



BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Members of Audit and Standards Committee.

Bedford Borough Councillors: M Headley and J Gambold

Central Bedfordshire Councillors: P Duckett, R Berry and I Shingler

Luton Borough Councillors: K Choudhry and D Franks

A meeting of **Audit and Standards Committee** will be held at **Conference Room, Fire and Rescue Service Headquarters, Kempston, Bedford MK42 7NR** on **Tuesday, 15 October 2019** starting at **10.00 am**.

John Atkinson
Secretary/Monitoring Officer

A G E N D A

Item	Subject	Lead	Purpose of Discussion
1.	Apologies	Chair	
2.	Declarations of Disclosable Pecuniary and Other Interests	Chair	Members are requested to disclose the existence and nature of any disclosable pecuniary interest and any other interests as required by the Fire Authority's Code of Conduct (see note below).
3.	Communications	Chair	(Pages 5 - 20)

Item	Subject	Lead	Purpose of Discussion
4.	Minutes	Chair	To confirm minutes of the meeting held on 10 July 2019 (Pages 21 - 28)
5.	Public Participation		To receive any questions put to the Authority under the Public Participation Scheme
6.	External Audit, Audit Results Report, Opinion and Value for Money	Ernst and Young	To consider a report (Pages 29 - 76)
7.	Post Audit 2018/19 Statement of Accounts and Letter of Representation	ACO	To consider a report (Pages 77 - 90)
8.	Internal Audit Progress Report	RSM	To consider a report (Pages 91 - 116)
9.	Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis	ACO	To consider a report (Pages 117 - 132)
10.	Review of Work Programme 2019/20	ACO	To consider a report (Pages 133 - 138)

Local Government Act 1972: Schedule 12A (as amended) - Exclusion of the Public

Chair

To consider whether to pass a resolution under Section 100(A) of the Local Government Act 1972 to exclude the public from the remainder of the meeting on the grounds that consideration of the following items of business is likely to involve the disclosure of exempt information as defined in Paragraphs 3 of Part 1 of Schedule 12A to the Act as amended.

Item	Subject	Lead	Purpose of Discussion
11.	Corporate Risk Register (Full)	HTA	To consider a report (Pages 139 - 158)
	Next Meeting	10.00 am on 5 December 2019 at Conference Room, Fire and Rescue Service Headquarters, Kempston, Bedford MK42 7NR	

Item

Subject

Lead

Purpose of Discussion

DECLARATIONS OF INTEREST

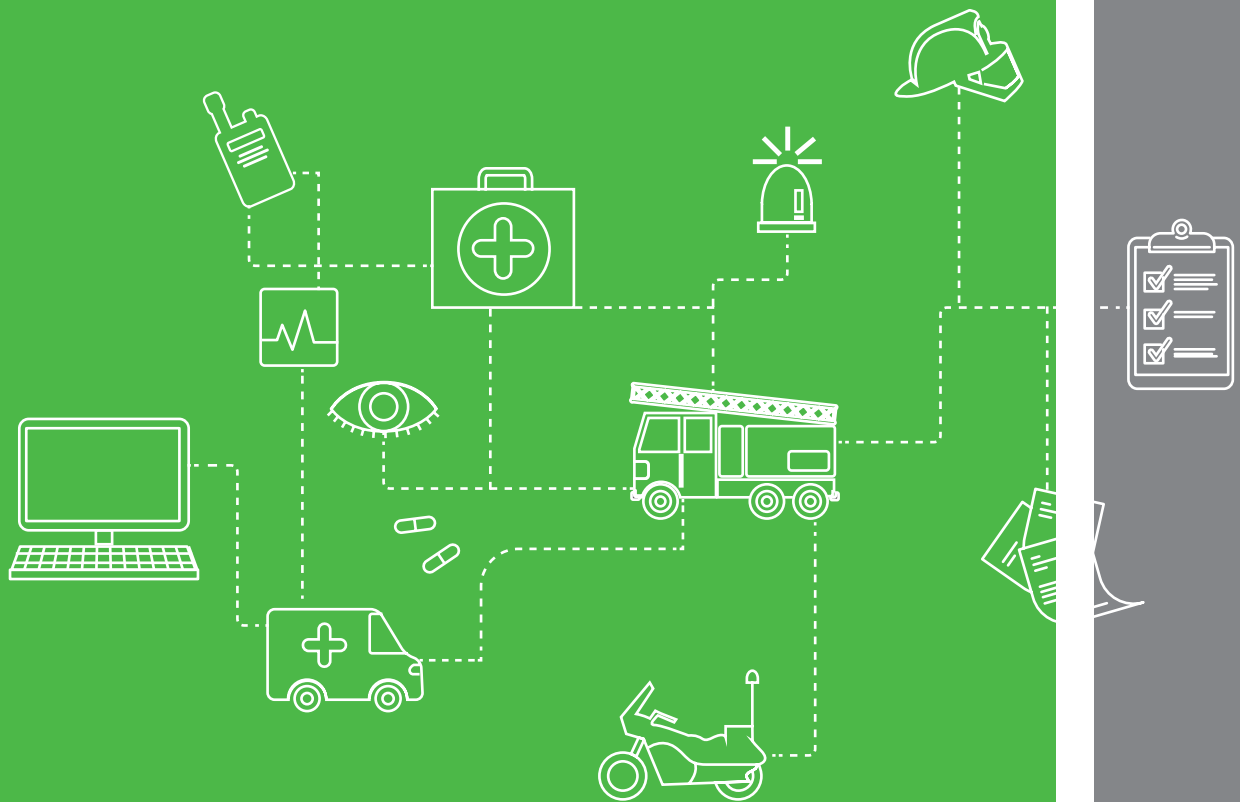
From 1 July 2012 new regulations were introduced on Disclosable Pecuniary Interests (DPIs). The interests are set out in the Schedule to the Code of Conduct adopted by the Fire Authority on 28 June 2012. Members are statutorily required to notify the Monitoring Officer (MO) of any such interest which they, or a spouse or civil partner or a person they live with as such, have where they know of the interest.

A Member must make a verbal declaration of the existence and nature of any Disclosable Pecuniary Interest and any other interest as defined in paragraph 7 of the Fire Authority's Code of Conduct at any meeting of the Fire Authority, a Committee (or Sub-Committee) at which the Member is present and, in the case of a DPI, withdraw from participating in the meeting where an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.

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Emergency services sector update

August 2019



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Introduction

Welcome to RSM's latest Emergency services sector briefing which provides a useful source of insight into recent developments and publications affecting the sector.

Since our previous edition, the sector has seen a number of changes following the arrival of a new Prime Minister. With Boris Johnson moving to number 10, his cabinet reshuffle saw Priti Patel appointed as the new Home Secretary, replacing Sajid Javid. The Prime Minister has since announced a police recruitment drive to employ 20,000 new officers, with the aim of making our streets safer. The drive to deliver more frontline officers will start in September with the launch of a national campaign, led by the Home Office. Mr Johnson has said that he wants recruitment completed over the next three years. To support this, the government had announced a new national policing board, the first meeting of which was attended by senior policing figures. The government has also lifted emergency stop and search restrictions as part of their efforts to tackle violent crimes, making it simpler for forces to stop and search someone without needing reasonable grounds for suspicion. A stop and search pilot has been rolled out to all 43 forces across England and Wales.

In this edition, we look at progress made in the delivery of the Emergency Services Network (ESN). The already delayed ESN, intended to replace Airwave, is likely to be pushed back further than expected and the government's already increased forecast costs are highly uncertain, according to the National Audit Office's report.

We also delve into a number of police publications from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). These include the Inspectorate's report on effectiveness, efficiency and legitimacy of police forces (PEEL), an annual assessment of policing in England and Wales providing an overview of findings of inspections conducted over the past year, and a report highlighting the inconsistent approach in tackling fraud.

In looking specifically at fire and rescue services, we cover HMICFRS overview of the second tranche of independent inspections, the Home Office's statistics on fire and rescue incidents and the Local Government Association's guide for fire authority members.

We hope you find this update a useful source of insight. As ever, if you have any queries, or have any suggestions for topics for future editions, please contact either myself, or your usual RSM contact and we will be delighted to help.

Daniel Harris
National Head of Emergency Services and Local Government

Police and Fire

Progress on delivering the Emergency Services Network

The National Audit Office (NAO) has published a report examining the progress made in delivering the Emergency Services Network (ESN). The ESN, funded by the Home Office, Department of Health and Social Care (DHSC), the Scottish and Welsh governments, and by the emergency services that will ultimately use it, is the government's selected option to replace the Airwave system. The ESN was intended to 'allow users to take advantage of high-speed mobile data' and cost less than Airwave.

By 2017, the Home Office realised that its plan for delivering ESN was 'not achievable' and announced a reset of its approach in September 2018, which involved revising the whole programme. The report examines the implications of the 2018 'reset', and what this means for the ESN programme.

Key points include:



in strengthening its programme management, the Home Office adopted a staged approach to ESN development;



the NAO notes that the Home Office's cost forecast is uncertain due to a number of assumptions made, most significantly, the timetable for switching off Airwave;



the NAO notes that the new approach will require the Airwave system to be extended by three years, with the contract ending in December 2022, with the Home Office still having the option to extend this further;



the NAO predicts that under a potential 'near worst-case scenario', the Airwave shut-down could be delayed by four years, from the current date in the Airwave contract of December 2022 to December 2026;



in February 2019, the Home Office re-forecast the cost of its new strategy for ESN to be £9.3bn to 2037. This is an increase of £3.1bn compared with the 2015 business case, of which, £1.4bn is the 'cost of extending the Airwave contract', £0.5bn is an 'increase in contingency' and £1.2bn reflects a 're-forecasting of all other costs';



despite the progress made by the Home Office, the key technology for ESN is not yet 'proven in real-world conditions' and there are risks that parts of the system will not be available in time;



the ESN is projected to deliver benefits of £1.5bn, of which £756m is financial savings and £718m is the economic benefits. Representing the largest economic benefit, the ESN is expected to save each police officer five minutes on each shift compared with other arrangements;



the Home Office lacks clarity on how the various components of the ESN will work together as a 'single, coherent system';



successful implementation of the ESN will depend on whether emergency services are satisfied that this is an 'adequate replacement' for Airwave, raising the risk of further delays;



the Home Office does not have a 'coherent plan' for switching off Airwave. The plan currently in place contains 'significant uncertainty';



emergency services have raised concerns about the affordability of implementing the ESN, with some users concerned that additional costs will place further financial pressures on the wider range of services they deliver;



the NAO notes that the Home Office is taking longer than it expected to renegotiate the programme's main contracts;



there is no agreement in place on who is to be responsible for the ESN service once it is live; and



the NAO concluded that the Home Office's management of this programme has 'represented poor value for money.'

The NAO has set out a number of recommendations, including that the Home Office:

- should test its overall programme plan, determining whether the new schedule for launching ESN and closing Airwave is achievable;
- should determine how all necessary ESN technology will be integrated;
- once fully operational, ensure appropriate arrangements for managing ESN are established with both sponsors and users; and
- will create a contingency plan that explains what it will do if the 'technology on which the overall ESN programme is dependent does not work.'

Questions for committee's consideration

- Have you considered whether you need a risk on your risk register around the associated costs/ management of the ESN once it goes live?
- Have you been sighted on the contract implications of the extension of the Airwave contract including service delivery and equipment replacement and any contingency plans if the ESN technology fails?

Police

Time for police to choose how to tackle fraud

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) has published the report 'Fraud: time to choose – an inspection of the police response to fraud.' The report follows its inspection of the effectiveness and efficiency of the police response to fraud commissioned by the Home Secretary. The inspection took

place between March and July 2018 and looked to assess whether forces have a well-designed strategy for tackling fraud; whether the necessary capacity, capabilities and partnerships are provided by organisational structures; and whether high-quality responses are given to victims of fraud. Key findings from the report include:

- 1 the law enforcements response to fraud is 'disjointed and ineffective'. HMICFRS notes that a national strategy for tackling fraud is not in place. Despite some efforts made on good practice, it is not always 'disseminated or widely adopted';
- 2 there was little evidence on the effectiveness of fraud-related initiatives being reviewed;
- 3 it is unclear 'who is responsible for fraud-related activities or what the expected level of performance is';
- 4 fraud was 'generally not prioritised' which resulted in analysis that was limited;
- 5 the proportion of staff dedicated to fraud varied considerably with some forces having small fraud investigation units of two staff while others have no dedicated fraud team;
- 6 HMICFRS were told that resources have moved away from fraud to priority crimes;
- 7 HMICFRS noted that some frauds, including cases that are complex or complicated, were assigned to investigators who were not appropriately trained;
- 8 during the inspections, HMICFRS found that there was a delay of up to three months on processing cases;
- 9 good examples of locally led fraud prevention work was found. HMICFRS also notes that the cases dealt with by specialist fraud investigators were 'generally investigated well';
- 10 some organisational structures were deemed to be 'not working well' albeit there was a small number of police forces with 'local strategies or clear guidance' on how they planned to tackle fraud; and
- 11 'vulnerable victims receive a good service', but the majority of victims do not. HMICFRS notes that victims were often failing to receive advice on fraud prevention and there was little evidence that forces sought victim satisfaction information.

Questions for committee's consideration

- How does your force compare with the main findings of the HMICFRS review and are action plans in place to address weaknesses?
- What ongoing assurance do you receive that fraud is being managed/identified, and that sufficient fraud training is in place?
- Have you received any second or third line assurance that systems are in place to tackle fraud robustly?

HMICFRS has set out 16 recommendations to the National Police Chiefs' Council (NPCC) Coordinator for Economic Crime, Chief Constables, the Home Office and the Economic Crime Strategic Board.

Recommendations to the NPCC Coordinator for Economic Crime include:

- to publish a timetable for implementing the revised 'Know Fraud system', clearly outlining the services that are to become available at each stage of implementation, so forces are able to make use of each service as 'early as practicable';
- redesign the 'National Fraud Intelligence Bureau dissemination for enforcement documentation' for easier interpretation and use for recipients; and
- to provide guidance to Action Fraud and Chief Constables.

Chief Constables:

- should publish their force's policy for responding to and investigating allegations of fraud.

The Home Office:

- should publish information regarding its agreement with City of London Police to act as the national lead force for fraud.

The Economic Crime Strategic Board:

- should extend its remit to be inclusive of 'all forms of fraud against individuals and businesses, not just serious and organised fraud.'

Questions for committee's consideration

- Have you considered the recommendations and how they should be taken forward?
- Has your Chief Constable published their force's policy?



PEEL spotlight report

HMICFRS has published the 'PEEL spotlight report: a system under pressure.' The report on the effectiveness, efficiency and legitimacy of police forces (PEEL) provides an overview of the emerging themes from the first group of 2018/19 Integrated PEEL Assessment reports. These themes are based on findings from 14 police force reports. Key points from the report include:

1

in relation to the overall effectiveness judgement, one force was graded as 'outstanding', 12 as 'good' and one as 'requiring improvement';

2

for the overall efficiency judgement, three forces were graded as 'outstanding', eight as 'good' and three as 'requiring improvement';

3

for the overall judgment of legitimacy, one force was graded as 'outstanding', 11 as 'good' and two as 'requiring improvement';

4

a wider range of activities are undertaken by officers and staff, in turn leading to crimes being investigated by staff that are 'inexperienced and underqualified' and 'often without good enough supervision';

5

despite pressures, several forces were developing good practice in how they utilise technology to better manage their demand and resources;

6

the health and wellbeing of the workforce is affected by the pressures of demand. It is noted that while forces were taking action on wellbeing, officers and staff do not 'always feel' that they are able to access the support offered;

7

changing demand and confined resources are leading to higher workloads, longer working hours, and cancellation of leave and rest days;

8

HMICFRS found that there were some forces that were not monitoring their 'use of stop and search well enough'; and

9

to meet the changing demand, forces are 'refocusing their resources'.

Questions for committee's consideration

- Are you sighted on how your force performed and whether there are any improvement areas (with action plans) or areas of significant risk?
- Are there any lessons that can be learnt from this and applied to your force?


State of policing


HMICFRS has published its 'annual assessment of policing in England and Wales 2018.' The report provides an overview of the findings of HMICFRS' inspections conducted over the last year, including its PEEL inspections, youth offending services inspections and child protection inspections.


