



# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

**M. Pearson  
CLERK TO THE AUTHORITY**

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

**(see below)**

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THE KNOWLE  
CLYST ST GEORGE  
EXETER  
DEVON  
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Your ref :  
Our ref : AGC/MP/SS  
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**AUDIT & GOVERNANCE COMMITTEE**  
**(Devon & Somerset Fire & Rescue Authority)**

**Monday, 7th March, 2022**

A meeting of the Audit & Governance Committee will be held on the above date, **commencing at 10.00 am in The Committee Rooms, Somerset House, Devon & Somerset Fire & Rescue Service Headquarters** 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 28 October 2021 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 Devon & Somerset Fire & Rescue Authority External Audit:**

#### **a External Auditor's Annual Report 2020-21 (Pages 5 - 30)**

Under the National Audit Office (NAO) Code of Audit Practice, the Authority's external auditor, Grant Thornton, is required to consider whether the Authority has put into place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditor is no longer required to give a qualified/unqualified opinion on the Value for Money (VFM) conclusion but instead provides a more detailed view of overall arrangements in an Annual Report.

The report categorises the Authority's arrangements under specific criteria, namely:

- Financial sustainability;
- Governance; and
- Improving economy, efficiency and effectiveness.

The external auditor's Annual Report, including their opinion measured against the above criteria, is attached FOR INFORMATION.

#### **b Value for Money (VFM) Extension Letter (Pages 31 - 32)**

The VFM extension letter is attached FOR INFORMATION.

#### **c Informing the Risk Assessment for Devon & Somerset Fire & Rescue Authority (Pages 33 - 68)**

The purpose of this report attached and submitted by the external auditor, Grant Thornton, is to contribute towards the effective two-way communication between Devon and Somerset Fire and Rescue Authority's (the Authority) external auditors and the Authority's Audit and Governance Committee, as 'those charged with governance'.

The report covers some important areas of the auditor risk assessment where the external auditor is required to make inquiries of the Audit and Governance Committee under auditing standards and is submitted FOR INFORMATION..

### **5 2022-23 Internal Audit Plan (Pages 69 - 72)**

Report of the Director of Governance & Digital Services (AGC/22/1) attached.

### **6 Internal Audit Progress Report 2021-22: Quarter 3 (Pages 73 - 84)**

Report of the Director of Governance & Digital Services (AGC/22/2) attached.

### **7 Corporate Risk Register (Pages 85 - 98)**

Report of the Director of Governance & Digital Services (AGC/22/3) attached.

**MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER**

Membership:-

Councillors Healey MBE (Chair), Brazil, Dr. Buchan, Napper, Parker-Khan,  
Prowse (Vice-Chair), Roome and Shayer

## NOTES

### 1. **Access to Information**

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. **Reporting of Meetings**

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. **Declarations of Interests at meetings (Authority Members only)**

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:

- (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.

	<b>NOTES (Continued)</b>
4.	<b><u>Part 2 Reports</u></b> 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.	<b><u>Substitute Members (Committee Meetings only)</u></b> Members are reminded that, in accordance with Standing Orders, 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.
6.	<b><u>Other Attendance at Committees )</u></b> Any Authority Member wishing to attend, in accordance with Standing Orders, a meeting of a Committee of which they are not a Member should contact the Democratic Services Officer (see "please ask for" on the front page of this agenda) in advance of the meeting.

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## **AUDIT & GOVERNANCE COMMITTEE** (Devon & Somerset Fire & Rescue Authority)

28 October 2021

### Present:

Councillors Coles (vice Napper), Healey MBE (Chair), Brazil, Dr. Buchan, Prowse (Vice-Chair), Randall Johnson (vice Parker-Khan), Roome, Shayer and Vjeh

### Apologies:

Councillors Napper and Parker-Khan

#### \* **AGC/21/8**      **Minutes**

**RESOLVED** that the Minutes of the meeting held on 30 July 2021 be signed as a correct record.

#### \* **AGC/21/9**      **Internal Audit Progress Report 2021-22 - Quarter 2**

The Committee received for information a report of the Director of Governance & Digital Services (AGC/21/6) on progress as at Quarter 2 of the current (2021-22) financial year against the previously-approved internal audit plan for that year.

Although recruitment issues had delayed commencement of the approved Plan, it remained on tract for full completion by the end of the financial year. The report provided information on:

- Light Support Fleet final internal audit report. At present, there was limited assurance. Progress had been made and the associated action plan to address issues identified was being progressed, albeit that some of the actions were outside agreed timescales;
- Fitness Testing Assurance draft internal audit report. At present, there was limited assurance albeit that good progress had been made (and continued to be made) between the initial inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HIMCFRS) in 2019 and the subsequent revisit. The Service was optimistic that the cause for concern on fitness testing would be lifted following the recent inspection.

The report also identified planned work to be undertaken during the 2021-22 financial year, either by the internal audit team or by the Devon Audit Partnership.

The Director of Finance & Resourcing (Treasurer) enquired as to when the audit of Personal Protective Equipment (PPE) might be undertaken as this was a fundamental element for the Service and needed to be pursued. The Committee was advised that this work was due for completion in December 2021.

While progress against the approved Internal Audit Plan would be reported to future meetings of this Committee, assurance against those areas identified in the Plan would be addressed and monitored by the respective Committees (e.g. firefighter fitness by the People Committee; effective use of light support fleet by the Resources Committee), in accordance with the revised governance arrangements approved by the Authority at its annual meeting on 29 June 2021.

\* **AGC/21/10**      **Corporate Risk Register**

The Committee received for information a report of the Director of Governance & Digital Services (AGC/21/7) providing an update on the Corporate Risk Register. The Register captured and described the most significant risks, both internally and externally, facing the Devon & Somerset Fire & Rescue Service (“the Service”), with a focus on cross-cutting risks and major projects. The risk management process included the identification, assessment and recording of risks together with mitigating activities.

The Service risk profile had changed significantly since the last reported. The Corporate Risk Register now identified a total of 23 risks, with eight escalated from local risk registers. Two risks on the previous iteration had subsequently been de-escalated to local or thematic risk registers.

Since the last report, the Service had introduced new risk management software (Sharpcloud). This had provided much greater visibility across local, thematic and corporate risk registers and reduced duplication in risks, controls and actions. The benefits of this included automated action tracking, the ability to view the relationships between different risks, controls and actions and the real-time reporting of risk data. This would support the ability of the organisation to use accurate risk information to inform decision making.

The Corporate Risk Register was subject to monthly review by the Service Executive Board and six-monthly review by this Committee.

The Committee asked a number of questions in respect of the Corporate Risk Register, notably on how the Service dealt with its top, large scale risks such as Information Technology (IT) and digital scamming and also on how rising costs were being addressed. The Risk Manager advised that the significant risks such as IT were monitored regularly by Executive Board. The Director of Finance and Resourcing (Treasurer) added that Executive Board was also monitoring the position on inflation and supply chains closely but that some forward purchasing of items such as fuel had given a degree of protection.

The Committee also congratulated the Risk Manager on the work undertaken on the six health and safety corporate risks as identified in paragraphs 7.1 to 7.3 of the report and asked if further workshops were planned. The Risk Manager replied that the operational side of the organisation was closest to the risks and that as a result, the thematic risks were reviewed monthly with the health and safety teams and bi-monthly with the Strategic Safety Committee. It was noted that the addition of a flowchart and/or timelines would assist the Committee in understanding how the Committee managed its risks and the Risk Manager undertook to include this in future reports.



It was also requested that risk management was added as a subject for a future Members' Forum.

\* **AGC/21/11 Devon & Somerset Fire & Rescue Authority Financial Statements 2020-21**

The Committee considered:

- (a). a report of the Director of Finance & Resourcing (Treasurer) (AGC/21/8) to which was appended the Authority's Financial Statements (including a narrative statement and Statement of Accounts) for the financial year ended 31 March 2021; and
- (b). a supplementary report of the Director of Finance & Resourcing (Treasurer) (AGC/21/9) to which was appended revised pages to the Financial Statements identifying minor amendments as required by the external auditor.

**RESOLVED**

- (a). that the amendments to the Authority's final Financial Statements for the year ended 31 March 2021, as shown highlighted in the appendix to report AGC/21/9 and as highlighted by the external auditor at the meeting, be noted; and
- (b). that, subject to incorporation of the amendments, the final Financial Statements be approved and published on the Authority's website alongside the external auditor's final findings, in accordance with the provisions of Regulation 10(1) (as amended by Regulation 10(2)(b)) of the Accounts & Audit Regulations 2015 (as amended).

***(See also Minutes \*AGC/21/12 and \*AGC/21/13 below)***

\* **AGC/21/12 Audit Findings for the Devon & Somerset Fire & Rescue Authority 2020-21**

The Committee received for information a report from the external auditor (Grant Thornton) on its final audit findings on the Authority's Financial Statements for the year ended 31 March 2021. The report updated the findings previously reported to the Committee meeting held on 30 July 2021 (Minute \*AGC/21/3 refers).

Barrie Morriss, representing Grant Thornton, drew attention to the points highlighted at Appendix B of the report in terms of audit adjustments made. He advised that the outstanding issue on the letter of assurance from the Devon Pension Fund had been received now although this had highlighted one issue which had been accepted as an unadjusted error.

Attention was also drawn to the point that the Service had made an advance of £403k as additional pension covering a 3 year period and this should have been accounted for in the General Fund and then released to offset against the Fund as a prepayment but there was a mismatch as this had not happened for two years. As a result, there was £269k overstated in the General Fund. This was below the materiality level and thus, would not impact on the auditor's opinion on the financial statements.

The external auditor anticipated, based on its findings, that it would issue the Authority with an unmodified audit report and that its opinion was that the Authority's Financial Statements:

- gave a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year;
- had been properly prepared in accordance with the CIPFA/ALASAAC code of practice on local authority accounting in the United Kingdom; and
- had been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Appendix E of the Audit Findings also set out the letter explaining the reason for the delay in submission of the Value for Money (VFM) work and Auditor's Annual Report in accordance with the 2020 Code of Audit of Practice. It was anticipated that this work would be completed by 31 December 2021 and thus the report would be submitted to the next meeting of the Committee in January 2022.

*(See also Minute \*AGC/21/11 above and \*AGC/21/13 below).*

\* **AGC/21/13** **2020-21 Letter of Representation**

The Committee considered the Letter of Representation (included with the agenda for the meeting) on the Authority's financial statements for the year ended 31 March 2021.

**RESOLVED** that the Committee Chair and the Director of Finance & Resourcing (Treasurer) be authorised to sign, on behalf of the Authority, the Letter of Representation to the external auditor (Grant Thornton) on the Authority's financial statements for the year ended 31 March 2021.

*(See also Minutes \*AGC/21/11 and \*AGC/21/12 above).*

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

# Auditor's Annual Report on Devon and Somerset Fire and Rescue Authority

Pages  
20-21  
5

January 2021



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Service has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Service's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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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. 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 Service 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.

# Executive summary



## Value for money arrangements and key recommendations

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Fire Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified / unqualified VFM conclusion. Instead, auditors report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in Fire Authority's arrangements identified during the audit.

Auditors are required to report their commentary on the Fire Authority's arrangements under specified criteria. As part of our work, we considered whether there were any risks of significant weakness in the Fire Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our findings are summarised in the table below.

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Criteria	Risk assessment	Finding
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but two improvement recommendation has been made
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but three improvement recommendations have been made
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but two improvement recommendation has been made

	No significant weaknesses in arrangements identified.
	No significant weaknesses in arrangements identified, but improvement recommendations made.
	Significant weakness in arrangements identified and key recommendation made.



### Financial sustainability

The Authority has a good track record of sound financial management and delivered an underspend of £2.33m in year; which is in excess of that forecast throughout the year. This has been largely achieved due to the receipt of additional COVID-19 funding and reduced costs in relation to travel.

The Authority's draft financial statements report that the usable reserves have increased from £38.8m to £46.4m.

Overall we are satisfied that the Authority had appropriate arrangements in place to manage the risks it faced in respect of financial resilience. We have not identified any significant risks of material weakness but have identified opportunities for improvement. These reflect the importance of identifying further savings/income generation schemes and ensuing that these are linked clearly to the safer together programme, and are monitored and reported against separately. This will improve the transparency of reporting and ownership of delivery. Our findings are set out in further detail on pages 5 to 7.



### Governance

Overall, we found no evidence of significant weaknesses in the Fire Authority's governance arrangements for ensuring that it made informed decisions and properly managed its risks. We have identified opportunities for improvement. These are in relation to ensuring the Authority has all performance information in one place to aid decisions making, enhancing the functionality of the Sharp Cloud risk management system and ensuring the Authority's subsidiary company's governance arrangements are continually assessed as it grows and develops. These recommendations are aimed at improving decision making. Our findings are set out in further detail on pages 8 to 10.



### Improving economy, efficiency and effectiveness

We have not identified any risks of significant weaknesses but we have identified areas for improvement. These are in relation to ensuring that partnerships are formally recorded on a register and monitored and that the Authority explores further opportunities to benchmark and learn from other organisations. Our findings are set out in further detail on pages 11 to 14.



## Opinion on the financial statements

We have completed our audit of your financial statements and issued an unqualified audit opinion on 28 October 2021, following the Audit and Governance Committee meeting on 28 October 2021. Our findings are set out in further detail on page 20.



# Commentary on the Service's arrangements to secure economy, efficiency and effectiveness in its use of resources

All Fire and Rescue Services are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Service's responsibilities are set out in Appendix A.

Fire and Rescue Services report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Service has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:

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## Financial sustainability

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



## Governance

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



## Improving economy, efficiency and effectiveness

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



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 5 to 14. Further detail on how we approached our work is included in Appendix B.

# Financial sustainability



## We considered how the Service:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

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## Identifying and addressing financial pressures

Our work has identified that the Authority has robust budget setting, monitoring and reporting arrangements in place, whereby budget holders are challenged on their budgetary requirement each year. This is facilitated through a number of challenge meetings. This ensures that base budgets are not just rolled forward, and that any unrequired budgets, based on prior year outturns and future demands are stripped out. In future years, the Authority aim to enhance this further by using activity-based costing to better understand what drives costs and also implement zero based budgeting.

Our work has identified that despite the uncertainty regarding funding, the Authority has robust arrangements in place for delivering financial sustainability. This is based on a strong and proven track record that has led to savings totalling £13.9m being delivered for the five years to 2020/21.

As part of the financial planning process the Authority undertook scenario planning when looking at key assumptions and therefore presented a range of options to members. These range from a worst case scenario, where council tax increases are frozen, to where council tax is raised in line with National guidance and the assumptions around additional expenditure do not materialise. The Authority have based the medium financial plan around a mid-point of the two which avoids the plan being either overly cautious or optimistic.

