



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

**E. Jackman
CLERK TO THE AUTHORITY**

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

(see below)

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AUDIT & GOVERNANCE COMMITTEE

Friday, 29 September, 2023

A meeting of the Audit & Governance Committee will be held on the above date, **commencing at 10.00 am in Committee Room A, Somerset House, Devon & Somerset Fire & Rescue Service Headquarters** to consider the following matters.

E. Jackman
Clerk to the Authority

AGENDA

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

1 Apologies

2 Minutes (Pages 1 - 6)

of the previous meeting held on 21 July 2023 attached.

3 Items Requiring Urgent Attention

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

PART 1 - OPEN COMMITTEE

4 External Audit Plan for the Year Ending 31 March 2023 (Pages 7 - 34)

The Authority's External Auditor, Grant Thornton, has submitted, for information (and as attached), an overview of the planned scope and timing of the statutory audit of Devon & Somerset Fire & Rescue Authority ('the Authority') for the year ended 31 March 2023.

5 Internal Audit Follow Up Report (Pages 35 - 44)

Report of the Director of Finance & Corporate Services (AGC/23/17) attached.

6 HMICFRS Areas for Improvement Action Plan Update (Pages 45 - 48)

Report of the Chief Fire Officer (AGC/23/18) attached.

7 Authority Policy for Regulation of Investigatory Powers Act (RIPA) 2000 - Review (Pages 49 - 52)

Report of the Monitoring Officer & Clerk to the Authority (AGC/23/19) attached.

8 Revised Forward Plan 2023-24 (Pages 53 - 58)

Report of the Clerk to the Authority (AGC/23/20) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Coles (Chair), Cook-Woodman, Fellows, Gilmour, Power, Roome, Sellis, Slade (Vice-Chair) and Sully.

Co-opted Independent Members Perks and Turkington.

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.

	NOTES (Continued)
4.	<p><u>Part 2 Reports</u></p> <p>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.</p>
5.	<p><u>Substitute Members (Committee Meetings only)</u></p> <p>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.</p>
6.	<p><u>Other Attendance at Committees)</u></p> <p>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.</p>

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

21 July 2023

Present:

Councillors Coles (Chair), Cook-Woodman, Fellows, Sellis, Slade (Vice-Chair), Sproston (vice Gilmour) and Sully,

Independent, Co-opted Members:

Messrs. Perks and Turkington

Apologies:

Councillors Power and Roome

* **AGC/23/1** **Minutes**

RESOLVED that the Minutes of the meeting held on 26 April 2023 be signed as a correct record.

* **AGC/23/2** **External Audit Progress and Sector Update**

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

- A summary of emerging national and sector issues and developments relevant to the fire & rescue service;
- An update on progress made up to July 2023;
- The audit deliverables for 2022-23; and
- The 2022-23 audit fees.

Barrie Morris, representing Grant Thornton, advised the Committee that the Audit Plan would normally have been submitted to the Committee at this stage but audit work had been delayed and thus, this would be submitted to the September 2023 meeting. It was anticipated that the audit opinion would now be submitted to the Committee by the end of February 2024. The Clerk advised that she was liaising with the external auditor in respect of the potential need to re-arrange the date of the January 2024 meeting of the Committee in light of this information.

It was noted that representations had been made to Parliament in respect of the backlog in external audit of local authority financial statements and that the publication of a disclaimer was under consideration. Given this was the last of the five years of the PSAA contract, Devon & Somerset Fire & Rescue Authority would move to a new external auditor for the 2023-24 financial statements.

The external auditor further advised of a change in the published fee for the 2022-23 audit which would be reduced by £5,000 to £52,380.

Mr Perks, Independent Co-opted member of the Committee asked the Treasurer how confident he was in ensuring the delivery of the financial statements for auditing by the deadline of the end of July 2023 given there was a small Finance Team in place. The Director of Finance & Corporate Services (Treasurer) reassured the Committee that the Finance Team had to cope with the consolidation of accounts of Red One Ltd. for the first time in 2021-22 which had been challenging and lessons had been learned but he was more confident with production in the second round.

Mr Perks further questioned how the Treasurer would achieve segregation of his roles given his newly extended remit. The Treasurer replied that he had the benefit of a deputy now with the appointment of Maria Phillips as Assistant Director of Corporate Services picking up Risk and the Portfolio Office with Andrew Furbear as Head of Finance. The governance at local authority level lay with the Service's Directors and it was usual for those Directors to be appointed as statutory officers in addition to their day-to-day role such as the Treasurer and Monitoring Officer.

* **AGC/23/3** **Annual Internal Audit Report 2022-23**

The Committee received for information an annual report of the Head of the Devon Audit Partnership (AGC/23/9) for 2022-23, a new responsibility which had been introduced under the Accounts and Audit Regulations 2015 (as amended 2021). The report set out the background to audit service provision, any updates to the agreed 2022-23 plan, a review of the work undertaken in 2022-23 and an opinion on the overall adequacy and effectiveness of the Authority's Internal Control Environment.

The Head of the Devon Audit Partnership (DAP) referred to the point that the DAP had only commenced the internal audit function for the Authority from October 2022 which was part way through the financial year which had caused some difficulties. The overall opinion given in this annual report was "limited assurance". Whilst there may be audits where an assessment of limited assurance had been given, the Head of the DAP advised that there was assurance to be taken and progress was being made.

Mr Perks referred to conflicts in the terminology used within the report and specifically the difference in context between "significant gaps" which appeared, in his opinion, to be "important but not significant". He asked the Head of the DAP to consider this in future reports. The Head of the DAP replied that this was a good challenge but this was based on the CIPFA definition of "significant". Mr Perks added that this would need to be reconciled with the terminology in the report on Going Concern (Minute AGC/23/2 below refers). The Treasurer clarified that the Going Concern report reflected his professional assessment of the Authority's ability to continue operating for the foreseeable future. Whilst he gave due regard to the Internal Audit Report, alignment of terminology was not to be assumed or expected. The Treasurer further stated that it would be difficult to move away from the CIPFA definition, but he acknowledged the point made.

Mr Perks suggested there was a need for the Committee to receive an overarching report at each meeting on all management actions and overdue recommendations together with an explanation as to the reasons why. The Treasurer stated he could see the benefit of doing and the Service could bring together all the various actions which were underway and cross reference them to the risk register.

* **AGC/23/4** **Internal Audit Interim Progress Report 2023-24**

The Committee received for information a report of the Head of the Devon Audit Partnership (DAP) upon the progress made against the approved Internal Audit Plan for 2023-24.

The Head of the DAP advised that it was still relatively early in the financial year and thus, only one audit had been completed which was the Medium-Term Financial Plan which had been given reasonable assurance. 3 audits were in progress with a further 10 planned.

Mr Perks commented that it would be good to map the Corporate Risk Register number against each audit.

* **AGC/23/5** **Draft Annual Statement of Assurance 2022-23**

The Committee considered a report of the Finance & Corporate Services (Treasurer) (AGC/23/11) to which was appended the draft Annual Statement of Assurance for 2022-23.

The Statement had been prepared to comply with the requirements of the Accounts and Audit (England) Regulations 2015 (as amended) and the latest edition of the Fire and Rescue National Framework for England. The Statement examined and provided commentary on organisational systems of internal financial control, corporate governance and operational assurance.

In debating the report, the following points were made:

- that the Committee should see an overview of what the Service's insurance cover was in place so that any gaps could be identified and risk mitigated;
- that the Committee should be apprised of any complaints made that involved financial impropriety or governance issues; and
- that the management actions should be annotated with the quarter and year in the status column in future.

RESOLVED that, subject to inclusion of the amendments as indicated, the draft Annual Statement of Assurance 2022-23 as appended to report AGC/23/11 be approved in principle and submitted to the External Auditor alongside the draft financial statements for the same financial year.

* **AGC/23/6** **Corporate Risk Register**

The Committee received for information a report of the Director of Finance & Corporate Services (Treasurer) (AGC/23/11) that provided an update on the Corporate Risk Register. The Corporate Risk 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 and was reported to the Committee on a bi-yearly basis.

The risk management process included the identification, assessment and recording of risks together with mitigating activities. The Service’s Risk Manager presented the Corporate Risk Register at the meeting via SharpCloud, the tool used to visualise the risks in place. She advised that there were currently 16 risks entered on the Corporate Risk Register with 4 risks escalated from the local risk register, 2 de-escalated to local and thematic risk and no risks closed. Of the 16 risks, 7 were high risk and 9 were medium. In terms of the risks escalated, these were:

- CR050b - Failure to agree actions to set a balanced budget in future years, further exacerbated by reduced council tax and business rates and inflation. Agreed to combine risk into existing corporate risk CR050;
- CR082 - Inability to maintain Academy training facilities. Agreed to add risk to Academy risk register;
- CR083 - Failure to operate Safeguarding effectively. Agreed to add risk to Community Safety risk register;
- CR084 - Digital capability at risk due to lack of clarity of future Digital direction. Agreed to add risk to corporate risk register.