Overall, HMICFRS found that the forces inspected are performing well, yet some are 'straining under significant pressure as they try to meet growing complex and high-risk demand with weakened resources.' This pressure has increased since 2017 and is affecting different forces in different ways.


Other key points include:

- 


the criminal justice system is 'dysfunctional and defective' in some respects, with the Inspectorate noting that crime and disorder will continue to increase unless improvements are made;
- 


it is often the most vulnerable people that enter the criminal justice system;
- 


almost all costs in the criminal justice system are incurred after the crime has been committed. It is highlighted that prevention is much cheaper than cure and is also an important factor for the public. Following HMICFRS's perception survey, two thirds of respondents stated that they are interested in what the police are doing to prevent crime. The public's top priorities for policing were responding to emergencies and preventing crime;
- 

despite improvements, there remains some inconsistency in the way forces identify some vulnerable groups and allocate the right specialist resources to investigate crime against them;
- 

there is a 'mismatch between police funding and public expectations' where police funding arrangements do not take into consideration the 'unique circumstances of each force' and funding is provided on 'too short-term a basis.' Principally, there is a 'widening gap' between the public's needs and the police's capacity and capability to meet them;
- 

police in poorer areas are more stretched and therefore people in those areas less safe. Each force should receive a proportion of funding that recognises the characteristics and policing challenges of the area the force operates in. However, police services are not presently funded this way and 'not all forces receive their fair shares';
- 

four years ago, the Home Office postponed their plans to fix the limitations in the funding formula. The Inspectorate points out that the inequities in police funding 'should not be allowed to continue';
- 

there is a clear need for 'multi-year settlements.' In relation to funding, police forces need 'certainty, stability and predictability' and settlements that are short-term are 'incompatible with efficient and effective long-term planning.' It is essential that the police are given the funds to invest for the longer term, particularly in technology, to become more efficient;
- 

should the funding formula be revised, and multi-year settlements become the norm, neither would solve the bigger issue faced by the police: the 'widening gap between the needs of the public and the police's capacity and capability to meet them';



whilst the demand for policing is changing and becoming more complex, few forces have plans in place to meet the demands they have identified;



several forces are developing good practice in how they use technology to manage their demand and resources better;



the change and pressures in demand affect the health and wellbeing of the workforce;



some forces are not 'monitoring their use of stop and search well enough';



HMICFRS has received and analysed the first year's force management statements (FMSs) from all 43 forces (now required as part of the inspection process). The Inspectorate notes that the first FMSs are 'too focused on being a snapshot of today' and need to 'reflect and explain forces' plans to be more effective and efficient' in the longer term; and



FMSs need to be developed collaboratively to achieve the maximum benefit from the investment that the FMS represents for the police service.

Questions for committee's consideration

- Are you sighted on the outcome of the HMICFRS inspections and the pressures faced by your force?
- Have you got assurance on the force demand model vs financial plan, how one impacts the other and what this means for the future of the force?
- How does the FMS fit into the force assurance map?



Home Office allocates £35m to police forces for violence reduction units

Former Home Secretary, Sajid Javid provisionally allocated £35m to set up violence reduction units (VRUs). The funding will be allocated to Police and Crime Commissioners in 18 local areas. VRUs will take a 'multi-agency approach, bringing together police, local government, and other key partners to tackle violent crime and its underlying causes.'

As presented in the Serious Violence Strategy published last April, the introduction of VRUs is a key element of early intervention being pursued by government and are funded from the £100m serious violence fund announced in March. In seeking to tackle violent crimes, each local area will set out plans indicating ways in which they will utilise 'their provisional allocation to build a public health approach delivering both short and long-term action prior to being awarded the funding.' The Home Office will work with VRUs to evaluate how the funding is being utilised to reinforce the response to serious violence.

Questions for committee's consideration

- If you have received this funding, are you assured your force has considered how this money will be spent and how the effectiveness can later be measured?
- How does this fit in with your long-term strategy/ police and crime plan priority in this area?

Fire

Fire and rescue service inspections

HMICFRS has published an overview of the first independent inspection into fire and rescue services (FRSs) for 12 years. The report covers 16 fire services which were part of the second tranche of inspections. Findings from inspections of 14 services were published in December 2018, and the final tranche of 15 reports will be published later this year.

The inspections focused on three key areas: the 'effectiveness' of FRSs in keeping people safe from fire and other risks, how 'efficient' FRSs are at keeping people safe from fire and other risks, and how well do FRSs look after its 'people' including how well they train, manage and support their staff. As part of its inspection, HMICFRS gave each FRS a graded judgement on each of these areas. Key findings include:

- in relation to the overall effectiveness judgement, nine FRSs were graded as 'good' and seven FRSs were graded as 'requires improvement';
- for the overall efficiency judgement, nine FRSs were graded as 'good' and seven FRSs were graded as 'requires improvement';
- for the overall judgment of people, eight FRSs were graded as 'good', seven as 'requiring improvement' and one as 'inadequate';
- services are able to respond effectively when the public need help however HMICFRS notes that they are concerned with the resources available to support staff;
- there were some services where firefighters were working with information that was out-of-date or inaccurate, or were unable to efficiently access information due to poor technology;
- HMICFRS notes that they are concerned about the ways in which services protect the public through the 'regulation of fire safety.' The Inspectorate highlights that 'services need to be confident that people who are responsible for fire safety in buildings are making sure they are safe';
- while some services are well resourced, others are struggling to execute their core functions of prevention, protection and response effectively;
- overall, the gradings given under the people pillar are more positive in this tranche compared to the previous group inspected. There is an increased focus on health, wellbeing and mental health support;
- HMICFRS notes that not a lot of progress is being made to improve workforce diversity and services do not have a workforce that reflects their communities;
- there is variation in the way things are done including how often 'high-risk premises should be audited', how 'risk should be mitigated', and how 'response standards are calculated';
- despite services undertaking a range of prevention work, sometimes this work isn't organised in order of priority, so resources aren't always focused on those at most risk. HMICFRS also notes that this is 'very rarely evaluated' and so consequently, services cannot always be certain that they are achieving what was hoped;
- almost half of the services inspected are using IT systems that are broken, dated or unreliable. Some services rely on using 'inefficient paper-based systems', which is holding back their productivity;
- HMICFRS highlights that services are often working in isolation and notes that by working collaboratively there is potential for new ideas to be adopted, whilst being more cost-effective in the long term; and
- not enough fire services are evaluating, reviewing and monitoring their collaboration activities.

Questions for committee's consideration

- Has the authority reviewed the key HMICFRS findings against their own organisation to see if there is any learning that could be applied?
- Are you assured that your service is taking sufficient action in this area?

Fire and rescue incident statistics

The Home Office has published statistics on fire and rescue incidents in England for the year ending December 2018. Key statistics include:



fire and rescue services (FRSs) attended 576,586 incidents, an increase from 565,777 (or two per cent) in the previous year;



of all incidents attended by FRSs, fires accounted for 31 per cent, fire false alarms accounted for 40 per cent and non-fire incidents accounted for 29 per cent;



FRSs attended 177,844 fire incidents, a five per cent increase from the previous year and 167,620 non-fire incidents, a decrease of two per cent; and



FRSs attended 231,122 fire false alarms, a three per cent increase compared with the previous year (224,034).



Fire authority members guide

The Local Government Association (LGA) has published its 'Fire authority members guide' for new members. The guide provides information on the various support and training opportunities available, including: the 'Leadership Essentials Programme' to help members develop skills in a specific area; the Firefighters' Pension Scheme Manager; and culture, diversity and inclusion 'masterclasses'.

The guide also outlines the roles and responsibilities of fire and rescue authorities and provides an overview of governance models and LGA membership structures.

Questions for committee's consideration

- Have you made this available to your authority members and compared your arrangements to the guide?



Sources of further information

NAO

'Progress on delivering the Emergency Services Network'

<https://www.nao.org.uk/report/progress-delivering-the-emergency-services-network/>

HMICFRS

'Time for police to choose how to tackle fraud'

<https://www.justiceinspectorates.gov.uk/hmicfrs/news/news-feed/time-for-police-to-choose-how-to-tackle-fraud/>

HMICFRS

'PEEL spotlight report'

<https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/peel-spotlight-report-a-system-under-pressure.pdf>

HMICFRS

'State of policing'

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/state-of-policing-the-annual-assessment-of-policing-in-england-and-wales-2018/>

Home Office

'Home Office allocates £35m to police forces for violence reduction units'

<https://www.gov.uk/government/news/home-office-allocates-35-million-to-police-forces-for-violence-reduction-units>

HMICFRS

'Fire and rescue service inspections'

<https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/fire-and-rescue-service-inspections-2018-19-tranche-2.pdf>

Home Office

'Fire and rescue incident statistics'

<https://www.gov.uk/government/statistics/fire-and-rescue-incident-statistics-england-year-ending-december-2018>

LGA

'Fire authority members guide'

https://www.local.gov.uk/sites/default/files/documents/10.35_New_Fire_Authority_Members_Guide_WEB_0.pdf

For further information please contact

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MINUTES OF AUDIT AND STANDARDS COMMITTEE MEETING HELD ON 10 JULY 2019

Present: Councillors J Chatterley, J Gambold, K Malik and Y Waheed
Mr J Atkinson, ACO G Chambers, GC I McLaren and Mr J Harrison
Mr N Harris, Ernst & Young
Mrs S Rowlett and Mr S Parmar, RSM

19-20/ASC/1 Apologies

1.1 An apology for absence was received from Councillors Duckett and Headley.

19-20/ASC/2 Election of Vice Chair

RESOLVED:

That Councillor Duckett be elected Vice Chair of the Committee for 2019/20.

19-20/ASC/3 Election of Chair for the Meeting

3.1 In the absence of the Chair and Vice-Chair, Councillor Malik was elected to preside as Chair over the meeting.

19-20/ASC/4 Declarations of Disclosable Pecuniary and Other Interests

4.1 There were no declarations of interest.

19-20/ASC/5 Communications

- 5.1 The Committee received the two most recent Emergency Services Sector briefings from RSM.
- 5.2 The first one, dated March 2019, suggested that audit committees seek assurances from their authorities that the actions identified as a result of the HMICFRS inspection were being progressed.
- 5.3 The Assistant Chief Officer advised that the full Authority had been presented with the findings of the inspection and that an action plan had been developed to address the areas identified as needing improvement. Actions were also incorporated as part of the Service's Community Risk Management Plan (CRMP). A further report highlighting progress against the action plan would be submitted to a future meeting of the Authority.
- 5.4 The second briefing, dated June 2019, identified two areas for consideration by the Committee. The first was in relation to wellbeing and mental health support in the emergency services sector.
- 5.5 The Assistant Chief Officer reported that the Service had been proactive in offering support to its employees. A management briefing had recently been held for senior managers on how support could be offered to employees affected by mental health issues. A half day training course had also been provided to middle managers.
- 5.6 The Service had adopted a blue light pledge supported by Mind. Support was also available through the Firefighter's Charity and the Service's own Employee Assistance Programme. The relevant contact numbers were readily available to all staff. A policy to encourage employees to talk about their issues with their line managers had also been introduced.
- 5.7 A stress survey was currently being undertaken and a joint event with the Service's collaboration partners was being planned with the next workshop focused on mental health and wellbeing, with opportunities for both the Police and Fire and Rescue Services to outline the support available.
- 5.8 The briefing also suggested that the Committee seek assurances that the Service performed well against national benchmarks and that action plans were in place for areas of improvement.
- 5.9 The Committee was advised that the annual performance report would be submitted to the next meeting of the Authority; however, the performance against national benchmarks for the fourth quarter was not yet available and would be reported to the Authority in October 2019.

5.10 The Assistant Chief Officer assured Members that action plans would be implemented as required.

RESOLVED:

That the communications be received.

19-20/ASC/6 Minutes

RESOLVED:

That the Minutes of the meeting held on 12 April 2019 be confirmed and signed as a true record.

19-20/ASC/7 Public Participation

7.1 There were no members of the public present.

19-20/ASC/8 Review of Terms of Reference

8.1 Members were requested to review the Terms of Reference for the Audit and Standards Committee.

8.2 Mr J Atkinson, the Secretary and Monitoring Officer, advised that the terms of reference had been amended in 2018 and that no further changes were required at this time.

RESOLVED:

That the Terms of Reference be received.

19-20/ASC/9 Internal Audit Annual Report (RSM)

9.1 Mrs S Rowlett, RSM, introduced the annual report on progress made against the internal audit plan for 2018/19. The overall audit opinion for the year was one of reasonable assurance. The audit of stock controls had been awarded partial assurance.

9.2 In relation to the follow up audit, the Assistant Chief Officer advised that one of the actions arising from the procurement audit had not been completed by the identified completion date as there had been staffing changes. The action had now been completed.

9.3 In response to a question about the stock control audit, Mrs S Rowlett reported that RSM had been requested to undertake the audit as management had identified that there were issues. The audit identified that in a large number of cases, stock levels were not being accurately reported.

- 9.4 The Assistant Chief Officer advised that the Service was in the process of procuring a new asset management/stock control system and that this should resolve the issues identified, as well as other improvements that had been made in the interim period.
- 9.5 Group Commander McLaren assured the Committee that the inventory on all fire appliances was checked every day.
- 9.6 The Committee was advised that both the internal and external auditors undertook checks on the asset register.

RESOLVED:

That the report be received.

19-20/ASC/10 Internal Audit Progress Report (RSM)

- 10.1 Mrs S Rowlett of RSM introduced a report on the progress made against the internal audit plan for 2019/20. Three audits had been completed since the last meeting of the Committee: governance, stock control and follow up. Two audits were currently in progress for 2019/20.
- 10.2 The Committee noted that an audit of the Community Risk Management Plan had been added to the audit programme for 2019/20. This had arisen from the tri-service agreement with Cambridgeshire and Essex Fire and Rescue Services.

RESOLVED:

That the internal audit progress report for 2019/20 be received.

19-20/ASC/11 External Audit Fees 2019/20 and Working with You Document

- 11.1 Mr N Harris, Ernst & Young, submitted the proposed annual audit fees for 2019/20. The indicative fee for 2019/20 was £23,271, unchanged from the previous year.
- 11.2 Ernst & Young's "Working with You" document was also submitted to the Committee for information.
- 11.3 Mr N Harris indicated that the scale fee may need to be revisited following the closure of the accounts.

RESOLVED:

That the letter dated 29 April 2019 submitting the external Annual Audit Fees for 2019/20 be received.

19-20/ASC/12 Pre Audit 2018/19 Annual Governance Statement and Statement of Accounts

- 12.1 The Assistant Chief Officer submitted the 2018/19 Statement of Accounts, including the Annual Governance Statement, for initial approval by the Committee. Due to resourcing issues, the external auditors had not been able to complete the audit on the Statement of Accounts and the audited Statement would be submitted to the next meeting of the Committee.
- 12.2 The Assistant Chief Officer reported that the underspend had led to a year-end contribution to the reserves of £727,000, with an additional £340,000 received from the Authority's previous pension administrators.
- 12.3 In relation to reserves, the Authority held £2.6 million in general reserves, with earmarked reserves at £7.475 million. These would be discussed in detail at the Members' Budget Workshop in November 2019.
- 12.4 Mr J Harrison, the Chief Accountant, presented the Statement of Accounts and reiterated the position in relation to the underspend and the reserves. He also drew the Committee's attention to the assets held and pension liabilities. These were currently estimated at £360 million, although the liability may increase by £10-15 million as a result of the McCloud judgement. A number of sections in the Statement would have to be updated to reflect the current position.
- 12.5 Mr N Harris acknowledged the work that had been undertaken to prepare the Statement of Accounts by Officers in the Service. By doing this, the Service had met its statutory obligations. Ernst & Young had been forced to postpone the conclusion of audits of 19 authorities due to low levels of resource. Mr Harris had submitted a letter which was appended to the report, explaining the current position and the responsibility on the external auditors to provide a high quality service to its clients. A recruitment campaign had been undertaken and a number of senior auditors were joining the firm.
- 12.6 The audit of the Authority's accounts would be undertaken in August 2019, with the audited accounts being submitted to the next meeting of the Committee as advised by the Assistant Chief Officer.
- 12.7 Mr N Harris referred to the National Audit Office and Public Sector Audit Appointment's current review of the Audit Code of Practice and to the annual report on the outcome of audits.
- 12.8 Mrs S Rowlett commented on the internal audit section of the Annual Governance Statement and advised that the statement from the annual report would need to be updated as there had been an audit opinion of partial assurance on stock controls during 2018/19.
- 12.9 The Assistant Chief Officer reported that the draft accounts had been loaded onto the Service website on 23 May 2019 for a period of 6 weeks for members of the public to query. There had been no challenge to the accounts.

