



## BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

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Members of Audit and Standards Committee.

Bedford Borough Councillors: M Headley and J Gambold

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

Luton Borough Councillors: K Choudhry and S Khurshid

A meeting of **Audit and Standards Committee** will be held **remotely** on **Thursday, 2 July 2020** 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 - 46)

<b>Item</b>	<b>Subject</b>	<b>Lead</b>	<b>Purpose of Discussion</b>
4.	Minutes	Chair	To confirm minutes of the meeting held on 5 December 2019 (Pages 47 - 54)
5.	Public Participation		To receive any questions put to the Authority under the Public Participation Scheme
6.	Audit Results Report and Fees - Results of 2019/20 audit including any matters outstanding	Ernst & Young	To consider a report (Pages 55 - 110)
7.	Draft 2019/20 Annual Governance Statement, Statement of Accounts and Letter of Representation	ACO	To consider a report (Pages 111 - 122)
8.	Internal Audit Annual Report 2019/20	RSM	To consider a report (Pages 123 - 138)
9.	Internal Audit Strategy 2020/21 to 2022/23	RSM	To consider a report (Pages 139 - 158)
10.	Internal Audit Progress Report 2019/20 and 20/21	RSM	To consider a report (Pages 159 - 206)
11.	Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis	ACO	To consider a report (Pages 207 - 220)
12.	Review of Code of Conduct and Annual Report on Standards	Secretary/ Monitoring Officer	To consider a report (Pages 221 - 238)
13.	Review of Work Programme 2020/21	ACO	To consider a report (Pages 239 - 246)

**Local Government Act 1972: Schedule 12A (as amended) - Exclusions on 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 Paragraph 3 of Part 1 of the Schedule of 12A to the Act as amended.

14.	Corporate Risk Register	ACO	To consider a report (Pages 247 - 270)
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Item	Subject	Lead	Purpose of Discussion
Next Meeting		10.00 am on 22 September 2020 at Conference Room, Fire and Rescue Service Headquarters, Kempston, Bedford MK42 7NR	

### **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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30 April 2020

By email

**Email** [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk)

Dear Section 151 Officer and Audit Committee Chair

**Fee Scale for the Audit 2020/21 and update on 2019/20**

I am writing to notify you of your 2020/21 audit scale fee. In previous years your auditor has been required to write to you to do this. However, going forward, we have agreed with the audit firms that it is more efficient for PSAA to write out to all bodies directly.

PSAA commissions auditors to provide audits that are compliant with the National Audit Office's Code of Audit Practice ('the Code'). PSAA is required by s16 of the Local Audit (Appointing Person) Regulations 2015 (the Regulations) to set the scale fees by the start of the financial year, and we published the 2020/21 scale fees on our website on 31 March 2020. In addition to notifying you directly of your scale fee, this letter provides you with key updates and information on audit matters in these difficult times.

We wrote to all S151 officers on 12 December 2019 describing that local audit and audit more widely is subject to a great deal of turbulence with significant pressures on fees. These pressures still apply and the key aspects are summarised below;

- It is apparent that the well publicised challenges facing the auditing profession following a number of significant financial failures in the private sector have played a part. As you know, these high profile events have led the Government to commission three separate reviews - Sir John Kingman has reviewed audit regulation, the Competition and Markets Authority has reviewed the audit market, and Sir Donald Brydon has reviewed the audit product.
- It is not yet clear what the long term implications of these reviews will be. However, the immediate impact is clear - significantly greater pressure on firms to deliver higher quality audits by requiring auditors to demonstrate greater professional scepticism when carrying out their work across all sectors – and this includes local audit. This has resulted in auditors needing to exercise greater challenge to the areas where management makes judgements or relies upon advisers, for example, in relation to estimates and related assumptions within the accounts. As a result, audit firms have updated their work programmes and reinforced their internal processes and will continue to do so to enable them to meet the current expectations.

## How we set your scale fee

We consulted on the 2020/21 Scale of Fees in early 2020 and received a total of 54 responses. We published the final document on our website ([Scale fee document](#)). In it we explained that although we have set the scale audit fee at the same level as for 2019/20, we do not expect the final audit fee to remain at that level for most if not all bodies because of a variety of change factors, the impact of which cannot be accurately or reliably estimated at this stage.

The impact of these changes is likely to vary between bodies depending on local circumstances, and information to determine that impact with any certainty is not yet available. Our view is that it would also be inappropriate to apply a standard increase to all authorities given the differing impact of these changes between bodies. As the impact of these changes is understood, fee variations will need to be identified and agreed reflecting the impact on each audit

	<b>Scale fee for the audit 2020/21</b>	<b>Scale fee for the audit 2019/20</b>
Bedfordshire Fire and Rescue Authority	£23,271	£23,271

As well as the Scale of Fees document, we have also produced a [Q&A](#) which provides detailed responses to the questions raised as part of the consultation. We will update the Q&As periodically to take account of ongoing developments affecting scale fees.