The Service’s Executive Board agreed to amend the following risks on the corporate risk register:

- CR077 - Industrial action, including withdrawal from voluntary arrangements to do non contractual working, December 2022 increased likelihood score from 3 to 4 due to FBU ballot 5 December 2022; and
- CR050 - Failure to agree actions to set a balanced budget in future years, further exacerbated by reduced council tax and business rates and inflation; impact score increased from 3 to 5 thereby increasing risk level from medium to high due to budget pressures associated with 2024/25 financial year and beyond.

In terms of risk CR050, the Committee asked to receive a monthly, informal update on the position on progress made towards closing the financial gap identified with the Authority’s Medium Term Financial Plan. The Treasurer undertook to put this into place.

* **AGC/23/7** **Going Concern Review**

The Committee received for information a report of the Director of Finance & Corporate Services (Treasurer) (AGC/23/13) that provided a formal response from management to the external auditor (Grant Thornton) on the Authority as a going concern.

The report contained a review of the financial position as at 31 March 2023 alongside an assessment of the ability of the Authority to continue operating for the foreseeable future. The report confirmed that the Authority was operating within a robust control environment which was evidenced through appropriate assurance, financial and operational monitoring reports both to management and the Authority.

During the debate on this item, the following points were raised:

- That the forecast budget deficit in 2024-25 and future years as set out within the Medium-Term Financial Plan was a challenge but the Service had plans in place to address this and the Authority would be kept informed of progress;
- That treasury management and investment returns in 2023-24 were a key revenue consideration albeit that the current, high returns were unlikely to be sustained in the longer term;
- That the level of Council Tax set for 2024-25 was crucial and the Treasurer would be setting out options for consideration by the Authority once information in respect of the Revenue Support Grant settlement and precept boundaries were established later in 2023-24.

* **AGC/23/8** **Annual Review of Authority Standards Arrangements**

The Committee received for information a report (AGC/23/14) that identified the Standards arrangements adopted by the Authority to secure compliance with the legislative provisions of the Localism Act 2011 and associated Regulations. The report also provided an overview of operation of the regime during the 2022-23 financial year.

* **AGC/23/9** **His Majesty's Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS) Action Plan Update**

The Committee received for information a report of the Chief Fire officer (AGC/23/15) setting out the progress that had been made against His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) Areas for Improvement as set out in the Action Plan appended to the report.

There were four actions directly related to the work of this Committee together with the progress made to date which were set out below, namely:

- HMI-1.-2-202202 – the Service should make sure its integrated risk management plan included clear outcomes that showed the public how it was currently mitigating risk;

- HMI-1-3-202205 – the Service should make sure that it had an effective quality assurance process so staff carry out audits and fire safety checks to an appropriate standard;
- HMI-2-2-202207a – Prevention and Protection – the Service should be aware of and invest in developments in technology and future innovation to help improve and sustain operational efficiency and effectiveness; and
- HMI – 2.2-202207b – Response – the Service should be aware of and invest in developments in technology and future innovation to help improve and sustain operational efficiency and effectiveness.

It was noted that there were 19 individual actions sitting beneath these of which 5 were in progress (on track), 7 had been completed, 6 had not been started and 1 was in progress but off track.

In terms of Area for Improvement, HMI-2.2-202207b (Response – Technology and Future Innovation) this was currently recorded as ‘In Progress – Off Track’. This was because action 07b.03 ‘Investigate which systems involving response activity are currently paper based and make recommendations for improvements’ had not been completed in the required timeframe.

* **AGC/23/10** **Management Responses to the improvement Recommendations Identified within the External Auditor's Annual Report 2021-22**

The Committee received for information a report of the Director of Finance & Corporate Services (Treasurer) (AGC/23/16) that set out the management responses to the external auditor’s improvement recommendations identified within their Annual Report for 2021-22.

The Treasurer drew attention to the point that there was an updated response on the improvement recommendation related to the Medium-Term Financial Plan, amongst others, which had not been reflected in the version of the paper circulated with the agenda and papers. He advised that the Medium-Term Financial Plan was being considered on a monthly basis by the Executive Board as a result of this recommendation and quarterly by the Authority. It was noted that the revised responses to the improvement recommendations would be circulated to the Committee.

NB. Minute AGC/23/7 also refers.

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

The Meeting started at 10.45 am and finished at 12.56 pm

Devon and Somerset Fire and Rescue Authority Audit Plan

Year ending 31 March 2023

19th September 2023

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

Key matters



National context

For the general population, rising inflation rates, in particular for critical commodities such as energy, food and fuel, is pushing many households into poverty and financial hardship, including those in employment. At a national government level, recent political changes have seen an emphasis on controls on spending, which in turn is placing pressure on public services to manage within limited budgets.

Local Government funding continues to be stretched with increasing cost pressures due to the cost-of-living crisis, including higher energy costs, increasing pay demands, higher agency costs for temporary staff and increases in supplies and services. Local authority front-line services play a vital role in protecting residents from rising costs; preventing the most vulnerable from falling into poverty and helping to build households long-term financial resilience.

As the cost of living continues to rise, this will have an impact on fire risk in the home, potentially making fires more likely to occur as people take greater risks. The number of people living in fuel poverty is expected to rise dramatically over the winter months of 2022-2023. This is likely to further increase the demand for fire and rescue services at a time where Authorities are facing budgetary pressures.

Devon and Somerset Fire and Rescue's Medium Term Financial Plan set outs that by 2027/28 the Authority could face a budget gap of £20.8m. This is on top of savings delivered to date of £22.5m.

Our recent value for money work has highlighted a number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time.

In planning our audit, we will take account of this context in designing a local audit programme which is tailored to your risks and circumstances.

Audit Reporting Delays

In a report published in January 2023 the NAO highlighted that since 2017-18 there has been a significant decline in the number of local government body accounts including an audit opinion published by the deadlines set by government. The NAO outline a number of reasons for this and proposed actions. In our view, it is critical for an early completion of audits that draft local authority accounts are prepared to a high standard and supported by robust working papers.

Grant Thornton has produced a report 'About Time' that explores the reasons for delayed publication of audited local authority accounts. Local authority accounts are becoming increasingly complex as accounting standards evolve and local authorities enter more and more innovative financing arrangements and income generation projects. A significant challenge in managing local audits is the differing needs of various stakeholders. This report concluded that amongst other things, the local government sector, central government and regulators need to agree on the purpose of local audit and find a consensus on improving efficiency in publishing accounts.

Key matters



Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out further in our Audit Plan, has been agreed with the Director of Finance and Corporate Services (S151 Officer).
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work.
- Our value for money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will follow up actions in respect of matters identified through previous audit work, on the financial statements or in respect of work on arrangements to secure VFM.
- We will continue to provide you and your Audit and Governance Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit and Governance Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- In the 2021/22 we included a significant risk in our audit plan in relation to the preparation of group accounts. This was due to it being the first time that the Authority had prepared these accounts. Whilst there were a number of findings and amendments required against this risk, we have not assessed group accounts preparation as a significant risk for 2022/23. This is due the experienced gained in the prior year. The group accounts will be audited as part of our normal audit procedures.

Introduction and headlines

Purpose

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

Respective responsibilities

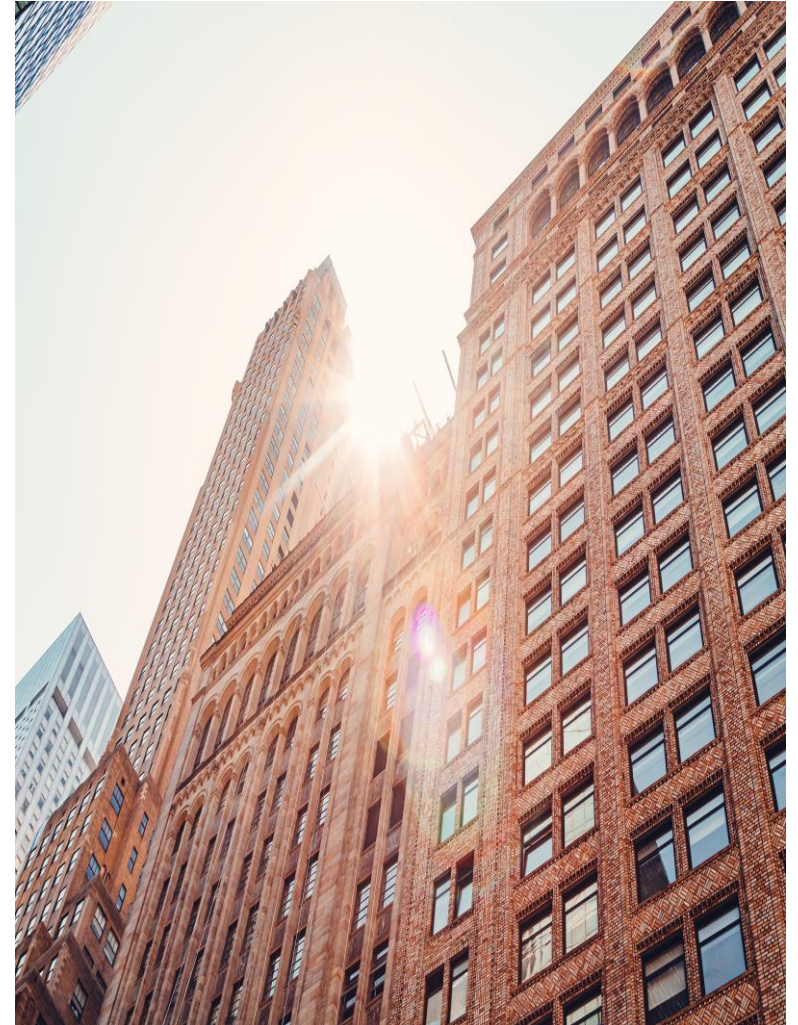
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment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

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Authority and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance committee); and we consider whether there are sufficient arrangements in place at the Authority and group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based.



