



**Bedfordshire Fire & Rescue  
Authority**

**Auditor's Annual Report  
Year ended 31 March 2021**

4 July 2022



**EY**

Building a better  
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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

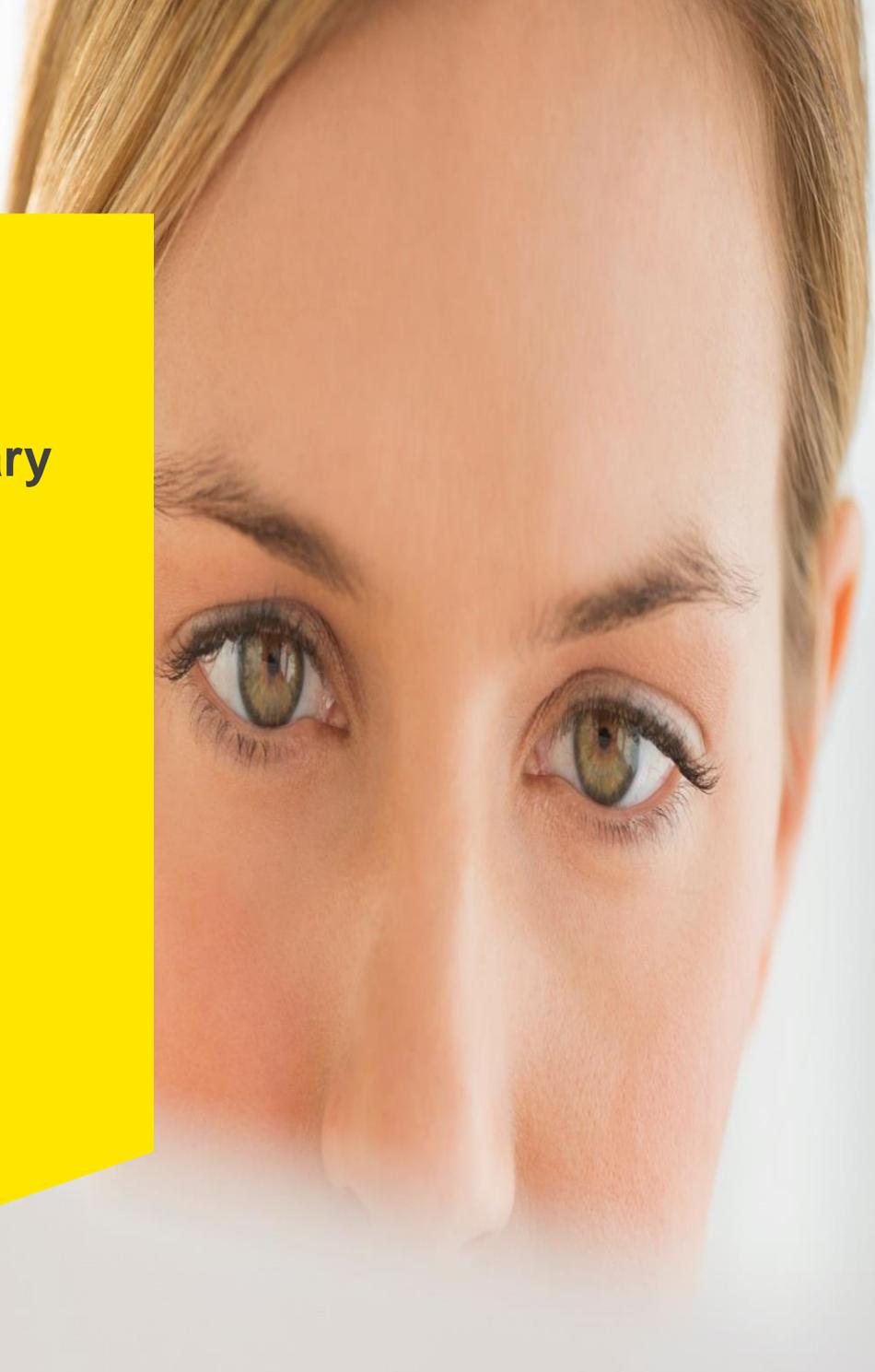
The “Terms of Appointment and further guidance (updated April 2018)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Bedfordshire Fire & Rescue Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Bedfordshire Fire & Rescue Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Bedfordshire Fire & Rescue Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Section 1