12.10 Mr N Harris confirmed that no objections had been received and expressed the view that this may have been due to the Authority's proactive action to investigate the pension issue.

RESOLVED:

1. That the pre external audit version of the 2018/19 Statement of Accounts and Annual Governance Statement be approved subject to audit.
2. That the delay to the external audit of accounts be noted.

19-20/ASC/13 Review of Code of Conduct and Annual Report on Standards

- 13.1 Mr J Atkinson, the Secretary and Monitoring Officer, introduced his report on developments relating to the standards function during 2018/19. No complaints had been received against Members of the Authority and no wider standards issues had come to light.
- 13.2 The Code of Conduct was reviewed on an annual basis and had been last updated in April 2018. No further updates were recommended at this time.
- 13.3 The Secretary and Monitoring Officer submitted the executive summary of the review by the Committee on Standards in Public Life on local government ethical standards for the Committee's information.

RESOLVED:

1. That the update on standards be received, and that it be noted that no complaints had been received against Members during 2018/19.
2. That no further changes be made to the Authority's Code of Conduct at this time as it was reviewed and approved by the Fire Authority on 26 April 2018.

19-20/ASC/14 Corporate Risk Register

- 14.1 Group Commander McLaren presented an update on the review of the Corporate Risk Register. There were currently 37 risks on the register, 15 of which were treated. Updates on 13 of these risks were provided in the report.
- 14.2 The Assistant Chief Officer advised that the Register was currently being reviewed and suggested that the Committee receive the updated full Register at its next meeting.

RESOLVED:

1. That the continuing development of the Service's Corporate Risk Register be acknowledged.
2. That the full Corporate Risk Register be submitted to the next meeting of the Committee.

19-20/ASC/15 Review of Work Programme 2019/20

15.1 The Committee considered the proposed work programme for 2019/20.

15.2 The Committee agreed to add the External Audit, Audit Results Report to the work programme for its September meeting and the External Audit Annual Audit Letter to its December meeting.

RESOLVED:

1. That the Committee's Work Programme for 2019/20 be received.
2. That the External Audit, Audit Results Report and the External Audit Annual Audit Letter be added to the Committee's work programme in September and December respectively.

The meeting ended at 11.02 am

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For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
15 October 2019
Item No. 6

REPORT AUTHOR: ASSISTANT CHIEF OFFICER/TREASURER
SUBJECT: EXTERNAL AUDIT RESULTS REPORT 2018/19

For further information on this report contact: Karen Daniels
Service Assurance Manager
Tel No: 01234 845013

Background Papers: None

Implications (tick ✓):

LEGAL		FINANCIAL	✓
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)
	New		

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To receive and consider the external Audit Results Report from Ernst & Young, including any outstanding matters.

RECOMMENDATION:

That Members consider the submitted external Audit Results Report for 2018/19.

1. Introduction

- 1.1 The submitted Audit Results Report summarises work Ernst and Young have undertaken since their appointment as external auditor to the year ending 31 March 2019.

GAVIN CHAMBERS
ASSISTANT CHIEF OFFICER/TREASURER

Bedfordshire Fire and
Rescue Authority
Audit results report
Year ended 31 March 2019

October 2019



Building a better
working world



Private and Confidential

7 October 2019

Dear Audit and Standards Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit and Standards Committee. This report summarises our preliminary audit conclusion in relation to the audit of Bedfordshire Fire and Rescue Authority for 2018/19.

We have substantially completed our audit of Bedfordshire Fire and Rescue Authority for the year ended 31 March 2019. Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Audit and Standards Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Standards Committee meeting on 15 October 2019.

Yours faithfully

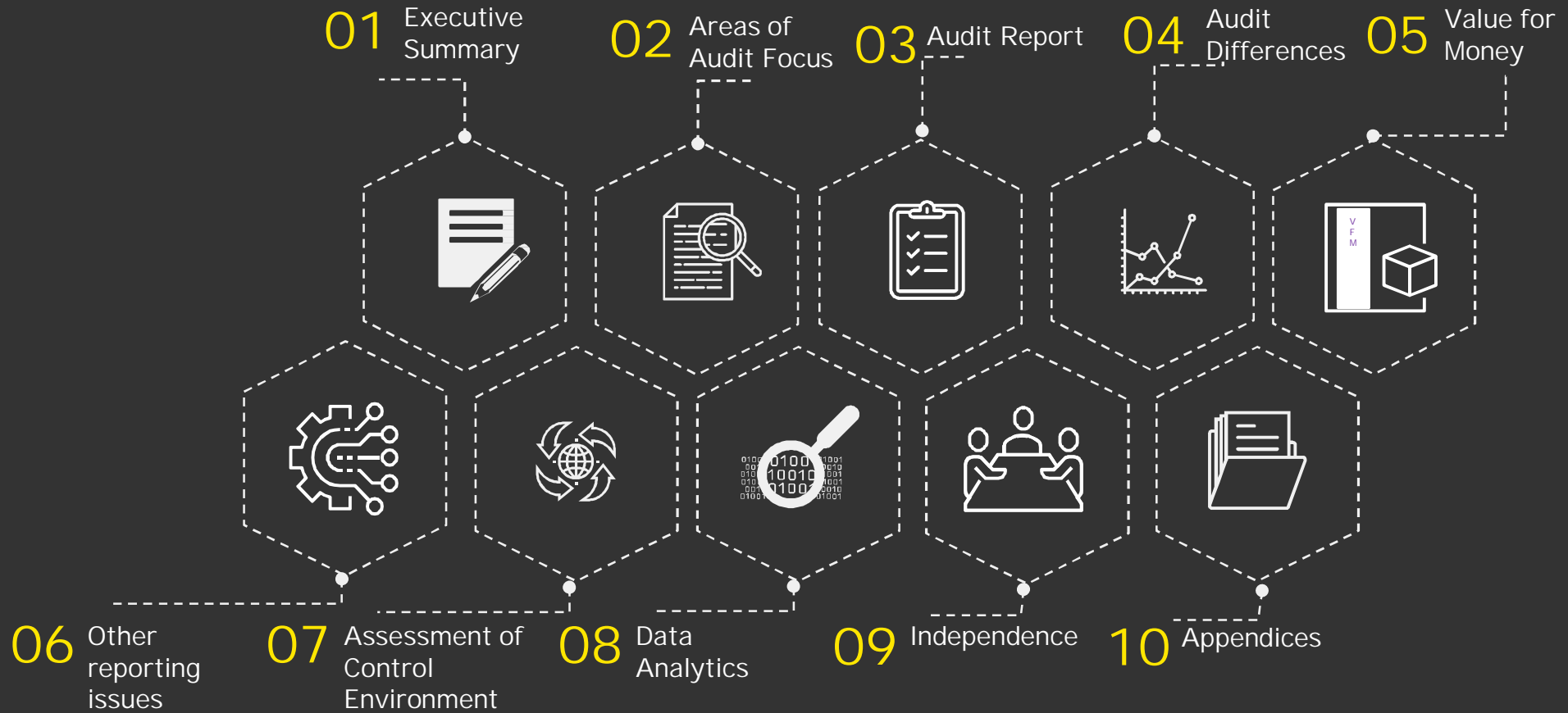
Neil Harris

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk). This 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 (updated April 2018)' issued by 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 statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

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 Steve Varley, 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.



01 Executive Summary



Executive Summary

Scope update

In our audit planning report presented to the 14 March 2019 Audit and Standards Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in our assessment of risk:

We assessed 'Pension Valuation and Disclosures' as an 'other risk' in our audit plan. This year, there has been a national issue which resulted in a change to the Authority's pension net liability. It relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the "McCloud/Sargent ruling". The calculation of the impact of this ruling is sensitive to key assumptions concerning the membership profile of each authority. Since subtle differences in these assumptions could result in material error, we have identified a significant risk in relation to the valuation of the pension liability. Due to the relevant size of the firefighters' scheme compared to the local government pension scheme and our assessment of the relative complexities of the scheme, we have isolated this risk to the firefighters' pension scheme liability.

- Changes in materiality:

We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £723,000 (Audit Planning Report – £512,000). This results in updated performance materiality, at 75% of overall materiality, of £542,250, and an updated threshold for reporting misstatements of £35,150.

We set separate materiality values for the Firefighters' Pension Fund Account. Based on our materiality measure of benefits payable, we have updated our assessment to £157,000 (Audit Planning Report £168,000). This results in updated performance materiality, at 75% of overall materiality, of £118,000, and the threshold for reporting misstatements remains at £8,000.

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Status of the audit

We are in the process of completing our audit of Bedfordshire Fire and Rescue's financial statements for the year ended 31 March 2019 and have performed the procedures outlined in our Audit planning report. Subject to satisfactory completion of the outstanding matters set out in appendix B we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise.

We expect to be substantially complete as at the date of the Audit and Standards Committee on 15 October 2019, subject to resolution of our queries on the treatment of the McCloud/Sargent case in the Local Government Pension Scheme.

We expect to issue the audit certificate at the same time as the audit opinion.

Audit differences

We have also identified audit differences with an aggregated impact of £1.17 million which we expect management to adjust. Details can be found in Section 4 Audit Differences. To date, we have not identified any unadjusted audit differences.



Executive Summary

Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Bedfordshire Fire and Rescue Authority's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We have identified an additional significant risk relating to the valuation of the firefighter pension scheme liability.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues
- You agree with the resolution of the issue
- There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Standards Committee.

Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we did not identify any significant risks.

We have no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



Executive Summary

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We have no other matters to report.

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

During the course of the audit, matters were drawn to our attention by the Chairman of the Audit and Standards Committee, the Monitoring Officer and a whistleblower regarding the legality, ongoing financial and governance arrangements associated with a past decision on the Chief Fire Officer's pensionable benefits. These matters relate to the treatment, for pensionable purposes, of an inconvenience allowance for a secondment role in 2009 and the calculation in 2012 of the abatement used for pensionable benefits. Whilst both matters are a past decision, these continue to have ongoing financial consequences for the Fire and Rescue Authority, the Firefighters' Pension Scheme and the Chief Fire Officer. We therefore determined it was appropriate, considering both the public interest and concerns raised regarding the legality of past and ongoing expenditure, to consider these matters, the Authority's response and our responsibilities in accordance with the Local Audit and Accountability Act 2014. We undertook the following work:

- Reviewed available decision making papers in 2009 and 2012. This included discussions with the Monitoring Officer, Statutory Responsible Financial Officer to clarify understanding of events and ensure we had access to all available documentation and supporting evidence of the basis of the decisions made at the time.
- Reviewed the report of findings produced by an external firm of Solicitors, commissioned by the Authority, in to these arrangements which finalised during September and October 2018. This included the Authority's response to the external investigations and the steps taken as a result to improve governance and decision making for Senior Officer remuneration.
- Commissioned our own legal advice in to the lawfulness of the decisions taken in 2009 and 2012.
- Considered the Authority's response to our legal advice and determination of next steps, including briefings to the Audit and Standards Committee.
- Following our recommendation, we reviewed, with the support of our legal advisors, the advice produced for the Authority by Specialist Legal Counsel.
- Reviewed the report prepared by the Monitoring Officer to the Audit and Standards Committee of 12th April 2019 setting out the outcome of investigations, legal advice and recommended actions.
- Reviewed the published minutes of the Fire and Rescue Authority meeting of 6th June 2019, which included the Monitoring Officer report of 12th April and a public statement setting out the results of the Authority's investigation, legal advice and steps taken to improve governance arrangements.

We are satisfied that the Authority's final reports, statements and minutes of the 6th June 2019 meeting present fairly the outcome of the investigation, judgement on the legality of past and ongoing expenditure and the steps to improve governance associated with current and future decisions on Senior Officer remuneration and benefits. Importantly, these matters have been reported in full and available to members of the public. We are not minded to take any further action in this matter as part of concluding the 2018-2019 audit. We do note there remains ongoing legal cases in to the definition of pensionable pay under the 1992 Fire Fighters' Pension Scheme. It is important that the Authority continue to consider any relevant updates to case law and MHCLG guidance in framing and making any future decisions associated with Senior officer Remuneration and Pensionable Benefits.

Independence

Please refer to Section 9 for our update on Independence.



02 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Risk of error in the valuation of the firefighters pension scheme liability

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme and the Firefighter's Pension Scheme.

The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2018 this totalled £332 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

This year, there has been a national issue which resulted in a late change to the Authority's pension net liability. It relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the "McCloud/Sargent ruling".

This matter has been identified as a separate significant risk in relation to the firefighters' pension scheme (FFPS) due to the materiality of the liability and its sensitivity to the membership profile of the Authority.

What judgements are we focused on?

We focused on aspects of the pension liability which could have a material impact on the financial statements, primarily:

- significant changes in assumptions made by the actuaries; and
- Whether or not the actuarial assumptions regarding the membership profile of the FFPS was specific to the Authority.

What did we do?

- Liaised with the auditors of Bedfordshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Bedfordshire Fire and Rescue Authority;
- Assessed the work of the FFPS actuary GAD, and the LGPS scheme actuary Barnet Waddingham including the assumptions they have used, by relying on the work of PWC and engaging the EY actuarial team to support us with the review of assumptions used, and produce their own model of the McCloud/Sargent impact; and
- Tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

What are our conclusions?

We are satisfied that the Authority have correctly reflected the IAS 19 entries provided by their actuaries in the financial statements. We are also satisfied that the actuaries are appropriately qualified.

We asked Officers to obtain an updated actuarial estimate of net pension scheme liability taking into account the McCloud/Sargent ruling.

We have assessed the appropriateness of the increased liability in the light of these adjustments and found that in the case of the FFPS, the assumptions applied were of the membership profile of the scheme as a whole rather than of Bedfordshire Fire and Rescue Authority specifically. When the liability is adjusted for the more specific assumption, it results in a material difference; reducing the liability by £1.17 million compared to the previous estimate. We have therefore asked officers to obtain an updated FFPS IAS 19 report and to adjust the financial statements.

Our queries relating to LGPS are currently in the process of being responded to. We are therefore unable to conclude on this matter at this stage and will provide a verbal update to the Audit and Standards Committee.



Areas of Audit Focus

Other risk

Risk of error in the valuation of land and buildings

What is the risk?

Property, plant and equipment (PPE) represents a significant balance in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet.

As the Authority's asset base is significant, and the outputs from the valuer are subject to estimation, there is a higher inherent risk PPE may be under/overstated or the associated accounting entries incorrectly posted.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

What judgements are we focused on?

We focused on aspects of the financial statements where management make judgements regarding:

- significant changes in the asset base; and
- the assumptions and estimates used to calculate the valuation.

The bulk of the Authority's estate relates to fire stations. These are specialised assets, and therefore a depreciated replacement cost methodology should be used to determine the existing use value.

What did we do?

We confirmed that the Authority's valuers are members of RICS and registered valuers. We reviewed the instructions provided to the valuer against the requirements of the Code and IFRS and found no issues.

We engaged our internal expert to assess the appropriateness of the methodology and assumptions applied by the valuer at a high level, particularly their approaching to valuing assets on a depreciated replacement cost basis.

For a sample of assets we assessed whether the valuation basis was appropriate and whether the inputs were verifiable and the assumptions used were supportable.

What are our conclusions?

We have confirmed that the information provided by the valuer as the management's expert has been appropriately reflected in the financial statements.

The depreciated replacement cost methodology assumes that the existing asset would be replaced by a modern equivalent asset (MEA) and in a location which may not necessarily be for the precise site on which it is currently developed. The valuation will reflect the estimated cost of replacing the remaining service potential at least cost.

The valuer has consulted with management and a key assumption applied is that the MEA would be the same size as the existing assets, and that the location would be the same.

We have made enquiries of officers to understand the reasonableness of this assumption. They have provided us with evidence of utilisation of the assets, and have confirmed that were station configuration currently factors supports collaboration and that this would continue to be a key feature of station design.

We note that an Operational Response Review will be taking place, and would expect that the findings from this would inform future valuations.

We have also selected a sample of assets and tested key inputs back to source data. Our work in this area is ongoing, however, for our testing so far we are satisfied that asset values fall within a supportable range.