Introduction and headlines

Significant risks

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

- Management override of controls;
- Revenue recognition (rebutted for the Authority);
- Expenditure recognition (rebutted for the Group);
- Assumptions underpinning the valuation of land and buildings;
- Assumptions underpinning the valuation of net pension fund liability.

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

Group Audit

The Authority is required to prepare group financial statements that consolidate the financial information of Red One Limited.

Materiality

We have determined planning materiality to be £2.3m (PY £2.1m) for the group and £2.2m (PY £2.1m) for the Authority, which equates to 2% of your gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of prior period errors. There were a number of required amendments to the 2021/22 financial statements. We have therefore reduced our performance materiality from 75% to 65%. Clearly trivial has been set at £0.110m (PY £0.105m) for the Authority.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weakness:

- Arrangements for responding to the July 2022 inspection report; and
- Financial Sustainability.

We will continue to update our risk assessment until we issue our Auditor's Annual Report.

New Auditing Standards

There are two auditing standards which have been significantly updated this year. These are ISA 315 (Identifying and assessing the risks of material misstatement) and ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements). We provide more detail on the work required later in this plan.

Audit logistics

Our audit will take place between November 2023 and February 2024. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our proposed fee for the audit will be £52,380 (PY: £57,280) for the Authority, subject to the Authority delivering a good set of financial statements and working papers.

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

Significant risks identified

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

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Group and Authority	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

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

Significant risks identified (cont)

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The expenditure cycle includes fraudulent transactions (rebutted)	Group and Authority	<p>Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states:</p> <p>"As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition". Public sector auditors therefore need to consider whether they have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.</p> <p>We have rebutted this presumed risk for Devon and Somerset Fire and Rescue Authority because:</p> <ul style="list-style-type: none"> • expenditure is well controlled and the Authority has a strong control environment; and • the Authority has clear and transparent reporting of its financial plans and financial position to the Authority. <p>For Red One Limited expenditure is well controlled, with elements of support provided by the Authority. There is regular reporting to the Authority which includes expenditure.</p> <p>We therefore do not consider this to be a significant risk for Devon and Somerset Fire and Rescue Authority and the wider group.</p>	No specific work is planned as the presumed risk has been rebutted.

Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (cont)

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Group Revenue	Group (subsidiary only)	<p>Under ISA 240 (UK) there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. The presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue and expenditure recognition.</p> <p>For Devon and Somerset Fire and Rescue Authority, we have concluded that the greatest risk of material misstatement relates to Group Revenue.</p> <p>We have therefore identified the occurrence and accuracy of Red One Limited's trading income as a significant risk of material misstatement, and a key audit matter.</p> <p>We have rebutted this presumed risk for the revenue streams of the Authority because:</p> <ul style="list-style-type: none"> • Other income streams are primarily derived from grants or formula based income from Central Government; and • Opportunities to manipulate revenue recognition are very limited. 	<p>For Group Revenue revenue we will:</p> <ul style="list-style-type: none"> • Evaluate the group's accounting policies for the recognition of income for appropriateness; • Gain an understanding of the group's system for accounting for income and evaluate the design of the associated controls; and • Agree, on a sample basis, the amounts recognised as income in the financial statements to supporting documents. Where possible this will be through placing reliance upon the work of the subsidiary auditor. <p>We will continue to review and test, on a sample basis, material revenue and expenditure transactions within the Authority's accounts, ensuring that it remains appropriate to rebut the presumed risk of revenue and expenditure recognition.</p>

Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (cont)

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings and the key assumptions and judgements that underpin this significant estimate	Authority	<p>The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£115m) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2023.</p> <p>The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions.</p> <p>We therefore identified valuation of land and buildings as a significant risk, in particular, any large or unusual assets or where there have been movements in valuations outside our expectations, as well as testing a sample of those within our expectations. This is one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Authority's valuer's report and the assumptions that underpin the valuation; and • test revaluations made during the year to see if they had been input correctly into the Authority's asset register.

Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (cont)

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability and the key assumptions that underpin this significant estimate	Authority	<p>The Local Government Pension Scheme (LGPS) pension net liability as reflected in the balance sheet, and asset and liability information disclosed in the notes to the accounts, represent a significant estimate in the financial statements.</p> <p>The Firefighters Pension scheme's pension fund liability as reflected in the balance sheet and notes to the accounts also represents a significant estimate in the financial statements.</p> <p>These estimates by their nature are subject to significant estimation uncertainty being sensitive to small adjustments in the key assumptions used.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% increase in the discount rate would reduce the LGPS liability by £1.3m. The same change would reduce the firefighter pensions liability by £9.1m. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Authority's pension fund net liability as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as the auditor's expert) and performing any additional procedures suggested within the report; • agree the advance payment made to the pension fund during the year to the expected accounting treatment and relevant financial disclosures; and • obtain assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the Devon Pension Fund financial statements. • test the data provided to the actuary of the Fire Fighter Pension Fund.

Group audit scope and risk assessment

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
The Authority	Yes		<ul style="list-style-type: none"> The significant risks for the audit are set out on pages 7-11 of this audit plan. 	Full scope audit performed by Grant Thornton UK LLP
Red One Ltd	No		<ul style="list-style-type: none"> We have identified the occurrence and accuracy of Red One Ltd's trading income as a significant risk. Whilst we have not identified a significant risk in relation to Red One Ltd's expenditure, this is forecast to be a material balance that will require audit consideration. 	<p>Red One Ltd have appointed an external auditor – Albert Goodman LLP.</p> <p>Specific scope procedures on Income (significant risk) and expenditure (material) to be performed by Albert Goodman LLP.</p> <p>The nature, time and extent of our involvement in the work of Albert Goodman LLP will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the auditor's audit documentation and meeting with appropriate members of management.</p>

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Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to risks of material misstatement of the group financial statements
- Analytical procedures at group level

Other matters

Other work

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

- We read your Narrative Report and Annual Statement of Assurance and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
 - issuing a report in the public interest or written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

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

Progress against prior year audit recommendations

We identified the following issues in our 2021/22 (and prior year) audit of the group's financial statements, which resulted in 6 recommendations being reported in our 2021/22 Audit Findings Report. Progress against these recommendations are set out below:

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>We note that the Authority has made no assessment of the impact of the implementation of IFRS16. This is a significant change that will impact on how the Authority recognises its leases. There are a number of steps to be completed as part of the assessment that can be time consuming.</p> <p>We recommend that the Authority commence its assessment of the impact of IFRS16 implantation.</p>	Based on review of the draft financial statements, an assessment of the IFRS16 impact has still not been made.
Not yet assessed	<p>Our testing of accruals identified three items that were not accrued for using correct treatment at year end.</p> <p>These amounts were trivial however, we recommend that the Authority review its accruals process as part of the 2022/23 closedown.</p>	<p>Management update:</p> <p>The process is now to send a copy of the accruals (GRNI) to the Accountants for double-checking. This took place in the 2022/23 closedown.</p>
Not yet assessed	<p>There are a number IT related policies that are past their review date for update. A number are pre-covid. IT has changed significantly due to the pandemic with remote working etc which exposes the Authority to greater risk.</p> <p>We will review the IT policies and update them in accordance with our update process.</p>	<p>Management update:</p> <p>The Information Governance Team have confirmed that all ICT Policies have been reviewed and confirmed as accurate or amended.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Not yet assessed	<p>Our work on journals identified that there is no formal approval process for posting journals, therefore the finance team members who have access to post journals are effectively approving their own entry. The Head of Finance and Senior Accountant complete a review of a sample of journal entries posted twice a year, however this is done retrospectively and is not a preventative control.</p> <p>We recommended that the Authority introduce preventative controls for the approval of journals.</p>	The Authority continue to accept the risk in this area as with the size of team introducing preventative controls would be unworkable.
Not yet assessed	<p>Our work on journals work noted that there is no authorisation limit on posting journals, therefore journal users are not restricted by the value they post.</p> <p>We recommended implementing a structure/policy on authorisation limits.</p>	The Authority continue to accept the risk in this area as with the size of team introducing preventative controls would be unworkable.
✓	<p>The code requires that where areas of estimation uncertainty are disclosed the note should set out the impact of changes to the key assumptions on the values within the financial statements.</p> <p>We recommended that the Authority enhance the note 4 disclosure, to meet the requirements of the code.</p>	The draft 2022/23 include this required information.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	<p>Determination</p> <p>We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Authority for the financial year. Materiality at the planning stage of our audit is £2.300m for the Group and £2.200m for the Authority, which equates to 2% of your gross expenditure for the period.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements – assist in establishing the scope of our audit engagement and audit tests – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements
2	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature where it may affect instances when greater precision is required.</p> <ul style="list-style-type: none"> – We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £0.020m.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