# Executive Summary



## Executive Summary: Key conclusions from our 2020/21 audit

Area of work	Conclusion
<b>Opinion on the Authority's:</b>	
Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended. The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. We issued our auditor's report on 17 May 2022.
Going concern	We have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Area of work	Conclusion
<b>Reports by exception:</b>	
Value for money (VFM)	We had no matters to report by exception on the Authority's VFM arrangements. We have included our VFM commentary in Section 04.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Authority.
Public interest report and other auditor powers	We had no reason to use our auditor powers.

# Executive Summary: Key conclusions from our 2020/21 audit

As a result of the work we carried out we have also:

Outcomes	Conclusion
Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.	We presented the Audit Results Report to the Audit Committee in the 3 March 2022 meeting, and issued an Audit Results Report-Addendum at the conclusion of the audit dated 17 May 2022 which was shared with the Audit Committee
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2020 Code of Audit Practice.	We have not yet issued our certificate for 2020/21 as we have not yet performed the procedures required by the National Audit Office on the Whole of Government Accounts submission. The guidance for 2020/21 has been delayed and is anticipated to be received in July 2022.

## Fees

We carried out our audit of the Bedfordshire Fire & Rescue Authority's (BFRA) financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)". As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risks in relation to the valuation of property, plant and equipment, pension valuation and management override risks. As a result, we have agreed an associated additional fee with the Chief Finance Officer. We include details of the final audit fees in Appendix A.

We would like to take this opportunity to thank the Fire Authority staff for their assistance during the course of our work.

Neil Hanson

Associate Partner  
For and on behalf of Ernst & Young LLP

Section 2

## Purpose and responsibilities



# Purpose and responsibilities

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This report summarises our audit work on the 2020/21 financial statements.

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## **Purpose**

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on VFM arrangements, which aims to draw to the attention of the Fire Authority or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

## **Responsibilities of the appointed auditor**

We have undertaken our 2020/21 audit work in accordance with the Audit Plan that we issued on 21 July 2021. We have complied with the NAO's 2020 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO.

As auditors we are responsible for:

Expressing an opinion on:

- The 2020/21 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the annual report.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Fire Authority;
- If we identify a significant weakness in the Fire Authority's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

## **Responsibilities of the Fire Authority**

The Fire Authority is responsible for preparing and publishing its financial statements and governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

# Financial Statement Audit



# Financial Statement Audit

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We have issued an unqualified audit opinion on the Fire Authority's 2020/21 financial statements.

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## Key issues

The Annual Report and Accounts is an important tool for the Fire Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

On 17 May 2022, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 3 March 2022 Audit Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant risk	Conclusion
<b>Misstatements due to fraud or error - management override of controls</b> An ever present risk that management is in a unique position to commit fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	<p>Our audit work has not identified any material issues, inappropriate judgements or unusual transactions which indicated that there had been any misreporting of the Authority's financial position, or that management had overridden control.</p> <p>We have completed our journals testing. We are satisfied that journal entries had been posted properly and for genuine business reasons.</p> <p>We have reviewed material estimates. Our work in these areas is complete and we did not identify any indication of fraud.</p> <p>There were no unusual transactions identified.</p>

Continued over.

## Financial Statement Audit (continued)

In addition to the significant risk above, we also concluded on the following areas of audit focus.