The key assumptions that drive costs over the medium term are:

- Pay increases;
- Inflation;
- Pension increases;
- Reduction to one off grant income; and
- Capital investment

We have reviewed the assumptions used by the Authority and, based on the evidence available, these appear to be reasonable. For 2021/22 no pay increase was included based on national guidance. A 1.5% increase has been subsequently announced and adds a further £0.85m cost pressure to the budget gap set out in the Medium Term Financial Plan (MTFP), approved in February 2021.

The MTFP approved in February 2021 sets out a budget gap to 2024/25 of £7.2m. This could rise to £17.3m under the worst case scenario planning and £3.8m under the best case. The latest reporting to the Authority confirms that the current gap has increased to £8.4m from £7.2m due, in the main, to the additional cost pressure set out opposite.

## Bridging the gap and delivering sustainable services

As the Authority has already delivered significant cumulative savings, the opportunities for delivering further meaningful savings becomes increasingly challenging. Under each scenario that challenge is therefore significant. At present progress has not started in identifying savings to close this £7.2m budget gap (although assumptions are prudent). The current budget gap in agreeing the 2022/23 budget is c£6m. We would therefore recommend that realistic and deliverable schemes are identified and implemented at the earliest opportunity to address this gap, as there is often a considerable lead time in achieving cashable savings.

The Safer Together programme aims to align spend to strategic risks. Progress to date includes closing two fire stations, and reducing capacity in others. These service reductions are aligned to service risk.

Based on the actions taken to date, it is clear that the Authority has developed adequate arrangements to make and implement decisions to deliver financial sustainability and are making progress around service transformation aligned to risk.

At present, the Authority do not separately identify and report progress against individual savings programmes. In addition, from our review we noted that the link between the MTFP (budget gap), budgeting process and the Safer Together programme could be made more explicit. For example, by identifying profiled savings schemes that reconcile to the identified budget gaps. This will:

- allow progress against each scheme to be more clearly monitored and reported;
- increase ownership of budget holders; and
- ensure that where service lines underspend the reason is understood and attributable to the schemes identified.

We have therefore made the following improvement recommendations:

- the Authority should progress work at pace to identify schemes to address the future budget gap to prevent the unnecessary use of reserves;
- progress against individual saving schemes identified should be separately monitored and reported, and
- the Authority clearly show the link between the MTFP budget gap and the schemes identified to close that gap through the Safer Together programme to increase the transparency of reporting and ensure accountability and ownership of schemes.

### Consistency with other plans

Due to the significance of staff expenditure in the overall budget, it is important the Authority's workforce plan is aligned to its financial plans. The workforce plan is primarily driven by the retirement profile of the staff which informs the budget planning process. Assumptions around staff costs, including pay inflation, shift patterns, recruitment of apprentice firefighters, requirement for additional capacity in support functions, and vacancy factors are central to the considerations of the annual budget. We have not identified any instances of the budget not being consistent with the workforce plan.

The other significant plan is the Fleet Asset Management Plan which is mostly focussed on the management and replacement of existing vehicle and other fleet assets. The plan factors in whole life costs of replacing assets, rather than just the upfront purchase cost. The Fleet Asset Management Plan is built into the capital budget and strategy alongside plans for larger projects.

The main risk facing the Authority's capital plan is slippage, rather than overspend. In 2020-21, there was estimated slippage of £6.3m to the 2021-22 annual capital budget of £11.2m. This is due to timing differences on delivery.





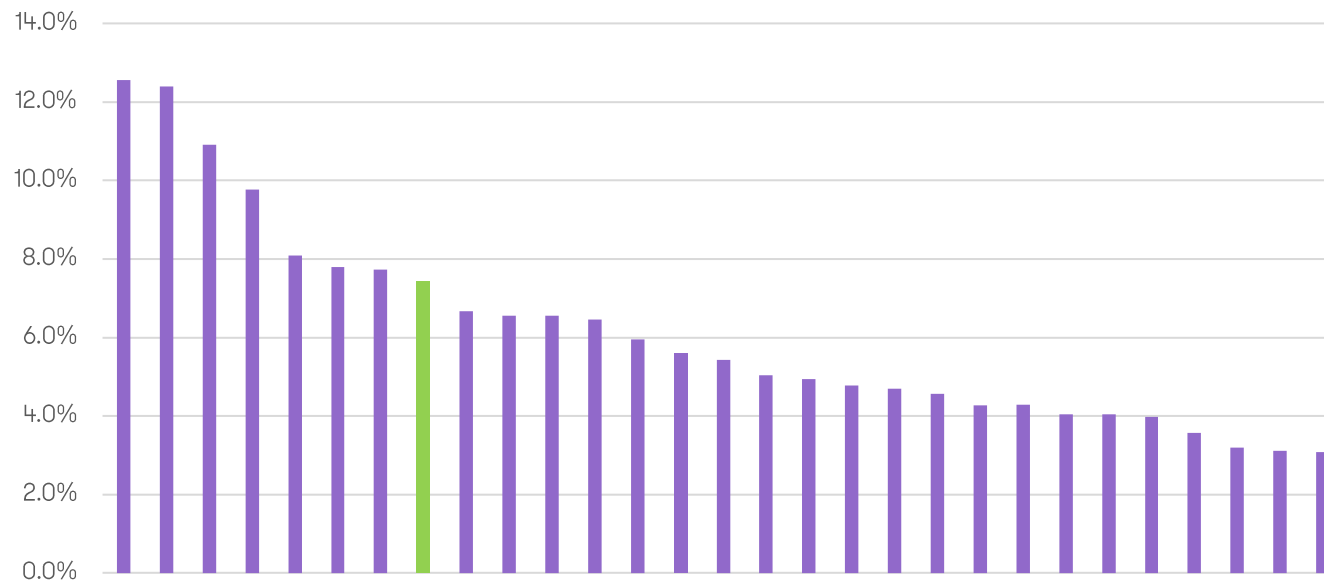
# Financial sustainability

## Managing financial resilience

The General Fund Reserve is to cover uncertainties in future years' budgets such as the possibility of additional savings being required in the future and the potential difficulty in delivering such savings; extraordinary or unforeseen events occurring; potential insurance liabilities; capital commitments in future years, higher than expected inflation and increasing pensions costs

The Authority's Reserves strategy is taken for approval to the Authority meeting each February alongside the budget. The 2020/21 reserves strategy was to have the General Fund Reserve maintained at 5% of the budget. The actual General Fund Reserve balance at 31 March 2021 stood at £5.283m, or 7.1% of gross expenditure on cost of service. This is in the upper third of all 29 English standalone fire authorities, which demonstrates a reasonable level of financial resilience.

General Fund as % of Revenue Budget



It is not possible to build reserves for every uncertainty into the budget and reserves. What the Authority does well, is include some scenario and sensitivity analysis within the budget and MTFP setting out the impact changes to different assumptions, and the impact of this on the budget gap. The medium term financial plan clearly sets out, for the key assumptions (pay, inflation, pensions, reductions in grant income and capital investment) what the budget gap will be for worst, base and best case scenarios. This analysis helps clarify the impact of changes in the assumptions and will aid informed challenge from members of the Authority.

## Summary of findings

Overall, we found no evidence of any significant weaknesses in the Authority's arrangements for ensuring the Authority can continue to deliver financially sustainable services. We have raised two recommendations for improvement for the Authority's consideration.

# Governance



## We considered how the Service:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

## Leadership and committee effectiveness

The Authority is supported by an appropriate committee structure with a committee, with devolved responsibility, for each of the key areas, such as resources, performance, governance and people.

Each of these committees is responsible for delivering and reporting against their specific area. Each committee reports back to the Fire Authority which is the decision making body.

The key committees are:

- Audit and Governance;
- Community Safety (which covers operational performance); and
- People and Resources.

This committee structure is supported by the Authority's leadership and management structure which is at three key levels:

- The executive board;
- The extended leadership team; and
- The service leadership team (departmental heads).

Strategic decisions are made by the Authority. These are discussed at an Executive level prior to presentation to the Authority or the relevant committee.

Key officers, such as the Director of Finance and Resources and the Director of Governance (monitoring Officer), sit on both the executive board and the extended leadership team. This ensures that decision making is appropriately supported and that due consideration is given to finance and legality issues.

The Audit and Governance Committee demonstrates appropriate challenge of financial and non-financial items. The Committee contains members with financial knowledge to provide appropriate challenge on these items.

We have reviewed examples of reports prepared for the Authority to support the making of strategic decisions. For example, these included reports to support the decisions to close two fire stations, and reducing capacity in others. These service reductions are aligned to service risk through the safer together programme.

The reports included sufficient background information, consideration of options using financial and qualitative information, documented the business risks of the options, before making clear recommendations supported by the underlying evidence. We consider the information provided to members is of a good quality and supports informed decision making.

As part of our review we noted that at present the Authority receives separate reports from each committee. Whilst these contain the information required to make informed decisions, an integrated report covering key areas would help to streamline the process and ensure that all relevant information is in one place.

We have therefore recommended that the Authority consider implementing an overall integrated performance report. This could be completed at a high level using graphical information to show performance against key metrics and direction of travel. This would give a useful executive summary to the Fire Authority.

We also noted that Red One Limited does not appear on the risk register. As the company grows, the Authority should consider adding this to ensure that appropriate risks are identified and mitigating actions put in place and the governance arrangements remain appropriate.

# Governance

## Budget setting, control and monitoring

The Authority has demonstrated that they have an appropriate annual budget setting process in place. Key stakeholders are involved in the process, which includes timely approvals and budget reviews. Service activity against plan are presented and integrated into the budget and then into monthly performance reports to allow review and challenge and quarterly financial reporting on the budget versus outturn position to senior management and Those Charged with Governance (TCWG). The budget plan is supported with comprehensive medium term financial plans with budget setting principles informed by the medium-term strategy and engagement with external stakeholders.

Reports with sufficient detail are taken to each Resources Committee meeting for discussion amongst members. Service activity is presented to the Community Safety Committee on a quarterly basis separate to the financial monitoring reports. Since demand-led expenditure is not significant, this approach is reasonable. Where financial variances relate to higher activity, these are explained in the financial monitoring reports, allowing members to make the link between the two, although integrated reporting would make this more clear. We note that the appropriate policies and procedures are in place with regard to budget setting, financial management, and reporting.

Over recent years, the Authority has broadly operated within its financial envelope, which reflects good financial planning and management.

This process has been further enhanced as part of 2021/22 budget setting process. This has been aimed at ensuring that initial budget requests are better aligned to priority areas and that 'invest to save' schemes have been considered. Budget holders have also been asked to consider the impact on service provision of any planned discontinuation of service.

## Risk management

We have reviewed the processes the Authority has in place to assess and monitor risk.

Risk registers are provided to numerous committees including Authority meetings, Audit and Governance, and executive team meetings. These risk reports are then used to inform the budget planning process.

Going forward, there are plans to ensure that each risk has the financial implications individually identified against them. This will help to further inform budget allocations and ensure there is a clear link between risks and financial decisions.

As part of the risk management framework, net red (high risk) are reviewed and updated monthly, amber (medium risk) reviewed quarterly and green (low risk) reviewed annually.

The Authority have held various training sessions with officers and members regarding the risk management process and system as well as holding risk discovery workshops.

The 2018/19 HMICFRS inspection report commented that the Authority had an innovative approach by linking risks to organisational plans and resource allocation, but there needed to be better reporting of risk escalation, risk score and direction of travel.

Since this report the Authority has been working to address this and has learnt from other organisations in how to improve this area. A new system has been implemented (SharpCloud) to help facilitate this, based on the experience of other organisations. This system is far more visual than traditional excel based tools and brings risk to life – showing how the risks link to each other. Discussions with the Authority's Risk Manager has highlighted that members and officers alike have been really impressed with the system and that this has facilitated an increased level of engagement.

The system also allows reporting to be far more concise with key risks being able to be included on a one-page summary. As part of our review, we explored the system and in particular the linkages between risks, the impact, the controls that are in place and the actions that are being taken.

As part of our review, we traced a known risk that was flagged as an area of concern by the 2018/19 inspection report. This was in relation to fire fighter fitness tests. Our work found that the risk was included on the system (CR071). In real time we were able to drill down into this risk and clearly see the impact assessment, the controls in place and the actions taken.

# Governance



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Whilst undertaking this review we noted that it would be beneficial if the impact boxes depicted a scale. This would allow review to be focused on the most severe impacts to see the linkages to controls and actions.

In addition, risks could be aggregated based on the relationships to see which have the most interdependences and how controls map to these. This would help the organisation really understand what are its key controls.

We have raised these as improvement recommendations.

We also note that Internal Audit are due to undertake a review of risk management in January 2022.

## Policies, procedures and controls

There are various policies and procedures in place which monitor and ensure compliance with legislation and regulatory standards. The website has a section with a list of policies, which include all key policies that we would expect to see, including a Constitution.

Internal audit is provided by Devon Audit Partnership and their original plan for 2020/21 proposed to cover various reviews across governance risk and legality, finance and resources, performance and operational compliance. The plan needed to be revised in light of Covid-19 but they were still able to produce several reports and focussed on undertaking sufficient work to be able to provide their Head of Internal Opinion. This concluded that, overall, there was a reasonable level of internal control. Their report on the key financial systems also concluded that there was reasonable assurance.

In respect to the prevention and detection of fraud, the Authority has an Anti-Fraud Policy, Whistleblowing Policy, as well as a Code of Conduct for Authority Members. This is based on the Seven Principles of Public life (Nolan Principles). There is also a gifts and hospitality policy and a standing item in all Authority and committee meetings to disclose pecuniary and non-pecuniary interests relating to matters on the agenda. These are recorded on the Register of Interests, along with any other interests, including directorships, that have already been declared, as required by the Code of Conduct.

The Authority also took part in the National Fraud Initiative which is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. These policies, and participation in the National Fraud Initiative, taken as a whole reflect a strong institutional response to reducing instances of fraud.

## Treasury Management

The Treasury Management Policy and Strategy is refreshed and approved annually by the Authority alongside the budget in February. This includes a Treasury Management Policy Statement, Annual Investment Strategy, and Minimum Revenue Provision (MRP) policy as well as capital plans. A mid-year Treasury Management report is taken to the relevant Authority meeting and informs the Authority on the progress of the capital position, updates prudential indicators as necessary, and whether the actual execution of treasury management is in line with the strategy or whether any policies need revision.

## Finance team capacity

There has been good continuity and stability in the finance team over the last couple of years. Whilst it is a small team, there is no evidence of a lack of capacity with budget monitoring and annual accounts being completed to an overall high standard. There is no evidence of serious or pervasive weaknesses in the Authority's processes for preparing its financial statements. This is detailed further in the 'Opinion on the financial statements' section of this report. Unmodified audit opinions have been issued on the 2020/21 and previous financial statements.

## Summary of findings

**Overall, we found no evidence of any significant weaknesses in the Authority's arrangements for ensuring that it makes informed decisions and properly manages its risks. We have made three improvement recommendations in relation to risk management and overall integrated performance reporting.**

# Improving economy, efficiency and effectiveness



## We considered how the Service:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

## Identifying areas for improvement

The community risk management plan is the key strategic plan of the Authority. The Authority's strategic plan (2018-22) was put together using past data and listening to what partners and those that live in Devon and Somerset have fed back. The 2022-27 plan is currently out for consultation.