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Matter	Description	Planned audit procedures
3	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
4	<p>Other communications relating to materiality we will report to the Audit and Governance Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Group and Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.115m for the group (PY £0.105m) and £0.110m for the Authority (PY £0.105m) and If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.</p>

IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

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IT system	Audit area	Planned level IT audit assessment
Advanced ADVT (Core Finance Management System)	Financial reporting	<ul style="list-style-type: none"> • Test design and implementation of the ITGCs.
iTrent (Payroll)	Payroll	<ul style="list-style-type: none"> • Test design and implementation of the ITGCs.

Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2023

The National Audit Office-issued its latest Value for Money guidance –to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body’s arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:

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Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

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

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Inspection report

On Wednesday 27 July 2022, HMICFRS published the Devon & Somerset Fire & Rescue Service (DSFRS) 2022 inspection report. The inspection report identified one Cause of Concern and 14 Areas for Improvement (AFIs).

We confirmed as part of our 2021/22 work that an action plan had been put in place by the required deadline.

As part of our 2022/23 work we will review progress against the plan to ensure that the arrangements to respond remain appropriate.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Risks of significant VFM weaknesses (cont)



Financial Sustainability

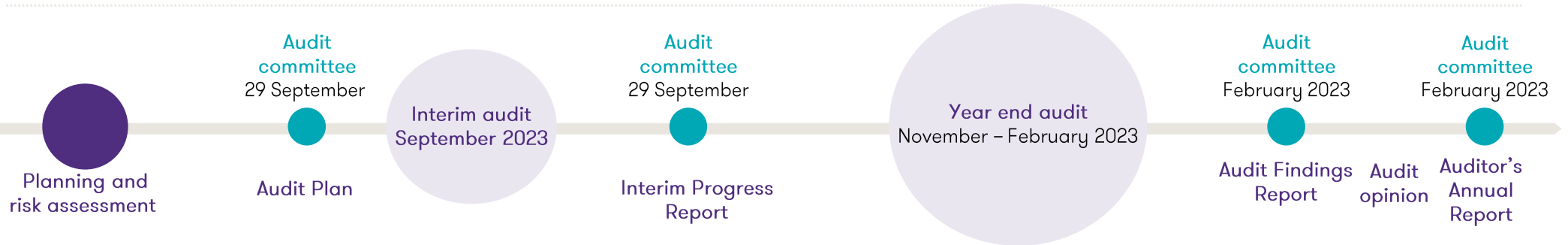
As part of our 2020/21 and 2021/22 VFM work we made several recommendations for improvement. These will be followed up as part of our 2022/23 work.

A number of these were related to financial sustainability and the need to develop and monitor detailed savings programs and introduce sensitivity analysis and scenario planning into financial planning and monitoring.

The implementation of these recommendations is becoming more important given rising costs and the financial challenge faced by the Authority. Devon and Somerset Fire and Rescue Medium Term Financial Plan (23/24) sets out that by 2027/28 the Authority could face a budget gap of £20.8m. This is on top of savings delivered to date of £22.5m.

We will review progress toward the implementation of prior year recommendations, and the arrangements in place for ensuring long term financial sustainability.

Audit logistics and team



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Barrie Morris, Key Audit Partner

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



Andrew Davies, Audit Manager

Responsible for the overall management of the audit; consideration of VFM work; quality assurance of audit work and outputs.

Suraj Hirani, Audit In-charge

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

Audited Entity responsibilities

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

Our requirements

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

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

Audit fees and updated Auditing Standards including ISA 315 Revised

In 2017, PSAA awarded a contract of audit for Devon and Somerset Fire and Rescue Authority to begin with effect from 2018/19. The fee agreed in the contract was £26,041. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2022/23 audit. For details of the changes which impacted on years up to 2021/22 please see our prior year Audit Plans.

The major change impacting on our audit for 2022/23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes include:

- Enhanced requirements around understanding the Authority's IT Infrastructure, IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.
- Additional documentation of our understanding of the Authority's business model, which may result in us needing to perform additional inquiries to understand the Authority's end-to-end processes over more classes of transactions, balances and disclosures.
- We are required to identify controls within a business process and identify which of those controls are controls relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These are significant changes which will require us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. We will be unable to determine the full fee impact until we have undertaken further work in respect of the above areas. However, for an authority of your size, we estimate an initial increase of £3,000. We will let you know if our work in respect of business processes and IT controls identifies any issues requiring further audit testing. There is likely to be an ongoing requirement for a fee increase in future years, although we are unable yet to quantify that.

The other major change to Auditing Standards in 2022/23 is in respect of ISA 240 which deals with the auditor's responsibilities relating to fraud in an audit of financial statements. This Standard gives more prominence to the risk of fraud in the audit planning process. We will let you know during the course of the audit should we be required to undertake any additional work in this area which will impact on your fee.

Taking into account the above, our proposed work and fee for 2022/23, as set out below, is detailed overleaf and has been agreed with the Section 151 Officer.

Audit fees

	Actual Fee 2020/21	Actual Fee 2021/22	Proposed fee 2022/23
Devon and Somerset Fire and Rescue Authority Audit	£41,291	£57,280	£52,380

Assumptions

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

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

Relevant professional standards

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

D. Fees

Fee analysis

Audit fees	Estimated fee
Scale fee per PSAA for 2022-23	31,980
Additional Requirements – Payroll Change of Circumstances (Information Provided by the Entity) IPE Testing	500
Value for Money audit – new NAO requirements	8,000
ISA 540	1,800
ISA 315	3,000
Additional journals testing	2,100
Additional audit work on Group Accounts	5,000
Estimated fee	52,380

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Independence and non-audit services

Auditor independence

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

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Authority's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

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

Other services

No other services provided by Grant Thornton were identified.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings	
Respective responsibilities of auditor and management/those charged with governance	•		ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•		
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•	This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•	
Significant matters in relation to going concern	•	•	We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	•	•	
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		n/a	Respective responsibilities
Significant findings from the audit		•	As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.
Significant matters and issue arising during the audit and written representations that have been sought		•	
Significant difficulties encountered during the audit		•	The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
Significant deficiencies in internal control identified during the audit		•	
Significant matters arising in connection with related parties		•	
Identification or suspicion of fraud (deliberate manipulation) involving management and/or which results in material misstatement of the financial statements (not typically council tax fraud)		•	
Non-compliance with laws and regulations		•	
Unadjusted misstatements and material disclosure omissions		•	
Expected modifications to the auditor's report, or emphasis of matter		•	

Agenda Item 5

REPORT REFERENCE NO.	AGC/23/17
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	29 SEPTEMBER 2023
SUBJECT OF REPORT	INTERNAL AUDIT FOLLOW UP REPORT
LEAD OFFICER	Director of Finance & Corporate Services
RECOMMENDATIONS	<i>That the Committee reviews the updates on progress in addressing the findings of audits with a limited assurance opinion and on implementing high and medium risk priority actions to consider whether there is sufficient assurance that appropriate action has been taken.</i>
EXECUTIVE SUMMARY	<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 action taken to address the findings of audits with a limited assurance opinion and provides a summary update on implementation of actions designed to address audit recommendations.</p> <p>Work is underway to develop a strategic action tracker that brings actions from different sources into one place and to ensure that cross reference is made from the Service's action trackers to the corporate risk register where appropriate.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ANALYSIS	Not applicable.
APPENDICES	Nil.
BACKGROUND PAPERS	<u>INTERNAL AUDIT 2022-23 PROGRESS REPORT NOVEMBER 2022</u>

1. **INTRODUCTION**

- 1.1. The Internal Audit Plan is a significant source of assurance of the effectiveness of the internal control environment.
- 1.2. The outcomes of internal audits provide varying degrees of assurance, from significant and reasonable assurance to limited or no assurance. Where recommendations for improvements have been made within audit reports, action plans have been agreed with the management team.
- 1.3. The aim of this report is to update the Committee on progress in addressing these recommendations.