Other area of audit focus	Conclusion
<p><b>Valuation of land and buildings</b></p> <p>Land and buildings is the most significant balance in the Fire Authority's balance sheet. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.</p>	<p>We have completed our work in this area. We tested 14 assets and did not identify any issues in regards to the assumptions and methodologies applied to the valuation of land and buildings valued at fair value (FV) / existing use value (EUV) or depreciated replacement cost (DRC). We concluded that the:</p> <ul style="list-style-type: none"><li>➤ Use of methodologies was in line with standard valuation practices;</li><li>➤ Use of rates were supportable by evidence or market data; and</li><li>➤ Inputs into the valuation calculation, such as land areas, build cost indexes, yield, price per square foot, current and future rent and useful lives were appropriate.</li></ul> <p>However we determined that in our judgement the land values are consistently lower than anticipated, although there has been some increase made by the valuer since the prior year and the review of the prior year valuations during our audit EY Real Estates. We found that the significantly lower land values were compensated by the higher building values consistent with our findings in 2019/2020. Whilst there has been some adjustment to land values to reflect local comparable market evidence and useful lives (obsolescence factors) based on additional information for capital expenditure and maintenance, the valuations for 2020/2021 do still contain this underlying issue.</p> <p>Given the unique nature of the Fire Stations and their location, we did seek additional disclosure on the basis of the valuations and any limitations to the extent of comparable market data on land which would increase their subjectivity. These additional disclosures were reflected appropriately in the audited 2020-2021 financial statements.</p> <p>We recommend that for 2021-2022 and future years, the valuation specialist should continue to review and benchmark land values closer to the market for industrial/commercial land in the relevant area, with as much granularity as possible to rebut why these comparators are not appropriate and the justification for alternative measures (i.e. mixed use). The Authority should continue to provide the valuation specialists with relevant information on maintenance and capital expenditure in relation to the assets to inform buildings valuations.</p>

Continued over.

## Financial Statement Audit (continued)

In addition to the significant risk above, we also concluded on the following areas of audit focus.

Other area of audit focus	Conclusion
<p><b>Pension Liability valuation</b></p> <p>The Pension Fund liability is a material balance in the Balance Sheet. Accounting for the LGPS and FFPF schemes involve significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We were satisfied there was no evidence of material misstatement arising from the work completed above. The assurance report from the Bedfordshire Pension Fund auditor noted two differences impacting on the Authority's accounts which arose due to timing differences between the estimates on which the IAS19 report and draft accounts were based and actual year end information:</p> <ul style="list-style-type: none"><li>➤ We obtained assurances from the Pension Fund auditors which identified an under/overstatement of level 2 and 3 investment assets due to the most up to date information available in relation to valuations as at 31 March 2021 in comparison to the fund manager estimates. This has identified a reduction in the value of investment assets of £0.084 million. Management did not adjust for this misstatement on the basis that it is not material.</li><li>➤ The Authority's share of the Pension Fund differences resulting in an understatement error benefits paid of £0.113 million. Management did not adjust for this misstatement on the basis that it is not material.</li></ul> <p>In response to the revised requirements of ISA540, the auditing standard on accounting estimates, we updated our audit approach based on procedures to evaluate management's estimation process. The revised standard requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model.</p>

Continued over.

## Financial Statement Audit (continued)

In addition to the significant risk above, we also concluded on the following areas of audit focus.

Other area of audit focus	Conclusion
<p><b>Pension Liability valuation</b> Continued.</p>	<p>Neither we, nor PWC as consulting actuaries commissioned by the NAO for all local government sector audits, are able to access the detailed models of the actuaries in order to evidence these requirements. Therefore, we modified our planned approach and undertook alternate procedures to create an auditor's estimate, to provide a different method of gaining assurance. We employed the services of an EY Pensions specialist to review the Authority's IAS 19 reports and run a parallel actuarial model which was compared to that produced by Barnet Waddingham for LGPS and GAD for the Firefighter Pension Fund (FFPF). This confirmed there was no material misstatement arising from those estimation procedures undertaken by Barnet Waddingham and GAD.</p>
<p><b>Going concern disclosures</b> The Fire Authority is required to carry out an assessment of its ability to continue as a going concern for the foreseeable future, being at least 12 months after the date of the approval of the financial statements. There is a risk that the Fire Authority's financial statements do not adequately disclose the assessment made, the assumptions used and the relevant risks and challenges that have impacted the going concern period.</p>	<p>We have completed our audit work in this area, and based on the work undertaken, we are satisfied that the Authority's use of the going concern assumption is appropriate. We reviewed the Authority's disclosures within the financial statements and requested some minor amendments, which have been made. We have no matters to report.</p>

Continued over.