Based on this, the Authority has sought to identify the key fire and rescue-related risks and how they will work with partners and communities to reduce those risks.

The 2018-22 Fire and Rescue Plan identified six areas of focus and a number of changes and improvements have been made as a result of these. For example:

**Service Delivery** – the Authority developed and implemented a new service delivery model. This involved investment of c £3million into the 'on-call model'. The aim of this is to support the Authority in better matching resources to risk. This has resulted in a number of service changes and a reduction in stations and fire appliances. This has resulted in a reduction in cost whilst maintaining operational cover.

**People** – the Authority has developed a people strategy and established a workforce plan to support new ways of working including improved leadership and management development, new apprenticeship opportunities and encouraging diversity and inclusivity in the workforce.

**VFM** – the Authority has ensured that service changes are supported by clearly identified cost-benefit analysis.

**Governance** – the Authority has improved operational data capture through the use of a single operational reporting tool.

**Digital** – Due to COVID-19 the Authority has made more extensive use of video conferencing.

**Collaboration** – Using the work the Offices for Data Analytics the Authority has developed an analytical model to predict locations with an increased risk of dwelling fires. The Authority aim to share this data with other public sector organisations to improve services.

The service has a system in place to evaluate operational performance. It also has an operational assurance process in place. This enables staff to provide feedback and share learning from incidents they have attended. All staff can get information to see what action the service has taken. The operational assurance team oversees the process and monitors the information submitted. Any learning from operational debriefs is shared across the service as a matter of course.

Performance reporting is undertaken at a committee level. For example, resources covers finance, people committee covers human resources and the community safety committee more service related performance. Each committee reports back to the Authority who are the key decision maker. An improvement recommendation has been raised within the Governance section of our report that there is no overall integrated reporting. The Authority would benefit from undertaking this, at a high level, utilising graphical information to show performance against key metrics and direction of travel.

The Procurement department carry out some benchmarking on a basket of goods. However, most items are purchased through frameworks, such as fleet and uniforms, as there is not much competition in these areas. Discussion with officers has confirmed that benchmarking in other areas is limited. The Authority do look to learn and share with other organisations. For example, the Authority lead on 'on call pay' and allocating resources by risk. There does however appear to be more scope to learn from other organisations and benchmark in key areas. We recommend that the Authority consider the scope of benchmarking within its overall performance management.



# Improving economy, efficiency and effectiveness

There is clear evidence through the Safer Together programme that the Authority are considering lower cost options and more efficient ways of delivering services. This is largely through aligning resources to risks.

For example, in Sidmouth there were two engines that were operating day and night. Based on the risk assessment one is now not manned during the day to save resource and then manned during the evening when people are at home and the risk is greater.

On call pay is a further example where pay costs have been reduced. Firefighters are now 'on call' and are expected to turn up when there is an incident. Previously all firefighters would have presented and the first six would have been deployed. This change also has wider benefits in that it gives more certainty to second employers and reduces the Authority's carbon footprint.

## Inspection reports

The latest inspection report was published in 2018/19. This assessed the Authority as 'good' for effectiveness and 'requires improvement' for efficiency and people.

There were a number of recommendations made, against which progress is being made.

The report also raised one area for concern (fitness testing). The Authority have put together an action plan for each point and this is regularly monitored. A follow visit on the area of concerns has been undertaken and progress noted, however, this concluded that work is still required. We note that the Authority are currently being inspected, with results due in January 2022.



## Working with others

There is evidence of collaboration and partnership working at both operational and strategic levels.

Most of the Authority's partnerships are with other blue light services. Examples of key partnerships are:

- The Authority has formed a partnership with Hampshire and Dorset & Wiltshire Fire and Rescue Services: The Networked Fire Services Partnership (NFSP). This partnership aims to provide effective joint working across the services. As part of NFSP arrangements, the three services can receive and manage emergency calls in any of their areas. This ensures that fire control staff handle emergency calls in the shortest time possible. In addition, the partnership allows the quickest appliance from any service to be mobilised to incidents. All three services can provide immediate support in a major incident or when call numbers rise due to exceptional weather (like flooding).
- The Authority has a key role in the Southwest Emergency Services Forum, establishing Community Responders (on-call firefighters who are also special constables) at three locations in Devon, with the ability to deliver a wider range of services at an overall reduced cost to the public,
- The Authority has an ongoing partnership with the Southwest Ambulance Service NHS Foundation Trust whom they supported during the COVID-19 pandemic by providing drivers for ambulances. This was a charged service.

The Performance of partnerships is fed back through the normal committee reporting structure as they underpin service delivery.

At present, the Authority do not have a formal partnership register. This would be helpful for the Authority to implement so that they can fully understand all partnerships and the value that they add. This would also help to identify where partnerships are not performing and where the costs are out-weighing the benefits.

We therefore recommend that the Authority implement a partnership register.

# Improving economy, efficiency and effectiveness

## Procurement

The Authority has a Procurement Strategy in place which sets out a framework to achieve compliant procurement throughout the Authority.

The Authority's website has a section on procurement which details its approach to procurement publicly, which demonstrates its commitment to operate with fairness and openness. The website also sets out where suppliers can access the Authority's:

- Corporate Procurement Strategy;
- Equalities in procurement documentation; and
- Social Value Framework.

Large areas of spend, such as uniforms and vehicles, are procured through a National framework. Each Fire and Rescue Authority leads one particular area. For Devon and Somerset Fire and Rescue Authority this is vehicles.

There is evidence that the Authority consider lower cost options, but also where value can be added. For example, the Authority complete all fleet maintenance internally (apart from leased vehicles) as this is a lower cost option.

There are, however, areas where the Authority have outsourced service provision. Key areas where this is the case are:

- Payroll (Midland HR);
- Pensions (West Yorkshire); and
- Occupational Health.

Where services are outsourced there are appropriate arrangements in place to monitor the performance of suppliers. This is undertaken through quarterly performance meetings.

The Authority has a subsidiary training company 'Red One Limited', that continues to grow. Within the governance section of this report we have made a recommendation around ensuring that governance arrangements remain appropriate as the company continues to grow. Due to this growth, it is likely that the Authority will be required to prepare group accounts for the first time in 2021/22. We have held initial discussions with the finance team regarding this development and will continue to work closely with them to ensure this process runs smoothly.



The Authority has a significant capital programme, which is largely made up of fleet and building work.

Capital expenditure against budget is reported quarterly in the Financial Monitoring Reports to resources committee. At these meetings changes to the capital programme are approved and then taken back to the Authority.

At present there is c£2m slippage on delivering the programme. Discussions with the Head of Finance have highlighted that this is not an indication of failure to manage capital projects but rather the Authority considering the most cost effective options in relation to the improvements required at the Camels Head Fire Station in Plymouth.

## Summary of findings

**Overall, we found no evidence of any significant weaknesses in the Authority's arrangements for improving the way the Authority delivers its services but have included two improvement recommendations for the Authority's consideration.**

# COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how services are delivered.

We have considered how the Authority's arrangements have adapted to respond to the new risks they are facing.

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## Financial sustainability

In August 2020, HMICFRS were commissioned by the Home Secretary to inspect how fire and rescue services in England are responding to the COVID-19 pandemic. Their report concluded the Authority had made robust and realistic calculations of the extra costs it has faced during the pandemic. Specific cost centre codes were created to capture the actual spend against their forecasts. In 2020-21, the Authority received COVID-19 grant funding of around £1.6m, of which £1.3m was spent on additional staff costs, cleaning and decontamination supplies, remote working equipment, and personal protective equipment (PPE) by the end of the year. Therefore, the Authority did not have to use any of its own reserves to meet the extra costs that arose in this period.

## Governance

Following the national lockdown, face to face meetings were cancelled between mid March and July 2020. Authority and committee meetings then moved to video conferencing and took place remotely for the rest of the year. There is evidence within Authority and Committee meeting minutes, and HMICFRS report that appropriate levels of scrutiny and challenge continued to be applied by members.

The HMICFRS COVID-19 inspection report concluded that members of the Authority were actively engaged in discussions with the Chief Fire Officer and the service on the Authority's ability to discharge its statutory functions during the pandemic. The service regularly updated the Authority about how it was responding to the pandemic and the extra activities of its staff.

The corporate risk register was updated to ensure COVID-19 related risk, or existing risks impacted by COVID-19 were recorded appropriately, mitigated where appropriate and monitored. All office-based staff were provided with the necessary equipment to work from home, enabling a smooth transition to remote working where this was possible. Home-based working has continued throughout the pandemic, and the Authority has not seen a significant impact on productivity as a result. Requiring staff to work from home also supported the Authority's protection of its frontline staff.

## Improving economy, efficiency and effectiveness

During pandemic the authority supported both of the Local Resilience Forums (LRF) which they are active members of. These are the Avon and Somerset LRF and the Devon, Cornwall and the Isles of Scilly LRF, to whom the service seconded a principal officer to during the pandemic.

There were fewer incidents during the initial phase of the pandemic. Response times have been largely unaffected by the pandemic. This was helped by low levels of sickness (9% lower than the prior period).

The Authority have developed a number of strong partnerships that provide additional resilience and helped the overall response to the pandemic. For example, the partnership with the South West Ambulance Service where driving support was provided and the partnership with Dorset, Wiltshire and Hampshire which provides additional cover should this be required.

The service also supported the National Fire Chiefs Council and were instrumental in developing guidance to pay protect on-call firefighters.

## Summary of findings

Overall, we found no evidence of any significant weaknesses in the Authority's arrangements adapted to respond to the new risks they are facing as a result of COVID-19.





# Improvement recommendations



## Financial sustainability

<b>1 Recommendation</b>	The Authority should progress work at pace to identify schemes to address the future budget gap to prevent the unnecessary use of reserves.
<b>Why/impact</b>	<p>The MTFP approved in February 2021 sets out a budget gap to 2024/25 of £7.2m. At the time it was reported that this could rise to £17.3m under the worst case scenario planning and £3.8m under the best case.</p> <p>As the Authority has already delivered significant cumulative savings, the opportunities for delivering further meaningful savings becomes increasingly challenging. At present progress has not started in identifying savings to close this budget gap (although assumptions are prudent).</p>
<b>Management comment</b>	Agreed: The Authority and Executive Board have agreed that in early 22/23 a multi-year efficiency programme will be developed to achieve long term sustainability. This will include estate and workforce rationalisation underpinned by the creation of a, 'cost conscience culture.' The scale of efficiencies needed will remain under review via annual updates to the Medium-Term Financial Plan.
<b>Recommendation</b>	<p>Progress against individual saving schemes identified should be separately monitored and reported against.</p> <p>In addition the Authority should clearly show the link between the MTFP budget gap and the schemes identified to address this through the Safer Together programme. This to increase the transparency of reporting and ensure accountability and ownership of schemes.</p>
<b>Why/impact</b>	<p>From our review we noted that the link between the MTFP (budget gap), budgeting process and the Safer Together programme could be made more explicit. For example, by identifying profiled savings schemes that reconcile to the identified budget gaps. This will:</p> <ul style="list-style-type: none"> <li>allow progress against each scheme to be more clearly monitored and reported;</li> <li>increase ownership of budget holders; and</li> <li>ensure that where service lines underspend the reason is understood and attributable to the schemes identified.</li> </ul>
<b>Management comment</b>	Agreed: The Executive Board have agreed and the 22/23 efficiency programme (referenced in 1 above) will be managed within the Portfolio Office with designated Project Manager support. Delivery against each saving scheme will be monitored and reported on monthly.



# Improvement recommendations

## Governance

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<b>1 Recommendation</b>	We recommend that the Authority consider implementing an overall integrated performance report. This could be completed at a high level using
<b>Why/impact</b>	A high level integrated performance report using graphical representation to show performance against key metrics and direction of travel would give a useful executive summary to the Fire Authority and help to streamline the process and ensure that all relevant information is in one place.
<b>Management comment</b>	Agreed: The development and implementation of InPhase will enable the ability to link all of the Authority's performance metrics and the interdependencies. This will drive greater visibility of how one performance measure enhances or impacts on other key performance areas and will support the development of an integrated performance report.
<b>Recommendation</b>	The Authority should consider adding scores to the impact boxes within SharpCloud. In addition the Authority should consider aggregating risks on the level of interdependences.
<b>Why/impact</b>	This would allow review to be focused on the risks with the most severe impact and would allow the Authority to clearly see the linkages to controls and actions. In addition, aggregation of risks based on the number of interdependences would allow the Authority to clearly see how controls map to these. This would help the Authority really understand what are its key controls.
<b>Management comment</b>	<p>Agreed: The Risk Manager will work with Executive Board risk owners to adopt the practice of including impact scores when a risk is added to the corporate risk register.</p> <p>The recommendation to aggregate risks and controls based on the number of interdependences will be added to the corporate risk report and form part of the Authority's risk management strategy.</p> <p>Additionally, work is underway to financially quantify risks (where this can be established) and link these to our forecasts. Risks where the likelihood of crystallising are in excess of 50% will feature within forecasts whereas those below will be reported within departmental risk registers</p>

# Improvement recommendations



## Governance

**3 Recommendation** We recommend that the Authority consider adding Red One Limited to the risk register.

**Why/impact** As the company continues to grow it is important that governance arrangements remain under constant review to ensure they remain appropriate.

**Management comment** Agreed: The Authority recognises the increasing importance of Red1 to the Group (e.g. the growing size of the organisation is material for consolidation; Red 1's contribution to the Services' capital expenditure etc.) and, as such, will be monitored on the Corporate Risk Register.

# Improvement recommendations



## Improving economy, efficiency and effectiveness

**1 Recommendation** We recommend that the Authority implement a formal partnership register.

### Why/impact

The Performance of partnerships is fed back the normal committee reporting structure as they underpin service delivery.

At present the Authority do not have a formal partnership register. This would be helpful for the Authority to implement so that they can fully understand all partnerships and the value that they add. This would also help to identify where partnerships are not performing and where the costs are out weighing the benefits.

### Management comment

Agreed: The Authority has in place a partnership framework and we will review the extent to which the framework is being effectively applied.

**2 Recommendation** We recommend that the Authority consider the scope of benchmarking and learning from other organisations within its overall performance management.

### Why/impact

There appears to be more scope to learn from other organisations and benchmark in key areas. This will help the Authority improve its performance in key areas and potentially identify new ways of working.

### Management comment

Agreed: The introduction of Power-Bi will enable the service to review other services' data as well as draw information from HMICFRS inspections of other services and the annual State of Fire report which will highlight best practice across the sector. Using the Authority's new performance systems as well as data from Chartered Institute of Public Finance and Accountancy (CIPFA) will enable the ability to drive performance and maintain a view on national performance for best practice and learning.



The range of recommendations that external auditors can make is explained in Appendix C.