2. **FOLLOW UP OF PROGRESS IN ADDRESSING INTERNAL AUDIT REPORTS WITH LIMITED ASSURANCE OPINIONS**

- 2.1 This report provides a summary update on progress in addressing the internal audit reports that were issued with limited assurance opinions and reported to Audit & Governance Committee since July 2022.

Crewing Pool

- 2.2 The Service's Crewing Pool had become an integrated part of improving operational capabilities. A group of staff intended for back up use were heavily relied upon and used a large amount of financial resources. There was a lack of assurance that the Crewing Pool process was adequately managed with reported incidences of colleagues taking advantage of the crewing pool perks and taking pumps off the run to go to other stations.
- 2.3 Update: Several risks identified in this audit were mitigated by the new Bank Staff Scheme which was rolled out in October 2022 and the use of crewing pool ceased. A one-year review of the Bank Staff Scheme is due for completion in September 2023.

Application of Learning

- 2.4 For the various sources of learning considered as part of this audit, designated resources and processes were in place that helped co-ordinate and monitor implementation of associated actions.
- 2.5 Resourcing levels were however cited as a potential issue for some teams, who were unable to provide as much input or time to these activities as they would otherwise like. In part this may be due to the sheer scale of the exercises involved, such as the National Operational Guidance Strategic Gap Analysis, which has over 2000 tactical actions across 20 areas against which the Policy, Procedure and Guidance Team have to co-ordinate an assessment. In this instance the assessment period is spread over a two-year period.
- 2.6 For most types of learning, a formal sign off process exists involving reports to management at the most senior levels. The exception is the Operational Assurance Team, who indicated they can close out any tactical learning activities without further escalation.

- 2.7 Each team demonstrated a process for tracking and reviewing learning points. The learning points themselves tended to be assigned to lead officers within service areas and progress updated periodically.
- 2.8 Overall, whilst learning was identified, coordinated, assigned, implemented, tracked, and monitored, there were several areas where further improvements could be made to processes to ensure that the application of learning is consistent and more effective.
- 2.9 Update: The new Operational Assurance system mitigates the associated risks identified in this audit. An updated and modernised process aligned to the NFCC Operational Learning: Good Practice Guide and the Fire Standard for Operational Learning has been implemented with the introduction of the new Operational Assurance system and updated guidance.
- 2.10 The HMI Team have made good progress and actions relating to HMI have been completed. The HMI action plan is now tracked through SharpCloud with all actions relating to the Cause of Concern, Areas for Improvement and Additional Feedback monitored and updated monthly. The internal HMI process was reviewed as part of a recent audit 'Service Action on External Bodies Reports 2023-24'. The audit opinion was 'Reasonable Assurance' overall, with the processes on developing an action plan as part of the HMI process given a 'Substantial Assurance' opinion.
- 2.11 Actions related to the Grenfell action plan are due to be reviewed in September 2023 by the AM Response (Devon) working with Networked Fire Services Partnership and Protection colleagues.
- 2.12 The two year review process of all strategic actions contained in National Operational Guidance (NOG) is progressing on track and will be completed before the planned date of February 2024. Due to additional team commitments, the quarterly reviews have slipped, although strategic actions are monitored within the team and capability leads. This work will now be able to progress as the team become more familiar with SharpCloud and its capabilities.
- 2.13 A quarterly training meeting has been started by our neighbouring services to ensure we can all work towards aligning our training packages to NOG. Our current packages have a three yearly review, so will be aligned to NOG on each review of current packages. When new ones are created, they will be NOG aligned from the outset. Good progress is being made in managing training and sharing best practise/training packs.
- Community Safety – Fire Prevention**
- 2.14 The team gained resource in 2019 with the introduction of ten additional home safety technicians. Whilst this supported the quantity of checks completed, there were continued management gaps highlighted in data quality review, risk-based escalation culture, action logs and process that limited the effectiveness of fire prevention.

- 2.15 The lack of accessibility of data and lack of skilled resource within the Prevention Team to analyse the Home Fire Safety data collected limited the ability of the team to be able to challenge and manage performance or to ensure that vulnerable people are re-visited.
- 2.16 Update: The secondment of a dedicated Business Analyst into the team has been extended for the remainder of the financial year. The team now has access to Power BI via the Strategic Analyst Team to help analyse data although is not linked to their systems and therefore current analysis is limited. This will be fully implemented when the new system, CFRMIS, is available. The Service is in the process of procuring this new system which should commence implementation in April 2024 with completion anticipated by September 2024. Portfolio Board approved the extension of the Management of Risk Information (MORI) project to enable the new system implementation. The Community Safety Committee continues to monitor performance.

Personal Protective Equipment (PPE)

- 2.17 Firefighters within the Service are provided with fit for purpose, personal use, operational PPE. However, the Service could not fully assure itself that adequate training is provided in how to use, store, and maintain this PPE in accordance with the PPE at Work Regulations 1992.
- 2.18 Examples were identified of staff wearing incorrect PPE to an incident or using it in a way that increases the risk of injury. This suggests that if training is taking place, refresher sessions and management intervention are required to maintain a higher level of assurance of compliance.
- 2.19 Policies and procedures meet legislative requirements. However, there was a lack of assurance that they are read and understood by relevant members of staff.
- 2.20 The storage of PPE varies across stations with PPE either stored in the appliance bay or a designated area. A lack of segregation of clean / dirty PPE and storing PPE in the appliance bay does not comply with regulations.
- 2.21 Update: A policy review has taken place, correcting any conflicting information. Work has begun to improve PPE training, specifically eLearning and ensuring that the Service can prove that training is in place; this is ongoing.
- 2.22 An update meeting is planned for 7 September 2023 to establish progress on logbook standardisation, task-based risk assessments, RA9 visits and eLearning training progress. Currently, these actions remain open.
- 2.23 An audit focussed on PPE contaminants is scheduled for later this year which will look at the related risks referred to in this audit, including PPE storage.

Flexi Duty Rota

- 2.24 In accordance with the Grey Book requirements, a Flexible Duty System (FDS) is in operation for officers at the Station Manager rank and above. Those utilising the Flexible Duty System undertake duties which can be split into two key types:

- Managerial duties - referred to as 'positive' hours; and
- Standby duties - where the officer is on call to carry out managerial duties as necessary. Standby duties require a set number of 'positive' hours to be worked, primarily used to provide support to stations within Commands, for instance attending a drill night at a station during an on-call shift.

2.25 The audit concluded that the FDS, as operated within the Service, may not always be in the spirit in which the system was intended. Contingencies which the Policy states should be exceptional, have in many cases become the norm. There are potential risks to officer welfare and to the effective delivery of incident response.

2.26 Update: Work to develop an interim FDO audit rota has commenced with a view to being implemented by the end of December 2023. This will operate until further work has been completed by the project team to deliver the final version of the FDO rota pattern.

Control of working hours

2.27 This audit found that there are processes and software in place to facilitate a controlled way of working, where hours worked can be monitored. These processes are not always utilised or are not used in the intended way.

2.28 Issues were raised in the 2022 audit of the Flexible Duty System regarding staff incorrectly filling out their time sheets, signing off their own time sheets or not getting them signed off at all. This audit found that there was a lack of knowledge amongst Line Managers surrounding what to look for, and how to check time sheets. There were also still incidences of staff not submitting their time sheets on time, sometimes missing several months.

2.29 A common theme through this audit was staff feeling as if the workload was too large to fit in to a 37-hour working week. Support staff are finding their calendars full of Teams meetings, without scheduled 'focus' times, and are fitting their written work into their own time. This is resulting in too much time off in lieu to carry over into the next 4 weeks and a negative impact on staff wellbeing. The culture surrounding hours worked within the Service requires improvement as it is widely accepted that to meet productivity expectations, they must work overtime.

2.30 Update: Actions to address the findings of this audit are not due until quarter 2 2024. The new Head of People Services is aware of all actions and a plan is in place to ensure that the deadlines will be met.

Organisational Safeguarding Assurance

2.31 Safer Recruitment is achieved through due diligence but the Service cannot currently assure itself that all areas are covered or be confident in organisational safeguarding as it is currently structured, due to changes in legislation and the requirement that enhanced Disclosure and Barring Service (DBS) checks are needed to cover more roles within the Service.

2.32 Significant improvement work is required to be undertaken in collaboration with People Services and supported by regular mandatory meetings for accountability and ownership.

2.33 To ensure that regulation is in place, the Service needs to review and maintain a record of concerns and follow safer recruitment procedures, including DBS checks. There is also a need to ensure that all staff are aware of their responsibilities by line managers updating and aligning job descriptions (some that have not been reviewed for years) to accommodate Safeguarding, and or, safeguarding tasks.

2.34 Update: This audit report was published July 2023 with no actions due until September 2023. An initial training package and competency framework has been developed and is ready for implementation. A further update on implementation will be provided in a subsequent update report.

