the completeness of the disclosures made by the Authority in its 2019/20 financial statements with reference to The Code and CIPFA/LASAAC Local Authority Leasing Briefings.

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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 Report in September 2020.

6. 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 Assurance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued 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 the Local Audit and Accountability Act 2014 (the Act) and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2019/20 financial statements, consider and decide upon any objections received in relation to the 2019/20 financial statements
 - Issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act or
 - 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 about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and material uncertainties, and evaluate the disclosures in the financial statements.

7. Materiality

The concept of materiality

The concept of 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

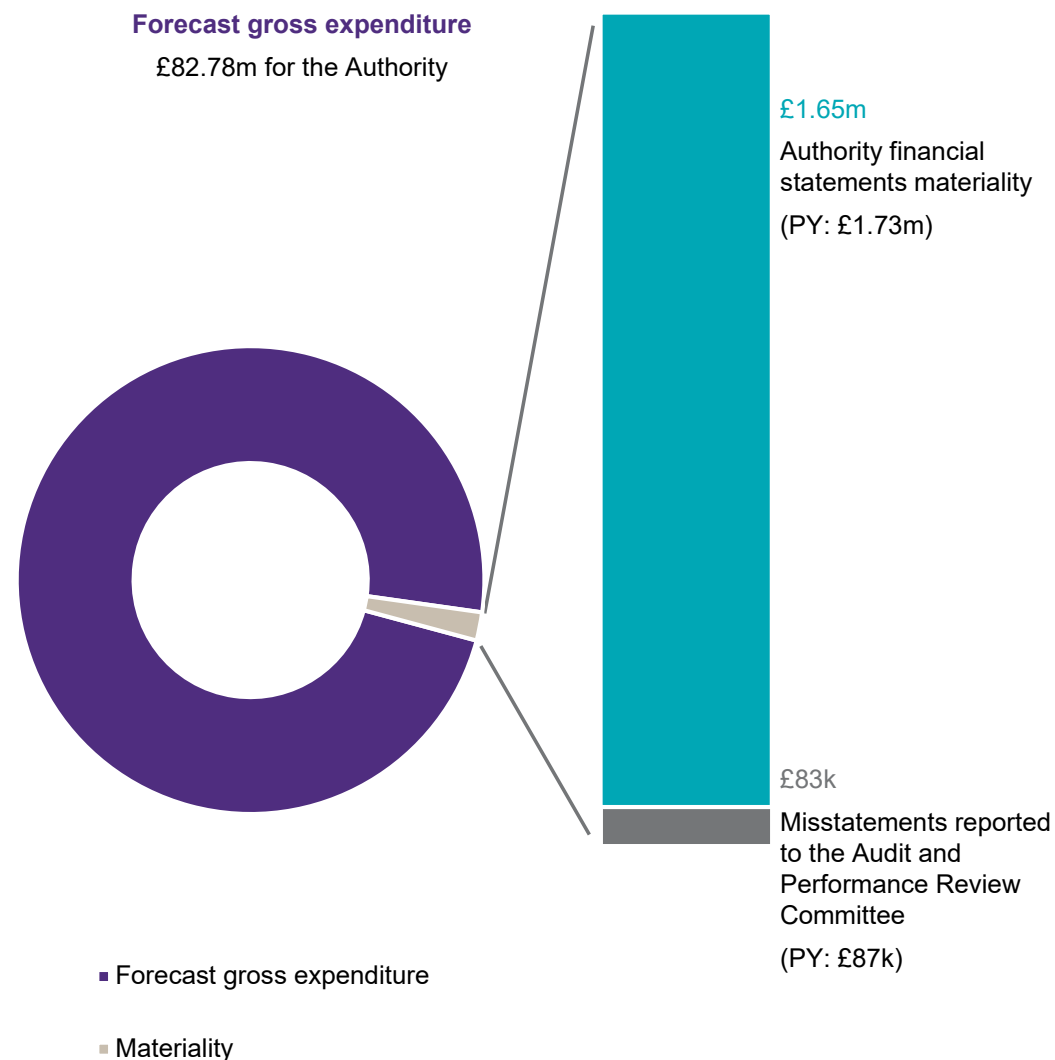
We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.65m (PY £1.73m) for the Authority, which equates to 2% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £20k for Senior officer remuneration

We consider 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 and Performance Review 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 and Performance Review 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 group and Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £83k (PY £87k).

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 and Performance Review Committee to assist it in fulfilling its governance responsibilities.



8. Value for Money arrangements

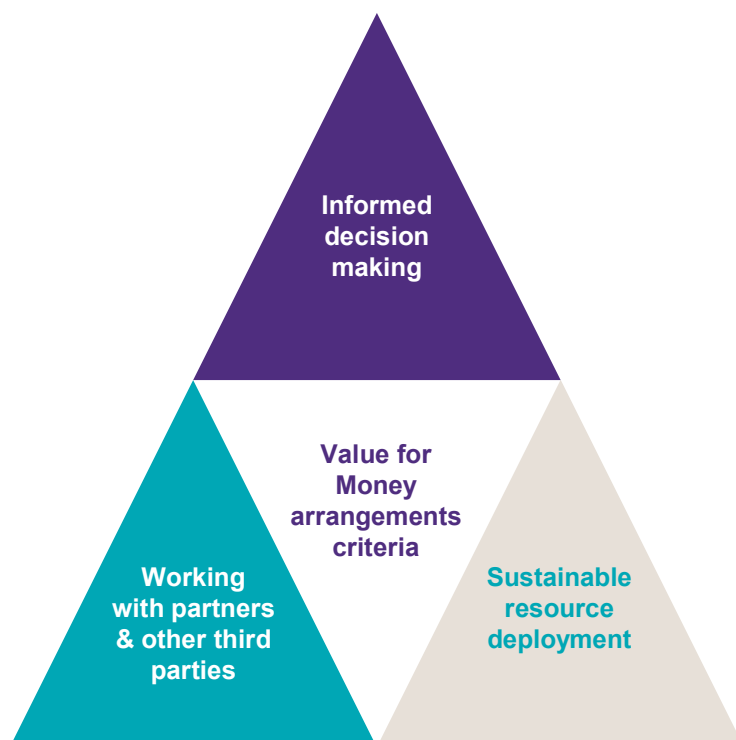
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



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Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.



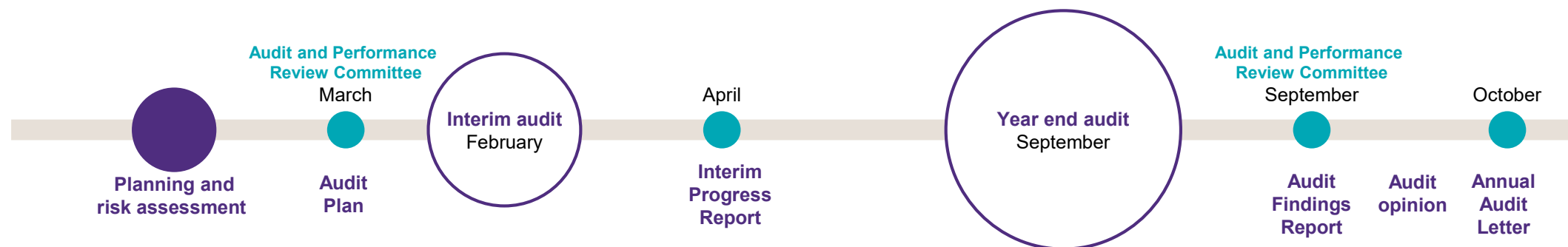
Medium Term Financial Planning

The Authority continues to face pressures with the 4 year settlement for 2016/17 to 2019/20 resulting in a 25% grant cut. In order to set a balanced budget for 2019/20 the Authority is proposing to reduce the revenue contribution to capital as well as drawing on the budget smoothing reserve to bridge the budget gap. The Authority have noted the implications this has for the long term affordability of the capital programme and the one off nature of using reserves to balance the budget. The budget also incorporates required savings of £1.3 million in relation to budget management savings, authority pensions and vacancy margins. The Authority also launched the Safer Together programme in July 2019 which introduced changes to the way the service operates, in order to deliver efficiencies.

The outlook in the medium term identifies the need for further savings of between £6m and £10.2m cumulatively by 2023/24, depending on the level of Council Tax increase approved each year.

We will review the Authority's 2020-21 Revenue Budget, as well as the Medium Term Financial Plan, including the assumptions and savings included within the modelling. We will also consider the work being done by the Authority to identify the additional savings that it needs to make in the medium term.

9. Audit logistics & team



Barrie Morris, Engagement Lead

Barrie leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority

Aditi Chandramouli, Audit Manager

Aditi plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issues arising

Oscar Edwards, Audit Incharge

Oscar's role is to assist in planning, managing and delivering the audit fieldwork, ensuring the audit is delivered effectively and efficiently, and is also involved in supervising and co-ordinating the on-site audit team.

Client responsibilities

Where clients 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 clients. 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 deadline 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
- 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.

10. Audit fees

Planned audit fees 2019/20

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. Within the public sector, where the FRC has recently assumed responsibility for the inspection of local government audit, the regulator requires that all audits achieve a 2A (few improvements needed) rating.

Our work across the sector in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved. We have also identified an increase in the complexity of local government financial transactions. Combined with the FRC requirement that 100% of audits achieve a 2A rating this means that additional audit work is required. We have set out below the expected impact on our audit fee. The table overleaf provides more details about the areas where we will be undertaking further testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee for 2019/20 at the planning stage, as set out below and with further analysis overleaf, has been agreed with the Director of Finance and Resources and is subject to PSAA agreement.

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	Actual Fee 2017/18	Actual Fee 2018/19	Proposed fee 2019/20
Authority Audit	£33,820	£27,541	£31,291
Total audit fees (excluding VAT)	£33,820	£27,541	£31,291

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](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with staff of appropriate skills, time and abilities to deliver an audit to the required professional standard.

Audit fee variations – Further analysis

Planned audit fees

The table below shows the planned variations to the original scale fee for 2019/20 based on our best estimate at the audit planning stage. Further issues identified during the course of the audit may incur additional fees. In agreement with PSAA (where applicable) we will be seeking approval to secure these additional fees for the remainder of the contract via a formal rebasing of your scale fee to reflect the increased level of audit work required to enable us to discharge our responsibilities. Should any further issues arise during the course of the audit that necessitate further audit work additional fees will be incurred, subject to PSAA approval.

Audit area	£	Rationale for fee variation
Scale fee	26,041	
Raising the bar – increased challenge and depth of work	£1,250	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.
Pensions – valuation of net pension liabilities under International Auditing Standard (IAS) 19	£1,750	We have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
PPE Valuation – work of experts	£1,750	We have increased the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations
New standards/developments	£500	We will undertake additional work in relation to new standards arising in 2019-20, which relates to IFRS 16 leases
Revised scale fee (to be approved by PSAA)	£31,291	

11. Independence & 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 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 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.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard 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 December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. No other services were identified

Appendices

A. Audit Quality – national context

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Appendix A: Audit Quality – national context

What has the FRC said about Audit Quality?

The Financial Reporting Council (FRC) publishes an annual Quality Inspection of our firm, alongside our competitors. The Annual Quality Review (AQR) monitors the quality of UK Public Interest Entity audits to promote continuous improvement in audit quality.

All of the major audit firms are subject to an annual review process in which the FRC inspects a small sample of audits performed from each of the firms to see if they fully conform to required standards.

The most recent report, published in July 2019, shows that the results of commercial audits taken across all the firms have worsened this year. The FRC has identified the need for auditors to:

- improve the extent and rigour of challenge of management in areas of judgement
- improve the consistency of audit teams' application of professional scepticism
- strengthen the effectiveness of the audit of revenue
- improve the audit of going concern
- improve the audit of the completeness and evaluation of prior year adjustments.

The FRC has also set all firms the target of achieving a grading of '2a' (limited improvements required) or better on all FTSE 350 audits. We have set ourselves the same target for public sector audits from 2019/20.

Other sector wide reviews

Alongside the FRC, other key stakeholders including the Department for Business, energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. A number of key reviews into the profession have been undertaken or are in progress. These include the review by Sir John Kingman of the Financial Reporting Council (Dec 2018), the review by the Competition and Markets authority of competition within the audit market, the ongoing review by Sir Donald Brydon of external audit, and specifically for public services, the Review by Sir Tony Redmond of local authority financial reporting and external audit. As a firm, we are contributing to all these reviews and keen to be at the forefront of developments and improvements in public audit.

What are we doing to address FRC findings?