# Opinion on the financial statements



## Audit opinion on the financial statements

We gave an unqualified opinion on the financial statements on 28 October 2021.

## Other opinion/key findings

We issued unmodified opinions in respect of other information.

We did not report any matters by exception.

## Audit Findings Report

More detailed findings can be found in our Audit Findings Report (ISA260) which was published and reported to the Authority's Audit and Governance Committee on 30 July 2021 and then subsequently on 28 October 2021.

## Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Authority. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

We are not able to complete the work required to issue the WGA Component Assurance until guidance is available from HM Treasury. We therefore continue to be unable to certify the completion of the audit for 2020-21.

## Preparation of the accounts

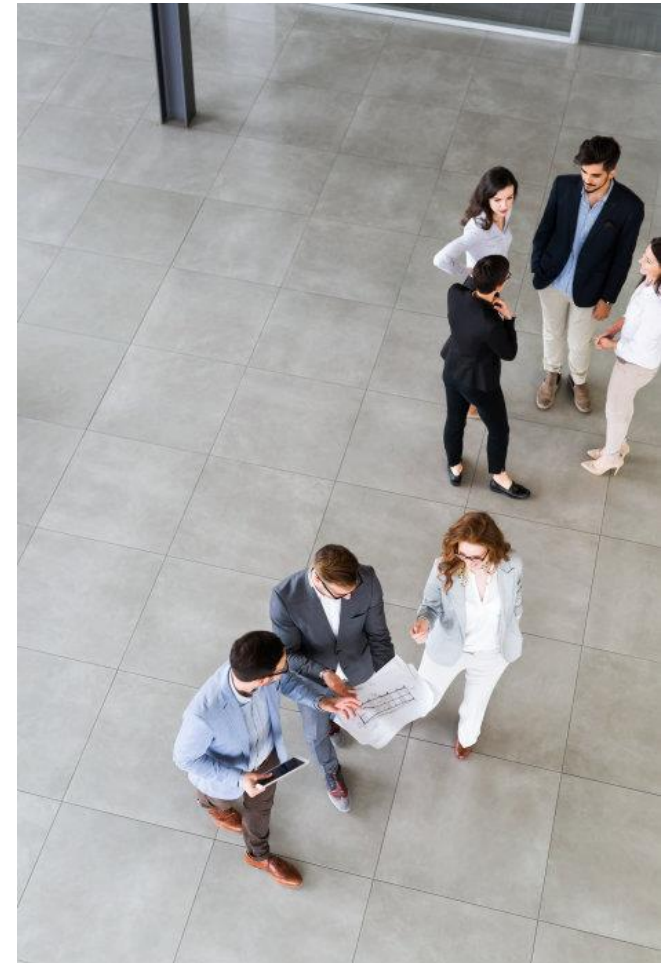
The Authority provided draft accounts in line with the national deadline and provided a good set of working papers to support it.

## Findings arising from the accounts:

- A recommendation was made in relation to controls around the approval journals
- We did not identify any adjustments to the financial statements that resulted in an adjustment to the Authority's Comprehensive Income and Expenditure Statement.
- We identified some improvements that were required to disclosures within the financial statements.

## Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation.



# Appendices



# Appendix A - Responsibilities of the Fire and Rescue Service



## Role of the accountable officer:

- Preparation of the statement of accounts
- Assessing the Service's ability to continue to operate as a going concern

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

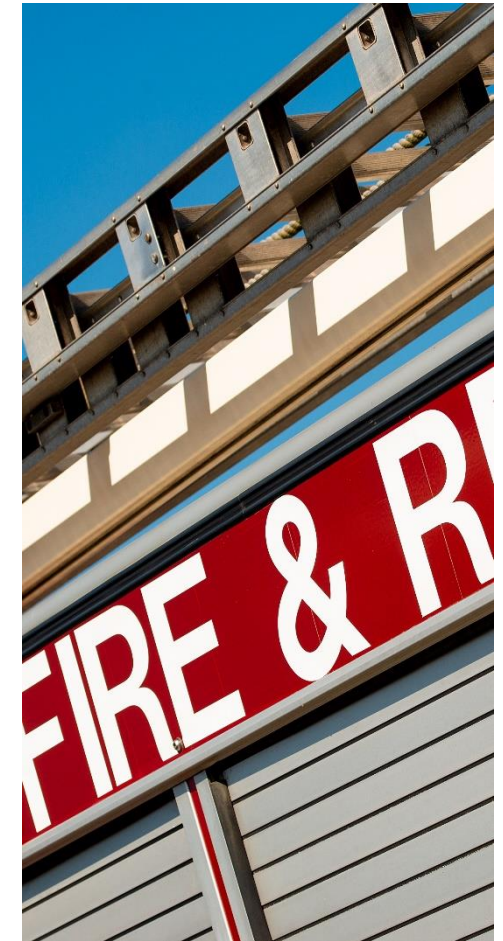
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Service's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Service will no longer be provided.

The Service is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B - Risks of significant weaknesses - our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Service's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
Page 26 Financial sustainability was identified as a potential significant weakness within our Audit Plan.	<p>In response to this risk, we have reviewed progress of the Safer Together programme and closing the £7.2m budget gap to 2024/25.</p> <p>Further to this we have:</p> <ul style="list-style-type: none"> <li>discussed financial sustainability with senior management within the Authority;</li> <li>reviewed the key assumptions that underpin the 2021/22 medium term financial plan;</li> <li>reviewed in year financial reporting and the outturn position; and</li> <li>reviewed the general arrangements underpinning financial management.</li> </ul>	<p>Like all public sector bodies the Authority faces a financial challenge over the medium term. However, our work found that the Authority has robust arrangements in place to deliver financial sustainability.</p> <p>The Authority have clearly identified the budget gap over the medium term and are due start progress to develop schemes to address this.</p>	<p>Whilst our work has not identified any risks of significant weaknesses in arrangements we have identified 2 improvement recommendations. The details of these are set out in the financial sustainability section of this report.</p>



# Appendix C - An explanatory note on recommendations

A range of different recommendations can be raised by the Service's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Service under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Service to discuss and respond publicly to the report.	No	Not applicable
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Service. We have defined these recommendations as 'key recommendations'.	No	Not applicable
Improvement	These recommendations, if implemented should improve the arrangements in place at the Service, but are not a result of identifying significant weaknesses in the Service's arrangements.	Yes	Pages 15 - 17

# Appendix D - Use of formal auditor's powers

We bring the following matters to your attention:

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any statutory recommendation.

## Public interest report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue any public interest reports.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not issue any applications to the Court.

## Advisory notice

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

We did not issue any advisory notices.

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not issue any judicial reviews.



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Our ref: DSFRA/BM/VM2021/FEB

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18 February 2022

Dear Councillor Healey

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

We communicated to you in our Audit Findings Report on 28 October 2021 that we expected to publish our Auditor's Annual Report, including our commentary on arrangements to secure value for money, no later than 3 months after the audit opinion was issued, 28 January 2022. We have not been able to issue our Auditor's Annual Report by this date as we were discussing and agreeing the findings with management. Our report has now been published and will be presented to the 7 March 2022 Audit and Governance Committee.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Barrie Morris

Director

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# Informing the audit risk assessment for Devon and Somerset Fire and Rescue Authority 2021/22

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Agenda Item 4c

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



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## Purpose

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

## Background

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

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

## Group

In 2021/22 the Authority will be preparing Group Accounts for the first time. We complete a separate risk assessment for the group financial statements, as well as the Authority's financial statements, so we have requested a response for both the group and the Authority to each question.

## Purpose

### Communication

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

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern and Accounting Estimates.

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

## General Enquiries of Management

Question	Management response - Authority	Management response - Group
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2021/22?</p>	<p>Moving to Group Accounts for the first time for 2021/22. We are in the process of preparing a 'skeleton' set to assist. We are also moving to producing the Accounts in Word rather than Excel.</p>	<p>The same.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by the Authority? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>Yes Preparation for IAS19 Lease Accounting commenced but may be deferred</p>	<p>Yes.</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>Classified as Financial Instruments in Accounts are Investments, Cash and Cash equivalents, Debtors, Borrowings, Finance Leases and Creditors. Derivatives are not used.</p>	<p>No additional issue considered for Red One.</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>No.</p>	<p>No.</p>

## General Enquiries of Management

Question	Management response - Authority	Management response - Group
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No – potential impact on asset values assessed as immaterial due to valuation method (DRC).	Red One own very few non-current assets.
6. Are you aware of any guarantee contracts? If so, please provide further details	Red One – standard contractual requirement for the parent (the Fire Authority) to fulfil the contract at Hinkley Point C in the event that Red One is unable to.	N/A
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	None	None
8. Other than in house solicitors, can you provide details of those solicitors utilised by the Authority during the year. Please indicate where they are working on open litigation or contingencies from prior years?	We don't have any in-house solicitors. We procure legal advice as necessary from either Plymouth or Cornwall under SLAs we have in place with them.	None.

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## General Enquiries of Management

Question	Management response - Authority	Management response - Group
9. Have any of the Devon and Somerset Fire and Rescue Authority's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No.	No.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Estate Agents – disposal of former fire station site.	None additional.
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details (could you include details around Red One and expected credit loss please).	None. Red One are paying off the legacy debt at a value of just under £14K per month. There is no expected credit loss resulting from Red One at this stage.	None. Invoices paid as and when they fall due. Credit terms agreed in Feb 2021 to be 9 months. Any invoices raised after this date has been paid when due.

# Fraud Issue

## Matters in relation to fraud

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

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

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

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

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

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

# Fraud risk assessment

Question	Management response - Authority	Management response - Group
<p>1. Has Devon and Somerset Fire and Rescue Authority assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Authority's risk management processes link to financial reporting?</p>	<p>Yes</p> <p>The Authority has in place a Strategy for the Prevention and Detection of Fraud and Corruption and a Whistleblowing Policy. These are reviewed at least annually, published on the Authority's intranet and internet and drawn to the attention of staff twice yearly.</p> <p>Representation on the Corporate Governance Group of staff from Risk and Insurance Team and Finance.</p> <p>Where risks are identified which cannot be immediately mitigated these are monitored via departmental risk registers and internal/external audit function. A process exists to escalate any corporate risks to senior management and A&amp;G committee.</p>	<p>N/A</p>



## Fraud risk assessment

Question	Management response - Authority	Management response - Group
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Payroll costs relating to On Call staff, approx. £13m per annum, includes some elements that are paid by claims on a pay-as-you-go basis.</p> <p>Without robust internal control arrangements this area of spend could be subject to abuse from fraud.</p> <p>The Authority is regularly targeted by bogus emails regarding cash transfers and change to supplier account details. Effective internal processes are in place to ensure that these are identified and challenged.</p>	<p>N/A</p>
<p>Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Devon and Somerset Fire and Rescue Authority as a whole, or within specific departments since 1 April 2021? If so, please provide details</p>	<p>No</p> <p>The Strategy on Prevention and Detection of Fraud and Corruption Document includes reporting arrangements for cases of suspected fraud, including reporting to Members of the Authority.</p> <p>Internal Audit reports to the Audit and Governance Committee will include any suspected fraud cases.</p> <p>A process exists to escalate any corporate risks to senior management and A&amp; G committee.</p>	<p>No.</p>

## Fraud risk assessment

Question	Management response - Authority	Management response - Group
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Issues are discussed and escalated to Executive Board if necessary. The Treasurer or Clerk will report to A &amp;G committee if required.</p>	<p>N/A</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Devon and Somerset Fire and Rescue Authority where fraud is more likely to occur?</p>	<p>Payroll costs – subject to internal and external audit regime including the sign off of transactions and claims.</p> <p>Supplier bank details – process in place to ensure change requests are confirmed externally before being actioned, subject to internal audit.</p> <p>No</p>	<p>N/A</p>

## Fraud risk assessment

Question	Management response - Authority	Management response - Group
<p>6. What processes do Devon and Somerset Fire and Rescue Authority have in place to identify and respond to risks of fraud?</p> <p>Page 45</p>	<ul style="list-style-type: none"> <li>• Strategy for the Detection of Fraud and Corruption.</li> <li>• Whistleblowing Code (Confidential Reporting Policy).</li> <li>• National Fraud Initiative.</li> <li>• Risk and Insurance Officer.</li> <li>• Appointment of Statutory Officers of Treasurer and Monitoring Officer.</li> <li>• Internal and External Audit scrutiny.</li> <li>• Periodic review of anti-fraud and corruption arrangements.</li> <li>• Budget monitoring.</li> <li>• Appropriate controls to enforce segregation of duties.</li> <li>• Relevant training and awareness raising for managers and other staff.</li> <li>• Publication of Transparency Fraud Report.</li> </ul>	<p>N/A</p>

# Fraud risk assessment

Question	Management response - Authority	Management response - Group
<p>7. How do you assess the overall control environment for Devon and Somerset Fire and Rescue Authority, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>Are internal controls not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Annual review of Authority Governance Documents, including Strategy on the Prevention and Detection of fraud and corruption.</p> <p>Monitoring of issues of fraud and corruption identified through the work of the Insurance and Risk Team, membership of Anti-fraud networks including notifications provided by our Internal Auditors, participation in the National Fraud Initiative.</p> <p>Periodic review of Anti-Fraud and Corruption arrangements.</p> <p>Recognised process in place when notified of Supplier bank changes.</p> <p>Information Assurance and ICT security functions ensure internal communications are made available regarding phishing emails, of which there is an increasing frequency.</p> <p>No</p>	<p>N/A</p>

# Fraud risk assessment

Question	Management response - Authority	Management response - Group
8. Are there any areas where there is potential for misreporting? If so, please provide details	No	N/A

# Fraud risk assessment

Question	Management response - Authority	Management response - Group
<p>9. How does Devon and Somerset Fire and Rescue Authority communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details.</p>	<p>Corporate Governance Code Members Code of Conduct. Employee Code of Conduct Management and professional training. Publication of Core Values and development of underpinning behavioural expectations through the appraisal process</p> <p>Strategy on the Prevention and Detection of Fraud and Corruption encouraging high standards of conduct and integrity. Whistleblowing Code.</p> <p>Outlined in Strategy</p>	N/A
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>We have not identified any high-risk posts due to separation of duties within financial transaction systems and declarations of interests</p> <p>As above.</p>	N/A
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>Annual declaration of related party transactions by senior staff and members Requirement to declare other employment.</p>	N/A