3. **IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS**

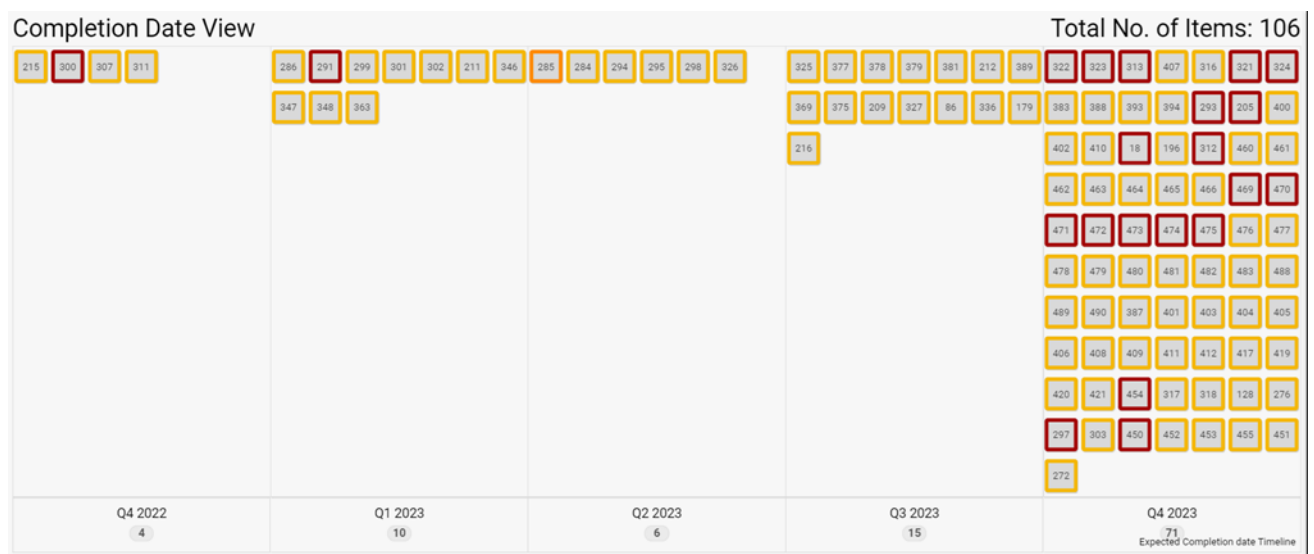
Action Tracker

3.1 The Audit Tracker on SharpCloud records all recommendations and agreed actions arising from internal audit work.

3.2 Chart 1 presents the open high and medium risk priority actions. At 8 September 2023 there were 85 medium risk actions and 23 high risk priority actions open.

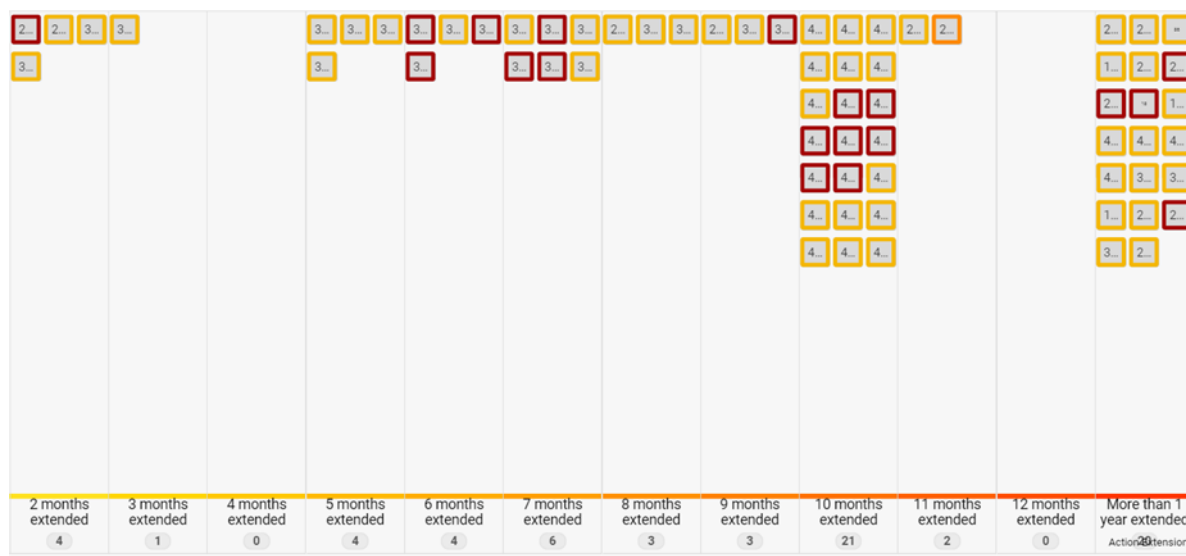
3.3 Work is underway to map the high priority actions to the corporate risk register.

Chart 1: Open actions timeline - High/Medium Risk Priority



3.4 Chart 2 below illustrates a summary of the actions that have had their initial planned implementation dates extended.

Chart 2: Extension of planned implementation dates.



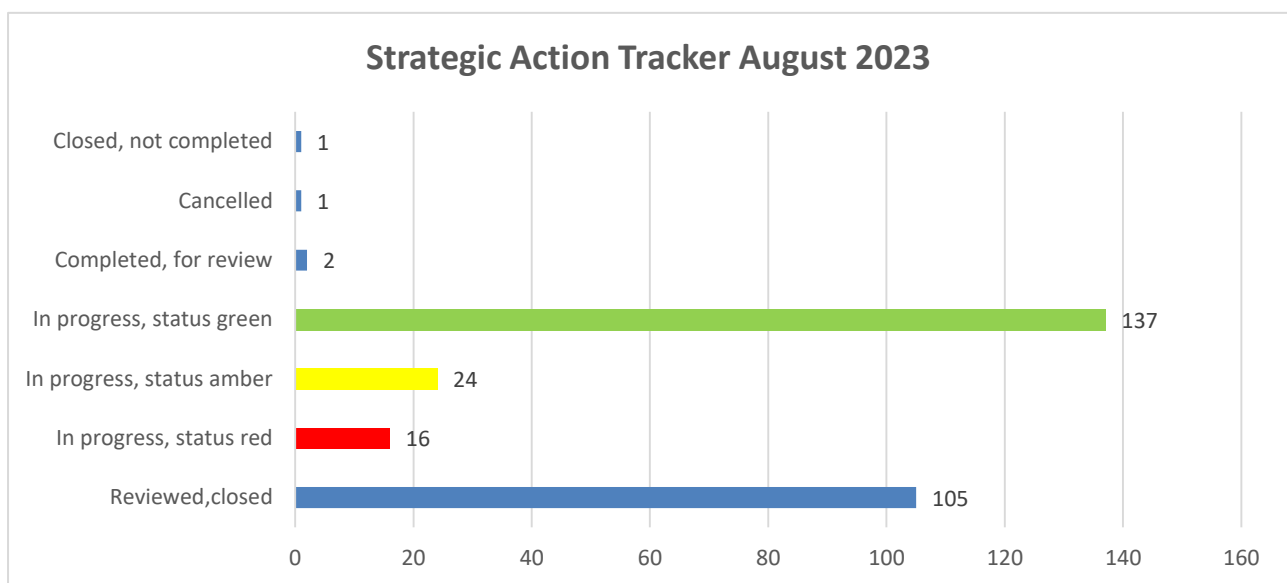
- 3.5 The following high risk actions have been extended by more than 12 months for the following reasons:
- 3.6 **Action 205 (Station Compliance Audit 2021-22)** - In light of any credible evidence of increased risk or in light of any case of legionnaires disease associated with Fire Appliance Operation, the Service should immediately review the Legionella written scheme of control.
- 3.7 Reason for extension – Consideration of ownership led to an extension which has now been addressed.
- 3.8 **Action 18** – An operational asset register needs to be developed and embedded to ensure all operational equipment is effectively recorded. This will enable the Service to effectively manage, track and test all operational equipment.
- 3.9 Reason for extension – This action has been open since 2014 due to various setbacks with phase 2 of the asset management project. Phase 2 has now been delivered with phase 3 due by the end of the year.
- 3.10 **Action 297 (Community Safety - Fire Prevention 2021-22)** - Dependency on the introduction of InPhase that will help support the ability to challenge data extraction through performance management KPIs. The Prevention Team should be able to directly extract important data to review and make decisions.
- 3.11 Reason for extension - The Community Safety team are still having problems extracting good quality data. The original planned solution, InPhase is no longer being progressed. The team is in the process of procuring a new system which is not expected to commence implementation until April 2024. Consideration of a mandate to initiate a business intelligence project to address this is underway.