## Financial Statement Audit (continued)

### Audit differences

We identified a small number of misstatements in disclosures which management corrected. We identified two uncorrected misstatements identified due to the immateriality of the amounts were consisted of the Fire Authority's share of:

- (i) The Pension Fund auditor differences on Level 2 and level 3 investments of £0.084m, and estimated return on PF assets item in our findings, and
- (ii) The Pension Fund auditor difference on benefits paid between the IAS 19 and Pension Fund records of £0.113m.

Management did not adjust for this misstatement on the basis that it is not material.

### Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
<b>Planning materiality</b>	We determined planning materiality to be £0.816m as 2% of gross revenue expenditure reported in the accounts. We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Fire Authority.
<b>Reporting threshold</b>	We agreed with the audit committee that we would report to the Committee all audit differences in excess of £0.041m.

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Cash/bank balance: We audited all disclosures and undertook procedures to confirm material completeness
- ▶ Related party transactions. We audited all disclosures and undertook procedures to confirm material completeness
- ▶ Remuneration disclosures, member allowances and exit packages. We audited all disclosures and did not identify any differences exceeding £10k.

Section 4

## Value for Money



# Value for Money (VFM)

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We did not identify any risks of significant weaknesses in the Fire Authority's VFM arrangements for 2020/21.

## Scope and risks

We have complied with the NAO's 2020 Code and the NAO's Auditor Guidance Note in respect of VFM. We presented our VFM risk assessment in our 17 May 2022 Auditors Results Report - Addendum which was based on a combination of our cumulative audit knowledge and experience, our review of Authority and audit committee reports, and evaluation of associated documentation through our regular engagement with management and the finance team.

We reported that we had not identified any risks of significant weaknesses in the Fire Authority's VFM arrangements for 2020/21.

## Reporting

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We completed our planned VFM arrangements work on 17 May 2022 and did not identify any significant weaknesses in the Fire Authority's VFM arrangements. As a result, we had no matters to report by exception in the audit report on the financial statements.

We had no matters to report by exception in the audit report.

## VFM Commentary

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

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

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Our VFM commentary highlights relevant issues for the Fire Authority and the wider public.

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## Introduction and context

The 2020 Code confirms that the focus of our work should be on the arrangements that the audited body is expected to have in place, based on the relevant governance framework for the type of public sector body being audited, together with any other relevant guidance or requirements. Audited bodies are required to maintain a system of internal control that secures value for money from the funds available to them whilst supporting the achievement of their policies, aims and objectives. They are required to comment on the operation of their governance framework during the reporting period, including arrangements for securing value for money from their use of resources, in a governance statement.

We have previously reported the VFM work we have undertaken during the year including our risk assessment. The commentary below aims to provide a clear narrative that explains our judgements in relation to our findings and any associated local context.

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The Fire Authority has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

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For 2020/21, the significant impact that the Covid-19 pandemic has had on the Fire Authority has shaped decisions made, how services have been delivered and financial plans have necessarily had to be reconsidered and revised.

We have reflected these national and local contexts in our VFM commentary.

## Financial sustainability

*How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them*

The Medium-Term Financial Strategy (MTFS) is a document that sets the Authority's financial Strategy for the next four years. It focuses on the 2020/21 Revenue Budget and Capital Programme, but also sets the scene for future years. It covers national events such as the Comprehensive Spending Review (CSR) and then breaks down how this impacts locally on the authority.

The MTFS details the reserves policy, planning assumptions behind the budget figures and other considerations that must be taken into account when setting the strategy, such as the tax base, efficiencies and shared services.

The Authority's corporate risk management process identifies key organisational risks and puts into place controls to manage these risks. This includes an annual assessment of the potential impact of such risks, which in turn is used in determining the most appropriate level of financial reserves for the Authority.