We will provide a verbal update on the conclusion of this work to the Audit and Standards Committee.



Areas of Audit Focus



Other matters

Misstatements due to fraud or error

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.

This is a risk that we recognise on all engagements. Our overall response to this for Bedfordshire Fire and Rescue Authority was:

- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes for safeguarding against fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.

Performing mandatory procedures regardless of specifically identified fraud risks, including:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- Assessing accounting estimates for evidence of management bias, and
- Evaluating the business rationale for significant unusual transactions.

In addition to our overall response, we considered where these risk may manifest themselves and identified separate fraud risks as discussed above.

We have not identified any issues or indications of management override in our testing.



Areas of Audit Focus

Other areas of audit focus

What is the risk/area of focus?

What did we do?

IFRS 9 financial instruments

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year and will change:

- How financial assets are classified and measured;
- How the impairment of financial assets are calculated; and
- The disclosure requirements for financial assets.

There are transitional arrangements within the standard; and the 2018/19 CIPFA Code of practice on local authority accounting provides guidance on the application of IFRS 9.

We:

- Considered which elements of the financial statements would be most effected by the standard, and focused our testing on these areas – specifically bad debt provisions and the valuation and classification of financial assets;
- Considered the classification and valuation of financial instrument assets;
- Assessed whether or not bad debt provisions appropriately reflected the expected credit loss model; and
- Checked disclosure requirements.

There are no issues arising that we wished to bring to your attention.

IFRS 15 Revenue from contracts with customers

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year.

The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.

The 2018/19 CIPFA Code of practice on local authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised.

The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.

We:

- Considered application to the authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and
- checked additional disclosure requirements.

There are no issues arising that we wished to bring to your attention.



Areas of Audit Focus



Other matters

IFRS 16 - Leases

IFRS 16 leaves accounting requirements for lessors largely unchanged with two exceptions: the classification of sub leases and sale and leaseback accounting. For lessees there will be a substantial change in accounting requirements. The current distinction between operating and finance leases will be removed. Instead it requires that a lessee recognises assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is low value. The changes will have a substantial impact for any local authority with material operating finance leases and will also impact capital financing arrangements.

Although the changes are not applicable for the 2018/19 financial year, local government clients are still expected to perform a number of IFRS 16 preparation steps in advance of the changes.

The Authority holds leases and therefore will be impacted by the implementation of this standard.

Implementation have been deferred to 2020/21.

In addition, changes have been made to the CIPFA/LAASAC Code for 2019/20, as noted below.

- The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework), the main elements being (19/20 Code Cpt 2.1 refers);
 - new definitions of assets, liabilities, income and expenses
 - updates for the inclusion of the recognition process and criteria and new provisions on derecognition
 - enhanced guidance on measurement bases
- Guidance in the treatment of the Apprenticeship Levy (19/20 Code Cpt 2.11 refers)
- Updated guidance on IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation & LOBOs (19/20 Code Cpt 2.11 refers)
- Clarifications for the disclosure requirements with respect to interests in entities within the scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (19/20 Code Cpt 9 refers)



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Bedfordshire Fire and Rescue Authority for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority Movement in Reserves Statement,
- Authority Comprehensive Income and Expenditure Statement,
- Authority Balance Sheet,
- Authority Cash Flow Statement,
- Statement of accounting policies,
- the related notes 1 to 31,
- and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 8.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of Bedfordshire Fire and Rescue Authority as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.



Audit Report

Our opinion on the financial statements (cont.)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Bedfordshire Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Treasurer

As explained more fully in the Statement of the Treasurer's Responsibilities set out on page 13, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Audit Report

Our opinion on the financial statements

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether Bedfordshire Fire and Rescue Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Bedfordshire Fire and Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Bedfordshire Fire and Rescue Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Bedfordshire Fire and Rescue Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Bedfordshire Fire and Rescue Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

To date we have not identified any uncorrected misstatements above our reporting threshold of £35,150. Should any arise between the date of this report and concluding our audit we will provide a verbal update during the Audit and Standards Committee.

Management has made an amendment to their net pension liability as noted in section 2 of this report, reducing it by £1.2 million.

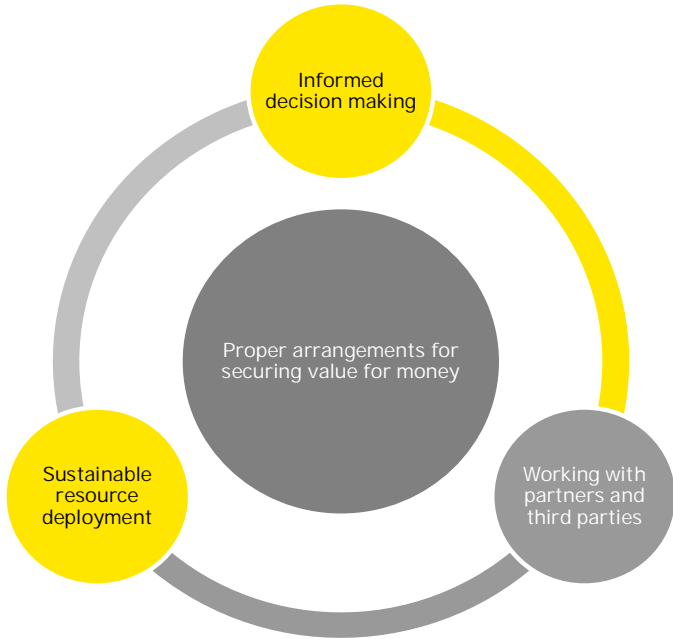
Dr Past Service Costs - £1.2 million
Cr Firefighter Pension Liability - £1.2 million
Dr Pension Reserve - £1.2 million
Cr General Fund - £1.2 million

There are no additional numerical or disclosure amendments that are sufficiently significant to warrant being brought to the attention of the committee at this point.



05

Value for Money Risks



Background

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Overall conclusion

We did not identify any significant risks around these criteria.

We therefore expect to have no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.

In forming this conclusion we had regard to the HMICFRS report on Bedfordshire Fire and Rescue Authority. We noted a number of areas rated as 'good', and noted that none of the areas were rated as 'inadequate'. We would expect the Authority to consider their response to the areas noted as 'requires improvement' and will consider their progress in these areas as part of our 2019/20 risk assessment.



06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Annual Report and Accounts 1 April 2018 to 31 March 2019 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Annual Report and Accounts for the year ended 31 March 2019 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

The Authority falls below the threshold for audit and we have limited procedures to perform in this respect.

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014.

Please refer to our comments on page 7 on the matters we considered during the course of the audit on the Chief Fire Officer’s pensionable pay and benefits. Based on the final published minutes and statements made by the Fire and Rescue Authority at its meeting on the 6th June 2019, we did not identify any remaining issues that require us to exercise any of our statutory audit powers.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority’s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits

We have no other matters to report.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

Following completion of our audit, we will discuss with management any areas that we have identified where there are opportunities to potentially streamline or improve the accounts preparation process.



08 Data Analytics



Use of Data Analytics in the Audit

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2018/19, our use of these analysers in the authority's audit included testing journal entries and employee expenses, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

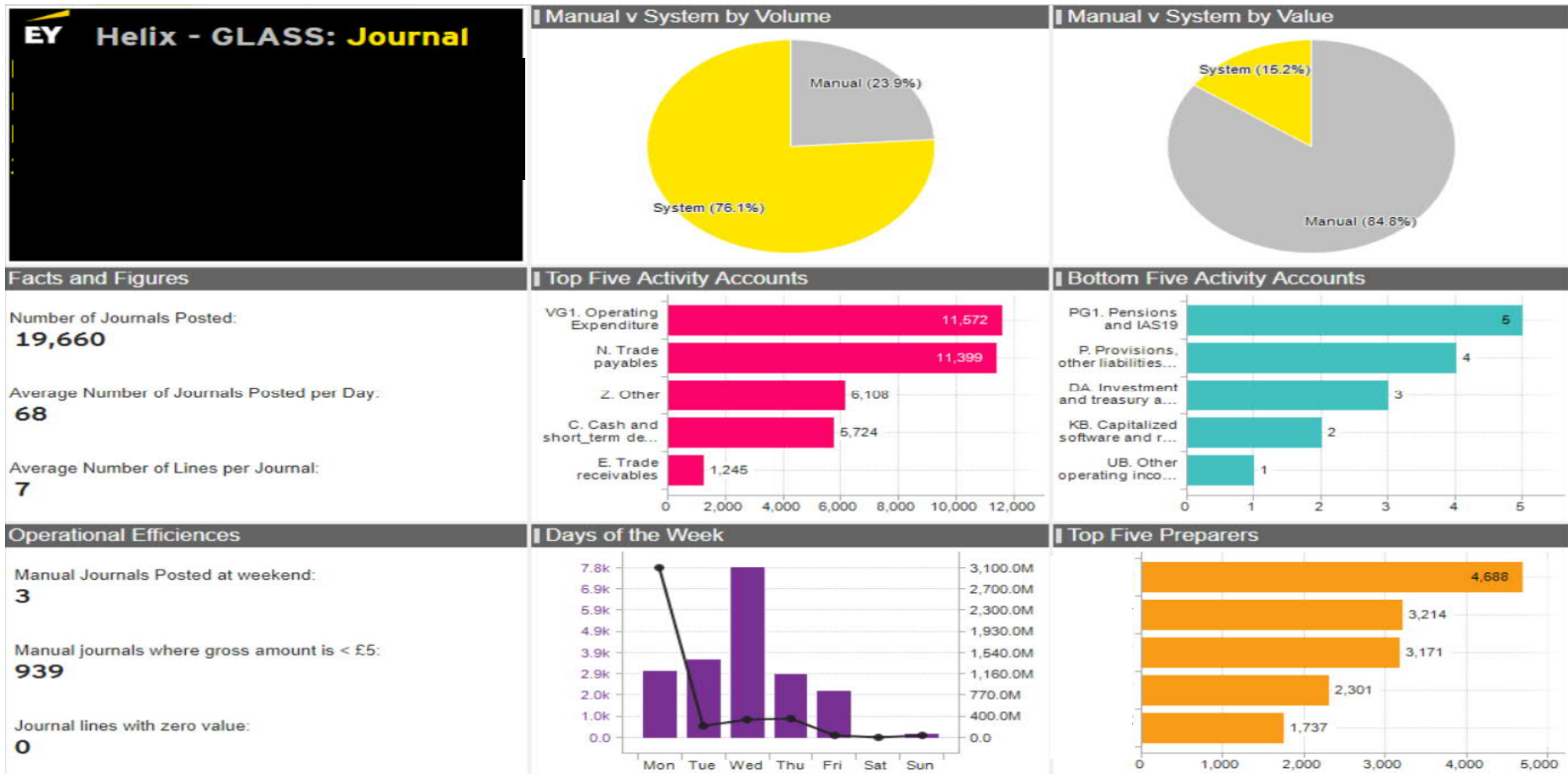
We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the general ledger. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2018/19. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.





Journal Entry Testing

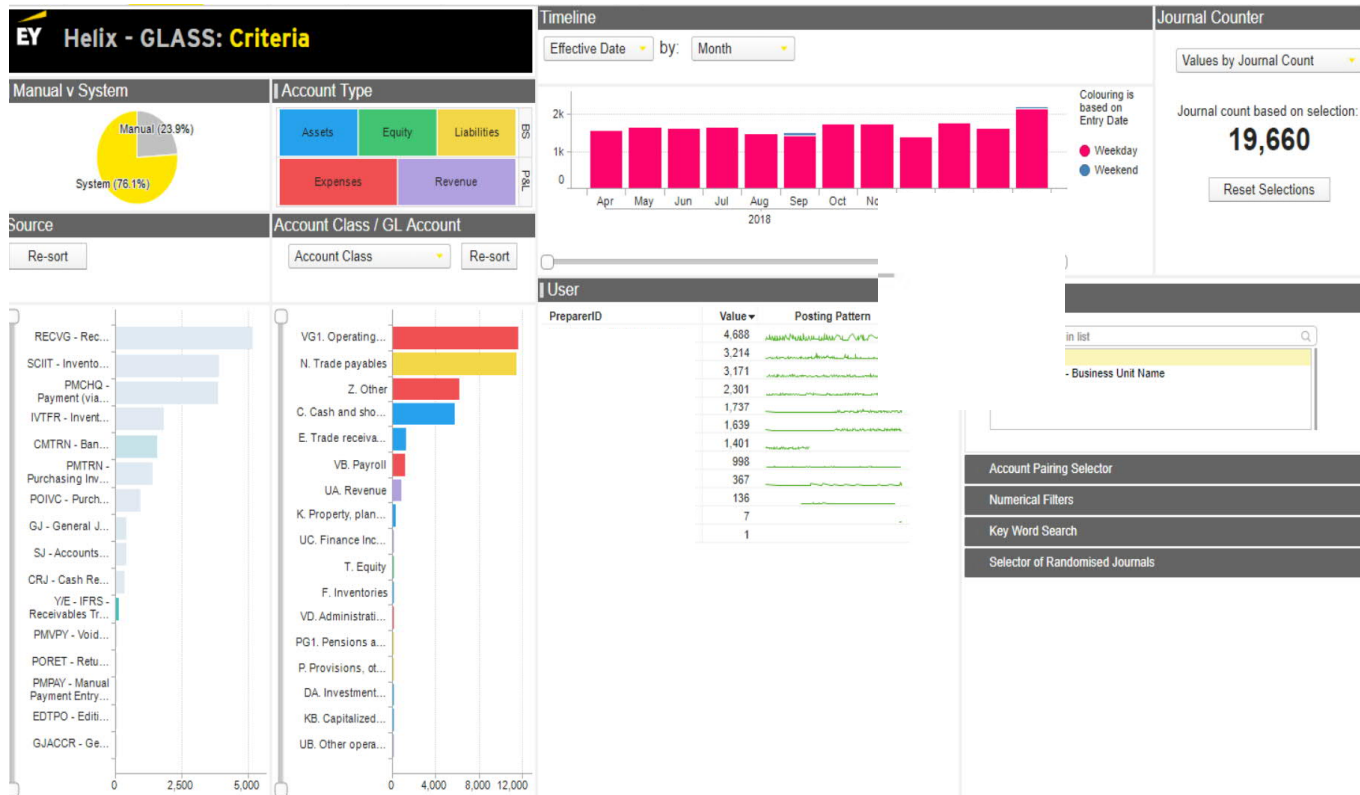
What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

Journal entry data criteria – 31 March 2019

What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.



What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



09

Independence

Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 14 March 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit and Standards Committee on 15 October 2019.

We confirm we have not undertaken any non-audit work outside the NAO Code requirement.

Independence



Relationships, services and related threats and safeguards



The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services listed have been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019.

We confirm that we have undertaken no non-audit work outside the NAO Code requirements. Non-audit work is work not carried out under the Code.

	Final Fee 2018/19	Planned Fee 2018/19	Scale Fee 2018/19
	£	£	£
Total Audit Fee - Code work	TBC*	23,271	23,271
Non-audit services	0	0	0
Total fees	TBC	23,271	23,271

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*We anticipate additional fees in relation to the changes in scope regarding significant and other risks identified, and the additional work arising from responding to matters drawn to our attention on the Chief Fire Officer's Pensionable Benefits, which is not factored in to the scale fee. We will discuss these fees with management in the first instance, before agreeing them with you and requesting approval from Public Sector Audit Appointments (PSAA).







