

REPORT REFERENCE NO.	AGC/23/16
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	21 JULY 2023
SUBJECT OF REPORT	MANAGEMENT RESPONSE TO IMPROVEMENT RECOMMENDATIONS IDENTIFIED WITHIN THE EXTERNAL AUDITOR'S ANNUAL REPORT 2021-22
LEAD OFFICER	DIRECTOR OF FINANCE & CORPORATE SERVICES (TREASURER)
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>The Authority's external auditor, Grant Thornton, identified a number of improvement recommendations within its Annual Report to the Committee at its meeting on 17 April 2023. The Committee resolved to seek a report on the management response to these recommendations (Minute AGC/22/27 refers) at its next meeting.</p> <p>This report sets out the initial responses and an update will be provided at the meeting.</p>
RESOURCE IMPLICATIONS	None indicated in this paper.
EQUALITY RISKS AND BENEFITS ANALYSIS	N/a.
APPENDICES	A. Management Response to the Improvement Recommendations set out within the External Auditor's Annual Report on Devon & Somerset Fire & Rescue Authority 2021-22.
BACKGROUND PAPERS	<p>Auditor's Annual Report on Devon & Somerset Fire & Rescue Authority 2021-22 – 17 April 2023 (Minute AGC/22/27 refers):</p> <p>Auditors Annual Report template - Local Government - 21-22 (dsfire.gov.uk)</p>

1. INTRODUCTION

- 1.1. The Authority's external auditor, Grant Thornton, identified a number of improvement recommendations within its Annual Report to the Committee at its meeting on 17 April 2023. The Committee resolved to seek a report on the management response to these recommendations (Minute AGC/22/27 refers) at its next meeting.
- 1.2. The improvement recommendations and the action taken thus far are set out at Appendix A to this report and an update will be provided at the meeting where appropriate.

**SHAYNE SCOTT/
Director of Finance & Corporate Services (Treasurer)**

MANAGEMENT RESPONSE TO THE IMPROVEMENT RECOMMENDATIONS SET OUT WITHIN THE EXTERNAL AUDIT ANNUAL REPORT 2021-22

No.	IMPROVEMENT RECOMMENDATION	MANAGEMENT RESPONSE	STATUS
1.	<p>Financial sustainability:</p> <p>Given the likelihood that any budget gaps will increase further given the current economic climate and inflationary pressures, we recommend that further consideration should be given to introducing a formal and more frequent review and sensitivity analysis and scenario planning on key assumptions and estimates within the MTFP. This will provide transparency on the sector wide uncertainties the Authority is subject to and the potential impact of these on its financial sustainability.</p>	<p>The MTFP assumptions are reviewed regularly, but only published annually. The Service will shortly be published a Target Operating Model (TOM) document detailing the initiatives that will be implemented to drive sufficient efficiencies to match the funding gap. The TOM will be reviewed and compared to the MTFP at every opportunity.</p>	<p>In progress</p>
2.	<p>Governance:</p> <p>We recommend that there is a further review controls are introduced to ensure that the draft financial statements are free from error and are internally consistent.</p>	<p>Within the year-end process, the team have added in additional checks to ensure that the notes and primary statements balance where necessary. This should ensure that any anomalies are spotted and addressed before the Accounts are submitted.</p>	<p>In progress</p>

No.	IMPROVEMENT RECOMMENDATION	MANAGEMENT RESPONSE	STATUS
3.	<p>Improving economy, efficiency and effectiveness:</p> <p>We recommend that each objective should be supported by clear action plans that set out specificity, how it will be measured, be achievable and realistic and be timebound. This will ensure that objectives and actions can be cascaded to individual Station Managers.</p>	<p>The corporate planning department is currently developing a strategic planning portal which provides a service dashboard for managers on performance, planning, risk registers, assurance and has a document repository. These areas are supported and linked to existing service systems including PowerBI, Sharpcloud, 365 and Verto.</p> <p>The portal within the performance area link directly to skills dashboards, service delivery dashboard, KPI's, PowerBI reports and Verto. The planning link goes directly to the CRMP actions assigned to managers and local community plans for SD managers at all levels. The risk area has DSFRS risk registers and the National Risk register. The assurance link provides direct access to organisation and operational assurance and the document repository has relevant service documents and information to support Performance, Planning, Risk and Assurance.</p> <p>There will also be direct links to HMICFRS AFI plan, national operational guidance strategic gap analysis and fire standard action plans.</p> <p>Having a single landing page for performance planning risk and assurance enables managers to understand their actions and which are measured through real time performance data.</p>	<p>In progress</p>

No.	IMPROVEMENT RECOMMENDATION	MANAGEMENT RESPONSE	STATUS
4.	<p>Improving economy, efficiency and effectiveness:</p> <p>We recommend that going forward, where strategic priorities are refreshed and updated that this is completed ahead of budget round commencement.</p>	<p>The strategic Priorities have been set by the Fire Authority and will be in place throughout the CRMP. The strategic objectives have been developed to meet the requirements of the CRMP. The strategic objectives will be reviewed with the CRMP annually in April to ensure to ensure they are agreed before the budget round in October.</p>	
5.	<p>Improving economy, efficiency and effectiveness:</p> <p>We recommend that a full suite of KPIs be developed covering all strategic priorities.</p>	<p>A range of KPIs that align to the objectives set within priorities 3 and 4 have been identified and reporting is in development. There are data issues associated with implementing many of these KPIs, however project management support is now being provided to help move things forward.</p> <p>A provisional report containing the reportable KPIs priorities 3 and 4 will be provided to EB for the formal meeting in May. This will give the year-end position for the 2022/23 financial year.</p>	In progress
6.	<p>Improving economy, efficiency and effectiveness:</p> <p>We recommend that a data strategy is developed.</p>	<p>The Digital Strategy 2020-23 laid the high level underpinnings for our forthcoming data strategy, which will align to the recently approved Data Management Fire Standard.</p>	
7.	<p>Improving economy, efficiency and effectiveness:</p> <p>We recommend that the performance data on the Authority website is updated quarterly.</p>	<p>The Strategic Analysts will ensure the Authority website is updated quarterly with Performance Data through the Comms department in conjunction with Community Safety Committee performance reporting.</p>	