There is also engagement with colleagues across the sector (Fire Finance Network), as well as robust discussions internally with Corporate Management Team and also the Fire & Rescue Authority which are transparent, with documented assumptions and uncertainties. The members of the finance team have been stable for a number of years and are considered to be professional and experienced members of staff.

## Financial sustainability (continued)

*How the body plans to bridge its funding gaps and identifies achievable savings*

As a precepting authority there is a requirement under the Local Government Act 1992 for BFRA to hold reserves in order to meet any unforeseen emergencies and manage uneven cash flows.

The Authority undertakes a thorough risk assessment in order to identify the required level of reserves each year. The Treasurer has the duty to report on the adequacy of reserves (under section 25 of the Local Government Act 2003), particularly when the authority is considering setting its budget requirement.

The required level of reserves for the period 2020/21 is outlined within the Reserves Strategy and Financial Strategy. The Authority maintains reserves above the minimum level of £2.4 million where at year end General Fund Balance was £2.4 million and Usable Reserves £4.655 million.

Our financial resilience tool did not indicate any significant financial gaps or weaknesses. Annual savings/efficiency/income review is undertaken and the Authority has a history of achieving savings as listed in the table below.

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The Fire Authority has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

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	2018/19	2019/20	2020/21
Savings required	£178k	£495k	£328k
Actual savings	£178k	£595k	£790.5k
% Achieved	100%	120%	241%
Transformational reserve	£178k	£495k	£127k

In order to balance the budget over the short to medium term (i.e. from 2021/22 to 2023/24) the Authority has identified savings requirements of £0.632 million. Also transformational budget has been created to assist in smoothing the effect of savings/efficiencies and incorporated into the MTFS.

*How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities*

There is an aim to drive deeper collaboration between fire and rescue and other local services - including through the statutory duty in the Policing and Crime Act and support the Authority and the sector deliver commercial transformation, including procuring more collaboratively, efficiently and effectively.

Funding follows/supports the priorities of the service (for example, in excess of £1m approved towards the new mobilising system).

## Governance

*How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system*

The Integrated Risk Management and Fire and Rescue Plans are aligned to the budget and resources included in the budget to meet those services. Finances are reviewed monthly and demand issues identified in advance during MTFS and budget work and during the year. The Fire Authority's performance and demand is also managed throughout the year and resources are regularly reviewed to ensure demand can be met.

The budget setting process brings all of these elements together. So each CMT member signs off their establishment budgets, workforce/ recruitment forms part of this, w and also obtain information from partners such as tax base projections.

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The Fire Authority has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

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*How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.*

There is a risk management strategy in place where all committee members, senior officers, employees and partner organisations have a role to play in ensuring that risk is effectively managed.

These consist of considering risks before plans and after plans putting risks on the register. Risks assessments are undertaken for all services in line with the strategy. All high risks issues are identified and addressed as part of the annual review. The audit committee will then provide independent assurance for the Authority's risk management. They also periodically review the risk register. These risks will include all kinds of risks which will include the financial risks.

*How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud*

From our understanding of the entity level control and understanding the business procedures all Authority decisions are made in accordance with the documents set out in the Fire Authority Handbook, available online, including the Authority's Standing Orders and the Authority's Financial Regulations. The Standing Orders, amongst other appendices in the Fire Authority Handbook, include the roles and responsibilities of the Authority, Committees and chief officers and the rules under which they operate. In particular, they set out how decisions are made and how procedures are to be followed to ensure that actions are efficient, legal, transparent and accountable to the community.

## Governance (continued)

The Authority has three committees:

- The Audit Committee is responsible for maintaining an overview of the operation of Internal Control and Governance;
- The Executive Committee is authorized to exercise any functions of the Fire and Rescue Authority (FRA) that come within its Terms of Reference;
- The Fire and Rescue Authority Committee who oversee the Fire and Rescue Service is made up of elected Members from Central Bedfordshire Council, Bedford Borough Council and Luton Borough Council.