## Fraud risk assessment

Question	Management response - Authority	Management response - Group
<p>12. What arrangements are in place to report fraud issues and risks to the Audit and Governance Committee?</p> <p>How does the Audit and Governance Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Reporting requirements as laid down within the approved Whistleblowing Code.</p> <p>Reporting requirements as laid down within the approved Strategy on the Prevention and Detection of Fraud and Corruption.</p> <p>Reports from the annual National Fraud Initiative exercise.</p> <p>Reports from Internal Audit investigations.</p> <p>Reports from the Treasurer of any suspected issues of fraud.</p> <p>Assurances received from Internal and External Audit reports relating to the robustness of internal control procedures, and potential areas of weakness.</p> <p>Assurances from the Treasurer in relation to potential mis-statements of the Accounts.</p> <p>Review of draft and publication of Annual Statement of Assurance.</p> <p>Reporting requirements as laid down within the approved Whistleblowing Code.</p> <p>Reporting requirements as laid down within the approved Fraud and Corruption Policy.</p> <p>Reports from the annual National Fraud Initiative exercise.</p> <p>Reports from Internal Audit investigations.</p> <p>Reports from the Treasurer of any suspected issues of fraud.</p> <p>Fraud and Corruption Risk Assessment carried out by the Risk and Review Manager.</p> <p>No issues reported to A&amp; G Committee</p>	<p>N/A</p>

## Fraud risk assessment

Question	Management response - Authority	Management response - Group
13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	No	N/A
14. Have any reports been made under the Bribery Act? If so, please provide details	No	N/A

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# Law and regulations

## Matters in relation to laws and regulations

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

Management, with the oversight of the Audit and Governance Committee, is responsible for ensuring that Devon and Somerset Fire and Rescue Authority's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and Governance Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

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

# Impact of laws and regulations

Question	Management response - Authority	Management response - Group
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Devon and Somerset Fire and Rescue Authority have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Authority's regulatory environment that may have a significant impact on the Authority's financial statements?</p>	<p>Both the Treasurer and Monitoring Officer are members of the Executive Board.</p> <p>Professionally qualified subject matter experts are employed as Heads of Department and are members of the Service Leadership Team e.g. HR, Finance, Procurement.</p> <p>Publication of Annual Statement of Assurance</p> <p>The appointment of suitably qualified and experienced Treasurer, Monitoring Officer and Clerk to the Authority to provide assurance to the Committee that the business of the Service is conducted within the law, and to advise the Committee where there may be potential for the Authority to acting ultra vires.</p> <p>Reliance that reports from the Chief Fire Officer contain sufficient information to provide assurance to the Committee that legal implications have been considered, before decisions are made.</p> <p>The use of professional legal advisors.</p> <p>External and internal audit reporting.</p> <p>The use of professional tax and VAT advisors.</p> <p>None pending CIPFA code updates</p>	<p>N/A</p>

# Impact of laws and regulations

Question	Management response - Authority	Management response - Group
<p>2. How is the Audit and Governance Committee provided with assurance that all relevant laws and regulations have been complied with?</p> <p>Page 53</p>	<ul style="list-style-type: none"> <li>• The appointment of suitably qualified and experienced Treasurer, Monitoring Officer and Clerk to the Authority to provide assurance to the Committee that the business of the Service is conducted within the law, and to advise the Committee where there may be potential for the Authority to acting ultra vires.</li> <li>• Reliance that reports from the Chief Fire Officer contain sufficient information to provide assurance to the Committee that legal implications have been considered, before decisions are made.</li> <li>• The use of professional legal advisors.</li> <li>• External and internal audit reporting.</li> <li>• Publication of the Annual Statement of Assurance.</li> <li>• The use of professional tax and VAT advisors</li> </ul>	N/A
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2021 with an on-going impact on the 2021/22 financial statements? If so, please provide details</p>	No	No
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	McCloud/Sargeant pensions litigation	No

## Impact of laws and regulations

Question	Management response - Authority	Management response - Group
<p>5. What arrangements does the Authority have in place to identify, evaluate and account for litigation or claims?</p> <p>Page 54</p>	<p>Risk and Insurance Team headed by the Risk and Insurance Officer holds responsibility for assessing potential litigation and claims against the Authority. As members of the Fire Lawyers Network and Fire Finance Network Group issues of a national nature that may impact on the Authority are reported. Evaluation of ongoing claims made as part of the year-end financial reporting process whereby an assessment is made on whether a financial provision required. Financial outlays are dealt with in year where possible, the Authority holds a general reserve which could be used to fund provisions</p>	N/A
<p>6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details</p>	No	N/A

# Related Parties

## Matters in relation to Related Parties

Devon and Somerset Fire and Rescue Authority are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

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

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

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

## Related Parties

Question	Management response - Authority	Management response - Group
<p>1. Have there been any changes in the related parties including those disclosed in the Authority's 2020/21 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and the Authority</li> </ul> <p>whether the Authority has entered into or plans to enter into any transactions with these related parties</p> <p>the type and purpose of these transactions</p>	No	N/A
<p>2. What controls does Devon and Somerset Fire and Rescue Authority have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Annual declaration by senior management and Authority members</p> <p>Outside employment declaration by staff</p> <p>Material transactions with Billing Authorities are review annually as part of the accounts process</p>	N/A
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Procurement/ Contract Standing Orders</p> <p>Financial Regulations</p> <p>Trading company agreement</p>	N/A
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Internal governance arrangements including escalation process</p> <p>Scheme of delegations</p>	N/A

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

## Going Concern

Question	Management response - Authority	Management response - Group
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Devon and Somerset Fire and Rescue Authority will no longer continue?	Monthly financial reporting of the revenue and capital budget positions. Sufficient staff are available at strategic station locations.	N/A
2. Are management aware of any factors which may mean for the Authority that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No	N/A
3. With regard to the statutory services currently provided by the Authority, does Devon and Somerset Fire and Rescue Authority expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Devon and Somerset Fire and Rescue Authority to cease to exist?	Yes. The MTFP indicates that presentation of a balanced budget will be achievable in the medium-term.	N/A
4. Are management satisfied that the financial reporting framework permits the Authority to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes.	N/A



# Accounting estimates

## Matters in relation to accounting estimates

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

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

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

Specifically do Audit and Governance Committee members:

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

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

## Accounting Estimates - General Enquiries of Management

Question	Management response - Authority	Management response - Group
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	These are detailed in Appendix A but, as highlighted in the 2019-20 audit, there is a material uncertainty over asset values in the LGPS fund	N/A
2. How does the Authority's risk management process identify and address risks relating to accounting estimates?	Risk management framework Risk Management Policy Risk assessed against matrix, net score identified and mitigations/ controls assessed or developed	N/A
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Estimates reviewed as part of year end process Professional judgement and sector best practice	N/A
4. How do management review the outcomes of previous accounting estimates?	Budget monitoring process Regular reserves review Learning through Statement of Accounts closing updates	N/A
5. Were any changes made to the estimation processes in 2021/22 and, if so, what was the reason for these?	None identified at time of drafting	N/A

## Accounting Estimates - General Enquiries of Management

Question	Management response - Authority	Management response - Group
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Sector best practice Engagement in networks and updates such as CIPFA Training for team members as identified	N/A
7. How does the Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Current practice is that material movements in estimates would trigger review	N/A
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Review of returns supplied by specialist such as the actuary. Comparison against previous year and a general 'sense' check.	N/A
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	Reporting in development	N/A

## Accounting Estimates - General Enquiries of Management

Question	Management response - Authority	Management response - Group
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No.	N/A
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Yes.	N/A
12. How is the Audit and Governance Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Reporting in development	N/A

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## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property, plant & equipment valuations  Page 63	Current value for land/buildings at depreciated replacement cost	Valuations are performed annually to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. For land and buildings all material assets will be considered in 2020-21.	Yes	Degree of uncertainty inherent with any revaluation. We employ professional valuers and rely on expert opinion. Valuations will be reviewed and checked for accuracy with a 'feel about right' check against last year's valuation.	No.
Estimated remaining useful lives of PPE	Each part of an item of property, plant and equipment with a significant cost in relation to the total cost is depreciated separately. Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate.	See left box	Discussion with Estates Team	Depreciation is calculated on a straight line basis as this reflects consumption of assets. Check assumptions to ensure they are in-line with expectations.	No.

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation	See above	See above	See above	See above	No
Impairments	Review of all assets undertaken annually	See left	Discussion with internal asset teams as appropriate	N/A	No
Fair Value of investments and borrowing	Financial instruments consist of investments and loans. Measured initially at cost and subsequently at amortised cost using the effective interest method.	Knowledge by the Investment team who manage the portfolio in assessing the potential risk in credit losses.	Fund advisers – Link Treasury Services	The assumptions used are undertaken by Link Treasury Services as part of the fair value measurement of financial instruments. A review is undertaken of the valuation to check that the assumptions/value feels correct.	No

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## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Accruals	We use standard accruals accounting –accruals are based on expenses incurred that have not yet been paid	Monthly management accounts provides rigorous analysis so that any accruals are highlighted and actioned throughout the year.	No	Accruals are sense-checked by both Accountants and budget holder.	No
Non Adjusting events – events after the balance sheet date	Monthly management accounts prepared would flag any adjusting/non-adjusting events.	See left	N/A	N/A	No
Pension Fund (LGPS and FFPS) Actuarial gains/losses	The actuarial gains and losses figures are calculated by the actuarial expert Barnett Waddingham. These figures are based on making % adjustments to the closing values of assets/liabilities.	The Authority responds to queries raised by the administering body, Devon Pension Fund.	Yes	The nature of these figures forecasting into the future are based upon the best information held at the current time and are developed by experts in their field. A review of the actuary assumptions and findings will take place comparing results from previous year's.	No

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions for liabilities	Provisions are identified through detailed monthly management accounts which flag any potential issues to management	Each provision is separately reviewed as part of year end process and a working paper supports the calculation	As necessary on an individual basis	Each provision is assessed on an individual basis to ensure that it meets the criteria of a provision per IAS 37. The degree of uncertainty is assessed when determining whether a provision is the correct treatment for an item.	No
Debt Provision	Debts are reviewed monthly and any debts that are deemed as potentially irrecoverable are provided for	Aged debt reports	No	Review made on experience of debt write off in the year and prudent approach taken to fully provide for debt where possible.	No
Credit Loss Impairment Allowances	Using the expected credit loss approach, any cash shortfall is measured annually.	Investments measured monthly by Link Treasury Services and reported against expected loss.	Link Treasury Services	The assumptions used are undertaken by Link Treasury Services as part of the fair value measurement of financial instruments We review report to sense-check findings and compare against previous year's.	No





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# Agenda Item 5

<b>REPORT REFERENCE NO.</b>	<b>AGC/22/1</b>
<b>MEETING</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>7 MARCH 2022</b>
<b>SUBJECT OF REPORT</b>	<b>2022-23 INTERNAL AUDIT PLAN</b>
<b>LEAD OFFICER</b>	<b>DIRECTOR OF GOVERNANCE &amp; DIGITAL SERVICES</b>
<b>RECOMMENDATIONS</b>	<i>That the 2022-23 Internal Audit Plan be approved.</i>
<b>EXECUTIVE SUMMARY</b>	<p>The aim of Internal Audit is to provide independent and objective assurance that the Service's risk management, governance and internal control processes are operating effectively.</p> <p>The planned programme of work to achieve this aim is set out in the annual Internal Audit plan.</p> <p>The draft 2022-23 Internal Audit Plan is now presented to the Audit &amp; Governance Committee for approval.</p>
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	The contents of this report are considered compatible with existing human rights and equalities legislation.
<b>APPENDICES</b>	Nil.
<b>BACKGROUND PAPERS</b>	Nil.

## 1. **INTRODUCTION**

- 1.1. The aim of Internal Audit is to provide independent and objective assurance that the Service's risk management, governance and internal control processes are operating effectively.
- 1.2. The planned programme of work to achieve this aim is set out in the annual Internal Audit plan.
- 1.3. The 2022-23 Internal Audit plan is presented to the Audit & Governance Committee for approval.

## 2. **2022-23 INTERNAL AUDIT PLAN**

- 2.1. The work to develop the 2022-23 Internal Audit plan has been undertaken by the Audit and Review Manager with reference to the key strategic documents of the Service, the Corporate Risk Register and discussion with the Senior Leadership Team and Service Executive Board.
- 2.2. The outcome of this review proposes the inclusion of the following audits in the 2022-23 Internal Audit plan.

### ***Internal resource***

Audit	Rationale	Number of Days
Personal Protective Equipment (PPE): Contaminants	The Service needs to be assured of compliance with health and safety legislation related to PPE and therefore to ensuring firefighter safety as far as is reasonably practicable.	20
Review the operation of the critical messaging process	A new system is being designed and implemented to manage the critical messaging process. This audit will provide assurance on the effective operation of the new process.	15
Crewing pool	The Service needs to ensure the effective management of hours to maintain appliance availability. This impacts the safety of crews, budgetary control and operational efficiency.	15
Control of working hours (multiple contracts)	The Service needs to ensure that multiple contracts are managed appropriately and in a way that benefits the Service, as well as the individual.	15
Station compliance - Environmental / waste management	There is national/reputational pressure to improve environmental management. The Service needs adequate controls in this area to provide assurance to stakeholders that it is addressing the findings of the Initial Environmental Review.	25
Behavioural Risk	Director of Finance, People & Estates to clarify focus of the audit with Co-Head of People Service.	15

Audit	Rationale	Number of Days
Firefighter Fitness Training Review	To provide assurance that all action plans are completed from the previous audit and assurance that the Service is consistent in the way that it measures, records and monitors firefighter fitness testing.	10
Community Safety - Schools & Engagement	To provide assurance that safeguarding policies and procedures are adequate.	20
Station-based Testing Regime	To support continuous improvement and standardisation in the consistency, effectiveness and efficiency of testing operational fleet and equipment on stations.	20
Support the Service's response to the HMICFRS 2021 report findings	To include some capacity in the audit plan to either support the design of processes to address any areas for improvement that have been identified or to provide assurance on the effective implementation of actions to address any areas for improvement that have been identified.	30
Application of HR policy and procedure	The People department is undertaking a significant amount of work to review and update HR policies and procedures. This audit will support continuous improvement in this area by reviewing the application of those new policies and procedures.	25
<b>TOTAL DAYS</b>		<b>210</b>

- 2.3. In addition, 35 days are available to assign to the audit of emerging risks during the year; this reflects a more agile audit planning approach.

**Outsourced resource: Devon Audit Partnership (DAP)**

Audit	Rationale	Number of Days
Key Financial Systems (Inc. Payroll)	This is a fixed part of the audit plan which is presented to the External Auditors on an annual basis.	32
Application of learning (including internal investigations and external reports e.g., Grenfell)	There are risks associated to both not applying learning, and not being able to evidence that learning has been applied. Failure to apply learning can risk the safety of employees and the public, as well as risk non-compliance with updated regulations.	30
<b>TOTAL DAYS</b>		<b>62</b>

- 2.4. In addition to the two audits detailed above, 12 days of professional supervision will also be commissioned from DAP to support the internal team in delivering a service that strives to meet the expectations of the Public Sector Internal Audit Standards.

**3. NEXT STEPS**

- 3.1. The Corporate Assurance Manager will ensure that the agreed internal audit plan is resourced and delivered.