10 Appendices

Appendix A

Required communications with the Audit and Standards Committee

There are certain communications that we must provide to the Audit and Standards Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit and Standards Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report – March 2019
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report – March 2019
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report – October 2019

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about Bedfordshire Fire and Rescue Authority’s ability to continue for the 12 months from the date of our report
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	Audit results report – October 2019
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the Audit and Standards Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit results report – October 2019
Fraud	<ul style="list-style-type: none"> • Enquiries of the Audit and Standards Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Audit and Standards Committee responsibility. 	Audit results report – October 2019

Appendix A

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Authority 	Audit results report – October 2019
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report – March 2019 and</p> <p>Audit results report – October 2019</p>

Appendix A

Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations.
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the Audit and Standards Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Standards Committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit. 	Audit results report – October 2019 Annual Audit Letter – November 2019

Appendix A




Our Reporting to you

Required communications	What is reported?	When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit results report – October 2019
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report – October 2019
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor’s report 	Audit results report – October 2019
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit Planning Report – March 2019 Audit Results Report – October 2019

Appendix B

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Review procedures	Final Engagement Leader and Manager review of the final position on concluded work, audit adjustments and reporting	EY
Statement of accounts	Receipt and review of the final version of the accounts	EY and management
Management representation letter	Receipt of signed management representation letter	Management and Audit and Standards Committee
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management
Review of the statement of accounts	Review of the final version of the statement of accounts	EY
Consideration of McCloud/Sargent ruling assumptions included in the Local Government Pension Scheme	Receipt of response to enquiries from Local Government Pension Scheme actuary and consideration of these responses	Management and EY
Outstanding audit queries	At the date of the release of this report, a number of areas of testing are ongoing. We are working with management to ensure that these are completed in advance of the Audit and Standards Committee meeting. We will provide an update during the meeting on their status, as well as any additional findings arising if relevant.	EY and management

Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]
[Date]

Ernst & Young
400 Capability Green
Luton
LU1 3LU

This letter of representations is provided in connection with your audit of the financial statements of Bedfordshire Fire and Rescue Authority ("the Authority") for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Bedfordshire Fire and Rescue Authority as of 31 March 2019 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Management representation letter

Management Rep Letter (cont.)

4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Authority (regardless of the source or form and including, without limitation, allegations by “whistleblowers”) including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority’s financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority’s activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have made available to you all minutes of the meetings of the Authority and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the 1 April 2018 to the most recent meeting on the following date: [list date].
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority’s related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. No guarantees have been given to third parties.

E. Subsequent Events

1. As disclosed in note 31 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

Management representation letter

Management Rep Letter (cont.)

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Statement, Treasurer's Report and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

H. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the asset valuations and pension net liability valuation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

I. Asset valuations

1. We believe that the measurement processes, including related assumptions and models, used to determine the asset valuations have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We confirm that the significant assumptions used in determining the size and location of modern equivalent assets are appropriate, and that existing assets are fully utilized. We confirm that we have no current plans to modify the configuration or location of existing fire stations.

3. We confirm that the disclosures made in the financial statements with respect to asset valuations are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
4. We confirm that no adjustments are required to asset valuations and disclosures in the financial statements due to subsequent events.

J. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Treasurer

Chair of the Audit and Standards Committee

About EY

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ED None

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For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
15 October 2019
Item No. 7

REPORT AUTHOR: CHIEF FIRE OFFICER AND TREASURER

SUBJECT: 2018/19 STATEMENT OF ACCOUNTS

For further information on this report contact: Gavin Chambers
Assistant Chief Officer/Treasurer

Background Papers: 2018/19 Statement of Accounts and the July 2019 A&SC report on the 2018/19

Implications (tick ✓):

LEGAL		✓	FINANCIAL		✓
HUMAN RESOURCES			EQUALITY IMPACT		
ENVIRONMENTAL			POLICY		
CORPORATE RISK	Known		OTHER (please specify)		
	New				

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To consider the 2018/19 Statement of Accounts, including the Annual Governance Statement, post audit.

RECOMMENDATION:

That:

1. Members consider and approve the current version of the 2018/19 Statement of Accounts and Annual Governance Statement that have now been externally audited.
 2. Members delegate any final amendments to the Treasurer.
 3. Members consider and approve the letter of representation.
-

1. Introduction

1.1 The Accounts and Audit Regulations 2015, require the Treasurer to formally approve the Annual Governance Statement (AGS) and Statement of Accounts by the end of May, following the previous financial year. Following external audit, the relevant body of the Authority is required to approve them by the end of July. The relevant body for this Authority is the Audit and Standards Committee (A&SC). Members are aware that due to resourcing issues, our external auditors Ernst & Young have been unable to audit the accounts until a commencement date of mid-September 2019.

1.2 The AGS and accounts are presented via the web link below, post external audit by Ernst & Young. The only material update, due to a new actuarial review on pensions, is attached at Appendix 1 for information and explained further below. Their report on the external audit review of the accounts is elsewhere on this meeting's agenda.

1.3 Early Closure:

This is the second year of the early closure. The annual statement of accounts completion requirements, in accordance with the 2015 Accounts and Audit Regulations, have moved from the end of June (pre audit) and September (post audit), to the end of May and July for the 2017/18 accounts onwards.

These deadlines, although significantly changed, have successfully been met by the Authority. The draft accounts were on the Authority's website in May 2019. This has been achieved through effective planning and resource management.

2. The 2018/19 Statement of Accounts and Annual Governance Statement

2.1 The format of the statement of accounts follows detailed guidance, as prescribed in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. The content and order of the statement can change from year to year to reflect new requirements or changes in best practice. The accounts are in the format required by International Financial Reporting Standards (IFRS).

- 2.2 In accordance with the public advertisement and the statutory deposit period, the initial draft version of the accounts was put on the website on 24th May 2019. The 30 day statutory public inspection period ended on 5th July 2019. There were not any requests for information on the accounts from a member of the public.
- 2.3 There has been one material update to the draft 2018/19 statement of accounts as a result of an ongoing matter since the draft accounts were presented in July 2019. This is detailed further below. Other than this, there have been only very minor presentational updates made to the draft set of accounts.
- 2.4 There were no amendments made to the AGS.
- 2.5 The Statement of Accounts, including the Annual Governance Statement, can be found on the Authority's website via the following address:
<https://www.bedsfire.gov.uk/About/Finance-and-budget/Statement-of-accounts.aspx>
- The full statement of accounts can be viewed via the link above. Other than one material update on pensions and some very minor presentational changes, these are as presented to the A&SC in July 2019.
- 2.6 Pension Update:
On Monday 27 June 2019, the Supreme Court denied the government permission to appeal the Court of Appeal's judgement that transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination. On 15 July 2019 the Government issued a written ministerial statement and confirmed that as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment will need to be remedied across all those schemes. As a result of this ruling Bedfordshire Fire and Rescue Service has seen an increase in its liabilities in relation to the firefighter pension schemes of £12.68m and this material update is shown in the updated tables from note 29 in the accounts within appendix 1. At the time of writing this report the service is awaiting the impact of the McCloud judgement in relation to the assets and liabilities of the Local Government pension scheme (LGPS).
- 2.7 The letter of representation is attached at Appendix 2, for Members to consider and approve. This annual letter summarises the Authority's responsibilities regarding the Financial Statements and Financial Records, Fraud, Compliance with Laws and Regulations, the Completeness of Information and Transactions, Liabilities and Contingencies, Subsequent Events, Accounting Estimates and Retirement Benefits.
- 2.8 Revenue Year End outturn:
The final outturn position for the 2018/19 was an £1,067k underspend. The £1,067k underspend has been allocated to the Transformation reserve in accordance with Members approval as part of the 2018/19 budget setting meeting on 7th February 2019.

3 General and Earmarked Reserves

- 3.1 The General Reserves balance as at 31 March 2019 was £2.6m. This is following work undertaken to establish specific earmarked reserves, which as at 31 March 2019 totalled £7.475m. This figure includes the Transformational Earmarked Reserve of £5.250m to support future years' budget setting. In addition there is the Collaboration Reserve £2.378m and a capital reserve £2.424m to finance on-going and future capital works. This is in line with the Medium Term Financial Strategy, which takes into account the actual and forecast Government funding reductions to Fire and Rescue Services. The earmarked reserves are reviewed annually by Members as part of the budget setting process. Further details on reserves can be found at note 24 in the Statement of Accounts.
- 3.2 The capital receipts reserve as at 31 March 2019 was £0.644m.

4. Summary

4.1 Members are invited to:

- Review and approve the current version of the 2018/19 Statement of Accounts, which includes the Annual Governance Statement.
- Delegate any final amendments to the Treasurer.
- Note the General and Earmarked Reserves balances.

PAUL FULLER
CHIEF FIRE OFFICER

GAVIN CHAMBERS
TREASURER

APPENDIX 1

The tables below are contained within Note 20 in the accounts and compare the assets and liabilities of both the Fire Fighter Pension schemes and Local Government pension scheme between the Pre-Audit Accounts as published 24 May 2019 and the revised Accounts as at 8 October incorporating the impact of the McCloud Judgement on the Fire Fighter Pension Schemes.

Page 83 of the Pre-Audit Accounts as at 24th May 2019 – excluding the impact of McCloud judgement.

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31 March 2019 are as follows;

	Firefighters' Pension Scheme - All Schemes	Firefighters' Pension Scheme - All Schemes	Local Govt Pension Scheme	Local Govt Pension Scheme	Total	Total
	£'000 2017/18	£'000 2018/19	£'000 2017/18	£'000 2018/19	£'000 2017/18	£'000 2018/19
Estimated Liabilities in Scheme	(318,950)	(346,180)	(34,490)	(37,238)	(353,440)	(383,418)
Estimated Assets in Scheme	0	0	20,877	22,794	20,877	22,794
Net Liability	(318,950)	(346,180)	(13,613)	(14,444)	(332,563)	(360,624)

Revised Accounts as at 8th October 2019 - including impact of McCloud judgement.

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31 March 2019 are as follows;

	Firefighters' Pension Scheme - All Schemes	Firefighters' Pension Scheme - All Schemes	Local Govt Pension Scheme	Local Govt Pension Scheme	Total	Total
	£'000 2017/18	£'000 2018/19	£'000 2017/18	£'000 2018/19	£'000 2017/18	£'000 2018/19
Estimated Liabilities in Scheme	(318,950)	(358,860)	(34,490)	(37,364)	(353,440)	(396,224)
Estimated Assets in Scheme	0	0	20,877	22,794	20,877	22,794
Net Liability	(318,950)	(358,860)	(13,613)	(14,570)	(332,563)	(373,430)

There has been an increase in liabilities' of £12.68m in the Firefighter Pension schemes.

Page 85 of the Pre-Audit Accounts as at 24 May 2019 - excluding the impact of McCloud judgement.

The table below shows the reconciliation of the present value of the Scheme's liabilities:

	Unfunded Liabilities Firefighters' Scheme		Funded Liabilities LGPS	
	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000
Opening Defined Benefit Obligation	309,933	318,950	32,983	34,490
Current Service Costs	5,227	4,850	1,630	1,619
Interest Costs	8,181	8,100	874	928
Contributions from Scheme Participants	1,333	1,355	279	294
Transfers in/(out)	38	45	0	0
Actuarial losses/(Gains) - changes in demographic assumptions	(7,930)	0	0	(1,667)
Actuarial losses/(Gains) - changes in financial assumptions	9,080	9,780	(716)	2,145
Actuarial losses/(Gains) - experience gains and losses on the defined benefit obligation	2,130	11,801	2	0
Past Service Cost	217	0	2	4
Benefits Paid	(8,449)	(7,847)	(554)	(565)
Injury Award Expenditure	(810)	(854)	0	0
Backdated Commutation Payments	0	0	0	0
Estimated unfunded benefits paid	0	0	(10)	(10)
Closing Defined Benefit Obligation	318,950	346,180	34,490	37,238

Revised Accounts as at 8 October 2019 - including impact of McCloud judgement.

	Unfunded Liabilities Firefighters' Scheme		Funded Liabilities LGPS	
	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000
Opening Defined Benefit Obligation	309,933	318,950	32,983	34,490
Current Service Costs	5,227	4,850	1,630	1,619
Interest Costs	8,181	8,100	874	928
Contributions from Scheme Participants	1,333	1,355	279	294
Transfers in/(out)	38	45	0	0
Actuarial losses/(Gains) - changes in demographic assumptions	(7,930)	0	0	(1,667)
Actuarial losses/(Gains) - changes in financial assumptions	9,080	9,780	(716)	2,145
Actuarial losses/(Gains) - experience gains and losses on the defined benefit obligation	2,130	11,801	2	0
Past Service Cost	217	12,680	2	130
Benefits Paid	(8,449)	(7,847)	(554)	(565)
Injury Award Expenditure	(810)	(854)	0	0
Backdated Commutation Payments	0	0	0	0
Estimated unfunded benefits paid	0	0	(10)	(10)
Closing Defined Benefit Obligation	318,950	358,860	34,490	37,364

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Bedfordshire Fire and Rescue Service

8 October 2019

Ernst & Young
400 Capability Green
Luton
LU1 3LU

Dear Mr Harris

This letter of representations is provided in connection with your audit of the financial statements of Bedfordshire Fire and Rescue Authority ("the Authority") for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Bedfordshire Fire and Rescue Authority as of 31 March 2019 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with law and regulations, including fraud

We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Authority (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or

- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Authority and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the 1 April 2018 to the most recent meeting of the Fire and Rescue Authority on 4th September 2019.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. No guarantees have been given to third parties.

E. Subsequent Events

1. As disclosed in note 31 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Statement, Treasurer's Report and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

H. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the asset valuations and pension net liability valuation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

I. Asset valuations

1. We believe that the measurement processes, including related assumptions and models, used to determine the asset valuations have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We confirm that the significant assumptions used in determining the size and location of modern equivalent assets are appropriate, and that existing assets are fully utilized. We confirm that we have no current plans to modify the configuration or location of existing fire stations.
3. We confirm that the disclosures made in the financial statements with respect to asset valuations are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
4. We confirm that no adjustments are required to asset valuations and disclosures in the financial statements due to subsequent events.

J. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours sincerely,

G Chambers
Treasurer

Cllr M Headley
Chair of the Audit and Standards Committee

For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
15 October 2019
Item No.8

REPORT AUTHOR: ASSISTANT CHIEF OFFICER/FRA TREASURER

SUBJECT: INTERNAL AUDIT PROGRESS REPORT 2019/20

For further information on this report contact: Karen Daniels
Service Assurance Manager
Tel No: 01234 845013

Background Papers: RSM Strategy for Internal Audit
Bedfordshire Fire Authority 2019/20 to 2021/22

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New			

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To receive and consider a report on progress made against the internal audit plan for 2019/20.

RECOMMENDATION:

That the submitted report be received.

1. Introduction

1.1 An internal audit plan for 2019/20 was agreed by this Committee at its meeting on 14 March 2019.

1.2 A report by RSM on progress made against the internal audit plan for 2019/20 is appended for Members' consideration.

**GAVIN CHAMBERS
ASSISTANT CHIEF OFFICER/FRA TREASURER**

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Internal Audit Progress Report

15 October 2019

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.

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Introduction

The Internal Audit Plan for 2019/20 was approved by the Audit & Standards Committee in March 2019. This report provides a summary update on progress against the plan and summarises the results of our work to date. The audits highlighted in **bold** have been finalised since the last meeting.

Progress against the internal audit plan 2019/20

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Opinion Issued
		L	M	H	
Property – Statutory Compliance	FINAL REPORT	1	3	1	Partial Assurance
Operational Business Continuity	FINAL REPORT	2	2	1	Partial Assurance
ICT – Cyber Security	Draft Report Issued 22 August 2019				
Key Financial Controls	Planned 10 January 2020				
Asset Management – Asset Tracking	Planned 20 January 2020				
Follow up	Planned 20 January 2020				
Risk Management	Planned 3 February 2020				
Mobilising System Project	Planned 2 March 2020				

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Opinion Issued
		L	M	H	
Community Risk Management Plan	Planned 9 March 2020				
Environmental Review	Planned 23 March 2020				

Other matters

Head of Internal Audit Opinion

The Audit and Standards Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. The Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion.

We have finalised two negative opinions in relation to the Property – Statutory Compliance and Operational Business Continuity audit reports, these will impact the opinion but would not in isolation qualify the Head of Internal Audit Opinion, however, these are the first two reports finalised for the 2019/20 financial year. We will provide further updates regarding any potential impact to the year-end opinion as more reports are finalised.

Changes to the audit plan

The following change was reported and agreed at to the previous meeting:

Note	Auditable area	Reason for change
1	Community Risk Management Plan	As part of our commitment to joint working and sharing of best practice across Bedfordshire, Cambridgeshire and Essex Fire we have been requested by management to add in a review of the development and review of the Community Risk Management Plan. Best practice will be shared between the organisations.

The following two changes have been requested to the audit plan since the last Committee

Note	Auditable area	Reason for change
2	Key Financial Controls	Due to the delay in the completion of the External Audit review, we have delayed our review of Key Financial Controls to January 2020 to avoid duplication and reduce the impact on the finance team. (Originally planned for October 2019)
3	Environmental Review & Community Risk Management Plan	We have been requested to delay the completion of these audits due to a change in the management structure in these areas.