The results of Internal Audit assignments are reviewed by the Audit Committee, which considers whether appropriate responses have been received from management to Internal Audit's findings. The results of Internal Audit work are clearly reported to those charged with governance on a timely basis (quarterly and annually) and appropriate actions are taken to address weaknesses identified.

The Authority also has three policy and challenge groups (Corporate Services, Human Resources and Service Delivery). These groups have been established to ensure areas under their terms of reference are functioning efficiently and effectively.

There are appropriate policies for such matters as accepting new business, conflicts of interest, and security practices, and these are adequately communicated throughout the organization.

The Authority's overriding objective is to ensure that its business is conducted in accordance with the law and proper practice standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively to provide the services required in its geographical area of responsibility.

The Authority has a vision which is based on three themes: prevention, protection and response. These three themes guide the services that the Authority provides and the budget is prioritized in these areas to enable the Authority to meet these targets.

### *How the body approaches and carries out its annual budget setting process*

The Budget is the key measure of financial performance for the FRA. The budget represents those areas over which the FRA has a direct influence but does not take account of the adjustment between accounting and funding basis.

Budget monitoring forms part of the agenda for the Audit Committee and the Fire Authority Board (FAB) which meet regularly, and key monitoring measures referred to are:

- 1) The financial position against the profiled to date budget.
- 2) Progress on capital programme.

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The Fire Authority has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

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## **Governance (continued)**

*How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed.*

BFRA strives for good financial management via the Finance Team. Meetings are held with budget managers, regular financial budget reports sent to budget managers from the GL, reports to CMT and FRA. Performance Indicators are a core element of managing the service. The service also has a robust project management team/processes in place. We have examples of "calling in" projects where it has appeared not delivering on time, on budget etc.

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The Fire Authority has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

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*How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/Audit Committee.*

All Authority decisions are made in accordance with the laws and regulations, policies and procedures which endeavours to ensure that decisions are made and procedures are followed to ensure that actions are efficient, legal, transparent and accountable to the community. Roles and responsibilities of the s112 officer (LGFA 1988) (Treasurer) and also having a monitoring officer under s5 of the Local Government and Housing Act 1989 further enhances the need for compliance led from the top and monitored appropriately.

CMT welcomes challenge and there is a culture of supportive challenge. Training has been given to members, for example two budget workshops each year, Treasury training due to take place soon etc. Decisions will not be made if more detail/clarity is required. FRA Members have recently received Governance training, where it was highlighted to receive assurance (and ask for this), not just be given reassurance.

*How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).*

The authority has a Code of Conduct in place. This includes obligation placed on members with regards to Gifts and Hospitality and Declarations of interests. BFRA has appropriate polices and procedures in place and where necessary, the Monitoring Officer will report these to Members.

## **Improving economy, efficiency and effectiveness**

*How financial and performance information has been used to assess performance to identify areas for improvement.*

Revenue Budget and Capital Programme Monitoring includes a RAG status, based on overspend and underspend. Internal PIs set via CMT then the FRA, so reviewed and challenged. Regular monitoring of these, some have stretching targets. Also use where appropriate of national benchmarking data.

*How the body evaluates the services it provides to assess performance and identify areas for improvement*

Consultations where appropriate, compliments and complaints, self assessment, HMICFRS, audits, feedback, self assessment.

There was an HMICFRS inspection in 2019/20 at which time the ratings were:

- The extent to which the service is effective at keeping people safe and secure from fire and other risks is good.

- The extent to which the service is efficient at keeping people safe and secure from fire and other risks requires improvement.

- The extent to which the service looks after its people is good.

The Authority also underwent a C19 pandemic response review where the Authority was noted to work well with collaborators, adapted to the needs of the public and was efficient in handling staff absences.

The latest inspection was in relation to 2021/22 (December 2021) so was not in relation to the current financial year. We do note, however, that there have been improvements from "needs improvement" to "good" to the overall People rating, and improvements to other areas were also noted.

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The Fire Authority has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

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*How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve*

There are processes in place to capture partnerships and there is also regular evaluation of these. Meetings are held to discuss working arrangements / collaborations with partners as part of the FRA meetings.