**MIKE PEARSON**  
**Director of Governance & Digital Services**

# Agenda Item 6

<b>REPORT REFERENCE NO.</b>	<b>AGC/22/2</b>
<b>MEETING</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>7 MARCH 2022</b>
<b>SUBJECT OF REPORT</b>	<b>INTERNAL AUDIT PROGRESS REPORT 2021-22 - QUARTER 3</b>
<b>LEAD OFFICER</b>	<b>Director of Governance &amp; Digital Services</b>
<b>RECOMMENDATIONS</b>	<i>That the Committee reviews and considers the outcomes of the work completed as set out in this report and indicates whether it requires any further assurance.</i>
<b>EXECUTIVE SUMMARY</b>	<p>The Internal Audit Service provides independent assurance to the Service's senior officers and Members that governance, risk management and controls are sufficient in ensuring delivery of the Service's objectives.</p> <p>This report sets out the progress that has been made up to and including Quarter 3 of the current (2021-22) financial year in delivery of the approved Internal Audit Plan and updates on the outcome of audit work undertaken to date.</p> <p>Delivery remains on track to deliver full completion of the 2021-22 plan.</p> <p>One amendment has been made to the audit plan to accommodate an urgent audit of the flexi duty system.</p>
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	Not applicable
<b>APPENDICES</b>	A. Definitions of Audit Assurance Opinion Levels.
<b>BACKGROUND PAPERS</b>	<a href="#">Report APROC/21/3 (2021-22 Draft Internal Audit Plan)</a> to the [then] Audit & Performance Review Committee meeting on 5 March 2021 (and the Minutes of that meeting).

## **1. INTRODUCTION**

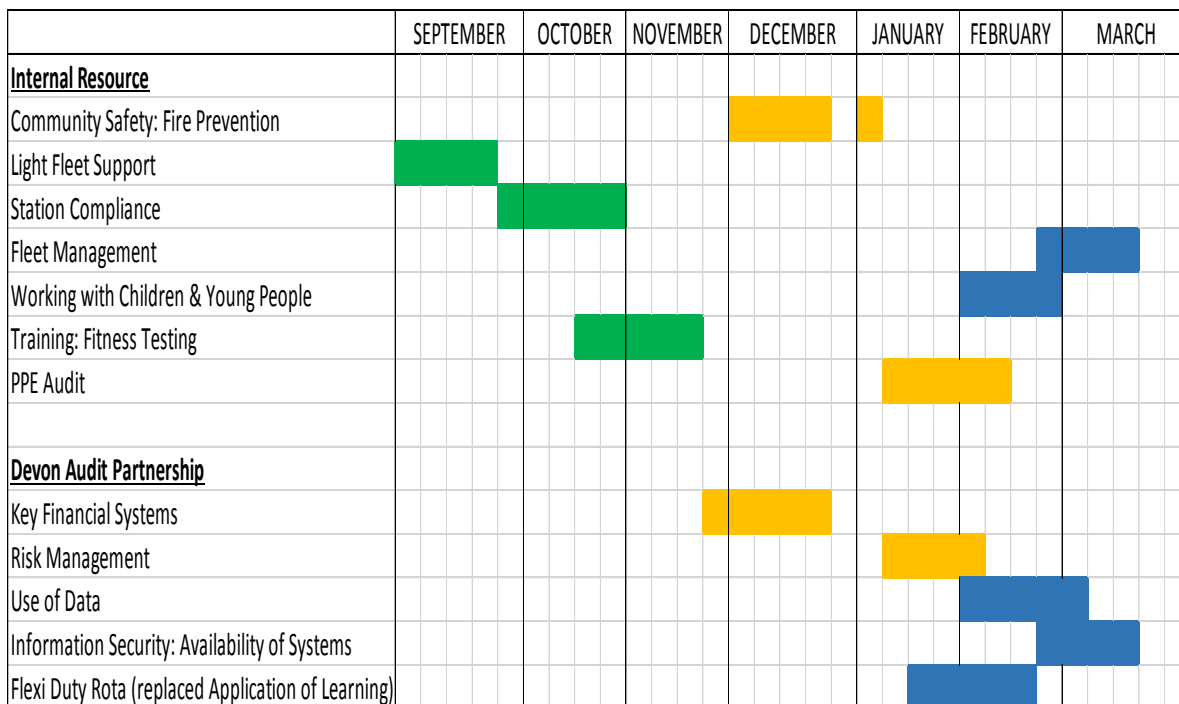
- 1.1. The 2021-22 internal audit plan was approved by the [then] Audit & Performance Review Committee on 5 March 2021. The Plan forms the principal work of the Internal Audit Service and is a significant source of assurance of the effectiveness of the internal control environment. The Plan sets out the combined scope of internal audit work to be completed by the Devon & Somerset Fire & Rescue Service Internal Audit team (“the team”) and the Devon Audit Partnership.
- 1.2. The team and the Devon Audit Partnership are accountable for the delivery of the Plan and the Internal Audit Charter includes the requirement to report progress to Audit & Governance Committee at least three times per year.
- 1.3. The aim of this report is to update the Committee on progress in delivery against the internal audit plan. This report therefore presents a summary of audit work undertaken to date and the current stage of the audit work. Where an audit report has been issued, it includes an audit assurance opinion on the adequacy and effectiveness of the internal control environment. Definitions of Audit Assurance Opinion Levels can be found at Appendix A.
- 1.4. The team can confirm that there are no significant facts or matters that impact on its independence as auditors that it is required to, or wish to, draw to the attention of the Committee. The team has complied with the Internal Audit Charter and confirms that it is independent and able to express an objective opinion on all statements provided.
- 1.5. The opinions contained within this report are based on audit examination of restricted samples of transactions/records and discussions with officers responsible for the processes reviewed.

## **2. DELIVERY OF THE 2021-22 AUDIT PLAN**

- 2.1. This report provides an update on delivery of the planned audit work for 2021-22. Any revisions to the plan are carried out in conjunction with relevant management personnel.
- 2.2. Further to an urgent request from Service Delivery for a change to the audit plan to accommodate an audit of the Flexi Duty system, a risk based decision was made to flex the audit plan to accommodate the request by deferring the application of learning audit to the start of the next financial year given that it was assessed as a Should Do rather than a Must Do in the audit plan.
- 2.3. The audit will focus on a review of the 2021 rota, how it has been applied in practice and identification of any lack of clarity or gaps in the current policy, procedure or guidance. The outcome of this audit will feed into the planned review of the Flexi Duty Officer system this year.




2.4. The chart below provides an overview of plan completion. Delivery remains on track to deliver full completion of the 2021-22 plan.





■ = Completed Audits      ■ = In Progress      ■ = Not Yet Started

2.5. Table 1 below shows the detailed status of audits in progress or completed and their associated reported summaries. In addition to the planned work, consultancy and advice has continued to be provided where required. Table 2 details the work that has not yet started.

**Table 1**

Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
<p><b>Light Support Fleet - Final Report</b></p> <p>Whilst guidance exists and there is noted evidence of improved practice within Fleet and Procurement from the previous audit, there are significant inconsistencies in the approach taken between Officers in Charge and area office administration.</p> <p>Knowledge of procedures and consistency in application differ as perceptions are influenced by the high volume of policies available across four different departments potentially causing confusion rather than clarity.</p>	<p><b>Limited Assurance</b></p>	 <p>Progress has been made but further work is required</p>

Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
<p>It is Audit's opinion that there is a lack of formal governance and control in place over area administrators to monitor Light Fleet Vehicle usage and Hired Car spend.</p> <p>A new 'Telematics' system is to be introduced to support transparency in fleet vehicle usage and a review of current vehicle usage policy required to support reduction in hired car spend.</p> <p>Effective use of the Light Support Fleet is monitored by the Resources Committee.</p>		
<p><b>Fitness Testing Audit – Final Report</b></p> <p>The report identified further evidence of continued improved practice within the fitness team and service strategy from the existing assurance work completed earlier this year.</p> <p>It is Audit's opinion that there is a plan in place for additional resource and the introduction of the SQL data management system has solidified transparency for the Fitness Advisors to assure fitness levels throughout the Service.</p> <p>There is a generally sound system of governance, risk management and control now in place, with some minor improvements that are being introduced and reviewed regularly.</p>	<b>Reasonable Assurance</b>	 Good progress since the completion of the fitness training assurance report and remains a focus.
<p><b>Station Compliance: Legionella Management - Final Report</b></p> <p>With increased attention from water authorities on Legionnaire's disease and the related public health concern, there was a need to establish the controls and management programme that the Service has in place to monitor potential risk areas where Legionella bacterial infection is foreseeable across stations. Proactively managing</p>	<b>Reasonable Assurance</b>	 Reasonable assurance and governance noted throughout the reviewed process.

Audit Area and Assurance Summary	Audit Opinion	Direction of Travel
<p>the risk of Legionella bacteria in water systems is more cost effective than responding to an outbreak after it has occurred whilst also reducing the risk to health.</p> <p>It is the responsibility of Estates to maintain the majority of station compliance with statutory testing, under various legislation, supported by third party companies. These third party companies provide assurance that the Service remains compliant to ACOP L8 and HSG274 by providing site Risk Assessments and reports to control, understand and monitor its water systems, the equipment associated with these systems (such as pumps, little used outlets, heat exchangers, showers and its constituent parts).</p> <p>It is Audit's opinion that a sound system of governance and control is in place with just a couple of minor inefficiencies noted that are now being reviewed regularly.</p>		
<p><b>National Fraud Initiative - Review Phase</b></p> <p>This is a mandatory initiative for public sector organisations. Ongoing progress that is nearing completion for 2021-22.</p>	Not Applicable	
<p><b>Community Safety: Fire Prevention</b></p> <p>The Authority has a statutory responsibility under the Fire and Rescue Services Act 2004 to give fire safety advice and needs assurance that it is prioritising its prevention work to prevent fires and other emergencies from occurring.</p>	Not yet available	

<b>Audit Area and Assurance Summary</b>	<b>Audit Opinion</b>	<b>Direction of Travel</b>
<p><b>Key Financial Systems (including Payroll) - DAP</b></p> <p>This is a fixed part of the audit plan which is presented to the External Auditor on an annual basis.</p>	<p>Not yet available</p>	
<p><b>Personal Protective Equipment (PPE) Audit</b></p> <p>(Carried over from 2020-21 Plan due to the impact of response to Covid-19)</p> <p>To establish compliance with PPE training, legislation and requirements. The aim initially will be to review internal systems and processes, involving initial requirements, procurement and fitting, concluding in how compliant the service is in regards training and refresher training of PPE use, with the understanding of identifying areas requiring improvement. This will act as a base audit to further develop proposed annual audits to cover other aspects of PPE use, such as legislation, contamination, replacement equipment and availability.</p>	<p>Not yet available</p>	
<p><b>Risk Management</b></p> <p>HMICFRS expressed concerns over some aspects of the risk management process.</p> <p>This audit will provide assurance on how well the Service's revised risk management framework has embedded.</p>	<p>Not yet available</p>	

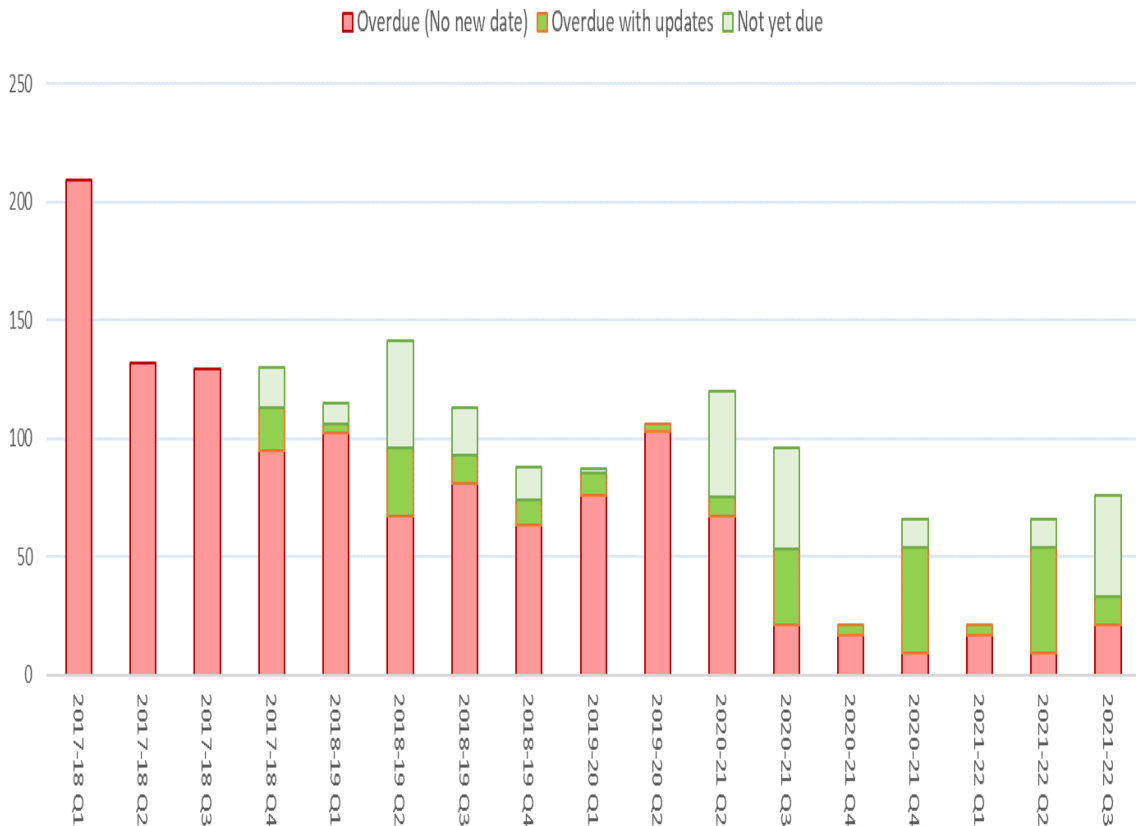
**Table 2 – Audits not yet started**

Audit Area	Rationale For Audit
<b>INTERNAL RESOURCE: INTERNAL AUDIT &amp; REVIEW MANAGER</b>	
<b>Working with Children &amp; Young People</b>	Errors in this area could damage the reputation of the Service and could potentially breach the Service’s legal obligations with regard to safeguarding. By reviewing the security checks that are currently undertaken, assurance can be provided that the Service is ensuring the safety of its people and the community that it serves.
<b>Fleet Management</b>	Availability of vehicles/ appliances that are fit for purpose forms part of risk CR056 on the Corporate Risk Register. Further to previous audit work in this area and implementation of the fleet strategy, assurance needs to be provided that improvements are being embedded.
<b>DEVON AUDIT PARTNERSHIP</b>	
<b>Use of Data</b>	Wherever possible the Service’s work should be data driven to determine how activity is prioritised to ensure that services are provided effectively and efficiently. This data should be readily available, accurate and up to date.
<b>Information Security - Availability of systems</b>	Information security is the foundation for high-scoring items on the Corporate Risk Register (CR037 & CR044). This is an area of increasing risk to all organisations, and with rapid increases in remote working and reliance on ICT, good security practices are essential.
<b>Application of learning (including HMI and Grenfell)</b> <i>Deferred to 2022/23</i>	There are risks associated to both not applying learning, and not being able to evidence that learning has been applied. Failure to apply learning can risk the safety of employees and the public, as well as risk non-compliance with updated regulations.
<b>Flexi Duty Rota</b> <i>To replace Application of Learning audit</i>	Newly emerged risk to examine the 2021 flexi duty rota and management system to identify where improvements in efficiencies and effectiveness can be proposed to feed into the Flexi Duty Officer review.