In response to the FRC's findings, the firm is responding vigorously and with purpose. As part of our Audit Investment Programme (AIP), we are establishing a new Quality Board, commissioning an independent review of our audit function, and strengthening our senior leadership at the highest levels of the firm, for example through the appointment of Fiona Baldwin as Head of Audit. We are confident these investments will make a real difference.

We have also undertaken a root cause analysis and put in place processes to address the issues raised by the FRC. We have already implemented new training material that will reinforce the need for our engagement teams to challenge management and demonstrate how they have applied professional scepticism as part of the audit. Further guidance on auditing areas such as revenue has also been disseminated to all audit teams and we will continue to evolve our training and review processes on an ongoing basis.

What will be different in this audit?

We will continue working collaboratively with you to deliver the audit to the agreed timetable whilst improving our audit quality. In achieving this you may see, for example, an increased expectation for management to develop properly articulated papers for any new accounting standard, or unusual or complex transactions. In addition, you should expect engagement teams to exercise even greater challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. As a result you may find the audit process even more challenging than previous audits. These changes will give the audit committee – which has overall responsibility for governance - and senior management greater confidence that we have delivered a high quality audit and that the financial statements are not materially misstated. Even greater challenge of management will also enable us to provide greater insights into the quality of your finance function and internal control environment and provide those charged with governance confidence that a material misstatement due to fraud will have been detected.

We will still plan for a smooth audit and ensure this is completed to the timetable agreed. However, there may be instances where we may require additional time for both the audit work to be completed to the standard required and to ensure management have appropriate time to consider any matters raised. This may require us to agree with you a delay in signing the announcement and financial statements. To minimise this risk, we will keep you informed of progress and risks to the timetable as the audit progresses.

We are absolutely committed to delivering audit of the highest quality and we should be happy to provide further detail about our improvement plans should you require it.



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Agenda Item 6

REPORT REFERENCE NO.	APRC/20/1
MEETING	AUDIT AND PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	4 MARCH 2020
SUBJECT OF REPORT	GROUP ACCOUNTS FOR DEVON & SOMERSET FIRE AUTHORITY AND RED ONE LTD.
LEAD OFFICER	Director of Finance & Resourcing (Treasurer)
RECOMMENDATIONS	That the accounts of Red One Limited are not consolidated in to Group accounts for the 2019/20 financial year.
EXECUTIVE SUMMARY	Under CIPFA Code of Practice, the Authority can take a view on materiality when preparing group accounts. The Treasurer's recommendation is not to consolidate the accounts given that the activities of Red One Ltd are not material to the Authority's Statement of Accounts.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	Not applicable
APPENDICES	None.
LIST OF BACKGROUND PAPERS	None.

1. **BACKGROUND**

- 1.1 At the meeting of the Audit Performance and Review Committee held on 18 January 2019, the Committee considered a report relating to Group Accounts. The Treasurer recommended to the Committee that Group Accounts are excluded from within the Statement of Accounts for the Authority and this approach was approved in relation the financial year 2018/19. (Minute APRC/17 refers).
- 1.2 In 2011, the Authority agreed to the creation of Red One Ltd which was tasked with trading commercially with a view of generating income for the Authority. The Authority is the single shareholder in the Company.
- 1.3 The Resources Committee (Commercial Services Committee prior to its dissolution on 19 February 2016) is presented with quarterly financial performance reports on Red One Ltd. The annual accounts of Red One Ltd. are prepared and submitted to the Board of Directors of Red One.
- 1.4 The Statement of Accounts for the Authority are presented to the Audit and Performance Review Committee. Due to the fact the turnover for Red One Ltd is immaterial in relation to the Authority, the two Statements are produced separately. There is a note within the Authority's Accounts mentioning Red One Ltd and the relationship of the Company to the Authority.

2. **GROUP ACCOUNTING**

- 2.1 From a commercial perspective, the Statement of Accounts for the Authority would reflect the 'Group Position' i.e. statements showing the performance of the two entities together. A definition of Group Accounts is:
- "Accounts showing the trading results and financial position of each company in a group individually or in combined form". (F.T.com).*
- 2.2 The Treasurer's view is that there will be no requirement to produce Group Accounts until Red One has a deciding interest over the Authority; where the financial or operational circumstances of Red One would have a significant impact upon the financial or operational performance of the Authority. The external auditors will review this approach once the Authority has determined its view, for which the Audit and Performance Review Committee has delegated responsibility.
- 2.3 This approach will not only save time and effort producing the Statement of Accounts on behalf of the Authority, but will also safeguard the commercial integrity of Red One Limited.

3. **RECOMMENDATION**

- 3.1 That the Committee notes the content of the paper and agrees with the extension of the proposal to exclude producing Group Accounts within the Statement of Accounts for the Authority for the 2019/20 financial year.

AMY WEBB
Director of Finance & Resourcing (Treasurer)

Agenda Item 7

REPORT REFERENCE NO.	APRC/20/2
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	4 MARCH 2020
SUBJECT OF REPORT	AUDIT & REVIEW 2019-20 PROGRESS REPORT
LEAD OFFICER	Director of Governance & Digital Services
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>Attached for consideration and discussion is the 2019–20 Q3 Audit & Review report. This report sets out progress that was made during Q3, against the approved 2019-20 Internal Audit Plan, and updates on additional review work undertaken. Work which was completed in previous quarters this financial year, has not been included within this update, however, this will be included within the 2019-20 year-end report.</p> <p>Internal Audit activities across DSFRS are managed through a shared service agreement that sees Audit & Review and the Devon Audit Partnership (DAP) work together to deliver the Internal Audit Plan. Additionally this includes an overview of key assurance activities completed by other teams who contribute to the audit plan, such as Information Assurance, Operational Assurance, and Safety Assurance.</p> <p>The report provides an overview of the assurance tracking process and the current high priority recommendations that remain as ‘open’ on the assurance tracker.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	Not applicable.
APPENDICES	<p>Appendix 1 – Internal Audit Planning Process</p> <p>Appendix 2 – Security Events</p> <p>Appendix 3 - Operational Assurance learning points identified by category</p>
LIST OF BACKGROUND PAPERS	<p>Audit & Review 2019-20 Plan</p> <p>Audit & Review Service Policy</p>

1. INTRODUCTION

- 1.1 The 2019-20 Internal Audit Plan was approved by this Committee at its meeting held on the 10th May 2019. The Plan sets out the combined scope of internal audit work to be completed by Audit & Review and the Devon Audit Partnership, and other assurance providing functions. The Audit planning process is shown in **Appendix 1**.
- 1.2 Audit & Review and the Devon Audit Partnership are accountable for the delivery of the Plan and the policy includes the requirement to report progress to this Committee at least three times per year.
- 1.3 The key objective of this report is to provide the Committee with a progress report against the Plan.
- 1.4 The report includes the assurance statements for all audits that work progressed on during 2019-20 Q3. Audits that were completed in previous Quarters within the financial year will not appear in this update, however, will appear in each year-end report.
- 1.5 The report also includes an overview of the assurance tracking process and the current high priority recommendations that remain as 'open' on the assurance tracker.

2. ASSURANCE STATEMENTS

- 2.1 One of the key roles of Internal Audit is to provide independent assurance as to how effectively risks are managed across the organisation.
- 2.2 The following assurance statements have been developed to evaluate and report audit conclusions:
- ★★★★ High Standard
- The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. Only minor recommendations aimed at further enhancing already sound procedures.
- ★★★ Good Standard
- The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.
- ★★ Improvements Required
- In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.

★ Fundamental Weakness Identified

The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and/or resources of the Authority may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

3. PROGRESS AGAINST THE 2019-20 PLAN

- 3.1 The 2019-20 Internal Audit Plan has been assigned to the Audit & Review Manager, the Information Assurance Manager, the IT Security Officer, the Operational Assurance Manager, the Organisational Safety Manager, and the Risk & Insurance Manager.
- 3.2 To increase clarity on progress, audit phases have been added to Risk Based Audits.

Assurance Area	Progress	Assurance statement / Update
Operational Assurance	This is an area requiring continuous ongoing review to ensure compliance and organisational improvement	<p>For the period 1 October 2019 – 31 December 2019; a total of 481 incidents were monitored.</p> <p>55 of these incidents identified learning, resulting in 126 learning points being submitted, broken down as such; Safety Critical = 2 (1 equipment related, reported and investigated through the Safety Reporting Event App. The other was regarding collaboration and has been actioned and closed). Area of Concern = 100 Notable Practice = 24</p> <p>Learning points have been referred to the relevant teams to action. Trend analysis carried out by the OpA Department and incorporated into quarterly bulletin for organisational learning.</p> <p>109 Programmed Officer Visits were completed, 45 of which by Flexi Officers on targeted themes. These visits are to enhance learning identified through trend analysis, national learning and learning from other FRS.</p> <p>An overview of the number of learning points identified can be viewed in Appendix 3.</p>

Assurance Area	Progress	Assurance statement / Update
Data Protection / GDPR	This is an area requiring continuous ongoing review to ensure compliance and organisational improvement	The GDPR compliance plan and gap analysis has been regularly monitored to inform the Service of any high risk areas of non-compliance. Data retention is an area for improvement and is now a key consideration for all in-house development projects. How data retention is managed within external and legacy systems require further scrutiny to ensure GDPR principles are complied with.
ISO 27001 (Information Security Standard) Alignment	In Progress	Re-mapping of ISO27001 Baseline Control Set against legal and other compliance standards has progressed well, with the introduction of a maturity model to better measure compliance and information security. The annual IT Health Check remedial action plan has been agreed and good progress made to address high and medium risks.
National Fraud Initiative	In Progress	This is a mandatory initiative for public sector organisations, and is owned by the Cabinet Office. Currently, 439 (85%) of the 515 records returned, have been reviewed and no fraudulent activity has been identified within these.
H&S Culture Audit	Planning phase	This audit is in the planning phase to understand the role that Health & Safety plays in the organisational culture, at all levels, in all areas. Plans are currently under review as this requires a wider organisational approach, to ensure findings are as meaningful as possible. The use of external specialists in this area is under consideration.
Digital Transformation project process audit	Complete	<p>★★★ Good Standard</p> <p>The 'Programme and Project Governance Framework' has created a more traditional waterfall approach, with the product development stage being agile. Overall, the framework approach was well defined, structured and applied, and capable of delivering effective solutions aligned to business and user needs.</p>
Safeguarding Review	Draft Report	This is a review of the work that the Safeguarding team complete, to understand how well their work is understood across the Service, and how appropriately they are positioned within the Service. A draft report has been produced and is under review, however, due to changes in the team management, it has not yet been possible to agree an action plan, which is required to finalise the report.
Key Financial Systems Audit	Complete	<p>★★★ Good Standard</p> <p>Overall the control environment relating to our key financial systems in generally good. A number of recommendations have been made, this includes introducing independent authorisation for journal entry into the General Ledger and ensuring</p>

Assurance Area	Progress	Assurance statement / Update
		amendment to supplier bank details are independently checked.
Payroll Audit	In Progress	Fieldwork has now been completed, and draft report is expected during 2019-20 Q4.

Action Planning

3.3 All issues have been discussed with the Lead Officers and Audit & Review are pleased to report that suitable action plans have been agreed to improve the management of any risks identified.

3.4 All agreed actions are captured and monitored through the assurance tracking process (see paragraph below) and, where relevant, will be reflected in either department plans (if tactical) or the Change & Improvement Plan (if strategic).

4. WHAT HAPPENS WITH AUDIT & REVIEW RECOMMENDATIONS

4.1 The Audit & Review Assurance Tracking system records all recommendations and agreed actions coming out of key assurance activities. The system tracks recommendations at the following assurance levels:

- External reviews (including External Audit)
- Annual Statement of Assurance
- Internal Audit (Audit & Review and Devon Audit Partnership)
- EFQM
- Peer Review
- ICT Health Checks
- Security Events

4.2 The Assurance Tracker is available to all employees through the Service Information Point (SIP) and will be made available to the public in the future to fall in line with the Fire & Rescue National Framework document.

4.3 A quarterly update procedure has been embedded that sees the export and distribution of outstanding recommendations to service managers to provide an update. This has been aligned to the Corporate Planning process to ensure outstanding recommendations are reviewed alongside departmental plans.

4.4 Updates are being focussed on the higher priority items, however the trend in all priority of overdue items, continues to decrease, despite an increase in the overall volume of actions. As at December 2019, refer to illustrated Graph 1 and Graph 2 below.

4.5 The overdue actions are largely linked to longer term project work that remain on-going and are monitored through the assurance tracking process.