Information and briefings

We have issued one further Emergency Services client briefing since our last Committee in June 2019 and this has been shared with the Committee.

We are also due to publish a Fire Authority Risk Register Analysis later in 2019 and this will also be shared with the Committee.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

For more information contact

Name: Dan Harris, Head of Internal Audit

Email address: daniel.harris@rsmuk.com

Telephone number: 07792 948767

Name: Suzanne Rowlett, Senior Manager

Email address: suzanne.rowlett@rsmuk.com

Telephone number: 07720 508148

rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Bedfordshire Fire and Rescue Authority and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

PROPERTY - STATUTORY COMPLIANCE - EXECUTIVE SUMMARY

1.1 Background

An audit of Statutory Compliance was undertaken at Bedfordshire Fire and Rescue Authority as part of the 2019/20 internal audit plan. The purpose of the audit was to review the systems and controls in place to ensure that statutory compliance requirements are met. The organisation is currently transitioning from a spreadsheet-based approach for tracking compliance to a new property management system, 3i Studio Estates Manager. There is a target to have all data migrated across to the system by July 2019 and the Service is currently half way through this migration process. It is planned that the system will be fully operational by the end of Summer 2019. Our review focused on both the legacy arrangements in place and a review of the functionality of the new system, confirming it contains automated processes to help the organisation identify upcoming compliance checks.

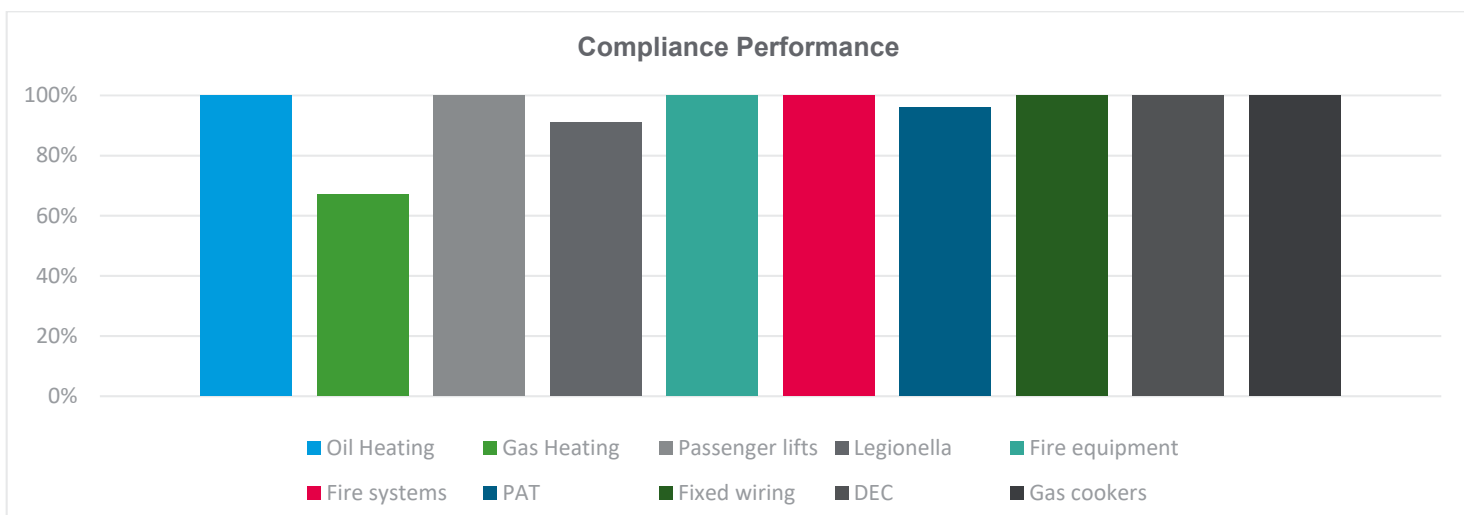
Our testing of compliance was based on a sample of ten areas which can be seen in the graph below;

1.2 Conclusion

We found that seven areas in our sample were fully compliant with having in-date testing completed. However, in the remaining three (significant) areas of Gas Heating, Legionella and PAT testing we identified exceptions. Given the potential risk to life posed by non-compliance with statutory requirements and internal procedures in this area, it is imperative that controls are strengthened to ensure that all compliance tests can be completed within a timely manner. The organisation has agreed frequencies of testing and had the facilities in place to be able to identify when upcoming tests were due.

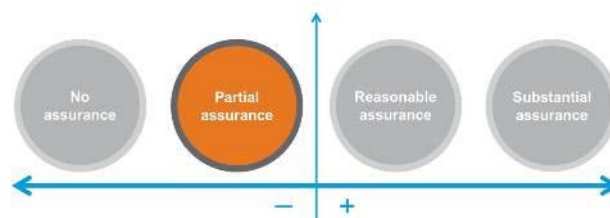
However, there was a lack of policy and procedure documentation in place for compliance areas. We found that Service Level Agreements with all contractors need to be agreed as of our sample of areas, only one area had a formal service level agreement in place. We also found that statutory compliance performance is not formally reviewed by any group or committee within the governance structure.

The graph below displays the compliance performance for our sample of ten areas:



Internal audit opinion:

Taking account of the issues identified, the Authority can take partial assurance that the controls to manage this area are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified area(s).



1.3 Key findings

Our testing has resulted in three **medium** and one **high** priority management actions being agreed:

Compliance with Statutory Requirements

The 3i Studio Estates Manager system is not yet in operation, therefore all documentation from compliance testing is saved onto the organisations shared drive. We reviewed the 3i system and confirmed that the organisation was able to store documentation on the system.

We tested 172 compliance areas to confirm if an in-date certification or report was held for each property, in line with the main compliance register for each area identified. Our testing found instances where LOLER (two instances) and gas heating certification (four instances) were tested on time but did not have documentation saved to the shared drive.

Additionally, we found that tests were out of date at the time of our fieldwork in the following areas: Legionella, gas heating and PAT. This amounted to 12 areas of non-compliance out of the 172 overall areas. Following our audit fieldwork, the following information has been provided:

- Nine out of the 12 areas of non-compliance related to gas heating with out of date certifications. Certificates for two of these exceptions were provided as they had been completed by the time of the audit but had not been received from the contractor. A further five inspections had taken place after the audit fieldwork and the remaining two were still yet to be completed, although each of these were overdue when completed or planned therefore the identified issue remains.
- Two of the exceptions related to out of date legionella testing, which take place on a monthly basis. We were advised that these two reviews had taken place but had not reached Property Services by the time of audit fieldwork, however, they were overdue when complete, therefore the identified issue of prompt completion issue.
- One of the exceptions related to an out of date PAT test review, which was last completed in May 2018. We were advised that regulation requires 'all electrical equipment that is provided in the organisation to be safe and properly maintained and there is no formal requirement for PAT tests to take place every 12 months. Whilst this would suggest compliance from a statutory perspective, this would still demonstrate non-compliance with the organisation's internal controls which have been designed to reduce the risk of injury or damage because of poorly maintained equipment. Management have advised that the PAT Policy is to be revised in line with statutory requirements as it is considered by management to be unnecessarily strict.

If tests are not completed at the required frequency with evidence retained, then there is a risk to the organisation of non-compliance with statutory requirements and the potential for serious events to arise from equipment which has not been regularly maintained. **(High)**.

Policies & Procedures

In our review we found that there was a lack of policy and procedure documentation in place to outline the services responsibilities for the following nine areas from our sample of ten;

- Oil Heating
- Gas Heating
- Legionella
- Fire Equipment
- Fire Alarm Systems and Emergency Lighting
- PAT
- Fixed wiring
- Display Energy Certificates
- Commercial Gas Cookers

We confirmed that there was a policy in place that related to the Service's responsibilities for passenger lifts, this was the Lifting Operating and Lifting Equipment Policy which was signed off by the Chief Fire Officer in January 2019. The policy was made available to staff via the Intranet.

Without formally documented policies and procedures in place for key compliance areas, then there is risk that staff may not be aware of their expectations and may carry out incorrect management activities **(Medium)**.

Service Level Agreements

We found only one contractual agreement in place with the providers of services for our sample of ten areas, this being Aylesbury Fire Systems and related to two areas, fire systems and fire equipment. We confirmed that the agreement contained performance management arrangements, reports and the requirement for certification to be sent to the Property Manager within two weeks of work being completed.

Our testing of the above requirements of the SLA confirmed that an up to date fire system and fire equipment certification was held on the system for each applicable property. Due to emails not being saved we tested the time taken for documentation to be saved to the shared drive after works completed. We found that on average the documents were saved 27 days after the test date, we therefore could not confirm that the SLA was being met but note that the SLA might have been met but the documents were just not saved internally on the same date.

If there is not an SLA in place with each contractor, then there is a risk to the organisation that statutory compliance activities may not occur at the required frequency or at all **(Medium)**.

Reporting

There is currently no governance forum in place that reviews performance indicators in relation to statutory compliance within the organisation. Without formal group or committee review of performance, there is a risk that non-compliance with statutory requirements may go undetected and may not be remedied in a timely manner **(Medium)**.

We have also agreed one **low** priority management action which can be found in the detailed findings.

Details of controls that are well-designed and operating effectively from this review are as follows:

Frequency of Checks

The main compliance register is a spreadsheet which documents the agreed frequency for checks within our sample to be undertaken.

We confirmed for all ten areas in our sample that a minimum frequency required for checks had been documented. Frequencies were either monthly, three monthly, six monthly, annually, five yearly or ten yearly.

Identification of Checks

The main compliance register also documents the next safety check date for all areas across the organisation's property portfolio. We reviewed the document and found that there was either non-applicable marked or a next review date for all areas in our sample.

We reviewed the 3i Studio Estates Manager system with the Property Manager, we confirmed that there were warning systems in place for compliance areas across properties. These were colour coded dates which could be used to identify any certifications approaching their renewal date. We were informed that the system will also have pop up alerts to warn users of any certification due for renewal once all the data is migrated.

Acquisition & Disposal

We were informed that the organisation's property portfolio has not changed since 2008 when the Dunstable Fire Station was built, and if these were to change then the Property Manager would be made aware informally through discussions with the Assistant Chief Officer.

There are also formal discussions around the organisation's properties at the Asset Management Group meetings. We obtained the Asset Management Group meeting minutes for December 2018 and February 2019. We reviewed the meeting minutes and confirmed that there was discussion based around the organisation's properties, no acquisitions or disposals were discussed as expected.

We obtained the organisation buildings Asset Register for 2018/19. We confirmed that each property on the compliance register could be reconciled to a property on the asset register and that no properties on the asset register were missing from the compliance register.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non-Compliance with controls*	Agreed actions		
				Low	Medium	High
Statutory Compliance	3	(9)	2 (9)	1	3	1
Total				1	3	1

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date and Responsible owner
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Area: Statutory Compliance

1	<p>Policies & Procedures</p> <p>There is a Lifting Operations and Lifting Equipment Policy in place which provides guidance for staff around the management of passenger lifts. The policy is approved by the Chief Fire Officer and reviewed every three years. The policy is available to staff via</p>	No	NA	<p>We requested the policies and procedures relating to our sample of compliance areas (Oil & Gas, passenger lifts, Legionella, Fire equipment, fire systems, PAT, fixed wiring, display energy and commercial gas cookers).</p> <p>We obtained the Lifting Operations and Lifting Equipment (LOLER) Policy. We reviewed the policy and noted that it contained guidance for staff around the management of passenger lifts, including an appendix on LOLER regulation. We confirmed that the policy was in date, having been approved by the Chief Fire Officer in January 2019 with a next review cycle set for every three years. We confirmed that</p>	Medium	<p>The organisation will draft and approve policies and/or procedures which relate to the following areas:</p> <ul style="list-style-type: none"> • Oil Heating • Gas Heating • Legionella • Fire Equipment & Systems • PAT & Fixed wiring Certificates • Commercial Gas Cookers 	December 2019 Property Manager
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date and Responsible owner
	<p>the organisation's intranet.</p> <p>Policies and procedures are not in place for other key statutory compliance areas.</p>			<p>the policy was accessible to staff via the organisation's Intranet.</p> <p>Through discussion with the Property Manager and Health and Safety Team, we were advised that for the remaining areas, no policy, procedure or overarching policy document covering a number of compliance areas were in place.</p> <p>Without formally documented policies and procedures in place for key compliance areas, there is a risk that staff may not be aware of their expectations and may carry out incorrect management activities.</p>		<p>Procedural documents to be written when new 3i System is fully implemented during September 2019 (target for procedure documents December 2019)</p> <p>The documents will be stored on the organisation's Intranet and staff will be made aware of their location via formal communication.</p>	
2	<p>Agreements with Contractors</p> <p>Service Level Agreements (SLAs) are put in place with contractors for compliance work in order to define the agreed standard of work to be completed.</p> <p>If targets are not being met, then the organisation can use the SLA to hold the contractors to account for under performance.</p>	Yes	No	<p>We were informed by the Property Manager that SLAs had not been agreed for all areas in our review.</p> <p>The only areas where an SLA was in place was for fire equipment and fire systems testing, which is conducted by Aylesbury Fire Systems. The Property Manager was aware of this issue and is working on obtaining an SLA with each contractor going forward. We confirmed this through a draft SLA with a contractor for oil and gas heating services.</p> <p>We obtained the SLA documents for fire equipment and fire systems. We confirmed that they included performance management arrangements. We noted that the SLA stated that the contractor is required to submit test reports and certificates to the Property Manager within two weeks of work being completed.</p> <p>In our testing of completed checks we confirmed that for each property in the organisation's portfolio that</p>	Medium	<p>The organisation will ensure that an SLA is put in place for each contractor that provides compliance testing services (Gas & Oil, Electrical, HVAC and Generator & UPS).</p> <p>The SLA will include an agreed timescale to complete any work and send over certification.</p> <p>The emails in which certification and reports are sent by contractors will be saved with the documentation itself, to allow the organisation to review performance in line with the SLA.</p>	<p>August 2020</p> <p>Property Manager</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date and Responsible owner
				<p>the fire equipment and systems certifications were held. However, emails from the contractor were not saved and for that reason we could only review the date that the documentation was saved onto the organisations shared drive.</p> <p>For fire equipment and system testing the documents were saved to the shared drive an average of 27 days after the date of the test. We therefore could not confirm that the SLA was being met but note that the SLA might have been met but the documents were just not saved internally on the same date.</p> <p>If there is not an SLA in place with each contractor, then there is a risk to the organisation that statutory compliance activities may not occur at the required frequency or at all.</p>			
3	<p>Compliance</p> <p>Once checks and tests are completed by contractors a copy of the relevant certification is forwarded onto the Property Manager via email. The certification is then held on the shared drive within a compliance folder for the property that the test was conducted for.</p> <p>Once the 3i Studio Estate Manager system</p>	Yes	No	<p>We confirmed that there was an up to date certification in place and held on the shared drive for 155 out of 172 areas in our review, with the following 16 exceptions (four which were not saved to the drive and 12 which had not been completed) ;</p> <ul style="list-style-type: none"> • LOLER certification: HQ and Dunstable fire station - both were completed on time but not saved to the shared drive; • Legionella: Ampthill and Kempston fire station - both were in the process of being completed but were still two weeks overdue of their monthly test; • Gas Heating: Leighton Buzzard, North area office, Kempston and South area office were all completed but not saved to the drive; 	High	<p>The organisation will ensure that all compliance tests are completed in line with required frequencies of testing.</p> <p>The Policy ref. PATs to be revised in line with statutory requirements (unnecessarily strict currently)</p>	<p>August 2019</p> <p>Property Manager</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date and Responsible owner
	has been implemented the organisation will begin to store all certification documentation on the system.			<ul style="list-style-type: none"> Gas Heating: Brooklands Drive, 98 Dunstable Rd, HQ, Biggleswade, Harrold, Luton and Shefford fire stations were out of date, but we did confirm that they were booked to be tested in June 2019. The last test saved on the shared drive for Luton was dated January 2017, Dunstable Rd was dated April 2017 and the remaining were all dated in either April or May 2018; PAT: Toddington fire station was out of date as 10 May 2019 but booked for June 2019. <p>With regards to the 12 areas of non-completion of inspections at the time of the audit, following our audit fieldwork, the following information has been provided:</p> <ul style="list-style-type: none"> Nine out of the 12 areas of non-compliance related to gas heating with out of date certifications. Certificates for two of these exceptions were provided as they had been completed by the time of the audit but had not been received from the contractor. A further five inspections had taken place after the audit fieldwork and the remaining two were still yet to be completed, although each of these were overdue when completed or planned therefore the identified issue remains. Two of the exceptions related to out of date legionella testing, which take place on a monthly basis. We were advised that these two reviews had taken place but had not reached Property Services by the time of audit fieldwork, however, they were overdue when complete, therefore the identified issue of prompt completion issue. 			