- 3.12 **Action 293 (Community Safety – Fire Prevention 2021-22)** - It is important for data collected within the Home Safety App to be cleansed regularly for data accuracy.
- 3.13 Reason for extension – The challenges with use of the Home Safety App will be resolved via introduction of the new system which commences implementation from April 2024. In the meantime, there have been some improvements to the Home Fire Safety app in terms of efficiency and effectiveness and this is subject to ongoing work.
- 3.14 The following high-risk actions have been extended by 10 months:
- 3.15 **Actions 469, 470, 471, 472, 473, 474, 475 (Flexible Duty System Audit 2022)** - Implementation of these actions has been impacted by a delay in undertaking the flexi duty review due to competing priorities. Work to develop an interim FDO audit rota will commence September 2023 with a view to being implemented by the end of December 2023. This will operate until further work has been completed by the project team to deliver the final version of the FDO rota pattern.
- 3.16 The following high-risk action has been extended by 9 months:
- 3.17 **Action 312 (PPE Compliance Audit 2021-22)** - eLearning courses or video reference material should be created for PPE topics. Training register would be useful during induction process.
- 3.18 Reason for extension – The ownership of this action was initially assigned to one person, but it became clear during an update that it would need to be a collaborative effort with the action owner hosting, not producing, the training materials. The correct colleagues are now involved, and the action is ongoing.
- 3.19 The following high-risk actions have been extended by 7 months:
- 3.20 **Actions 313, 321, 324 (PPE Compliance Audit 2021-22)** - These actions all relate to the need for updated PPE training.
- 3.21 Reason for extension – The ownership of this action was initially assigned to one person, but it became clear during an update that it would need to be a collaborative effort with the action owner hosting, not producing, the training materials. The correct colleagues are now involved, and the actions are ongoing.

4. STRATEGIC ACTION TRACKER

- 4.1 Work is underway to develop a strategic action tracker that brings actions from different sources into one place and ensures that cross reference is made to the corporate risk register where appropriate.
- 4.2 The strategic action tracker was presented to Service Leadership Team (SLT) at the risk management meeting on 28 June 2023. The tracker includes strategic corporate risk actions and audit recommendations. The tracker is expected to evolve to include the Annual Statement of Assurance actions and actions from strategic meetings. Over the next six months SLT risk meetings will focus on evolving the tracker.

- 4.3 It is anticipated that by combining multiple data sources, further process efficiencies should be gained over the coming months with increased visibility and alignment of actions. The system being used to capture data is Lists which is existing software and at no additional cost. The approach brings together collaboration across corporate planning, service improvement, audit and risk management teams. It is hoped that this collaborative work will support improvements in planning, performance, risk and assurance going forwards.
- 4.4 The strategic action tracker was updated by SLT at the risk management meetings on 28 June, 28 July and 30 August 2023.
- 4.5 The chart below illustrates strategic action tracker status for 286 actions across seven status categories.



5. CONCLUSION AND RECOMMENDATIONS

- 5.1 Progress in addressing the findings of audits with a limited assurance opinion will be submitted to Committee until there is sufficient assurance that appropriate action has been taken.
- 5.2 An update on delivery of high and medium risk priority audit actions will be provided to each Committee meeting together with an update on the strategic action tracker.
- 5.3 It is recommended that the Committee reviews the updates on progress in addressing the findings of audits with a limited assurance opinion and on implementing high and medium risk priority actions to consider whether there is sufficient assurance that appropriate action has been taken.

SHAYNE SCOTT
Director of Finance & Corporate Services

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Agenda Item 6

REPORT REFERENCE NO.	AGC/23/18
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	29 SEPTEMBER 2023
SUBJECT OF REPORT	HMICFRS AREAS FOR IMPROVEMENT ACTION PLAN UPDATE
LEAD OFFICER	Chief Fire Officer
RECOMMENDATIONS	<i>That the Committee reviews progress in delivery of the action plan.</i>
EXECUTIVE SUMMARY	<p>On Wednesday 27th July 2022 HMICFRS published the DSFRS 2022 inspection report. The inspection report identified one Cause of Concern and 14 Areas for Improvement (AFIs). Of these AFIs, four have been linked to the Audit and Governance Committee.</p> <p>The paper appended to this report outlines the progress that has been made against the HMICFRS Areas for Improvement action plan since the last update in July 2023. The key highlights are that:</p> <ul style="list-style-type: none"> • 1 Area for Improvement, HMI-2.2-202207b (Response – Technology and Future Innovation) is currently recorded as ‘In Progress – Off Track’. This is because action 07b.03 ‘Investigate which systems involving response activity are currently paper based and make recommendations for improvements’ has not been completed in the required timeframe.
RESOURCE IMPLICATIONS	Considered within the Action Plan where appropriate.
EQUALITY RISKS AND BENEFITS ANALYSIS	Considered within the Action Plan where appropriate.
APPENDICES	Nil.
BACKGROUND PAPERS	None

1. INTRODUCTION

- 1.1. On Wednesday 27 July 2022 HMICFRS published the DSFRS 2022 inspection report. The inspection report identified one Cause of Concern and 14 Areas for Improvement (AFIs).
- 1.2. This report provides an update on the Areas For Improvement action plan that has been produced following the inspection, which concluded in October 2021.

2. AREAS FOR IMPROVEMENT ACTION PLAN COMPLETION STATUS

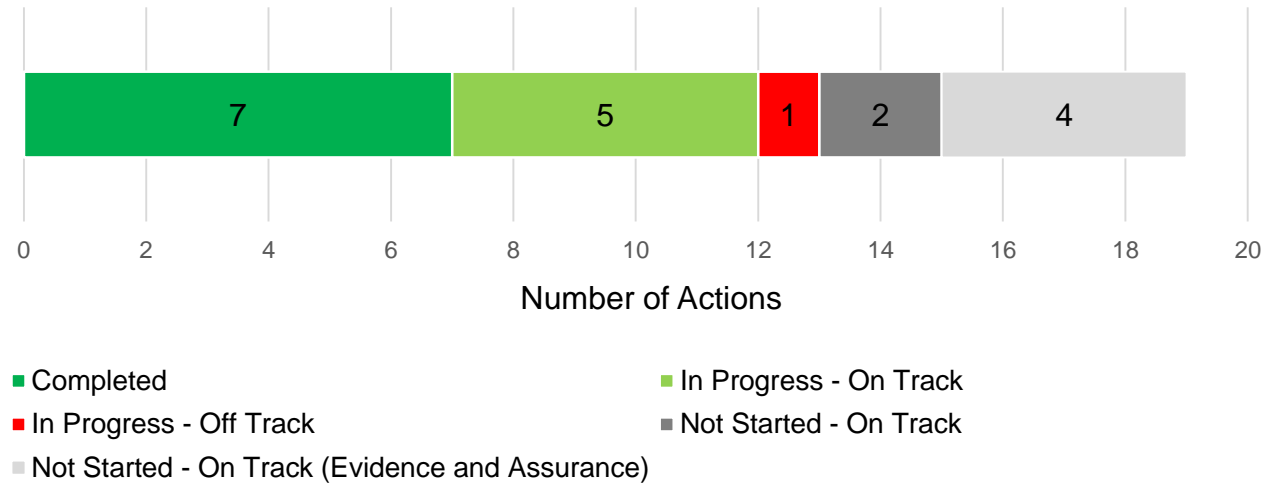
- 2.1. Table 1 lists the Areas For Improvement linked to the Audit and Governance Committee and their individual implementation status.

Table 1:

Reference	Description	Target Completion	Status
HMI-1.1-202202	The service should make sure its integrated risk management plan includes clear outcomes that show the public how it is currently mitigating risk.	31/01/2024	In Progress – On Track
HMI-1.3-202205	The service should make sure it has an effective quality assurance process, so staff carry out audits and fire safety checks to an appropriate standard.	30/09/2023	In Progress – On Track
HMI-2.2-202207a	Prevention and Protection – The service should be aware of, and invest in, developments in technology and future innovation to help improve and sustain operational efficiency and effectiveness.	30/04/2025	In Progress – On Track
HMI-2.2-202207b	Response – The service should be aware of, and invest in, developments in technology and future innovation to help improve and sustain operational efficiency and effectiveness.	31/10/2023	In Progress – Off Track

2.2. Figure 1 below outlines the completion status of all actions designed to address the Areas For Improvement linked to the Audit and Governance Committee, as outlined above.

Figure 1: Audit and Governance Committee Action Status - September 2023



2.3. Table 2 below outlines the completion status of all actions designed to address the Areas For Improvement linked to the Audit and Governance Committee.

Table 2: Summary of progress against the 19 individual actions					
Areas For Improvement (Audit and Governance Committee)					
Not started (on track)	Not started (off track)	In progress (on track)	In progress (off track)	Completed	Closed
6 (→ at 6)	0 (→ at 0)	5 (→ at 5)	1 (→ at 1)	7 (→ at 7)	0 (→ at 0)

* Please note that 4 of the actions which have not yet started are the evidence and assurance required once all other actions have been completed.