4.6 Additionally, open actions have been superseded by changes to the Service structure, digital transformation and other actions. Further work is ongoing to ensure that actions that have been superseded are documented and recorded as closed.

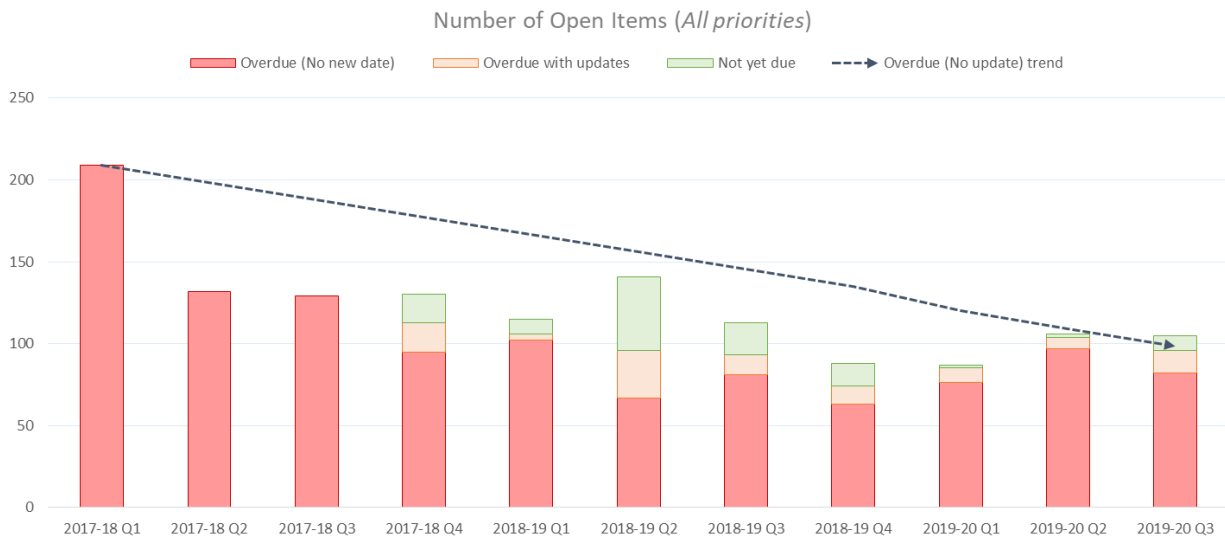


Figure 1: Open recommendations (all priorities)

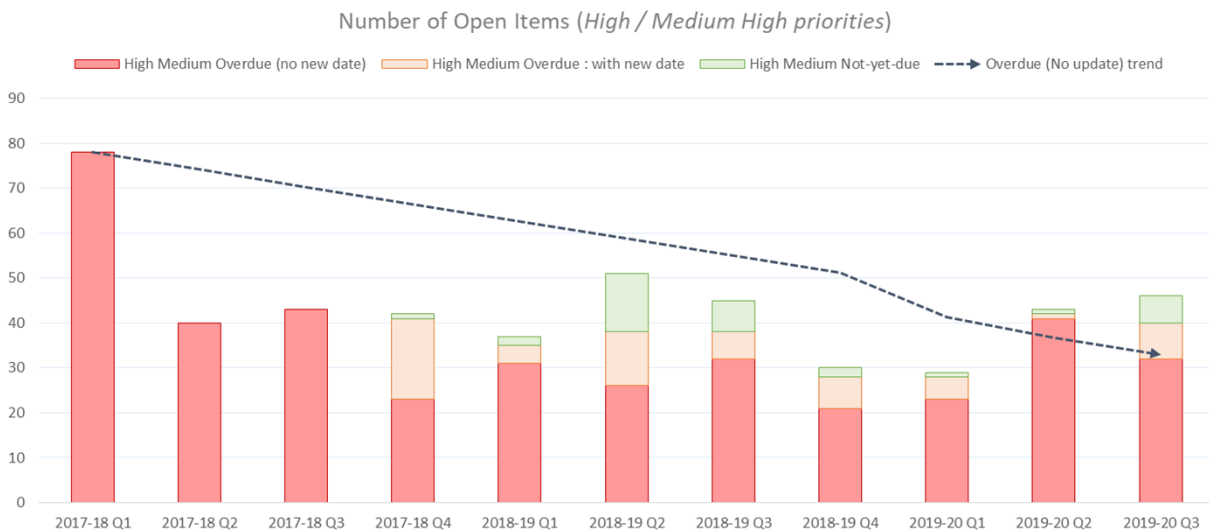


Figure 2: Open recommendations (High/Med High priority)

5. CONCLUSION & RECOMMENDATIONS

5.1 Based on the work completed to date in this year and knowledge from previous years, the systems in operation within the Service continue to demonstrate a good level of internal control.

5.2 Both Audit & Review and the Devon Audit Partnership would wish to use this report to thank all staff who have worked with them in delivering the audit programme and the willingness to positively engage in the audit process.

5.3 The progress made against the agreed Audit Plan will be reported back to this Committee at regular intervals.

MIKE PEARSON
Director of Governance and Digital Services

INTERNAL AUDIT PLANNING PROCESS

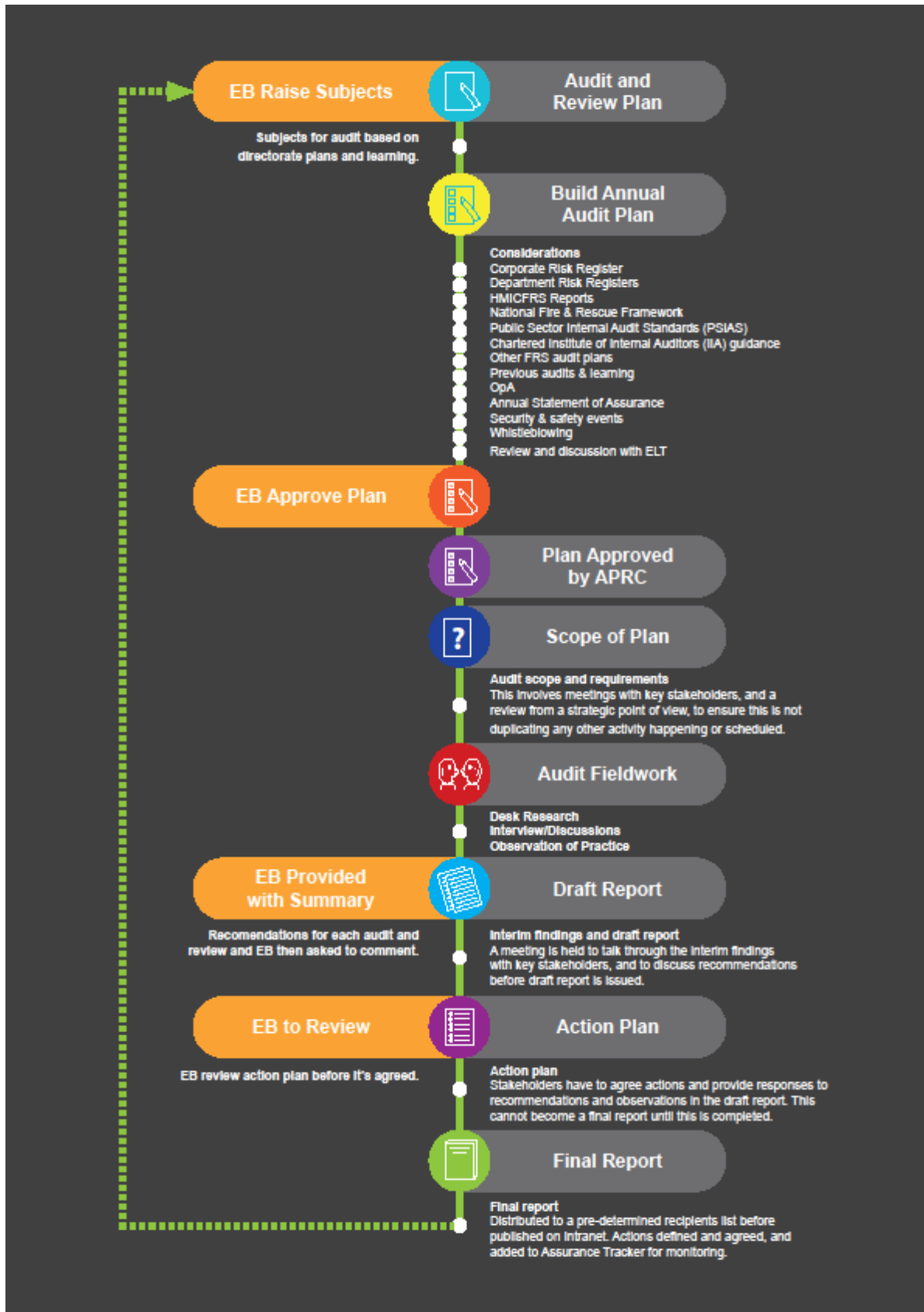


Figure 3: Internal Audit process

SECURITY EVENTS

Security Events

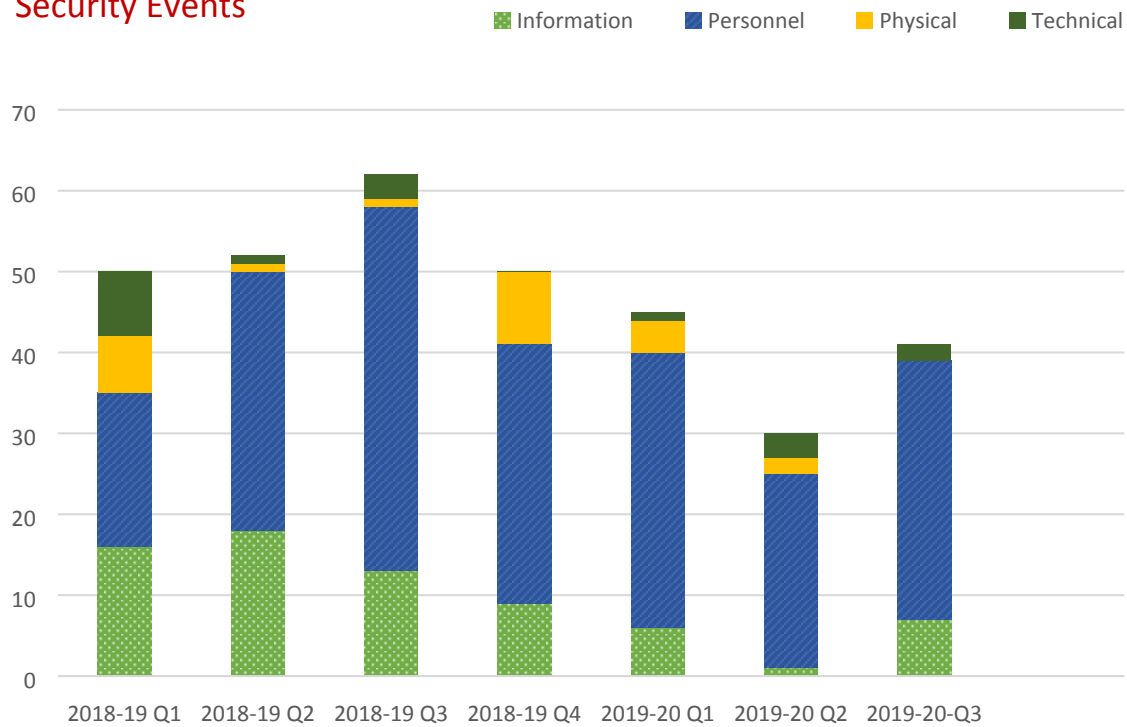


Figure 4: Security Events by Type, by Quarter

Our security event categories are aligned to HMG Security policy framework.

Information Security events include data breaches, emails sent to incorrect recipients, or information left on printers.

Personnel Security events include people not displaying appropriate ID cards on DSFRS sites, or losing alerters, or mobile telephones.

Physical Security events involve doors or windows being left open, or physical break-ins at premises.

Technical Security events are problems relating to our technical systems for managing information.

OPERATIONAL ASSURANCE LEARNING POINTS IDENTIFIED BY CATEGORY

2019-20 – Q3 : The Operational Assurance team are currently reviewing their systems and processes for identification and classification of learning points, which will have an impact on the future trend reporting.