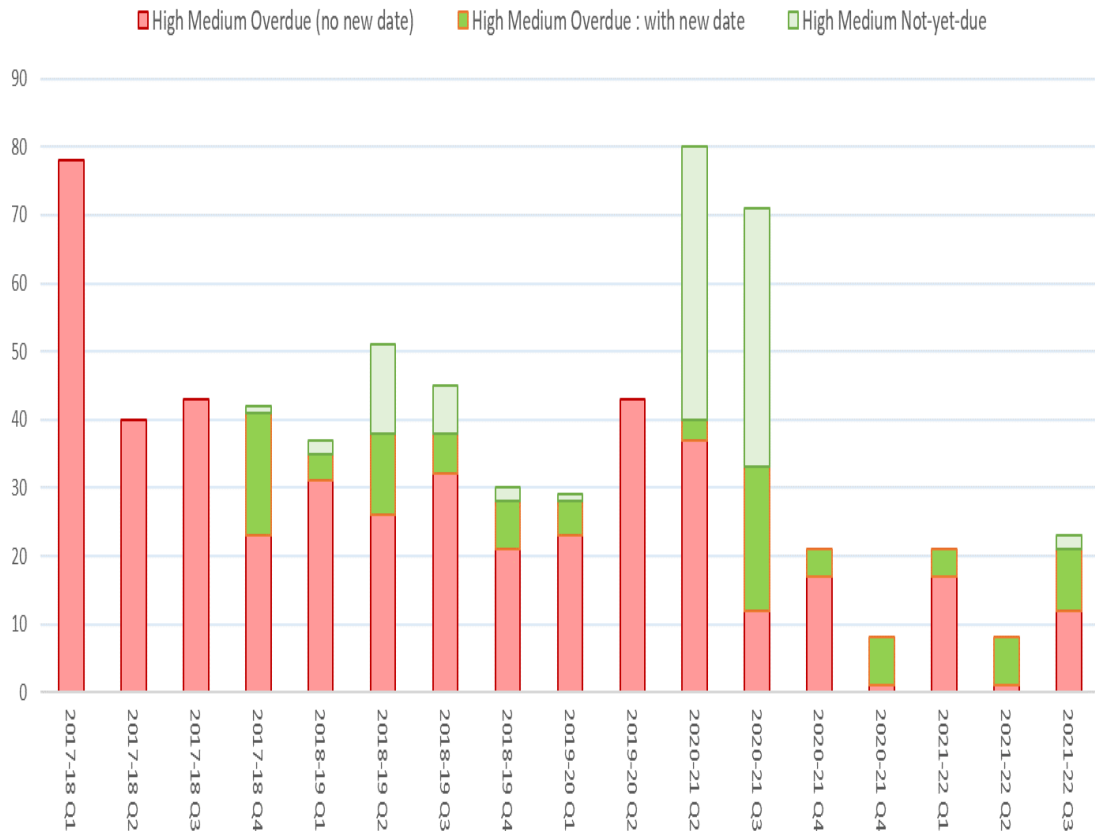
**3. ACTION TRACKING OF AUDIT AND REVIEW RECOMMENDATIONS**

- 3.1. The Audit Tracker records all recommendations and agreed actions arising from internal audit work. The Audit Tracker is available to all employees through the Intranet Service Information Point (SIP).
- 3.2. Updates are focussed on the higher priority items (such as those which are associated to high risks, or have deadlines provided by external bodies). Any overdue actions recorded are largely linked to longer term project work and introduction of new processes that remain ongoing. These are monitored through the assurance tracking process and no areas are identified as non-responsive.
- 3.3. Additionally, some open actions have been superseded by changes to the Service structure, digital transformation and other upgrade/changes. Work is ongoing to ensure that actions that have been superseded are documented and recorded as closed. This piece of work is expected to be completed by the end of 2021-22, with ongoing reviews completed on a regular basis.
- 3.4. The following tables show the number of open items on the Assurance/Audit Tracker.

Number of Open Items (All priorities)



## Number of Open Items (High / Medium High priorities)



## 4. **CONCLUSION AND RECOMMENDATIONS**

- 4.1. The team’s opinion, based upon audit work completed and direct advice provided, is that some improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the areas audited. Where recommendations for improvements have been made, action plans have been agreed with management.
- 4.2. It is important that the internal audit service seeks to add value whenever it can. Feedback obtained from those audited during the year to date consider that the team are able to add value by:
- Providing objective and relevant assurance.
  - Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.
  - Input to changing processes resulting from the Covid Pandemic.
- 4.3. The team would like to express its thanks and appreciation to all those who provided support and assistance during the course of the audits. The team would also like to thank Devon Audit Partnership for its commitment in working with the Service over the course of the past year to date.

- 4.4. It is recommended that the Committee reviews and considers the outcomes of the work completed and whether they require any further assurance.
- 4.5. The progress made against the agreed Audit Plan will be reported back to this Committee on a regular basis.

**MIKE PEARSON**  
**Director of Governance & Digital Services**






**Definitions of Audit Assurance Opinion Levels**

Assurance	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**Devon & Somerset Fire and Rescue Service**

The Service Internal Audit team aims to be recognised as a high-quality internal audit service in the public sector and Fire Service. The team works by providing a professional internal audit service that will assist departments in meeting their challenges, managing their risks and achieving their goals. In carrying out its work, the team is required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards. The team is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on the team’s service, processes or standards, the Audit Manager would be pleased to receive them at [cweeks@dsfire.gov.uk](mailto:cweeks@dsfire.gov.uk)

**Direction of Travel Indicators**

Indicator	Definitions
	No Progress has been made.  The action plan is not being progressed at this time, actions remain outstanding.
	Progress has been made but further work is required.  The action plan is being progressed though some actions are outside of agreed timescales or have stalled.
	Good Progress has/is being made.  Good Progress has continued.

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# Agenda Item 7

<b>REPORT REFERENCE NO.</b>	<b>AGC/22/3</b>
<b>MEETING</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>7 MARCH 2022</b>
<b>SUBJECT OF REPORT</b>	<b>CORPORATE RISK REGISTER</b>
<b>LEAD OFFICER</b>	<b>DIRECTOR OF GOVERNANCE &amp; DIGITAL SERVICES</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>Managing risks, both operational and strategic, is an important part of ensuring that the resources of Devon and Somerset Fire and Rescue Service are used to best advantage. Risk is inherent in most things that the Service does and much of its activity is already assessed and managed through the application of the operational risk management procedures and good common sense.</p> <p>The Corporate Risk Register sets out risks and mitigation to ensure that risk is managed appropriately and proportionately.</p>
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)</b>	Not applicable.
<b>APPENDICES</b>	<ul style="list-style-type: none"> <li>A. Risk management framework</li> <li>B. Corporate Risk Register by risk category V40</li> <li>C. Sharpcloud Risk Register view V40</li> <li>D. High risk, impacts and actions</li> </ul>
<b>BACKGROUND PAPERS</b>	Report to the Audit & Governance Committee on 28 October 2021 (AGC/21/7) – Corporate Risk Register

## 1. **INTRODUCTION**

1.1 The aims of Risk Management for the Devon & Somerset Fire & Rescue Service (“the Service”) are to:

- Protect the assets of the Service;
- Ensure service continuity; and
- Facilitate innovation and opportunity.

1.2 Risk management does not mean risk avoidance. It is about encouraging officers and managers to identify, understand and control risk and to learn how to accept the right level of risk.

## 2. **CORPORATE RISK REGISTER**

2.1 The corporate risk register captures and describes the Service’s most significant risks, with a focus on cross-cutting risks and major projects. It is formally reviewed and refreshed on a regular cycle. In order to embed the Service’s approach to managing strategic and operational risks, risk management is integrated within the planning process so that it is part of direction setting, activity and resource planning and activity monitoring.

2.2 Risk management is the process by which risks are identified, assessed, recorded, mitigated and reviewed. A risk is the threat that an event or action will adversely affect the ability to achieve our objectives. This Risk Management Framework sets out responsibilities for the management of risk and seeks to ensure that key risks to the achievement of DSFRS objectives are understood, reported and appropriately mitigated. It is important to recognise that an effective risk management framework is as much a way of thinking as it is a process or system as illustrated in Appendix A.

2.3 The process includes the identification, assessment and recording of risks and mitigating activities which is incorporated into annual service plans. The final stage of the process, once risks have been reviewed by risk owners and directors, is for the Audit & Governance Committee (the Committee) to note the contents of this report.

2.4 The Service risk profile has changed since the last report. The corporate risk register entries total eighteen risks with two risks escalated from local risk registers, five de-escalated to local and thematic risk registers and no risks closed. The register is reviewed monthly by the Service Executive Board dependent on net risk score with high risks reviewed monthly and medium risks quarterly.

2.5 Risk sources are both internal and external to Service activities, therefore establishing categories for risks provides a mechanism for collecting and organising risks as well as ensuring appropriate scrutiny and management attention for those risks that can have more serious consequences to meeting objectives. Risk categories consolidate risks into a two dimensional view, strategic process and directorate; either may exist in a single directorate or cut across multiple directorates. Service corporate risks are aligned to HM Treasury Orange Book (2020) risk categories. Failure to manage risks in any of these categories may lead to financial, reputational, legal, regulatory, safety, security, environmental, employee, customer and operational consequences. The table in Appendix B provides clarification on the high and medium corporate risks, grouped by risk category, with a high level summary of effective mitigation and actions in development. Appendix C provides high and medium risks with Appendix D focus on high risk with controls and controls in development.

2.6 Over the last ten months 95 actions have been closed. The graph below illustrates actions closed per month.



2.7 As is normal, there have been minor changes to control measures across the risk portfolio. Risk owners are assigned to each risk with active mitigation in place. All risk register owners have reviewed and updated their risk mitigations and agreed new review dates. Overall, the Service Executive Board is satisfied with the adequacy of the risk mitigation progress.

3. **AMENDED CORPORATE RISKS SINCE THE LAST REPORT TO THE COMMITTEE**

3.1 None.

4. **RISKS DELEGATED TO LOCAL RISK REGISTER**

4.1 The following five risks have been de-escalated to local risk registers now that they have been mitigated within a tolerable risk level.

- November 2021:
  - CR068 Failure to effectively manage Apprenticeships resulting in inefficient practices and failure to capitalise on benefits of levy.
- January 2022:
  - CR058 Failure to identify organisational learning and respond to consultation / changes to complex buildings.
  - CR061 Failure to undertake adequate workforce planning in respect of number of firefighters due to retire before 1st April 2022.
  - CR071 Lack of assurance for 3 yearly medicals that staff are fit to carry out their duties at an operational incident.
- February 2022:
  - CR057 Covid 19 results in significant staff absences.

5. **RISK HORIZON SCAN REPORTS**

5.1 The concept of horizon scanning aims to detect early warning signs of emerging risk to prompt the Service to make decisions to act when needed.

5.2 Many different external reports are used to compile a forward look, one being the UK Government Horizon Scan methodology. This recommends that everyone in the public sector has a responsibility to think about the future in the work they do. Decisions made today have long term consequences. However, the future in which these decisions have an impact is uncertain and making decisions is difficult.

5.3 The horizon scan report aims to illustrate how strategic issues can change over time and the benefits that horizon scanning considerations can bring. The topics discussed relate to short term, medium term and long term risks.

5.4 Quarterly reports offer general horizon scan updates with a deeper dive that explores specific topics such as how citizen data might change and to help decision makers form strategies that are resilient to future uncertainties.

5.5 An important element of horizon scanning, which sets it apart from risk assessment, is that it considers information which cannot normally be sourced from within the Service. Emerging risks, by their nature are varied, difficult to identify and quantify. They can have a detrimental impact on the Service’s ability to deliver future prevention, protection and rescue activities to communities so it is important to recognise them as early as possible.

5.6 Across different industries some of the common challenges facing senior leadership teams are:

- Managing the growing risk associated with technology 72%
- Demonstrating the value of risk management to the wider business 42%
- Leveraging the growing mountain of data and managing it effectively 41%
- Increased regulatory pressure and interference 39%
- Access to sufficient talent (in terms of skills, experience and attitude) 38%
- Continuing pressure on cost and to deliver with less 37%
- Need to be more flexible and agile in all aspects of risk management 32%<sup>1</sup>

5.7 Aon prediction of risks from now until 2024 indicates that cyber attack / data breach is expected to remain on corporate risk registers, followed by economic slow down and scarcity of materials. Leaders anticipate the rapid pace of change will bring about changing internal and citizen risk profiles and behaviours, changing the way we work, gaining greater insights for data.<sup>2</sup>

Top 10 Risks in the Next 3 Years



<sup>1</sup> Institute of Internal Auditors Risk in Focus 2021

<sup>2</sup> [9. Increasing Competition - 2021 Global Risk Management Survey \(aon.com\)](https://www.aon.com)

## 6. **COVID & CORPORATE RISK REGISTER INTERDEPENDENCIES**

- 6.1 As a consequence of the Covid-19 business continuity arrangements, risk management focused on the development and implementation of a strategic Covid-19 risk register, to ensure that robust and effective control measures were operating as expected to deliver the strategic intents outlined in the Strategic Business Continuity Covid-19 Governance Arrangements.
- 6.2 The Covid-19 risk register is reviewed by Silver every month (Silver refers to the level of management within the Service; Gold is at Principal Officer level; Silver is at Area or Group Manager level). The monitoring frequency is monthly due to effectiveness of the internal test and trace process and existing Covid-19 control measures effectively mitigating risk.
- 6.3 To assure business continuity plan adequacy, the Executive Board receive monthly updates and progress against the business continuity plan exercise schedule. The corporate and department business continuity plans have been updated and exercised between December 2021 and February 2022.

## 7. **HEALTH AND SAFETY THEMATIC RISK REGISTER**

- 7.1. On the corporate risk register there are six health and safety corporate risks. Executive Board decided on 10 August 2021 to set up a thematic health and safety risk register to focus on health, safety and wellbeing risks with a wider stakeholder group.
- 7.2. A strategic health and safety thematic risk register workshop took place on 18 August 2021 to develop the risk register, attended by Strategic Safety Committee stakeholders and chaired by CFO Howell.
- 7.3. The strategic health and safety thematic risk register is reviewed monthly by Health and Safety stakeholders, including representative bodies, and quarterly by Strategic Safety Committee which is chaired by a member of the Executive Board. The risks are owned by Service Leadership Team leads and managers are the control and action owners.