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date and Responsible owner
				<ul style="list-style-type: none"> One of the exceptions related to an out of date PAT test review, which was last completed in May 2018. We were advised that regulation requires 'all electrical equipment that is provided in the organisation to be safe and properly maintained and there is no formal requirement for PAT tests to take place every 12 months. Whilst this would suggest compliance from a statutory perspective, this would still demonstrate non-compliance with the organisation's internal controls which have been designed to reduce the risk of injury or damage because of poorly maintained equipment. <p>If tests are not completed at the required frequency with evidence retained, then there is a risk to the organisation of non-compliance with statutory requirements and the potential for serious events to arise from equipment which has not been regularly maintained.</p>			
4	<p>Action Tracking</p> <p>All tests completed by contractors are forwarded onto the Property Manager via email. From this, recommendations are identified and then implemented.</p> <p>There is currently no action tracking facility in</p>	No	Yes	<p>We selected a sample of five actions that were recommended by contractors following the completion of compliance checks and through review of evidence, confirmed that all five actions had been implemented.</p> <p>We noted that, at the time of audit, the 3i Studio Estate Manager system did not have action tracking capabilities.</p> <p>Although based on our sample we were able to confirm that actions were implemented, the process</p>	Low	<p>The organisation will formally record all actions that arise from compliance testing.</p> <p>This could be through spreadsheets or the new 3i Studio Estate Manager system.</p> <p>Each action will have a target implementation date and owner.</p>	<p>July 2019</p> <p>Property Manager</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date and Responsible owner
	place, such as a spreadsheet that includes actions, owners, target dates and completed status.			<p>could be improved by introducing a formalised action tracking system.</p> <p>Without this, there is a risk that actions may go unnoticed and issues may not be remedied in a timely manner.</p>			
5	<p>Compliance Reporting</p> <p>There is currently no governance mechanism in place for the reporting of compliance with health and safety regulation.</p>	No	N/A	<p>Through discussions with the Property Manager we learnt that there is currently no governance forum in place to review compliance performance information relating to health and safety and statutory compliance.</p> <p>The Property Manager confirmed this through discussions with the Health and Safety team and informed us that they do not provide any figures for review.</p> <p>Without management review of performance, there is a risk that non-compliance with statutory requirements may go undetected and may not be remedied in a timely manner.</p>	Medium	<p>The organisation will agree a set of performance measures and report on them to a relevant committee or group.</p> <p>Those present will review performance and challenge where necessary.</p>	<p>August 2019</p> <p>Property Manager</p>

OPERATIONAL BUSINESS CONTINUITY - EXECUTIVE SUMMARY

1.1 Background

An audit of Operational Business Continuity was undertaken as part of the approved internal audit plan for 2019/20.

The Service have identified four key business continuity risks from the National Risk Register of Civil Emergencies for which full Business Continuity Plans were required. These were selected on the basis of those deemed to carry the highest risk. The areas identified were:

- Trade disputes;
- Fuel shortage;
- Flu pandemic; and
- Death in the workplace.

A business continuity plan has been produced for each event, highlighting how these events will be addressed. Tests and exercises are carried out on an at least bi-monthly basis to ensure the Service is prepared in the event of a loss of business continuity.

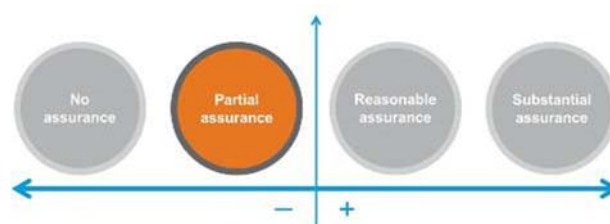
1.2 Conclusion

Our review found that there were significant issues in the design of controls around business continuity within the Service. It was noted during testing that the Service's primary business continuity plans did not include key information that is considered best practice and we also found a lack of monitoring by a responsible group of the rolling business continuity action plan.

More specifically, we found through comparison of the Authority's Flu Pandemic, Death in the Workplace and Fuel Shortage Business Continuity Plans with best practice that key information such as control rooms to be used in an event and how decision making will be logged had not been included, and the rolling business continuity action plan which includes actions identified as a result of exercises and tests had not been presented to a group in order to monitor progress.

Internal audit opinion:

Taking account of the issues identified, the Authority can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).



1.3 Key findings

The key findings from this review are as follows:

Business Continuity Policy

We noted through review of the policy that it had not been reviewed since April 2008 and is now out of date. We found that it outlined general roles and responsibilities in relation to business continuity, however it did not include a generic business continuity plan or management team to be utilised should an incident occur. There is a risk that should a general incident occur the Service is unable to effectively manage the situation which could mean that the Service is unable to remain operational and as such we have agreed a medium priority action to update the policy and include a generic plan and identify a management team. **(Medium)**

Development of Business Continuity Plans

We found the Service had developed four Business Continuity Plans which were based upon high-risks identified within the National Risk Register that were most likely to impact the operations. Of the four Business Continuity Plans reviewed, we found in two instances the Trade Dispute and Fuel Shortage plans were up to date.

In the remaining two instances, we found the Flu Pandemic and Death in the Workplace were outdated. We also found the date of next review had not been stated within the Flu Pandemic, Death in the Workplace and Fuel Shortage Plans. Whilst we acknowledged the Business Continuity Plans captured some information in line with best practice, we found key elements such as responsible owners, governance arrangements and logging of decisions made had not been detailed. Failure to have in place up to date Business Continuity Plans increases the risk of outdated procedures being followed in the event of major incidents occurring. This process is further hindered as an accountable owner has not been identified as responsible for the maintenance of such plans. Furthermore, without capturing key information there is a risk that the business continuity responses may be delayed which could impede operational activities. **(High)**

The Service used the highest rated risks on the National Risk Register of Civil Emergencies (NRR) to select which scenarios would be most appropriate to produce business continuity plans for. We noted through review of the National Risk Register of Civil Emergencies that the highest rated risks were those targeted by the Service's business continuity plans.

Business Continuity Plan Approvals

Through review four Business Continuity Plans, we found approval of the plans could not be evidenced and had not been clearly stated within the documents. Failure to approve the contents of Business Continuity Plans may present the risk of unapproved processes being followed by staff which may hinder operations. This exception has been identified through testing and we have agreed a **high priority action** with management as above.

Business Continuity Tests

We noted during discussion with the Strategic Operational Commander Head of Response that action plans produced as a result of tests, exercises or real-life business continuity events are not reported to, or monitored by, any review group. There is a risk that actions are not followed up or implemented and as such we have agreed a medium priority action for the Strategic Operational Commander Head of Response to present the rolling action plan to the Corporate Management Team (CMT)'s monthly meeting. **(Medium)**

We noted through review of a Business Continuity Tests log that four tests of the Authority's key business continuity plans had been undertaken during 2018, however no tests had been carried out in 2019. Through discussion with the Strategic Operational Commander Head of Response, we were advised that a test had taken place in May 2019, however this had not yet been added to the log. As such, we have not raised an action in relation to this finding.

We noted during discussion with the Strategic Operational Commander Head of Response that an action plan had not been produced for the May 2019 CMT desktop exercise at the time of the audit. As such, we were unable to provide assurance in this area. We were also advised that once actions have been produced, they will be added to the rolling business continuity action plan.

Dedicated Forum

We confirmed through review of the April and May 2019 minutes for the Senior Delivery Leadership Team that updates and information relating to business continuity had been presented. In addition, we noted through review of the January and May 2019 minutes that the corporate risk register had been presented and discussed, which included risks around business continuity.

However, we noted through review of the January 2019 minutes that updates and information relating to business continuity had not been presented. Furthermore, we noted through review of the April 2019 minutes that the corporate risk register had not been presented. As the register and updates had been presented at two out of the three minutes reviewed, we have not raised an action in relation to this finding.

As part of our review we raised two low priority actions which can be found in section two of this report.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risk	Control design not effective*		Non Compliance with controls*		Agreed actions		
					Low	Medium	High
CRR00036 – Absenteeism & CRR00037 - Insufficient numbers of competent firefighters.	3	(6)	1	(6)	2	2	1
Total					2	2	1

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date and Responsible owner
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Risk: CRR00036 – Absenteeism & CRR00037 - Insufficient numbers of competent firefighters.

1	<p>Business Continuity Policy</p> <p>The Authority has a Business Continuity Policy in place. It was approved in April 2008 by the Chief Fire Officer. It is due to be reviewed annually but has not been reviewed since and is now out of date.</p> <p>The policy outlines information such as roles and responsibilities for</p>	No	N/A	<p>We confirmed through review of the Business Continuity Policy that it was last approved and reviewed in April 2008 and was due for review annually.</p> <p>We noted during discussion with the Group Commander that it had been approved by the Chief Fire Officer in 2008. We also noted during discussion that a review had not taken place since its initial release.</p> <p>We noted during review of the policy that it outlined roles and responsibilities in relation to business continuity. However, we noted that it did not outline a generic business continuity plan or management</p>	Medium	<p>The Group Commander will conduct a review of the Business Continuity Policy and add a generic business continuity plan and identify a management team to be utilised should an incident occur.</p> <p>Once reviewed and updated, the plan will be made available to staff via the Service's intranet and distributed via email.</p>	<p>30 December 2019</p> <p>Gary, Jeffery, Strategic Operational Commander Head of Response</p>
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date and Responsible owner
	<p>business continuity in general.</p> <p>It does not outline a general continuity plan to be implemented or team should an event take place.</p> <p>It is available to all staff via the Authority's intranet.</p>			<p>team to be utilised in the event of an incident for which the Authority does not have a specific plan.</p> <p>As such, there is a risk that should a general incident occur the Service is unable to effectively manage the situation which could mean that the Service is unable to remain operational.</p> <p>We noted through review of the Service's intranet that the policy has been made available to all staff.</p>			
2b	<p>Development of Business Continuity Plans</p> <p>Please refer to the control outlined in finding 1a, above.</p>	No	N/A	<p><u>Death in the Workplace, Flu Pandemic and Fuel Shortages.</u></p> <p>We obtained the following Business Continuity Plans and found:</p> <ul style="list-style-type: none"> the Flu Pandemic Business Continuity Plan was reviewed in October 2011; the Death in the Workplace Business Continuity Plan was reviewed in June 2015; and the Fuel Shortage Business Continuity Plan was reviewed in February 2019. <p>We confirmed in all instances the business continuity plans were available to staff through the Service's intranet facility.</p> <p>However, we found the Flu Pandemic and Death in the Workplace Business Continuity Plans were outdated, date of next review had not been stated and approval could not be evidenced.</p> <p>We reviewed the Authority's Business Continuity Plans against others of best practices to evaluate the information captured.</p> <p>While we confirmed similar areas had been captured, we found key elements such as ownership of the plan, governance arrangements and suppliers'</p>	High	<p>The Service will review and update the Flu Pandemic and Death in the work place Continuity Plans.</p> <p>The Service will also update the Business Continuity Plans to capture information on:</p> <ul style="list-style-type: none"> date of next review; ownership and approval of the Plan; governance arrangements; a dedicated business continuity team; a list of contractors and suppliers to be contacted; control rooms; minimum equipment required for control rooms; and logging of decision making. 	30 December 2019 Gary Jeffery, Strategic Operational Commander Head of Response

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date and Responsible owner
				<p>contact information had not been detailed within the Business Continuity Plans.</p> <p>Failure to have in place up to date Business Continuity Plans increases the risk of outdated procedures being followed in the event of major incidents occurring.</p> <p>This process is further hindered as an accountable owner has not been identified by the Service as responsible for the maintenance of such plans.</p> <p>Furthermore, without capturing key information there is a risk that the business continuity responses may be delayed which could impede operational activities.</p>			
4	<p>Business Continuity Tests: Monitoring Action Plans</p> <p>Results from tests are recorded and action plans are produced by the Strategic Operational Commander Head of Response.</p> <p>Action plans are not reviewed or monitored by any meeting group.</p>	No	N/A	<p>We noted during discussion with the Strategic Operational Commander Head of Response that action plans resulting from tests and exercises are not presented to or monitored by a review group.</p> <p>If action plans are not formally monitored, there is a risk that actions may not be followed up on or implemented.</p>	Medium	<p>The Strategic Operational Commander Head of Response will present the rolling business continuity action plan to the Corporate Management Team on a monthly basis.</p> <p>This will include a commentary on progress towards implementing any outstanding actions.</p>	<p>31 July 2019</p> <p>Gary Jeffery, Strategic Operational Commander Head of Response</p>

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For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
15 October 2019
Item No. 9

REPORT AUTHOR: ASSISTANT CHIEF OFFICER/FRA TREASURER
SUBJECT: AUDIT AND GOVERNANCE ACTION PLAN MONITORING, EXCEPTION REPORT AND SUMMARY ANALYSIS

For further information on this report contact: Karen Daniels
Service Assurance Manager
Tel No: 01234 845018

Background Papers:

- Action Plans contained in Internal Audit Reports
 - Action Plan contained in the current Annual Governance Statement
 - Audit Outcome Monitoring reports and Minutes from the Policy and Challenge Group meetings
-

Implications (tick ✓):

LEGAL			FINANCIAL	✓
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	✓
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New			

Any implications affecting this report are noted at the end of the report.

Item 9.1

PURPOSE:

To present Members with a summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Fire and Rescue Authority's current Annual Governance Statement; together with any exception report on those actions currently in progress, progress to date on current action plans and proposals to extend the original timing for completion.

RECOMMENDATION:

- (i) That Members acknowledge progress made to date against actions plans and consider any issues arising.
 - (ii) That Members consider and if deemed appropriate, endorse the recommendations to extend completion dates.
-

1. Introduction

- 1.1 The Audit and Standards Committee has previously agreed that a full monitoring report of current progress on applicable Audit and Governance Statement action plans should be made to each meeting of the appropriate Policy and Challenge Group; and that the Audit and Standards Committee should receive a summary analysis of action plans together with a full exception report of all actions in progress for which a Policy and Challenge Group has received a proposal for an extension to the original completion date.
- 1.2 Following the structure review by the Authority of the FRA ratifying the recommendations on 10/07/2019 a combined report will be presented to the Audit and Standards Committee.
- 1.3 This is the first summary analysis and exception report to the Audit and Standards Committee for the year 2019/20 and it incorporates information from all monitoring reports in the reporting period to date.

2. Audit and Governance Action Plans Summary Analysis

- 2.1 The Audit Action Plans Summary Analysis (attached as Appendix A) provides a summary statistical analysis of the status of all actions arising from audit reports received over the last three financial years (ie 2017/18 to date).

2.2 The report provides the following details for each audit:

- Audit report title and date;
- Total number of actions arising and their prioritisation;
- Number of actions completed (by priority) subject to follow-up audit;
- Number of actions completed (by priority) for which a subsequent or no further follow-up is required;
- Number of actions (by priority) still in progress; and
- Number of extensions to original completion dates that have been required in respect of all actions.

2.3 It should be noted that actions which are shown as completed for which a subsequent or no further follow up required include:

- High and medium priority actions for which a subsequent or follow-up audit has been successfully completed.
- All completed low priority actions - for which a subsequent or follow-up audits are not undertaken; and
- Actions which the Auditors have designated as 'superseded', ie actions which have been replaced, on follow-up audit, by a new action. In such cases, the new actions are included against the relevant follow up audit.

2.4 The report shows that a total of 0 High Priority, 27 Medium Priority and 49 Low Priority actions have been agreed over the reporting period, of which, 0 High, 5 Medium and 2 Low are still in progress. These do not include any recommendations made in new audit reports that may be included elsewhere on this meeting's agenda.