LEARNING POINTS IDENTIFIED

Notable Practice Area of Concern
Safety Critical

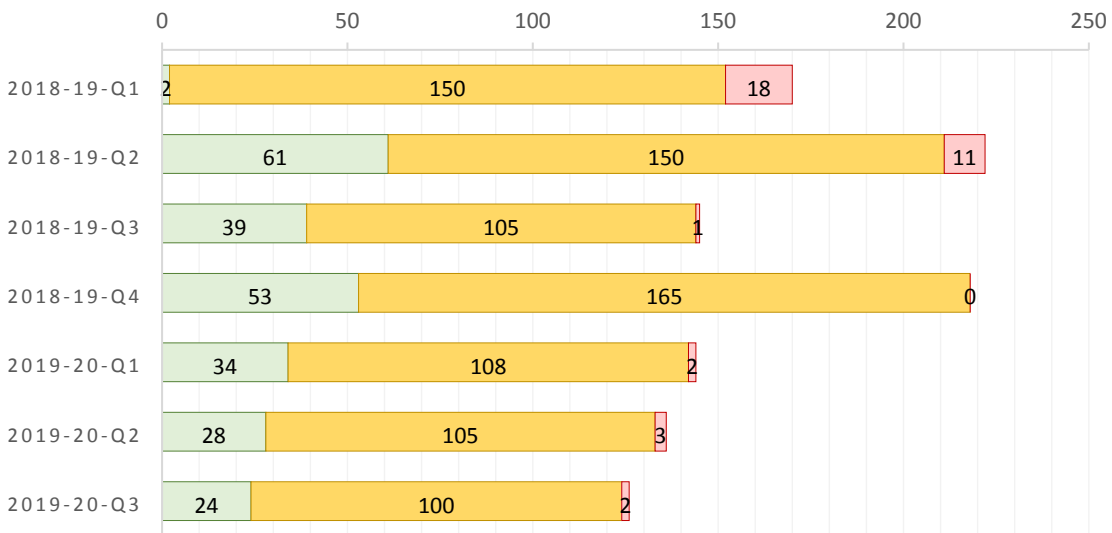


Figure 5: Learning points by category, by Quarter

Agenda Item 8

REPORT REFERENCE NO.	APRC/20/3
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	4 MARCH 2020
SUBJECT OF REPORT	2020-21 INTERNAL AUDIT PLAN
LEAD OFFICER	DIRECTOR OF GOVERNANCE & DIGITAL SERVICES
RECOMMENDATIONS	That the 2020-21 Internal Audit Plan as appended to this report be approved.
EXECUTIVE SUMMARY	<p>The Service has started to roll out an extensive programme of change and improvement in the years to come, it's important that we are measuring the impact of that change to ensure that we achieve what we set out in our Strategic Plans.</p> <p>Although each change project will include an element of benefits realisation by the programme board and benefits owner, over the coming years we will seek to use audit and review much more to help us to understand the impact we are having within those areas of improvement.</p> <p>Audit also serves to identify areas that require further improvement and therefore informs the future programme of change, and provides a good measure of the wider impacts of change across the organisation. To reflect this, the internal audit plan for 2020-21 has been divided into audits that we will do on an annual cycle (mostly legal requirements), audits that we will use to examine areas of organisational risk, and also new areas we will audit as a means for evaluating our organisational improvements.</p> <p>On approval of the number of days in the below a more detailed plan will be developed, outlining specific subjects that will be audited, and will be presented to members at the first APRC meeting in financial year 2020-21.</p> <p>Attached for consideration and discussion is the proposed 2020-21 Internal Audit Plan.</p>
RESOURCE IMPLICATIONS	The internal audit plan will be delivered within existing resources.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	The contents of this report are considered compatible with existing human rights and equalities legislation.
APPENDICES	A. 2020-21 Internal Audit Plan
LIST OF BACKGROUND PAPERS	Audit Service Policy Public Sector Internal Audit Standards

2020-21 Audit Plan

Audit & Review days	143
Devon Audit Partnership (DAP) days - Risk Based Audit	50
Devon Audit Partnership (DAP) days - Key Financial Systems	35
HMICFRS	200
Information Assurance	158
IT Security days	110
Operational Assurance	315
Organisational Safety & Assurance	499
Total Assurance Days	1367

Types of reviews included :

Strategic Reviews

Annual Statement of Assurance	5
HMICFRS	200
Total	205

Compliance Reviews

Key Financial Systems (DAP)	35
Data Protection Compliance monitoring	158
Total	193

Audit Health Checks

IT Health Check - Corporate	15
IT Health Check - NFSP	25
RMADS	15
Code of Connection (Airwave/ESN)	10
ISO 27001 Alignment	45
Total	110

Internal Audit

Annual Internal Audits	65
Risk Based Audit (inc. Contingency)	163
Total	228

Other Continuous Improvement & Assurance activity	631
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Agenda Item 9

REPORT REFERENCE NO.	APRC/20/4
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	4 MARCH 2020
SUBJECT OF REPORT	2019-20 DRAFT ANNUAL STATEMENT OF ASSURANCE
LEAD OFFICER	Director of Governance & Digital Services
RECOMMENDATIONS	<i>That that the draft Annual Statement of Assurance appended to this report - required to accompany the 2019-20 final accounts – be approved and published on the Authority’s website.</i>
EXECUTIVE SUMMARY	<p>To comply with both Accounts and Audit Regulations and the Fire & Rescue Service National Framework, the Authority is required to produce and publish an annual Statement of Assurance on financial, governance and operational matters and showing how the Authority has had regard to both its Integrated Risk Management Plan (IRMP) and the expectations in the Framework.</p> <p>The Annual Statement of Assurance is primarily backward looking but also features an action plan to address, in the forthcoming financial year, any significant governance issues identified as part of the review process.</p> <p>A draft Statement of Assurance for 2019-20 has been prepared for submission with the draft 2019-20 Statement of Accounts, to the Authority’s external auditors in due course.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	A. 2019-20 Draft Annual Statement of Assurance
LIST OF BACKGROUND PAPERS	Nil.

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DEVON &
SOMERSET
FIRE & RESCUE SERVICE

Devon and Somerset Fire & Rescue Authority

2019-20 Annual Statement of
Assurance

Devon and Somerset
Fire & Rescue Authority

14/02/2020

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1. Introduction

The Devon and Somerset Fire and Rescue Authority (“the Authority”) recognises that good governance leads to effective management, sustained performance, accountability of public money, continued public engagement and helps to deliver outcomes for citizens. Through good governance the Service can deliver its vision as well as ensuring there are effective mechanisms for control and the management of risk.

The Annual Statement of Assurance details the approach for how the Authority has developed and applied its governance framework in accordance with its statutory responsibilities.

Accounts and Audit (England) Regulations 2015 Requirements

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The *Accounts and Audit (England) Regulations 2015* require authorities to prepare an annual governance statement in support of their Statement of Accounts. The governance statement is an expression of the measures taken by the authority to ensure appropriate business practice, high standards of conduct and sound governance.

Fire and Rescue National Framework for England Requirements

The Fire and Rescue National Framework for England (May, 2018) sets out the requirement for fire and rescue authorities to publish an annual Statement of Assurance.

This states:

“Every fire and rescue authority must have regard to the Framework in carrying out their functions. Every authority must publish an annual statement of assurance of compliance with the Framework” (Section 1.4)

“The statement should outline the way in which the authority and its fire and rescue service has had regard – in the period covered by the document – to this National Framework, the Integrated Risk Management Plan and to any strategic plan (e.g. the Fire and Rescue Plan – see 4.10 below) prepared by the authority for that period. The authority must also provide assurance to their community and to government on financial, governance and operational matters. For PCC FRAs, this statement is subject to scrutiny by the Police, Fire and Crime Panel. The name of this statement differs across governance models (e.g. in the case of PCC FRAs it is called the ‘Fire and Rescue Statement’ and in Greater Manchester the ‘Fire and Rescue Declaration’).” (Section 4.6.ii)

One of the principal aims of the Statement of Assurance is to provide an accessible way in which communities, Government, local authorities and other partners may make a valid assessment of their local fire and rescue authority’s performance.

The Statement of Assurance will be used as a source of information on which to base the Secretary of State's biennial report under section 25 of the *Fire and Rescue Services Act 2004*.

The Statement of Assurance should be signed off by an elected member of the relevant authority who is able to take responsibility for its contents.

Statements of assurance should be published annually by fire and rescue authorities. It is for fire and rescue authorities to decide when they should publish depending on individual reporting arrangements.

Devon & Somerset Fire & Rescue Authority Approach

The Authority has agreed that the most appropriate way to manage both the National Framework and regulatory requirements is through the creation of one assurance report entitled 'Annual Statement of Assurance'.

The Annual Statement of Assurance is submitted as a draft version alongside the Statement of Accounts for the year in question, for verification by the Authority's external auditors. The Annual Statement of Assurance is then submitted for approval by the Audit & Performance Review Committee prior to signature by the Committee's Chair and the Chief Fire Officer. The final Annual Assurance Statement is then published alongside the approved Statement of Accounts for the financial year in question on the Authority's website.

2. Delivery of Functions

Statutory Responsibility

The Fire and Rescue Authority functions within a clearly defined statutory and policy framework, the key aspects of which are:

- Local Government Act 1972
- Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Government Finance Act 1992
- Accounts and Audit Regulations 2015
- Local Government Act 2003
- Fire and Rescue Services Act 2004
- Civil Contingencies Act 2004
- Regulatory Reform (Fire Safety) Order 2005
- Devon & Somerset Fire & Rescue Authority (Combination Scheme) Order 2006
- Fire and Rescue Services (Emergencies) (England) Order 2007
- Localism Act 2011
- Fire and Rescue National Framework for England
- CIPFA Treasury Management Code of Practice

- CIPFA Prudential Code for Capital Financing Authorities

Corporate Planning

The Service has two key documents that, combined, set out our strategic direction: the Integrated Risk Management Plan (IRMP) 2018-22 and the Fire and Rescue Plan 2018-22. These inform the “Safer Together” programme.

The IRMP is the means by which the Service assesses and analyses the risks faced by the communities we serve. It undergoes regular review and gives a clear mandate to address those risks through the prevention, protection and response activities of the Service.

The Fire and Rescue Plan contains the Service’s vision, purpose, values and priorities. It describes the challenges we face as an organisation, for example the financial challenge, and how we propose to address those challenges, setting out our strategic intent for the key areas of the organisation.

Having these strategic documents will facilitate greater transparency and clarity, to better achieve Service priorities and the implementation of change and improvement.

‘Safer Together’ is our change and improvement programme and is derived from the IRMP and the Fire and Rescue Plan. Established in 2019, the programme contains the prioritised work streams for the next three to four years that the Service must deliver if it is to achieve real improvements in the service we provide to our communities whilst also making the financial savings required.

The Safer Together programme is all about working as a team to reshape the Fire and Rescue Service to prevent and respond to new risks. This includes looking staffing at stations, fleet and equipment requirements, use of digital technology to make processes faster and simpler. It also means training and supporting DSFRS employees to manage all of this change.

The strategic documents and the Safer Together programme are underpinned by Annual Directorate Statements, which clearly reflect the priorities set out in those documents, and a series of Group and Departmental Service plans, which describe in more detail how we will deliver the organisational priorities during the financial year. Achievement of the objectives set out in the IRMP, Fire and Rescue Plan and the Safer Together Programme is monitored by the Executive Board. The Directorate, Group and Departmental Service plans are monitored at least quarterly by their respective management teams. The Safer Together Programme is governed by a programme board, chaired by a member of the Executive Board, with each constituent project also having its own project board.

In order to embed the Service’s approach to managing strategic and operational risks, risk management has been integrated within the planning process so that it is part of direction setting, activity and resource planning and activity monitoring. The process includes the identification, assessment and recording of risks and mitigating activities which will be incorporated into Directorate and Service plans. Service plans include an indication of

direction of travel of identified risks as well as a facility to escalate risks to the corporate risk register.

Programme and Project risks will be subject to the governance arrangements established for our Safer Together Programme, which includes a Business Design Authority, who will be concerned with ensuring all the business outputs of the projects remain aligned to the organisational goals and are pulling in the same direction.

The Service's planning framework requires all the plans to be reviewed, updated and re-focused where required annually.