## **Improving economy, efficiency and effectiveness (continued)**

*How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.*

We inquired of management concerning the entity's policies and procedures regarding compliance with laws and regulations, and how compliance with the policies and procedures are monitored.

Management's assurance that all relevant laws and regulations are being complied with, is through the professional expertise of officers in post. There is further assurance from independent reviews and services, such as internal and external audit, a legal service level agreement (through LGSS) and specific services procured.

There are also training plans to ensure professional standards are maintained through continual professional development (CPD).

The Authority also has a Monitoring Officer that attends the Audit Committee meetings.

Attendance at Audit Committee and review of minutes confirms those charged with governance (TCWG) receive reports from both external and internal audit, and the minutes of the Audit Committee which are accessible to the public, demonstrate that effective action is taken where issues of non-compliance have been identified. These reports are subject to consideration by senior management and members of the Authority and appropriate response to any recommendations for improvements are agreed. These reports and responses are normally approved in public and published.

Responsibility for overseeing Corporate Governance is formally delegated and documented through the Constitution to the Audit Committee. The terms of reference for the Audit Committee are contained within the Constitution. The Audit Committee has audit focused terms of reference and in accordance with CIPFA/SOLACE guidance the Chairman of the Audit Committee is not a member of the Authority.

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The Fire Authority has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

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Section 5

## Other Reporting Issues

## Other Reporting Issues

### **Governance Statement**

We are required to consider the completeness of disclosures in the Fire Authority's governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with relevant guidance.

We completed this work and did not identify any areas of concern.

### **Whole of Government Accounts**

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts consolidation pack submission. The guidance for 20/21 is expected to be issued in July 2022. We will liaise with the Fire Authority to complete this work as required.

### **Report in the Public Interest**

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Fire Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### **Other powers and duties**

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Appendix A

## Audit Fees



## Audit Fees

Our fee for 2020/21 is in line with the audit fee agreed and reported in our 28 July 2021 Audit Plan.

Description	Final Fee 2020/21 £	Planned Fee 2020/21 £	Final Fee 2019/20 £
<b>Total Audit Fee – Code work</b>			
PSAA Scale Fee	23,271	23,271	23,271
Pension Valuations	4,290 (2)		2,100 (1)
PPE Valuations	5,462 (2)		2,200 (1)
Covid-19 impact on Going Concern	1,522 (2)	1,600	3,000 (1)
Increased FRC challenge	10,260 (2)		1,400 (1)
Additional work required to respond to the requirements of ISA540, including the use of EY Pensions	1,915 (2b)	2,900	
Technical accounting issues	2,589 (2)		4,600 (1)
Value for Money arrangements	5,114 (2b)	9,000	
<b>Total Audit Fee *</b>	<b>54,422</b>	<b>35,771</b>	<b>36,571</b>

**Note 1:** In 2019/20 we proposed a total additional fee of £17,468 which represented the scale fee rebasing. PSAA has now determined this and has approved £13,300 of this total value.

**Note 2:** For 2020/21, the scale fee is further impacted by a range of factors which resulted in additional work totalling £31,151 (include the scale fee rebasing of £17,468). We set out an estimate of the potential additional fee for this in our Audit Plan and Audit Results Report. We have updated the table above to show the actual costs based on the work performed. This additional work includes:

- Review of additional disclosures in relation to going concern as a result of Covid-19. These additional fees are subject to approval by PSAA.
- PSAA issued a document “Additional information for 2020/21 audit fees” in August 2021. PSAA commissioned external independent technical research for setting standardised fee variations to assess the expected impact on audit work programmes of a range of new and updated audit requirements. The figures included here are the minimum additional fee ranges set out in this document. Our fee reflects the lower end of the range for this work.
- Changes in work required to address professional and regulatory requirements and scope associated with risk as reported in the previous year.

These additional fees have been discussed with Management who do not agree with the fees, but remain subject to approval by the PSAA.

We confirm we have not undertaken any non-audit work.

\* All fees exclude VAT.

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