2.5 The Annual Governance Statement Action Plan for 2018/19 had two actions both of which are in progress.

3. Audit Action Plans Exception Report

3.1 The Audit Action Plans Exception Report provides details of all actions arising from internal audits which are still in progress and for which the Audit and Standards Committee been requested to consider an extension to the original timing for completion.

3.2 There are 7 requests to extend the original completion date.

4. Governance Action Plan Exception Report

4.1 The Governance Action Plan Exception Report provides details of actions arising from the Authority's 2018/19 Annual Governance Statement (which was formally adopted by Audit and Standards Committee, on behalf of the Authority, at their meeting on 10 July 2019) which are still in progress.

4.2 For the current period there are no exception report(s).

5. Governance Action Plan Exception Report Monitoring Report of Actions Arising from Internal and External Audit Reports

5.1 The monitoring report of progress made to date against agreed actions arising from internal and external audit reports is attached as Appendix B.

5.2 The monitoring report covers, in order, the following:

- Outstanding actions from internal and external audit reports, including those reports received during 2019/20 and those from previous years, which have a proposal to extend the original completion date.
- Outstanding actions from internal and external audit reports, including those reports received during 2019/20 and those from previous years, which are on target to meet the original or agreed revised completion date.
- Any actions that have been superseded by new actions, if they had not been completed at the time of the follow up audit.

5.3 There are 7 requests to extend the original completion date. For ease of reference, these have been extracted from Appendix B and summarised in Table 1 below.

Table 1: Summary of audit action date extension requests

Audit Areas	Agreed Action	Current Position/Reason for extension request	Extension
Risk Management	<ol style="list-style-type: none"> 1. New fields added to the Risk Register 2. Decision on standard risk definitions 3. Risk Management Training 4. Update to Risk Procedure 	Delayed due to CMT/team restructuring and a pending review of the risk management software in use, with a view to ensuring cost avoidance if possible on changes made to the system by the supplier.	May 2019 to Feb 2020
Stock Control	Stores system training after General Ledger version upgrade	Informal training has been completed internally. The planned upgrade has been pushed back due to the delay in external audit of the accounts. The training has therefore been delayed too, as this will be carried out by our external General Ledger support following the upgrade.	July 2019 to Feb 2020 (s/b Dec '19 but requesting Feb '20 due to vacancies at supplier)
Procurement	<ol style="list-style-type: none"> 1. Update to Procurement Policy re Tender Evaluation Report 2. A formal process established and documented for Conflicts of Interest 	<p>Delayed due to available resources within procurement, predominantly due to becoming national lead on the procurement of MDTs and the work associated with the new Mobilising System.</p> <p>Mainly completed. The conflict of interest form has been updated and a register created. The final stage is FRA approval of this process within the Strategy.</p>	May 2019 to Nov 2019 (FRA meeting)

5.4 Any actions that have been reported as completed which are subject to a subsequent or follow up audit, which states the action is still outstanding will be reported to the Audit and Standards Committee.

5.5 Completed actions that are of a Low risk and do not require a follow-up audit once completed will be removed from the subsequent report.

6. Monitoring Report of Actions arising from the Authority's Annual Governance Statement

6.1 The monitoring report of progress made to date against actions arising from the Authority's Annual Governance Statement is attached as Appendix B.

6.2 The monitoring report covers the actions within the 2018/19 Annual Governance Statement (if applicable) which was formally adopted by Members of the Audit and Standards Committee, on behalf of the Authority, at their meeting on 10 July 2019, as part of the 2018/19 Statement of Accounts.

6.3 There are no requests to extend the original completion date.

7. Priority Grades

7.1 The Service Audit Outcomes in Appendix A have a priority grading system. The table below explains the key to the priority grades:

RSM	High	Recommendations are prioritised to reflect RSMs assessment of risk associated with the control weaknesses.
	Medium	
	Low	

8. Organisational Risk Implications

8.1 The actions identified within internal audit reports and the Annual Governance Statement represent important improvements to the Authority's current systems and arrangements. As such, they constitute important measures whereby the Authority's overall management of organisational risk can be enhanced.

8.2 In addition, ensuring effective internal audit arrangements and the publication of an Annual Governance Statement are legal requirements for the Authority and the processes of implementation, monitoring and reporting of improvement actions arising therefore constitute an important element of the Authority's governance arrangements.

GAVIN CHAMBERS
ASSISTANT CHIEF OFFICER/FRA TREASURER

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Audit and Annual Governance Statement Action Plans Summary Analysis

Audit Report & Date	Total Actions			Actions Completed (subject to Follow up audit)			Actions Completed/ Superseded (no further Follow-up required or confirmed by follow up audit)			Actions Currently in Progress			No of Completion Extensions Required to Date (All Actions)		
	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Governance – Transparency and Decision Making (May 2017)	-	3	4	-	-	-	-	3	4	-	-	-	-	-	2
Retained Recruitment (Apr 2017)	-	1	5	-	-	-	-	1	5	-	-	-	-	-	-
Follow up - Fuel Cards (May 2017)	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-
Risk Management (May 2017)	-	4	-	-	-	-	-	4	-	-	-	-	-	-	-
Procurement – Tendering (Aug 2017)	-	-	2	-	-	-	-	-	2	-	-	-	-	-	-
Collaboration – Policing and Crime Act 2017 (Nov 2018)	-	1	4	-	-	-	-	1	4	-	-	-	-	-	-
Pensions Board (Jan 2018)	-	-	4	-	-	-	-	-	4	-	-	-	-	-	-
Key Financial Controls (Jan 2018)	-	-	3	-	-	-	-	-	3	-	-	-	-	-	-
Payroll – Key Controls and New System Benefits (Apr 2018)	-	2	2	-	-	-	-	2	2	-	-	-	-	-	-
Risk Management (Apr 2018)	-	3	7	-	3		-	-	7	-	-	-	-	-	1
Follow up – Fleet Management & Stock and Inventory (Jun 2018)	-	1	1	-	1	-	-	-	1	-	-	-	-	-	-
Use of Risk Information (Sep 2018)	-	1	2	-	1	-	-	-	2	-	-	-	-	-	-
Key Financial Controls (Jan 2019)	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-
Risk Management (Feb 2019)	-	4	4	-	1	-	-	-	3	-	3	1	-	-	4
Governance (Apr 2019)	-	1	4	-	1	-	-	-	4	-	-	-	-	-	-
Follow up (Apr 2019)	-	2	5	-	1	-	-		4		1	1			2

Audit and Annual Governance Statement Action Plans Summary Analysis

Audit Report & Date	Total Actions			Actions Completed (subject to Follow up audit)			Actions Completed/ Superseded (no further Follow-up required or confirmed by follow up audit)			Actions Currently in Progress			No of Completion Extensions Required to Date (All Actions)		
	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Stock Control (Apr 2019)	-	4	-	-	3	-	-	-	-	-	1	-	-	-	1
Totals	0	27	49	-	11	-	0	11	49	-	5	2	-	-	10

Annual Governance Statement Action Plan from 2018/19 to be completed in 2019/20

Year	Total Actions	Actions Completed	Actions in Progress	No of Completion Extensions Required to Date (All Actions)
2018/19	2	0	2	0

Monitoring Report of Actions Arising from Audit Reports
(incorporating any actions outstanding at 31 March 2019 from earlier reports)

URN	Auditing Body & Source	Audit Area and Responsible Manager	Priority	Agreed Action	Progress Report to Date	Timing For Completion	Status ('Not Started', 'In Progress' or 'Completed')
RM (18/19) 2	RSM Feb 19: Final Report (18/19)	Risk Management Head of Governance & Asset Management	Medium	Risks on the Corporate Risk Register will have the following fields populated: <ul style="list-style-type: none"> • Mitigating controls; • Assurances against controls; and • Gaps in controls/assurances. 	<p>The Corporate Risk Register is currently based on a web placed platform, Abriska, any changes required within the system has to be done through the software provider, at a cost to the Service. It is recognised that from this audit there are a number of possible changes required to the system and for efficiency purposes it is best done in one change than varying small amendments.</p> <p>In addition to this the Service has undergone a significant governance and management restructure. Governance meetings amongst the Fire and Rescue Authority have been realigned and reporting during these meetings has been streamlined. Functions and responsibilities at Corporate Management level have also been realigned.</p> <p>To support greater effectiveness and efficiency for Corporate Risk Management, whilst taking into account the findings of this audit and the aforementioned restructures, it is considered timely that the Service review their entire current Corporate</p>	<p>Original May 19</p> <p>Request to extend completion date to Feb 2020</p>	In Progress

Monitoring Report of Actions Arising from Audit Reports
(incorporating any actions outstanding at 31 March 2019 from earlier reports)

URN	Auditing Body & Source	Audit Area and Responsible Manager	Priority	Agreed Action	Progress Report to Date	Timing For Completion	Status ('Not Started', 'In Progress' or 'Completed')
					Risk Management process and reporting methodology. As part of the review we will also look into potential savings.		
RM (18/19) 3	RSM Feb 19: Final Report (18/19)	Risk Management Head of Governance & Asset Management	Medium	The organisation will decide whether to utilise the standard risk management definitions for inherent, residual and target risk. If it decides to continue with its use of absolute, inherent and residual risks, the definitions of these will be documented within the Risk Management Service Order.	This should form part of the above mentioned review for RM (18/19) 2	Original May 19 Request to extend completion date to Feb 2020	In Progress
RM (18/19) 4	RSM Feb 19: Final Report (18/19)	Risk Management Head of Governance & Asset Management	Medium	Formal risk management training will be provided to risk owners and other key staff. Areas to be covered could include: <ul style="list-style-type: none"> • the quality of risk descriptions • the level of information required for risk reviews • management of risk actions • mitigating controls • assurances gaps in control 	This should form part of the above mentioned review for RM (18/19) 2 & 3	Original May 19 Request to extend completion date to Feb 2020	In Progress

Monitoring Report of Actions Arising from Audit Reports
(incorporating any actions outstanding at 31 March 2019 from earlier reports)

APPENDIX B

URN	Auditing Body & Source	Audit Area and Responsible Manager	Priority	Agreed Action	Progress Report to Date	Timing For Completion	Status ('Not Started', 'In Progress' or 'Completed')
RM (18/19) 5	RSM Feb 19: Final Report (18/19)	Risk Management Head of Governance & Asset Management	Low	The Service will update the Risk Procedure to include the minimum frequency at which risks will be reviewed.	All treated risks will be reviewed quarterly by Risk owners and updates entered on the ABRISKA system. All tolerated risks will be reviewed annually by CMT. This should form part of the above mentioned review for RM (18/19) 2, 3 & 4	Original May 19 Request to extend completion date to Feb 2020	In Progress
SC 4 (18/19)	RSM Apr 19: Final Report (18/19)	Stock Control Head of Governance & Asset Management	Medium	The Authority will ensure that following the upgrade of Microsoft Dynamics to training on the stores requisitioning system will take place for those members of staff who are responsible for ensuring transactions are done in an accurate and timely fashion.	Due to the delay in the upgrade of Microsoft Dynamics to the Service request an extension to this action to be completed by Feb 2020	Original Jul 19 Request to extend completion date to Feb 2020	In Progress
GOV 1.1 (18/19)	RSM Apr 19: Final Report (18/19) Follow up	Procurement Head of Governance & Asset Management	Low	The Procurement Policy should be amended to reflect the need to complete a Tender Evaluation Report. It should also state that where the minimum number of bidders has not been received, the Tender Evaluation Report should explain this and the authorising managers should confirm that this has not	Agreement between ACO and HGAM that the completion date will be pushed back to November 2019 due to work on two critical procurements (a. National Lead on a collaborative ICT project and b. Procurement process for the Replacement of the current Command and Control System). Revised Procurement Policy will be submitted for review / approval by the FRA on 6/11/2019.	Original Jun 19 Request to extend completion date to Nov 2019	In Progress

Monitoring Report of Actions Arising from Audit Reports
(incorporating any actions outstanding at 31 March 2019 from earlier reports)

URN	Auditing Body & Source	Audit Area and Responsible Manager	Priority	Agreed Action	Progress Report to Date	Timing For Completion	Status ('Not Started', 'In Progress' or 'Completed')
				compromised the validity of the tender and the achievement of value for money.			
GOV 1.2a (18/19)	RSM Apr 19: Final Report (18/19) Follow up	Procurement Head of Governance & Asset Management	Medium	A formal process will be established and documented, in order to identify conflicts of interest before any communications with suppliers have occurred, and to then record these conflicts and appropriately manage them for each procurement exercise. This will include guidance on the process which should be followed to decide whether the conflict should be mitigated, or the supplier should not be considered.	The Conflict of Interest Form has been updated and a Conflict of Interest Register has been created and is maintained by the Procurement team. COI Forms are now issued to relevant project/procurement members upon commencement of the pre-tender phase rather than prior to commencing the evaluation/moderation process (as per previous practice) as per Audit recommendation. The formal process will be documented in the revised Procurement Policy document (please refer to action 1.1 above).	Original May 19 Request to extend completion date to Nov 2019	In Progress

Monitoring Report of Actions Arising from 2018/19 Annual Governance Statement

No	Issue	Source	Planned Action	Progress to date	Timing For Completion	Status ('Not Started', 'In Progress' or 'Completed')
1	Medium Term Budget/CRMP	Assurance Statements	To continue to address the medium term funding gap and manage for forthcoming funding pressures.	<p>The 2020/21 financial year will be a 'one off' settlement with the delayed spending review, Business Rates Review and Formula Review taking place for 2021/22. The strategic financial planning will therefore be far from the 2021/22 financial year.</p> <p>The 2020/21 budget and council tax will be set February 2020.</p>	Mar 2020	In Progress
2	Review of Authority Effectiveness	Governance report FRA March 2019	FRA Members decided in 2018/19 that the annual process was not required in this year and that the exercise would be completed again in 2019/20 with new FRA members, who will be in place from June 2019	New FRA members have been appointed and review of effectiveness will be discussed and the exercise completed at the next Audit and Standards Committee	Mar 2020	In Progress

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For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
15 October 2019
Item No. 10

REPORT AUTHOR: ASSISTANT CHIEF OFFICER/FRA TREASURER

SUBJECT: WORK PROGRAMME 2019/20

For further information on this report contact: Nicky Upton
Democratic and Regulatory Services Supervisor
Tel No: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New			

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To review and report on the work programme for 2019/20 and to provide Members with an opportunity to request additional reports for the Audit and Standards Committee meetings for 2019/20.

RECOMMENDATION:

That Members consider the work programme for 2019/20 and note the 'cyclical' Agenda Items for each meeting in 2019/20.

GAVIN CHAMBERS
ASSISTANT CHIEF OFFICER/FRA TREASURER

AUDIT AND STANDARDS COMMITTEE - PROGRAMME OF WORK 2019/20

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
15 October 2019	Post Audit 2018/19 Statement of Accounts and Letter of Representation (E&Y)		Review of Abatement Policy	Added by ASC on 12.04.19
	External Audit, Audit Results Report, Opinion and Value for Money (E&Y)	Added following 10.07.19 meeting		
	Internal Audit Progress Report			
	Audit and Governance Action Plan Monitoring			
	Review of Fire Authority's Effectiveness (Biennial review – due 2019/20)	Removed as will be part of the October Members' Development Day		
	Corporate Risk Register (Full)			
	Work Programme 2019/20			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
5 Dec 2019	Internal Audit Progress Report (RSM)			
	External Audit Annual Audit Letter (E&Y)	Added following 10.07.19 meeting		
	Audit and Governance Action Plan Monitoring			
	Review of 'Monitored Policies'			
	Report on Registration of Interests and Gifts/Hospitality			
	Review of Fire Authority's Effectiveness (<i>Biennial review – due 2019/20</i>)	Removed as will be part of the October Members' Development Day		
	Corporate Risk Register			
	Statement of Assurance			
	Work Programme 2019/20			
	Annual Review of the Effectiveness of the Internal Audit Arrangements			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
26 March 2020	External Audit Plan 2019/20 (E&Y)			
	Internal Audit Progress Report (RSM)			
	Internal Audit Strategy 2019/20 to 2021/22 (RSM)			
	Audit and Governance Action Plan Monitoring			
	Update to the Authority's Finance Regs (<i>Biennial review – due 2021</i>)			
	Review of Fire Authority's Effectiveness (<i>Biennial review – due 2019/20</i>)	Removed as will be part of the October Members' Development Day		
	Annual Review of entire Corporate Risk Register			
	Review of Work Programme 2019/20			

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

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