Fleet, Equipment and Water Supplies

In 2018-19 the Service agreed a Fleet, Equipment and Water supply strategy setting out the organisational responsibilities to ensure a safe, fit for purpose fleet, for what is the largest fleet capability of a fire and rescue service outside London. The strategy sets out our intention for supporting a new service delivery model, modernising our fleet management operations and collaboration and innovation to reflect an increasingly diverse workforce and the environmental aims of our communities. The Service has a 10 year replacement programme with the capital budget approved by the Authority. The Service follows the National Fire Chiefs Council (NFCC) Best Practice Manual for the maintenance of Fire Service Vehicles. The NFCC has a representative Council which enables locally accountable Chief Fire Officers (CFO), Chief Officers, Chief Executives or their representatives to coordinate the work of the UK Fire & Rescue Services to protect the public and improve community safety. Under the Fire and Rescue Services Act the Service has a duty to secure Water. Adopting the National Guidance Document for provision of Water for fire-fighting purposes (2017), the Service operates a risk based approach for the 57,000+ hydrant management and maintenance requirements. Priorities in 2020/21 are to progress the fleet capital replacement programme.

Operational Debriefs

An operational debrief strategy and policy is in place, and currently subject to review to ensure consistency with new national guidance. Debriefs provide the opportunity for operational personnel to identify good practice and any lessons learned for further improving the delivery of service.

Process for Operational Assurance

Our Fire & Rescue Plan 2018-2022 contains a commitment to improve staff safety and consists of a number of key components:

- Considering new technologies and equipment in our service design to support staff safety, provide better firefighting tactics, and increase inclusive and efficient ways of working.
- Ensuring our staff are appropriately supported and well trained, providing risk-based training and development that is centred on safety-critical elements.

- Making sure our firefighters remain fit and take a holistic approach to health, safety and wellbeing across the whole organisation.

To ensure the right focus in the right areas, an Organisational Safety Assurance Team has been embedded into the organisational structure.

This team monitors and reports on a variety of activities linked to operational response. Key activities such as incident and exercise monitoring, station assessments and station visits form part of this framework. Working closely with the Service's policy and performance groups, and our Training Academy, the team works to ensure that the Service has a clear line of sight on trends and performance to address any identified areas of concern.

Following every incident a "hot debrief" should take place to review what happened and why, and to discuss areas that went particularly well and areas that didn't. A new process has been introduced to allow operational crews to submit learning points from these debriefs.

National Learning

In accordance with the Authority's commitment to Public and Staff Safety, the Operational Assurance Team ensures that the learning outcomes from significant national events are fed back into the Service. This learning, from other fire and rescue services directly affected, comes via: the National Operational Learning portal, Coroners Regulations 28/29 reports (formerly known as 'Rule 43' reports); and Health and Safety Executive recommendations to all fire and rescue services. A process has been implemented to enable efficient management of learning and outcomes.

The Operational Assurance Team works with the Service to digest the information, review the Service's ways of working, feed in improvements from the lessons learned, raise awareness across Service personnel and provide any additional training events.

Collaborative and Partnership Working and National Roles

The Service is committed to forming or joining partnerships that assist it achieving its organisational goals and contribute to its purpose "to Protect and Save".

The Service continues to strengthen its partnership working with other fire and rescue services, bluelight services, local authorities, community groups and other organisations by working to common objectives at the local, regional and national level. The improvement of prevention and protection work is a major priority and the Service also contributes to wider community objectives identified in Local Area Agreements where appropriate.

Collaborative working continued to grow through the South West Emergency Services Collaboration (SWESC), to achieve a number of agreements. The working group is continuing to liaise and work together on new pieces of work, and has changed from a group that worked together to reach agreement on changing practice in individual organisations into a good practice sharing forum. For example, the Service will share its experience of the trial on community responders (the dual role of a firefighter and special constable) and police access to fire stations.

Other pieces of work currently being progressed are:

- Initial visual checks – wholtime stations will receive information on missing vulnerable persons within 30 minutes of notification, so they can report any sightings to the police.
- Road closures – closing roads and managing traffic at incidents where police are not required, reducing the demand on Devon & Cornwall Police and enabling DSFRS to legally close a road.
- Community responders – 7 existing firefighters have been trained as special constables, to keep the fire appliance available, be a visible police presence in the community and be proactive in community engagement i.e. leading and participating in local events.
- Police access to fire stations – access granted for use by Devon & Cornwall Police of the welfare facilities and meeting the public (not for any meetings under caution for offences)
- Clinical governance – ensuring the organisation is safely working within guidelines of NHS and South Western Ambulance Service Foundation Trust (the Ambulance Service) when delivering any first aid at incidents, this includes our training course content.
- Drones – using Dorset Police drones to gain vision at height, e.g. over view of an incident ground to assist in developing a plan for resolving.

Early considerations for:

- ‘GoodSam’ – an alert is sent to those who register to provide initial assistance at a situation eg member of public collapsed in high street. This work has been paused because the Ambulance Service identified a number of issues in the pilot. The Service is maintaining an awareness for future consideration.

Future projects:

- Fire investigation – understand and address the impact of new ISO requirements
- Explore opportunities with non-blue light partners
- Multi Agency Incident Transfer– This is about emergency services sharing information coming into their control rooms via 999 etc to benefit the responders and deliver a more effective service to members of public.

Fire and Rescue Indemnity Company (FRIC), the mutual protection provider that has 11 fire and rescue authorities as members, has completed its third year of operations culminating in surplus being achieved every year since it was formed, with a current total of £833k. This is a significant result for FRIC and shows what can be achieved when fire authorities collaborate in an innovative and mutually beneficial manner. Surplus generated would otherwise have gone out of the public sector, instead it can be retained to support further improvements and drive better risk management and ultimately, deliver lower costs for FRIC’s members.

The continued success is due primarily to lower than expected claims experience, which is set at the lower range of scenarios predicted. Another contributing factor has been a drive to improve motor claims reporting times, enabling third party capture for “at fault claims”. Evidence shows that third party costs can be as much as two thirds lower if contact is made

with third party claimants quickly and claims handled by the mutual rather than third party insurers.

Networked Fire Services Partnership

The Networked Fire Services Partnership (NFSP) is a significant collaboration between three fire services (Hampshire, Devon & Somerset and Dorset & Wiltshire) initially set up to deliver a networked fire control solution which was achieved in April 2016. An Information Governance Partnership Group meets regularly to review the required governance procedures that are required under legislation and monitor current and emerging risks to the information the system holds. A risk remediation plan is in place to ensure security risks are managed effectively and there is an annual IT health check for assurance. This supports the Authority's compliance with the Airwave Code of Connection, and the upcoming Emergency Services Network which is due to replace the Airwave service.

Subsequently the NFSP has committed to scoping further collaboration opportunities that will support all three Services in achieving increased effectiveness and efficiency as well as sharing and developing good practice with regards to staff issues.

Co-Responding

The Authority has a formal partnership agreement in place with the Ambulance Service to provide a co-responder medical response (an initial medical provision to stabilise casualties in life-threatening emergencies prior to the arrival of the ambulance service).

Co-responding continues to be part of the Service's business as usual with 621 calls responded between 1 April and 31 Dec 2019. There has been a fall in demand due to internal changes in the Ambulance Service.

3. National Resilience

The Emergency Planning Team is responsible for ensuring that the Service meets the Authority's obligations as laid out in the Civil Contingencies Act 2004 and the Fire Services Act 2004.

Effective arrangements are in place to collaborate with partners through Local Resilience Forums, the National Inter-Agency Liaison Officers network and Safety Advisory Groups which support multi-agency planning activity and the protection Critical National Infrastructure in line with Joint Emergency Services Interoperability Principles.

Previously the Service had created a specialist team of volunteers to respond to Marauding Terrorist Attacks (MTA). Following changes in the National Planning Assumptions, the Service has supplemented this capability with a further 16 specialist responders based at Plympton funded via a Home Office Grant.

This MTA capability has been established in order to support specialist emergency service response alongside Police and Ambulance responders in response to an MTA incident within the Authority area or, under National Mutual Aid, to any other location within the UK as

requested. The overall aim is to save life, and the two main strands of fire and rescue supports support during this type of incident are for casualty care and fire hazards management.

The capability is made up of two key groups;

1. National Interagency Liaison Officers (known as NILOs)
2. Specialist Response Team (SRT) Operatives

Both of the above groups undergo specialist training for responding to the MTA threat, but fulfil different specific functions within a response.

Specialist Operations

The Specialist Operations programme was set up after the events of 11 September 2001, which prompted the Government to review and improve the UK's capacity to respond to the increased threats arising from a 'new dimension' of emergency. Such threats include major incidents involving chemical, biological or radioactive materials, which would require a mass decontamination of large numbers of people, or rescue from collapsed structures.

The programme is also a response to increased risks from non-terrorist emergencies, such as major flooding resulting from changing climate patterns. In the UK we have faced the challenge of large scale flooding, the fuel crisis and a major epidemic of Foot and Mouth Disease. We need to be able to cope with and recover from a range of unexpected disruptive events, for example building collapse, or natural disasters.

The programme is split into six sections, all directly linked to each other:

- Mass Decontamination
- Urban Search and Rescue
- Water Capability
- Long Term Management
- Command & Control
- Logistics

The Service has mobilising procedures and policies in place to be able to respond to incidents anywhere in the Country, and work closely with other emergency services and organisations to provide an integrated service.

Different levels of response apply depending on the severity and location of the incident. These levels have been set nationally by The Home Office.

Over the Border Mutual Aid Arrangements

Sections 13 and 16 of the Fire and Rescue Services Act 2004 allow mutual assistance arrangements to be agreed with neighbouring Services to improve resilience and capacity in border areas. The Authority has in place contractual agreements with our neighbouring fire and rescue authorities for response to incidents requiring their support.

In addition to sections 13 and 16 there is a partnership agreement between the Authority and Dorset & Wiltshire and Hampshire fire and rescue authorities to provide a common, networked mobilising system with the principle of ensuring that the response mobilised to an

incident is always the nearest and most appropriate resource/s based upon travel time and attributes (i.e. having the necessary skills or equipment) to deal with the incident.

Business Continuity and Resilience

The Service has a Strategic Business Continuity Policy which was approved by the Executive Board in July 2019. This document sets out the corporate business continuity management structure and goals for business continuity assessment, training and exercising.

The Service has 32 Tactical business continuity plans in place to ensure that it is prepared for a range of threats and challenges. Business continuity management processes are also undertaken so that the Service can continue to deliver services following a disruptive incident.

The Service business continuity arrangements cannot be considered reliable unless they are reviewed, tested and plans kept up to date. Testing the plans is essential for the development of teamwork, competence and confidence in the knowledge of experience that is vital during a disruptive event.

- A business continuity exercise for strategic and tactical management took place in March 2019 focusing on an escalating Pandemic Flu epidemic.
- Exercise 'Long Drag', held in October 2019, was a strategic business continuity exercise designed to validate the Service's response to a 'no deal' Brexit scenario.
- Exercise 'Mariana' was held on 2 Dec 2019 which was designed to allow players from all levels of the organisation to consider an internal and external response to a catastrophic IT systems failure. The event was attended by a number of senior managers who were able to contribute from a 'Strategic' perspective. Department and team managers taking part were able to consider the 'tactical' elements of the response such as providing equipment, resources, and appropriate numbers of staff etc. Operational staff took in the exercise to think through the 'hands on' implications of how to physically respond and recover from the incident. The exercise also provided an opportunity for individual loggists to gain experience at noting 'actions and decisions' that were made during this session.

The Service employs a Business Continuity Manager in who is responsible for providing specialist advice and guidance on business continuity issues, including the co-ordination, development, implementation and review of business continuity plans, processes and procedures. The Business Continuity Manager also has the responsibility of meeting with identified directorate representatives to review the effectiveness of 'Business Impact Analysis' assessments and business continuity plans as required.

The service embraces the principles of 'Plan, Do, Check, and Act' and aligns with aspects of the ISO: 22301 (Societal Security – Business Continuity management systems and requirements).

A Contingency Response Team is set up as necessary to manage business continuity incidents and, in addition, an Operational Support Team can be activated as required.

4. Governance

The Purpose of Corporate Governance

Corporate Governance comprises:

- the systems, processes, culture and values, by which the Authority is directed and controlled; and
- those activities through which it accounts to, engages with and leads the community.

Corporate Governance enables the Authority to monitor the achievement of its strategic policy objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant and integral part of the governance arrangements designed to manage risk to a reasonable level. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. While it cannot eliminate all risk of failure to achieve policies, aims and objectives, it should nonetheless provide a reasonable level of assurance of organisational effectiveness in this area.

This statement refers to the governance arrangements that have been in place for the Authority up to the year ended 31 March 2020 and up to the date of consideration of the statement of accounts.