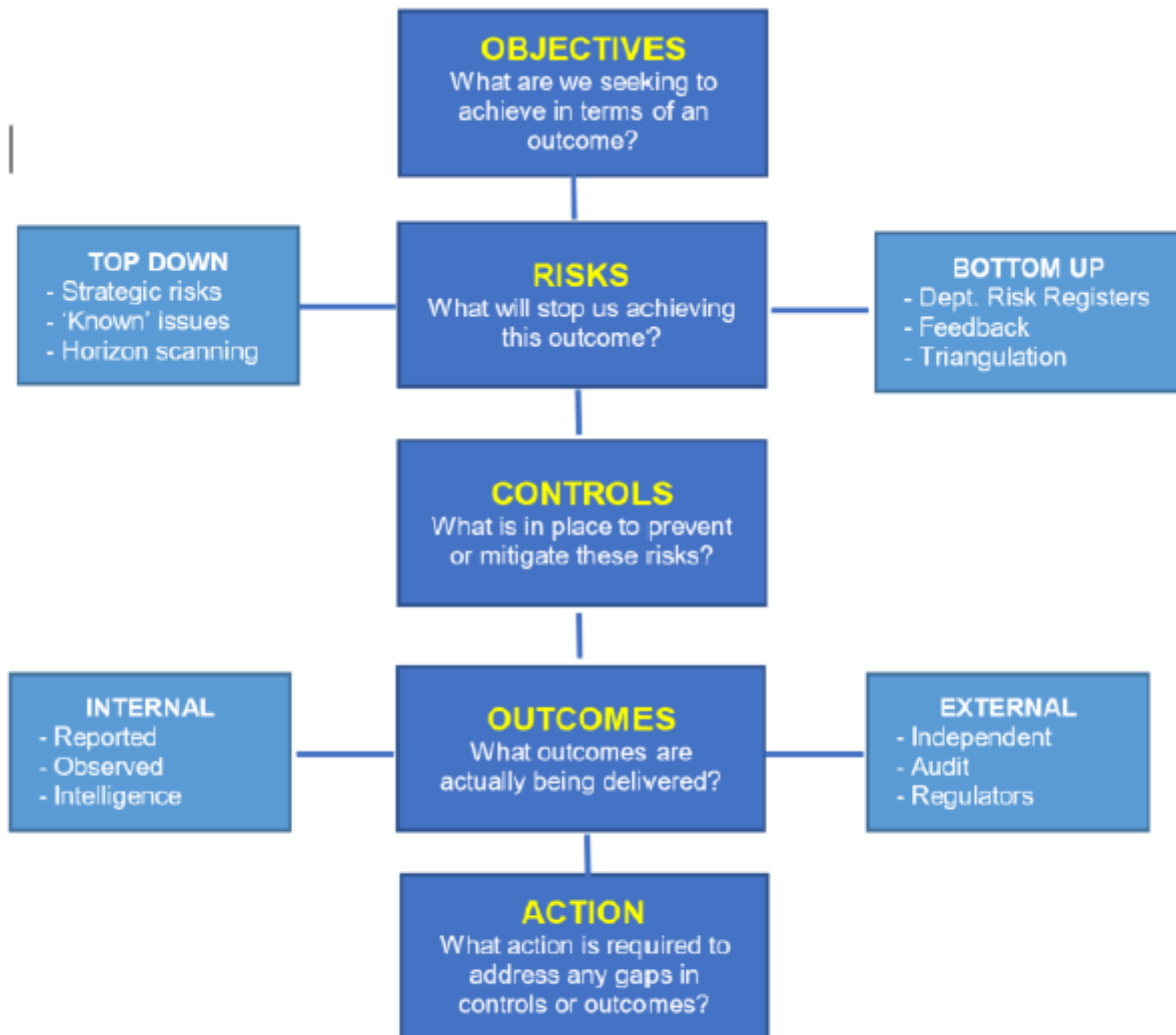
## 8. **NEXT STEPS**

- 8.1 The Corporate risk register will continue to be subject to monthly review by the Service Executive Board. The next formal review of the corporate risk register by the Committee is due to take place in six months' time date to be confirmed when the calendar of meetings is agreed.

**MIKE PEARSON**  
**Director of Governance & Digital Services**



Risk Management Framework



**Corporate Risk Register February 2022 v40**

The Service corporate risks are aligned to Her Majesty’s Treasury Orange Book (2020) risk categories. Failure to manage risks in any of these categories may lead to adverse consequences. The table below provides clarification on the high and medium corporate risks, grouped by risk category, with a high level summary of effective mitigation and actions in development. Corporate, new, escalated and emerging risks are reported to Executive Board monthly and Audit and Governance Committee every 6 months.

HM Treasury Orange Book Risk Category	DSFRS Corporate Risks	Risk Mitigation in Place and actions in development
<b>1 high risk – Executive Board monitor monthly</b>		
<p><b>Information:</b> Risks arising from a failure to produce robust, suitable and appropriate data / information and to exploit data / information to its full potential.</p>	<p>CR079 Inability to assure ourselves that the Home Fire safety data created, held and reported on is correct</p>	<ul style="list-style-type: none"> <li>• Home Fire Safety system.</li> <li>• Options appraisal.</li> </ul>
<b>17 medium risks – Executive Board monitor quarterly</b>		
<p><b>Safety:</b> Risks arising from safety deficiencies or poorly designed or ineffective / inefficient hazard management resulting in non-compliance and / or harm and suffering to employees, contractors, service users or the public.</p>	<p>CR073 Failure to assure that staff read and understand risk critical messages and apply required changes</p>	<ul style="list-style-type: none"> <li>• Risk critical messages issued with electronic acknowledgement.</li> <li>• Operational assurance monitoring process.</li> </ul>
<p><b>Safety:</b> Risks arising from safety deficiencies or poorly designed or ineffective / inefficient hazard management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.</p>	<p>CR055 Failure to report and learn and take corrective action to prevent foreseeable accidents.</p> <p>CR056 Failure to ensure that fleet and equipment is available and is fit for purpose.</p> <p>CR070 Failure to operate an effective risk assessment framework.</p>	<ul style="list-style-type: none"> <li>• Safety Event Management System (SEMS).</li> <li>• Safe To interventions.</li> <li>• Occurrence Review Group.</li> <li>• Phase 1 equipment review completed.</li> <li>• Procurement of new vehicles in progress.</li> <li>• Phase 2 progressing.</li> <li>• Strategic risk assessment process.</li> <li>• Health and Safety monitor effectiveness of risk assessment process.</li> </ul>

HM Treasury Orange Book Risk Category	DSFRS Corporate Risks	Risk Mitigation in Place and actions in development
<p><b>Governance:</b> Risks arising from unclear plans, priorities, authorities and accountabilities, and / or ineffective or disproportionate oversight of decision-making and / or performance.</p>	<p>CR035: Failure to agree performance measures &amp; inability to fully and immediately report against agreed measures which may reduce the ability to make informed decisions.</p>	<ul style="list-style-type: none"> <li>• InPhase performance, planning and risk management system.</li> </ul>
<p><b>Information:</b> Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential.</p>	<p>CR062: Failure to operate an effective Information Governance framework.</p>	<ul style="list-style-type: none"> <li>• MS365 rolled out.</li> <li>• Development of records and document management system.</li> </ul>
<p><b>People:</b> Risks arising from ineffective leadership &amp; engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity &amp; capability, industrial action, and / or non-compliance with relevant employment legislation / HR policies resulting in negative impact on performance.</p>	<p>CR064 Failure to provide demonstrable consistent standards in firefighter competence.</p> <p>CR066 Failure to adequately plan and implement recruitment and promotion processes.</p> <p>CR069 People structure does not support the needs of the organisation.</p> <p>CR077 Industrial action, including withdrawal from voluntary agreements to do non-contractual working.</p>	<ul style="list-style-type: none"> <li>• Professional, Safe and High Performing' report; transformation of 6 themes: <ul style="list-style-type: none"> <li>▪ Station based training</li> <li>▪ Setting standards</li> <li>▪ Audit &amp; assessment</li> <li>▪ Central training/T4C</li> <li>▪ Role Development</li> <li>▪ Service Support</li> </ul> </li> <li>• Workforce planning group.</li> <li>• Workforce planning reports.</li> <li>• Key elements of HR transformation plan implemented: HR business partners, Welfare capability, additional posts.</li> <li>• Business continuity framework and plans.</li> <li>• Business continuity governance arrangements.</li> <li>• Desktop exercises and debrief reports.</li> </ul>

HM Treasury Orange Book Risk Category	DSFRS Corporate Risks	Risk Mitigation in Place and actions in development
<p><b>Reputational:</b> Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.</p>	<p>CR063 Failure to deliver Environmental Strategy and action plan</p>	<ul style="list-style-type: none"> <li>• Maintenance of environmental strategy.</li> </ul>
<p><b>Security:</b> Risks arising from a failure to prevent unauthorised and / or inappropriate access to the estate and information, including cyber security and non-compliance with General Data Protection Regulation requirements.</p>	<p>CR044 Cyber-attack on ICT services causes sustained ICT outage.</p> <p>CR065 Cyber-attack or accidental loss leads to data breach of sensitive operational and / or personal data.</p>	<ul style="list-style-type: none"> <li>• Protective monitoring system implemented.</li> <li>• Business continuity plans and system resilience established.</li> <li>• MS365 rolled out.</li> <li>• Maintenance of Digital roadmap.</li>   <li>• Protective monitoring system implemented.</li> <li>• Business continuity plans and system resilience established.</li> <li>• MS365 rolled out.</li> <li>• Maintenance of Digital roadmap.</li> </ul>
<p><b>Technology:</b> Risks arising from technology not delivering the expected services due to inadequate or deficient system / process development and performance or inadequate resilience.</p>	<p>CR037 Physical loss of ICT services causes sustained ICT outage.</p>	<ul style="list-style-type: none"> <li>• Business continuity plans and system resilience established.</li> <li>• MS365 rolled out.</li> <li>• Maintenance of Digital roadmap.</li> </ul>
<p><b>Financial:</b> Risks arising from not managing finances in accordance with requirements and financial constraints resulting in</p>	<p>CR050 Failure to agree and set a balanced budget 2022/2023.</p>	<ul style="list-style-type: none"> <li>• Value for money assessment completed.</li> <li>• Benefits realisation monthly report.</li> <li>• Rolling efficiencies review.</li> </ul>

HM Treasury Orange Book Risk Category	DSFRS Corporate Risks	Risk Mitigation in Place and actions in development
poor returns from investments, failure to manage assets / liabilities or to obtain value for money from the resources deployed, and / or non-compliant financial reporting.		
<b>Legal:</b> Risks arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets and people (for example intellectual property).	CR075 Failure to assure that staff are complying with the requirements of the HASAW Act 1974 and Management of H & S Regulations and associated legislation.	<ul style="list-style-type: none"> <li>• Strategic Safety Committee.</li> <li>• Thematic Health &amp; Safety risk register reporting to Strategic Safety Committee quarterly.</li> </ul>
<b>Commercial:</b> Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and / or failure to meet business requirements / objectives.	CR074 Supply chain disruption	<ul style="list-style-type: none"> <li>• Assessing status of projects / works and corresponding risk register.</li> <li>• Regular engagement with contractors to identify 'issues' at earliest opportunity.</li> <li>• Programme adjustment / consideration.</li> </ul>
<b>5 x risk de-escalated to local risk registers</b>		
<b>Reputational:</b>	<b>November 2021:</b> <ul style="list-style-type: none"> <li>○ CR068 Failure to effectively manage Apprenticeships resulting in inefficient practices and failure to capitalise on benefits of levy.</li> </ul>	<ul style="list-style-type: none"> <li>• De-escalated to Service Delivery Resilience risk register.</li> <li>• Apprenticeship Manager recruited.</li> </ul>

HM Treasury Orange Book Risk Category	DSFRS Corporate Risks	Risk Mitigation in Place and actions in development
<p><b>Safety:</b></p> <p><b>People:</b></p> <p><b>People:</b></p>	<p><b>January 2022:</b></p> <ul style="list-style-type: none"> <li>• CR058 Failure to identify organisational learning and respond to consultation / changes to complex buildings.</li> <li>• CR061 Failure to undertake adequate workforce planning in respect of number of firefighters due to retire before 1st April 2022.</li> <li>• CR071 Lack of assurance for 3 yearly medicals that staff are fit to carry out their duties at an operational incident.</li> </ul>	<ul style="list-style-type: none"> <li>• De-escalated to Service Delivery Response risk register.</li> <li>• De-escalated to People Services risk register.</li> <li>• De-escalated to People Services risk register.</li> </ul>
<p><b>People:</b></p>	<p><b>February 2022:</b></p> <ul style="list-style-type: none"> <li>• CR057 Covid 19 results in significant staff absences.</li> </ul>	<ul style="list-style-type: none"> <li>• De-escalated to Service Improvement risk register.</li> </ul>
<b>Risk Categories with no current corporate risks</b>		
<p><b>Operational:</b> Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money</p>		
<p><b>Business Change / Project / Programme:</b> Risks that change programme and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time cost and quality.</p>		
<p><b>Strategy:</b> Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change) and changing micro-environment (competing strategic perspectives)</p>		

Corporate Risk Register V40 8 February 2022

V40 Corporate Risk Register – border colour indicates net risk score – 18 corporate risks:

- 1 x high risk CR079

CR079 Inability to assure ourselves that the Home Fire safety data created, held and reported on is correct

- 17 x medium risks

CR035 Failure to agree performance measures & inability to fully & immediately report against agreed measures which may reduce the ability to make informed decisions	CR044 Cyber-attack on ICT services causes sustained ICT outage	CR055 Failure to report & learn from events and take corrective action to prevent foreseeable accidents	CR062 Failure to operate an effective Information Governance framework.	CR064 Failure to provide demonstrable consistent standards in FF competence	CR066 Failure to adequately plan and implement recruitment and promotion processes	CR070 Failure to operate an effective risk assessment framework.	CR074 Supply chain disruption	CR077 Industrial action, including withdrawal from voluntary agreements to do non-contractual working.
CR037 Physical loss of ICT services causes sustained ICT outage.	CR050 Failure to agree actions to set a balanced budget in 2022/2023, further exacerbated by reduced council tax and business rates as a result of Covid impact on the economy.	CR056 Failure to ensure that fleet and equipment is available and is fit for purpose	CR063 Failure to deliver Environmental Strategy and action plan	CR065 Cyber-attack or accidental loss leads to data breach of sensitive operational and/or personal data	CR069 Structure and culture of HR function does not support the needs of the organisation	CR073 Failure to assure that staff read and understand risk critical messages and apply required changes	CR075 Failure to assure that staff are complying with the requirements of the HASAW Act 1974 and Management of H&S Regulations and associated legislation	submitted to HMI is correct

CR079 High risk added to corporate risk register 8 February 2022

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