3. AREAS FOR IMPROVEMENT WHICH ARE ‘OFF-TRACK’

3.1. Table 3 below outlines the improvement areas which are currently marked as ‘In Progress – Off Track’.

Table 3:

Improvement Area	Status
HMI-2.2-202207b – Response – Technology and Future Innovation (Area for Improvement)	In Progress – Off Track
Factors impacting delivery	
Paper based systems have been identified and action is now being taken to review these with the relevant departments and make recommendations for improvements. This action will remain as ‘In Progress – Off Track’ as the target completion date has now passed and the action has not been completed within the required timeframe.	

GAVIN ELLIS
Chief Fire Officer

Agenda Item 7

REPORT REFERENCE NO.	AGC/23/19
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	29 SEPTEMBER 2023
SUBJECT OF REPORT	AUTHORITY POLICY FOR REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000 – REVIEW
LEAD OFFICER	Monitoring Officer & Clerk to the Authority
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>The Regulation of Investigatory Powers Act 2000 (RIPA) governs the use by public authorities (such as the Devon & Somerset Fire & Rescue Authority) of covert investigatory techniques which might otherwise infringe legal rights to privacy and respect for family life. While this Authority has never used, nor envisages ever using, the types of covert techniques governed by RIPA, it is nonetheless required to have appropriate policies and procedures in place should the use of such techniques ever be required.</p> <p>The Authority is also required, under the various codes of practice in place, to review its policies and procedures for RIPA at least annually and to report on (in anonymised form) any use of RIPA over the last twelve months</p> <p>The Committee last received a report on these issues at its meeting on 10 May 2022. This paper now sets out the findings of the most recent review.</p>
RESOURCE IMPLICATIONS	There is a requirement to ensure that relevant officers receive appropriate training and that sufficient awareness-raising is undertaken to promote understanding of the processes to be followed to obtain RIPA authorisation. Any costs associated with the above will be met from within existing resources.
EQUALITY RISKS AND BENEFITS ANALYSIS	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	Nil (NOTE: a copy of the Authority RIPA policy can be a made available on request)
BACKGROUND PAPERS	<p>A. Regulation of Investigatory Powers Act 2000.</p> <p>B. Investigatory Powers Act 2016.</p>

1. BACKGROUND

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

2. RIPA AUTHORISATIONS SINCE LAST REVIEW

- 2.1. Since the last report to the Committee on 10 May 2022, there has been no use of RIPA by the Authority.

3. REVIEW OF AUTHORITY POLICY

- 3.1. At its meeting on 7 September 2020, the [then] Audit & Performance Review Committee was advised of the requirement to remove references on the acquisition of communications data from the Authority’s RIPA policy as the Investigatory Powers (Communications Data) (Relevant Public Authorities and Designated Senior Officers) (No. 2) Regulations 2020 had removed fire and rescue authorities as relevant authorities for the purposes of the Investigatory Powers Act 2016 (“the 2016 Act”).

- 3.2. The Authority's RIPA policy was subsequently amended accordingly. It should also be noted, however, that the Communications Act 2003 requires certain telecommunications operators to provide communications data to the emergency services following a "999" emergency call. The 2016 Act and its associated Codes of Practice are not intended to regulate the handling of such emergency calls and a period of one hour after termination of an emergency call (referred to as "the golden hour") falls outside the provisions of the 2016 Act in relation to the disclosure of communications data to emergency services.
- 3.3. Other than the change referred to in the above paragraphs, it has not been necessary to further amend the Authority's Policy in any respect. The Committee is also reminded that, following the review in 2019 and in response to representations made by the National Fire Chiefs Council (NFCC), the Investigatory Powers Commissioner's Office suspended RIPA inspections of fire and rescue authorities pending a decision by the Office for Security and Counter Terrorism (OSCT) on amending the RIPA schedule to remove fire and rescue authorities from the list of public bodies able to use RIPA powers. The RIPA inspection regime remains suspended but as yet there has been no confirmation from the OSCT on the removal of fire and rescue authorities from the RIPA schedule.

4. CONCLUSION

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

EMMA JACKMAN
Monitoring Officer & Clerk to the Authority

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Agenda Item 8

REPORT REFERENCE NO.	AGC/23/20
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	29 SEPTEMBER 2023
SUBJECT OF REPORT	REVISED FORWARD PLAN 2023-24
LEAD OFFICER	Clerk to the Authority
RECOMMENDATIONS	<i>That, subject to any additions/amendments as indicated at the meeting, the Revised Forward Plan for 2023-24, as appended to this report, be approved.</i>
EXECUTIVE SUMMARY	<p>The appendix to this report sets out a revised Forward Plan for submission of items to meetings of this Committee during the next (2023-24) municipal year.</p> <p>The external auditor, Grant Thornton, has indicated that work on the audit of financial statements for the 2022-23 financial year would not commence until late August 2023. This, in turn, will result in a delay in submission of the financial statements for approval to late January/February 2024 and thus, the forward plan has been revised to reflect this change.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ANALYSIS	Not applicable.
APPENDICES	A. Revised Forward Plan 2023-24
BACKGROUND PAPERS	The Accounts and Audit Regulations 2015 The Accounts and Audit (Amendment) Regulations 2022

1. **INTRODUCTION**

- 1.1. The current Terms of Reference for this Committee provide that it has responsibility for, amongst other things:
- internal and external audit arrangements for the Authority (including approval of annual financial statements);
 - Standards arrangements (Members' Code of Conduct);
 - Corporate Risk Register;
 - the Authority's arrangements under the Regulation of Investigatory Powers Act (RIPA) 2000 (including annual reporting); and
 - receipt of an annual report from the Authority's Local Pensions Board.
- 1.2. A revised Forward Plan, as included at Appendix A to this report, sets out proposed reporting arrangements for these items to meetings of the Committee during the 2023-24 Municipal Year.

2. **FACTORS CONSIDERED IN THE REVISED FORWARD PLAN**

Financial Statements

- 2.1. The Accounts and Audit (Amendment) Regulations 2022 require, amongst other things:
- for the final (i.e. following the public consultation period) 2022-23 financial statements to be approved by the Authority (or Committee thereof) and published by no later than 30 September 2023 (Regulations 9(2) and 10(1)[as amended]);
 - for any certificate or opinion issued by the local auditor on the financial statements to be published by the same date (Regulation 10(1)(a)[as amended]); and
 - for the Annual Governance Statement (for this Authority, this is incorporated into the Annual Statement of Assurance) to be published by the same date (Regulation 10(1)(b)[as amended]).
- 2.2. Regulation 10(2) provides that, in the event that the audit of accounts has not been concluded by 30 September, the Authority must publish as soon as is practicable a notice on its website indicating that it has not been possible to publish the relevant documents by 30 September, the reasons for this and to publish the documents together with the auditors opinion as soon as reasonably practicable after receipt of the opinion.
- 2.3. For the previous (2021-22) financial year, it was not possible to publish the final financial statements and auditors opinion by the designated date as a result of capacity issues faced by the external auditors. Consequently, it was necessary to publish a notice in accordance with Regulation 10(2).

- 2.4. To seek to avoid this in the forthcoming municipal year, the Forward Plan was prepared on the basis of two dates (in September and November 2023) at which approval the final financial statements could be undertaken. At the July meeting of the committee, the external auditor indicated that the 2022-23 audit of financial statements would not commence until late August 2023 which would result in a delay in submission of the final, audited accounts to late January/early February 2024.
- 2.5. As a result, it has been necessary to find an alternative date for the Committee's January 2024 meeting to enable sufficient time for the submission of the final accounts for 2022-23 for approval as reflected in the Appendix attached to this report.

Proposed Dates of Meetings

- 2.6. The dates set out for meetings in this Forward Plan have been approved by the Authority at its Annual General Meeting on 12 June 2023 but the amended January 2024 date will be published by the Clerk to the Authority in accordance with delegated power.

EMMA JACKMAN
Clerk to the Authority.

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APPENDIX A TO REPORT AGC/23/20

AUDIT & GOVERNANCE COMMITTEE - DRAFT FORWARD PLAN 2023-24

DATE OF MEETING	ITEMS FOR CONSIDERATION
29 September 2023 - 10:00hours	Revised Forward Plan 2023-24
	External Audit Plan (including Fee) 2022-23
	Internal audit progress report
	Regulation of Investigatory Powers Act RIPA Review
	HMICFRS Action Plan Update
30 November 2023 - 10:00hours	External audit update?
	Internal Audit progress report
	HMICFRS Action Plan Update
	Local Pension Board Annual Report
15 January 2024 – 10:00hours <i> date is subject to confirmation of financial statements being available and may need to be re-arranged</i>	Financial Statements 2022-23, including: <ul style="list-style-type: none"> • Final Statement of Accounts • Audit Findings Report & Letter of Representation
	External Auditors' Annual Report (<i>will go to April meeting if financial statements not approved at end of November 2023</i>)
	Corporate Risk Register - Update
15 April 2024 – 10.00hours	External Audit Annual Report and associated Risk Assessment
	External Audit Plan (including Fee) 2023-24
	Internal Audit progress report
	Internal Audit Plan 2024-25
	Forward Plan 2024-25
	HMICFRS Action Plan Update

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