Code of Corporate Governance

The Authority has approved and adopted a Code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/ Society of Local Authority Chief Executives) framework "Delivering Good Governance in Local Government". A copy of the Code is on the Authority's website at [DSFIRE website](#) can be obtained from the Clerk to the Authority. This Statement explains how the Authority has complied with the Code.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements including the system of internal control. The review of the effectiveness is informed by the work of senior managers within the Service who have responsibility for the development and maintenance of the governance environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The 2019-20 review has identified 25 key elements to the Authority's governance arrangements:

1. The Authority was constituted under the Devon and Somerset Fire and Rescue Authority (Combination Scheme) Order 2006. The Authority has strategic responsibility for discharging fire and rescue authority functions for the combined area with the day-to-day responsibility resting with the Chief Fire Officer and other officers within the Executive Board.
2. During the 2019-20 financial year, the Authority comprised 26 Members appointed by the constituent authorities (Devon County Council, Somerset County Council, Plymouth City Council and Torbay Council). In addition, an "independent person" is appointed in accordance with the requirements of the Localism Act 2011 and in June 2019 the Authority agreed to the appointment of a second independent person in line with recommendations made the Committee on Standards in Public Life following its review of local government ethical standards. Also in June 2019, the Authority agreed to increase membership of the Local Pension Board from six to eight, the additional Scheme Manager (employer) representative being an external appointment, i.e. a co-opted member of the Board.
3. During the 2019-20 financial year, the Authority operated with the following permanent committees:-
 - Resources Committee (7 Members)
 - Human Resources Management & Development Committee (7 Members);
 - Audit & Performance Review Committee (7 Members);
 - Community Safety & Corporate Planning Committee (7 Members);
 - The Appraisals and Disciplinary Committee (from June 2019 – formerly the Chief Fire Officers' Appraisal Panel) (4 Members);
 - Standards Committee (7 Members plus consultation as required with an independent person).

Terms of reference for each of these committees were approved by the Authority. The committee structure (including terms of reference) is subject to annual review but may also be amended in-year as circumstances dictate.

4. The Audit & Performance Review Committee operates in accordance with the CIPFA best practice guidance on audit committees. It provides an additional level of review and scrutiny of the Authority's internal and external audit arrangements (including consideration and monitoring of any reports and associated action plans), corporate governance and risk arrangements and financial statements (Annual Statement of Accounts). The Committee has responsibility for the operation of the Authority's strategy for the prevention and detection of fraud and corruption and monitors the Service's performance.
5. The constitutional governance arrangements are contained in the following documents:
 - Members Roles and Responsibilities
 - Standing orders
 - Financial Regulations
 - Treasury Management Policy
 - Contract Standing Orders
 - Scheme of Delegations
 - Members Code of Conduct
 - Protocol for Member / Officer Relations
 - Policy on Gifts and Hospitality

- Scheme of Members Allowances
- Corporate Governance Code
- Confidential Reporting Policy (Whistleblowing” Code)
- Strategy on the prevention and Detection of Fraud and Corruption
- Code of Recommended Practice on Local Authority Publicity

These documents, with the exception of the Code of Recommended Practice on Local Authority publicity (which is a national document issued by the Government under Section 4 of the Local Government Act 1986), are subject to review at least annually and are updated as and when necessary to reflect legislative change, organisational change or best practice, as relevant, to ensure they remain up-to-date and fit for purpose.

6. The Treasurer is responsible for ensuring that effective financial stewardship is in place across the Service in conducting the business of the Authority. The Authority’s financial management arrangements conform to the governance requirements of the “CIPFA Statement on the Role of the Chief Financial Officer in Local Government”.
7. The statutory functions of the Proper Financial and Monitoring Officers provide a source of assurance that the Authority’s systems of governance and internal control are effective and being complied with.
8. The 2019-20 Internal Audit Plan was approved by the Audit & Performance Review Committee on the 10th May 2019. The plan sets out the combined scope of internal audit work to be completed by the Audit & Review manager, the Information Assurance team and Devon Audit Partnership. A total of 264 internal audit days were utilised to provide assurance to the Authority relating to the management of risks and associated operational activities. The Audit & Review manager, the Information Assurance team and the Devon Audit Partnership are accountable for the delivery of the plan and the policy includes the requirement to report progress to the Audit & Performance Review Committee at least three times per year. This happened 19th July 2019, 13th November 2019, and 4th March 2020. The Authority’s shared service internal audit arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public service organisations.
9. Service risk registers are populated and reviewed periodically. This process in turn informs the Corporate Risk Register. In order to embed the Service’s approach to managing strategic and operational risks, risk management has been integrated within the planning process so that it is part of direction setting, activity and resource planning and activity monitoring. The process includes the identification, assessment and recording of risks and mitigating activities, which are incorporated into respective Directorate and Service plans. The inspection report from Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), published in December 2019, confirmed that *“the Service uses an innovative risk management approach. It records risks it identifies as an issue on directorate and service plans. This approach is designed to put risks at the right level in the organisation where action can be taken to mitigate them. The Service only takes risks to the corporate risk register if they can’t be managed or mitigated at the service or directorate level”*. HMICFRS identified that the Service needs to assure itself that its risk management and control process has a mechanism that allows escalation of risks to the appropriate level in the organisation and process improvements are ongoing.
10. The operation of the Authority’s Corporate Risk Register is reviewed by Service management on a quarterly basis to ensure that risks to the Authority’s strategic objectives and strategic plans are appropriately identified and managed. The Corporate Risk Register

includes horizon scanning that supports deep dive risk identification and assessment. The Corporate Risk Register is discussed with the Audit & Performance Review committee every six months.

11. The Authority maintains comprehensive insurance cover to support its management of organisational risk.
12. The 2019-20 External Audit provision was provided by Grant Thornton. The scope of the External Audit work includes the Accounting Statements and Whole of Government Accounts and a Value for Money Statement. No significant issues have arisen to date from the External Audit work completed in 2019-20.
13. The Authority participates in the biennial National Fraud Initiative scheme. A new data matching exercise was completed in 2018-19, with results being examined throughout 2019-20 and 2020-21. No confirmed fraud cases have been identified through this current data matching exercise, to date.
14. The Service has a Strategic Health & Safety Committee which meets quarterly to monitor health, safety and welfare of employees as per section 2(7) of the Health and Safety at Work Act 1974. All representative bodies (trades unions) recognised by the Authority, i.e. the Fire Brigades Union (FBU), the Fire and Rescue Services Association (FRSA), the Fire Officers Association (FOA) and UNISON, are invited to sit on this Committee.
15. The Human Resources Management and Development Committee on 5th November 2019 was presented a report on the Health, Safety and Wellbeing of the Service, the first time this report had been presented. It is now set as a regular report to be provided to this committee so it may monitor performance in these areas.
16. The Operational Assurance Team is embedded in the organisational structure and culture. As part of the 'Safe Person Concept' the team monitors and reports on a variety of activities linked to Operational Response.
17. The Organisational Safety and Assurance Manager attends the National Fire Chiefs Council (NFCC) Health and Safety meetings and chairs the regional NFCC Health and Safety meetings.
18. A governance framework has been prepared for programme and project management, which defines roles and responsibilities and outlines the methodology that will be applied as the Service embarks on its transformational change programme, "Safer Together".
19. The General Data Protection Regulations (GDPR) compliance plan and gap analysis has been regularly monitored to inform the Service of any high risk areas of non-compliance. Data retention is an area for improvement and is now a key consideration for all in-house development projects. How data retention is managed within external and legacy systems requires further scrutiny to ensure GDPR principles are complied with. The Personal Information Management System (PIMS) is a framework for how we manage personal Information within the service. Performance against the PIMS is included within the quarterly Information Security & Governance Report. The GDPR compliance plan has now become a business as usual activity and is used to inform the Information Assurance work plan on an annual basis.
20. Contract Standing Orders (approved by the Authority at its Annual Meeting) are, along with the Authority's other constitutional framework documents, subject to annual review and in-year changes as and when required. Guidance materials on procurement and contract management are available on the Authority website and Service intranet for the Service staff. Priorities for 2019-20 have been to support the Safer Together Programme and the

National Fire Chiefs Council's (NFCC) [Fire] Commercial Transformation Programme as well as deliver service priorities and savings.

21. The Procurement Team review of service third party expenditure and manage contracts above £20,000. This is to ensure compliance with EU and UK legislation and best practice; to ensure that the Authority can demonstrate value for money and deliver savings and efficiencies. The procurement team is actively engaged in wider collaborative National Procurement initiatives. The Service's Head of Fleet and Procurement is the NFCC Commercial Category lead for Fleet as part of the NFCC [Fire] Commercial Transformation Programme, part of the Local Government Association National Advisory Group for Procurement (representing the Fire and Rescue Service nationally) and is part of the South West Procurement Board, which involves first tier and district councils from the region. The Corporate Procurement Manager was (until March 2019) also the NFCC National Procurement Lead as part of the NFCC [Fire] Commercial Transformation Programme.

Within the 2019-20 financial year, the Procurement team has been responsible for contract management of the NFCC's Emergency Response Vehicles framework and the NFCC's Respiratory Protective Equipment framework on behalf of the fire sector.

22. Red One Ltd has been established to allow the Authority to deliver commercial activities within the legislative framework that applies. The Authority has taken legal advice to ensure compliance with legislative requirements and to ensure effective governance arrangements, which were enhanced in January 2018 by the appointment of two independent non-executive directors. Governance arrangements were further enhanced in July 2018 by the adoption of revised Articles of Association, which strengthened the composition of the Board to include a mix of: Authority Member non-executive directors; independent non-executive directors; Service officer non-executive directors and company appointed executive directors.
23. Corporate commitments to equality, diversity and inclusion are set out in the Fire & Rescue Plan and People Strategy, which address issues relevant to equality, diversity and inclusion in the workplace at each stage of the employee lifecycle, including attraction, recruitment, retention, development and progression. The strategy and plan also state how the Service will meet the needs of different communities and vulnerable people in order to reduce risk and align with the changes needed to support the IRMP and HMICFRS inspection outcomes. The Human Resource Management & Development Committee monitors progress on the linked Diversity & Inclusion plan every six months.
24. The Service has a process in place to ensure that potential equality impacts are identified and mitigated when preparing or reviewing policies and procedures. The process is called Equality Risks and Benefits Analysis (ERBA) and it helps us to deliver better services and working practices as well as ensuring compliance with the Public Sector Equality Duty. The process was updated in 2018-19 to reflect the latest legal developments. In 2019 the Service introduced a broader assessment of impact i.e. the People Impact Assessment into which the ERBA can be incorporated. Implementation of the People Impact Assessment has broadened the scope to include wider impacts on people including data protection, health & safety and safeguarding. Mandatory equalities training has been reviewed and refreshed with a roll out early 2020 and a Fairness & Respect Policy has replaced our outdated Bullying & Harassment policy.
25. Our 'Values' set out what the Service stands for and what matters most to employees and the Service.
These are:

- We are proud to help
- We are honest
- We are respectful
- We are working together

A cultural audit took place in 2019 which aimed to establish how well understood and accepted our values are across the Service, as well as providing an objective review of our decision making process, levels of staff empowerment. The outcomes have been considered by task and finish groups which will inform action plans. A follow up audit is scheduled for 2020.

The 2019-20 review by the Authority has concluded that there are good systems, procedures and checks in place to manage the Authority's governance arrangements.

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5. Financial Assurance

Statement of Accounts

It is a statutory requirement under the *Accounts and Audit (England) Regulations 2015* for authorities to publish the financial results of their activities for the year. The 'Statement of Accounts', shows the annual costs of providing the service and is determined by a Code of Practice published by CIPFA, which aims to give a "true and fair" view of the financial position and transactions of the Authority.

The Treasurer is responsible for the approval of the Statement of Accounts prior to publication. To meet the requirements of the Regulations, the draft Statement of Accounts is published by the end of May with the final audited Statement of Accounts published by the end of July.

External Audit Arrangements

On an annual basis, the Statement of Accounts is subject to external audit. Following a national procurement exercise, Grant Thornton was appointed as the external auditors for the South West region.

Grant Thornton is therefore responsible for the completion of the following assurance activities:

- Audit of the 2019-20 financial statements
- Proposed opinion on the Authority's accounts
- Proposed Value for Money conclusion

Internal Audit Arrangements

To support the external audit process, the Authority has in place a robust system for internal auditing. The Audit & Review Manager worked with senior managers and Authority Members to develop an annual Internal Audit Plan that is delivered across the Service. The plan includes a contract with the Devon Audit Partnership to deliver specialised key financial audits, and detailed review of potential risk areas identified.

A full competitive procurement process was undertaken in 2018-19 to ensure that the appointed internal audit providers delivered appropriate value and quality; this process awarded Devon Audit Partnership with a 3 year contract to continue providing internal audit for the authority.

Performance against the Plan is reported to senior managers and Members on a quarterly basis, with a year-end report produced in April/May time. The number of audit days completed within 2019-20 was below that approved by the Authority in the 2019-20 Audit Plan, because of staff vacancies and other prioritised responsibility. The plan was therefore reviewed and prioritised according to risk, to ensure that all high-priority audit activity was addressed appropriately, and to minimise risk to the authority.

Devon & Somerset Fire & Rescue Service use four levels of audit assurance opinion levels; High Standard, Good Standard, Improvements required and Fundamental Weaknesses Identified.

The 2019-20 year end Internal Audit report concluded that the systems in operation within the Service demonstrated a good level of internal control, defined as follows:

The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.

Agreed management actions are monitored through the Service's assurance tracking process alongside the outcomes of external and internal audits, external reviews, security events, and safety events.

Public Contracts Regulations 2015 (“the Regulations”)

The Regulations set out the EU legal framework for contracting public authorities to follow in securing a contract for works, supplies and services where the contract value exceeds set thresholds (unless the contract qualifies for a specific exclusion as defined in the Regulations applies). The Regulations are not static but subject to change, driven by evolving European and domestic case law and UK Regulations. The EU rules reflect and reinforce the value for money focus of the Government's procurement policy. The EU procurement regime is based on the Treaty principles of transparency, non-discrimination, equal treatment and proportionality. Even where the procurement process is not subject to the Regulations the EU Treaty based principles apply.

The Head of Fleet and Procurement is responsible for review of all third party expenditure and ensuring that the Service processes conform to the Regulations and Treaty principles.

Data Transparency

The Authority complies with the Government's 'Local Government Transparency Code 2015' for releasing public data. The following arrangements are in place:

- A Freedom of Information Publication Scheme
- Publication of the annual statement of accounts
- Publication of all expenditure over £500
- Publication of all Government Procurement Card transactions
- Publication of Procurement Information
- Publication of land ownership
- Publication of Trade Union facility time
- Publication of a Pay Policy Statement including all senior employee salaries and pay multiple comparators
- Publication of fraud investigations
- Publication of Members' allowances and expenses
- Publication of External Audit reports
- Publication of all committee reports (other than those where a statutory exemption for publication applies).

Financial Planning

In order to secure a fixed level of central government grant funding for the 2016-20 financial years, the Authority was required to submit an Efficiency Plan. The Efficiency Plan sets out how the Authority planned to improve the service it provides whilst managing with reduced real-terms funding levels. The Efficiency Plan, available here: [Efficiency Plan](#), outlines the key projects which will improve efficiency alongside the underpinning: Medium Term Financial Plan, Reserves Strategy; Capital Strategy; Commercial Strategy and the Safer Together Programme.

The Efficiency Plan was submitted to the Home Office in October 2016 and approved by the Fire Minister in December 2016. As a result the Service secured a four year settlement offer that provided greater certainty over funding levels during that period.

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6. Workforce

Training and Development - Academy

The Service, through its Academy, has enabled the delivery of quality assured training to its staff to improve safety and overall effectiveness, which is underwritten by the ISO 9001 (2015) Quality Management Framework.

Over the past twelve months significant changes have been implemented to how training is structured and delivered. We have moved away from a 'school' structure, and the instructors are now able to deliver training more locally. In addition to this, Associate instructors have been recruited from existing station based personnel to assist with delivery of local training.

This will enable our firefighting workforce to get the most out of their drill nights and training events, by participating in locally based training and assessments, on the subjects that are most required by them.

The new functional leads within the Academy will take responsibility for:

- **Quality assurance** – Reviewing governance arrangements and standards in training, process mapping, permit to teach standards and quality assurance of our training activities.
- **Training Assets** – Management of estates, equipment and vehicles which are used for training, management of the learning library (which includes e-learning and course development), maintaining the asset register and liaison with other key departments such as the Health & Safety team, the Estates department and the Fleet & Equipment department.
- **Planning & Resourcing** – Planning, scheduling and updating the training and event programme, and includes allocation of required resources, from venues and equipment to trainers and assessors.
- **Customer Service & Administration** – Supporting the management of information assets and general administration functions to support the training teams. This will also involve liaising with external agencies, suppliers and partners. Financial and reporting functions will also be the responsibility of this functional area.
- **Training delivery** – Responsible for the delivery of training events and assessments as required.

The Service has invested in new vehicles to assist in the delivery of training, such as the Mobile Safety and Height and Confined Spaces (SHACS) training vehicle and a mobile Incident Command Training Vehicle which has received excellent feedback from staff.

The Academy has also released a new e-learning system that links with other IT applications. This utilises a "single-sign in" approach to ensure that it is fully accessible to all users, and uses an intuitive system which will target training towards the users.

The Service has also been working with an external provider to develop a training needs assessment algorithm, to ensure that our staff get the right training, at the right time, in the right place.

The Service has developed new applications/systems which provide better accessibility and transparency when employees are checking their core competencies (the key training that they require in order to ensure they are completing their job in the most appropriate manner).

Firefighter Fitness

In December 2014 the [then] Department for Communities and Local Government approved an Addendum to the National Framework for England in relation to firefighter fitness and the principles that should be applied to help ensure that firefighters maintain the standards of personal fitness required to safely perform their duties and that they are supported in remaining fit and in continued employment.

The National Fire Chiefs Council (NFCC) has a Firefit Steering Committee which provides guidance and recommendations to the fire & rescue services on fitness standards, protocols and policy.

The Service has a Physical Fitness Policy and three dedicated Fitness Advisors in post to support firefighters to attain and maintain the fitness standards that are required. The Service has also introduced Fitness Advocates who are existing operational staff that provide an additional fitness role to the Service and are qualified to a minimum of a Level 2 Gym Instructor.

There is an opportunity for the Service to improve and test information quality regarding this subject, to enable comparison to other fire & rescue services.

Commitment to Health & Safety

The Authority recognises and accepts its responsibility for the health, safety and welfare of its employees and others who may be affected by its activities. To achieve this, the Service looks to meet all relevant requirements of the Health & Safety at Work Act 1974 (together with all other statutory provisions associated with it) and support staff in meeting their obligations under the Act and subordinate legislation.

Health, Safety and Wellbeing has been identified as a key theme within the People Strategy, areas for focus work clearly indicated within this area to be achieved. Progress towards achieving the aims are monitored via the People Strategy monitoring group.

Detailed health, safety and welfare arrangements are set out in Service policies developed to take account of relevant legislation and guidance, including the Health and Safety Executive's HS(G)65 methodology. The policies provide employees with relevant and comprehensive information on the risks they face and the preventative and protective measures required to control them, they also identifies roles and responsibilities of duty holders who are to ensure measures are implemented.

Systems for monitoring the effectiveness of the Organisations Health and Safety Management procedures are in place, including proactive and reactive monitoring. The process includes air sampling on station of diesel engine exhaust emissions, provision of accident and near miss incident data to the Strategic Safety Committee for quarterly review, annual completion of premises Health, Safety and Welfare Assessment Report Forms, and a

means to fully audit the organisations Health and Safety management systems on a two yearly basis.

The Health and Safety Manager has developed a fresh approach for the Health and Safety Team to align to, this will increase their capacity, improve access to specialist advice, assure legislative requirements are being met and improve team welfare and work life balance. The team will move to directly supporting two Service Delivery Groups each, greatly enhancing a positive safety culture. To achieve this the team are to be enhanced by an additional Health and Safety Officer. The next reporting period will see the team fully embed this approach.

Procedures are in place to report all safety events, allocate an investigator and where required make recommendations for corrective action to be completed.

Charity Activity



The charity SAFE South West continues to operate successfully as a Charitable Incorporated Organisation, working closely with Devon & Somerset Fire & Rescue Service, local communities and other emergency services. SAFE South West develops new and innovative community safety initiatives across communities in Devon and Somerset, raises funding and provides grants, support and guidance to organisations and projects. Further information on SAFE South West can be found on the Charity's website – www.safesouthwest.co.uk

7. Inspection, Intervention and Accountability

How we measure and monitor our performance

Significant work was completed in 2019-20 to ensure that we are able to effectively measure and review our performance in a way that is meaningful and practical. This work includes developing a suite of performance measures, setting performance targets and designing and launching an electronic dashboard. The paragraphs below explain each of these in more detail.

Performance Measures

Effective performance management is key to delivering services successfully, it ensures a focus on what matters most and enables improvement. The Service's performance measures help us to know what current performance actually is and what needs to change to get us where we want to be.

The Service's Key Performance Indicators (KPIs) represent the Service as a whole and are aligned to strategic priorities and focus on driving improvements. They form the basis of regular performance monitoring reports to the Authority, the Service Executive Board and the Extended Leadership Team.

It is essential that the KPIs are accounted for within the service planning process, clearly identifying the services responsible for the achievement of the targets set against the relevant KPIs. In some cases we have additional Directorate, programme or service level indicators that are developed as part of the service planning process to monitor operational progress.

All performance indicators are reviewed at least annually to ensure they are still relevant.

Performance Targets

Where appropriate, targets will be set at all levels of the organisation, from strategic KPIs to the targets set for individuals within appraisals. Good progress has been made with the development of a new appraisal system, which went live in the Service in July 2019. Targets for the KPIs will be discussed within the Service to review the resource implications and then be agreed by the Executive Board and the Audit Performance and Review Committee.

In addition, by the beginning of the financial year managers will have also been set forward targets for all other local performance indicators within their service area. Targets will be set with a focus for improvement and, where possible, will be based on trend or benchmarking information.

All targets will be reviewed at least annually.

Reporting Performance

Regular reporting against our plans and performance measures help to ensure a sustained focus on those things that matter most, resulting in delivery of our priorities and improvement agenda.

6 monthly / Quarterly

Reports of the key measures will be produced in a simple format using line / trend charts and graphs and will include interpretation, analysis and any actions to be taken. The audience for these reports are the Authority, the Audit, Performance and Review Committee, the Executive Board, the Extended Leadership Team, Group Commands and support departments.

Reports focus on exceptions, i.e. those measures that are exceeding target and those not on target. This encourages celebration of success and sharing of good practice along with discussion on actions needed to rectify under performance.

Live

Reporting using dashboards of a small number of measures - primarily for Service Delivery Management, Group Commands and Stations but also for key support functions such as Fleet and ICT.

Performance dashboards

The Service has recognised that the visibility of performance information needs to improve in order to support effective performance management. In light of this, the Service is developing "live" performance dashboards to provide teams with the information they need

to ensure that they are on target to achieve their objectives. In 2019, the first of these dashboards went live. The Service Delivery Dashboard surfaces performance indicators and targets identified by the Service Delivery Directorate and is used to inform daily decision making and focus weekly performance discussions.

Provision of an organisation-wide capability is planned to be delivered through the Safer Together Programme. In the interim, work is underway to streamline delivery of existing Microsoft Excel-based performance dashboards to improve the efficiency of performance information production.

Audit & Review

The delivery of the annual Internal Audit Plan provides independent assurance to senior managers and Authority Members on the effectiveness of the risk management, internal control and governance arrangements in delivering organisational objectives.

The scope of audit work includes the review of operational activities including Response, Resilience, Protection, Prevention, Fire Control and all supporting departments.

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

In summer 2017, Her Majesty's Inspectorate of Constabulary took on inspections of England's fire & rescue services, assessing and reporting on their efficiency, effectiveness and leadership, and changed its name to Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) reflect this new responsibility.

A national inspection programme was designed and in order to prepare for this, the 45 fire and rescue services in England were asked to provide the inspectorate with information and evidence to support their upcoming assessments.

The inspection concluded that Devon & Somerset Fire & Rescue Service (the Service) was 'Good' in its Effectiveness, but 'Require Improvement' in Efficiency and in looking after People. A number of recommendations were made by HMICFRS. The Service has put together an action plan, which will be monitored by the Executive Board and will be used as evidence of progress during the next inspection.

8. Future Challenges

The following future changes or challenges were previously identified in the 2018-19 Annual Statement of Assurance. Whilst many of these form parts of the Safer Together programme, these remain our key challenges throughout 2019-20:

- Aligning resources to risk and prioritising prevention and protection activity.

- The existing shift patterns and some work routines are not always meeting our needs and the changing risks within our communities.
- By 2022, we may need to reduce our costs by up to £8.4 million and we need to plan a balanced budget that accommodates this.
- Making sure our workforce is clear on the organisation's future direction.
- Further developing contracts and career paths to support inclusivity ensuring that the service has a workforce that reflects communities served.
- Managing information in a secure and purposeful way, while mitigating cyber security and data protection risks.

9. Significant Governance, Operational or Financial Control Issues

Continuing appraisal of the governance and internal control mechanisms during the accounting period has identified the following internal control issues which the organisation will address in the next year via Action Plans:

- A. Functional and process issues encountered with the software solution for reporting safety events impacted on the recording and management of safety event investigations as well as the ability to monitor accidents through trend analysis. This reduced the ability to learn from safety events and near misses and take action to reduce further accidents from occurring. This has been raised on the Corporate Risk Register business continuity measures have been put in place and work is progressing with the development of replacement system.
- B. The Service's processes and systems for the management of assets require improvement.

10. Conclusion

The Authority is satisfied that the issues identified above are appropriate and that steps are already in place to address the improvement areas identified in this review. The Audit & Performance Review Committee will regularly monitor the implementation and operation of these improvement activities as part of its quarterly meetings.

Additionally, the Authority is satisfied that the systems and processes that are in place across the organisation fulfil the requirements of the Fire and Rescue National Framework for England.

CHIEF FIRE OFFICER

**CHAIR, AUDIT AND PERFORMANCE
REVIEW COMMITTEE**

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APPENDIX A TO REPORT– ACTION PLAN

Identified Issue	Action Needed	Direction of Travel since 2018-19	Lead Officer	Update
Integrated Service Asset Register (Fleet and Operational Equipment)	An integrated fleet and operational service asset register needs to be developed and embedded to ensure all assets are effectively recorded and managed to provide consistent data to inform replacement plans and ensure operational assets are fit for purpose.	↑	Head of Fleet & Procurement	On track. Part of the safer together programme.
Performance Management	The performance management framework that is currently under development needs to be finalised and rolled out.	↑	Head of Organisational Development and Planning	Planning, performance and Evaluation manager has been recruited, who will be picking this up as part of the role.
Policy Management	A policy management process needs to be developed and embedded.	↑	Head of Organisational Assurance	This is now being managed within our Information Assurance team. Dedicated resource is being allocated to improve this subject.
Collaboration	An appropriate level of governance needs to be applied to Collaborative working initiatives.	↑	Executive Board	
Clinical Governance	Governance arrangements need to be more clearly defined around the care issued by the Service to casualties.	↑	Head of Service Delivery : functions	

Identified Issue	Action Needed	Direction of Travel since 2018-19	Lead Officer	Update
Breathing Apparatus maintenance	The existing disjointed approach to breathing apparatus maintenance is to be investigated.	↑	Head of Procurement and fleet	Project has been completed and is now closed. All risks should be mitigated.
Terrorist/cyber & Data protection	The increase in cyber attacks presents a growing risk to the Service. Work to align information security practices to ISO 27001 to be completed.	↑	Head of Organisational Assurance	. The IT Security Officer role is now well established and embedded. Work to align information security practices to ISO 27001 is on track.
Safety Event reporting	Work in underway to ensure that full reporting and analysis of events is possible.	New Addition	Head of Organisational Assurance	Progress expected April 2021

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REPORT REFERENCE NO.	APRC/20/5
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	4 MARCH 2020
SUBJECT OF REPORT	HER MAJESTY'S INSPECTORATE OF CONSTABULARY & FIRE & RESCUE SERVICE (HMICFRS) INSPECTION - PROGRESS UPDATE
LEAD OFFICER	DIRECTOR OF GOVERNANCE AND DIGITAL SERVICES
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>HMICFRS completed their first round of inspections of every Fire & Rescue service in England and published the reports to the public. The report on Devon & Somerset Fire & Rescue Service was published in December 2019.</p> <p>The inspection highlighted some areas for improvement as well as identifying some good practice.</p> <p>A presentation will be given to the Committee at the meeting setting out the key findings from the inspection, along with the key actions that the Service is taking to address this or has already completed.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	Not applicable.
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	Effectiveness, efficiency and people 2018/19 - Devon and Somerset Fire and Rescue Service (<i>HMICFRS, Dec 2019</i>)

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REPORT REFERENCE NO.	APRC/20/6
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	4 MARCH 2020
SUBJECT OF REPORT	CORPORATE PERFORMANCE MEASURES - REVIEW
LEAD OFFICER	DIRECTOR OF GOVERNANCE & DIGITAL SERVICES & DIRECTOR OF SERVICE IMPROVEMENT
RECOMMENDATIONS	<p>(a) <i>That the Clerk establishes a Working Group in accordance with Standing Order 31 to consider the development of Corporate Measures as agreed by the Fire & Rescue Authority at its meeting on 10 January 2020; and</i></p> <p>(b) <i>that the Committee determines the appointments to the Working Group from amongst its Members.</i></p>
EXECUTIVE SUMMARY	<p>The Devon & Somerset Fire & Rescue Authority at its Extraordinary meeting on 10 January 2020 considered proposals to modernise the way the Service worked and delivered its services. The Service recognised that the current, traditional delivery model did not fit the needs of the communities or the aspirations for a progressive, modern fire and rescue service and therefore needed to be reviewed.</p> <p>In agreeing the proposal put forward under the Service Delivery Operating Model, the Authority also agreed that existing emergency response standards should be maintained but an explicit performance target for meeting the first appliance attendance times for both incident types (house fires and road traffic collisions) on 75% of all occasions be set.</p> <p>Additionally, the Authority agreed that the Audit & Performance Review Committee should be tasked with reviewing existing performance measures and developing any additional measures necessary to enable performance monitoring against the expected improvements derived from better resource distribution according to risk, including (but not limited to):</p> <ul style="list-style-type: none"> • on-call fire engine availability; • emergency response standards against the target set; and; • levels of prevention and protection activity”. <p>This report therefore proposes that the Clerk establishes a Member Working Group in accordance with Standing Order 31 to consider the development of Corporate Measures as agreed by the Fire & Rescue Authority at its meeting on 10 January 2020 and that the Committee determines the membership accordingly.</p>
RESOURCE IMPLICATIONS	None

EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	None
APPENDICES	None.
LIST OF BACKGROUND PAPERS	Devon & Somerset Fire & Rescue Authority report DSFRA/20/1 - Safer Together Programme (Service Delivery Operating Model) - Outcomes Of The Consultation On Reallocation Of Resources

REPORT REFERENCE NO.	APRC/20/7
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	4 MARCH 2020
SUBJECT OF REPORT	AUTHORITY POLICY FOR REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) – REVIEW
LEAD OFFICER	Director of Governance & Digital Services
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>The Regulation of Investigatory Powers Act 2000 (RIPA) governs the use by public authorities (such as the Devon & Somerset Fire & Rescue Authority) of covert investigatory techniques which might otherwise infringe legal rights to privacy and respect for family life. While this Authority has never used, nor envisages ever using, the types of covert techniques governed by RIPA, it is nonetheless required to have appropriate policies and procedures in place should the use of such techniques ever be required.</p> <p>The Authority is also required, under the various codes of practice in place, to review its policies and procedures for RIPA at least annually and to report on (in anonymised form) any use of RIPA over the last twelve months</p> <p>The Committee last received a report on these issues at its meeting on 10 May 2019. This paper now sets out the findings of the most recent review.</p>
RESOURCE IMPLICATIONS	There is a requirement to ensure that relevant officers receive appropriate training and that sufficient awareness-raising is undertaken to promote understanding of the processes to be followed to obtain RIPA authorisation. Any costs associated with the above will be met from within existing resources.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	Nil (NOTE: a copy of the Authority RIPA policy can be made available on request)

<p>LIST OF BACKGROUND PAPERS</p>	<ul style="list-style-type: none"> A. Regulation of Investigatory Powers Act 2000. B. Investigatory Powers Act 2016. C. Report DSFRA/14/21 (Regulation of Investigatory Powers Act [RIPA] 2000 – Revised Authority Policy) to the full Authority meeting held on 17 December 2014 (and the Minutes of that meeting). D. Report APRC/15/1 (Regulation of Investigatory Powers Act [RIPA] 2000 - Revised Authority Policy) to the Audit & Performance Review Committee meeting held on 6 February 2015 (and the Minutes of that meeting). E. Report APRC/17/18 (Authority Policy for Regulation of Investigatory Powers Act 2000 [RIPA]) to the Audit & Performance Review Committee meeting held on 12 September 2017 (and the Minutes of that meeting). F. Report APRC/18/9 (Authority Policy for Regulation of Investigatory Powers Act 2000 [RIPA] – outcome of recent inspection) to the Audit & Performance Review Committee meeting held on 26 April 2018 (and the Minutes of that meeting). G. Report APRC/19/9 (Authority Policy for Regulation of Investigatory Powers Act 2000 [RIPA] – Review) to the Audit & Performance Review Committee meeting held on 10 May 2019 (and the Minutes of that meeting).
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1. BACKGROUND

- 1.1. The Regulation of Investigatory Powers Act 2000 (RIPA) sets out a regulatory framework for the use by specified public authorities (including combined fire and rescue authorities such as the Devon & Somerset Fire & Rescue Authority) of covert investigatory techniques which might otherwise infringe legal rights to privacy and respect for family life. RIPA limits authorities to using three, defined covert techniques. Use of any one of these techniques is subject to prior authorisation by an authorising officer or other designated person.
- 1.2. This Authority has no history of using the covert investigatory techniques covered by RIPA and there is no expectation that there will ever be a need to use. Instead, it is considered that all information required by the Authority to discharge its statutory functions can be gathered by non-covert means.
- 1.3. Nonetheless, the Authority is still required to have in place a policy setting out the minimum requirements to be complied with in the unlikely event that it is necessary to use RIPA provisions. The policy is intended to provide protection for the Authority, individual officers using RIPA provisions and those subject to or otherwise affected by the process. The terms of the protection are based on necessity, proportionality and the authorisation given in relation to a particular investigation.
- 1.4. Oversight of the Authority's RIPA policy is delegated to this Committee. In doing so, the Committee is required (by virtue of the various Codes of Practice relating to use of RIPA and associated legislation) to keep the policies and procedures under review and to receive an anonymised report on the use of RIPA during the last twelve months. This report now sets out that information.

2. RIPA AUTHORISATIONS SINCE LAST REVIEW

- 2.1. Since the last report to this Committee (at its meeting on 10 May 2019), there has been no use of RIPA.

3. REVIEW OF AUTHORITY POLICY

- 3.1. Since the last review (as reported to the meeting of the Committee in May of last year), it has not been necessary to amend the Policy in any respect. The last review highlighted that changes were still awaited to the regime to apply to the acquisition of communications data, with the former RIPA provisions to be repealed and replaced with new provisions under the Investigatory Powers Act 2016. While these changes were initially anticipated to have happened by the end of December 2019, in the event they are yet to take place. Up until that point, the RIPA provisions (as reflected in the Authority's policy) remain in force. Once the regime change comes into force, it will be necessary to revise the Authority's policy and this will be reported to the Committee at the appropriate time.
- 3.2. Additionally, following the last review the Committee was advised that, in response representations made by the National Fire Chiefs Council (NFCC), the Investigatory Powers Commissioner's Office had suspended RIPA inspections of fire and rescue authorities pending a decision by the Office for Security and Counter Terrorism (OSCT) on amending the RIPA schedule to remove fire and rescue authorities from the list of public bodies able to use RIPA powers. The RIPA inspection regime remains suspended but as yet there has been no confirmation from the OSCT on the removal of fire and rescue authorities from the RIPA schedule.

4. CONCLUSION

- 4.1. While the Authority has never had recourse to use the type of covert surveillance techniques regulated by RIPA and does not envisage any situation where this would be necessary, it nonetheless takes seriously its commitment to ensuring that, should this ever be necessary, the activities are undertaken in legally compliant manner.
- 4.2. This commitment of the Authority has been recognised in reports from the former Office of the Surveillance Commissioners following previous inspections. Additionally, any recommendations from the previous reports have been actioned and the RIPA policy updated as required to reflect legislative changes.
- 4.3. The outcome of the most recent review has not highlighted any changes required to the policy. The Authority's current RIPA policy and procedures are robust and will ensure that the Authority is fully compliant with RIPA requirements should it ever prove necessary to employ covert surveillance techniques.
- 4.4. The policy will be subject to another review in twelve months' time (as required) and any changes required in the meantime (as might arise from a change in the regime for the acquisition of communications data) will be reported to the Committee as required.

MIKE PEARSON

Director of Governance & Digital Services