The fee for the audit is based on certain assumptions and expectations which are set out in the [Statement of Responsibilities](#). This statement serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and of the audited body begin and end, and what is to be expected of both in certain areas.

The final fee for the audit will reflect the risk-based approach to audit planning as set out in the Code. Under the Code, auditors tailor their work to reflect local circumstances and their assessment of audit risk. This is achieved by assessing the significant financial and operational risks facing an audited body, and the arrangements it has put in place to manage those risks, as well as considering any changes affecting audit responsibilities or financial reporting standards.

## Fee Variations

As noted above, we recognise that with so much turbulence and change in the local audit environment, additional fee variations are likely to arise for most if not all bodies.

The amount of work required on arrangements to secure VFM is a matter of auditor judgement and is based on the requirements set out in the new Code and supporting guidance which will be published later in 2020. Once the Auditor Guidance Notes have been published we will be able to consider the impact of the new requirements in more depth, and may be able to provide indicative ranges in relation to the likely fee implications for different types and classes of body.

Given that local circumstances at each audited body are key to determining the assessment of risk and the audit work required, we would encourage early dialogue with your auditor to determine any related implications for fees. The process for agreeing fee variations begins with local communication, and ideally agreement. We have produced a fee variation process note which is available on our website ([Fee variations process](#)). Please note that all fee variations are required to be approved by PSAA before they can be invoiced.

### **Quality of Audit Services**

We are committed to do all we can to ensure good quality audits and a high-quality service for the bodies that have opted into our arrangements. The service that you can expect to receive from your auditors is set out in their Method Statement, which is available from your auditors.

Whilst professional regulation and contractual compliance are important components of the arrangements for a quality audit service, so too is the aspect of relationship management. We recently commissioned a survey via the LGA Research team to obtain audited bodies' views of the audit service provided to them. The themes and improvement areas from the survey will be discussed with firm contact partners for development at a local level. The results from our 2018/19 survey of all opted-in bodies will be available on our website in May and we will notify all S151 officers and Audit Committee Chairs.

### **Impact of COVID-19 on current 2019/20 audits**

The global COVID-19 pandemic has created further turbulence impacting on all aspects of the economy including the public sector. There are potentially significant repercussions for the delivery of audits, audit-related issues and delays to signing audit opinions for 2019/20. MHCLG has acted to ease these pressures by providing more flexibility in the 2019/20 accounts preparation and auditing timetable by temporarily revising the Accounts and Audit Regulations. This has extended the period which an authority has to publish its draft financial statements until 31 August, and importantly there is much greater flexibility for the public inspection period as it is now required to start on or before the first working day of September 2020. The revised date for publishing audited accounts (if available) is 30 November 2020.

We recommend that you discuss with your auditors the use that can be made of this flexibility in meeting mutual governance and assurance responsibilities, noting that in a letter to all local authority Chief Executives on 22 April, MHCLG encouraged approval of pre-audit accounts earlier than 31 August if possible.

We have referred to the importance of audit quality in this letter, and just as important is the quality of the pre-audit financial statements and the working papers that are prepared by bodies. The disruption caused by COVID-19 will impact on areas of judgement and creates uncertainty in preparation of the financial statements, and it is key that bodies ensure there is sufficient focus upon financial reporting and related processes and controls, and that the planned timetable allows for sufficient internal quality assurance and review of financial reporting issues taking into account the wider impact of the pandemic on the officers' time.

### **Local Audit Quality Forum**

Our Local Audit Quality Forum focuses on providing information to support audit committees (or equivalent) in delivering their remit effectively. We are disappointed that we are not able to host our planned event this summer due to the COVID-19 pandemic. However, we plan to host our next event towards the end of the year. It will provide an opportunity to discuss a range of relevant topics and themes. If there are any particular areas you would like to see included on a future agenda, or if you wish to raise any other issues with PSAA, please feel free to contact us at [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk)

Your auditor will, of course, be best placed to answer any questions you may have with regard to your audit.

Yours sincerely,

Tony Crawley

**Chief Executive**



# Emergency services sector update



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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.

Inspections were a key topic area with Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) publishing three reports; one on effectiveness, efficiency and legitimacy from the second tranche of police forces and a joint report with HM Inspectorate of Constabulary in Scotland (HMICS) on how effective the selection and training process is for chief officer roles. A third report by HMICFRS was also published on the 'State of fire and rescue'. We also draw attention to some of the key statistics published across the sector including police complaints, response times to fires attended and fire prevention and protection.

Along with our summary of key publications, we look at managing change in policing. This involves addressing some of the challenges faced by forces whilst effectively responding to the needs of the public and working to deliver justice and reducing crime with the limited resources available to them. We also provide information on the Police Board Assurance Framework (BAF) and our plans to launch a BAF toolkit for the police sector.

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

# PEEL spotlight report

HM Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) has published the 'PEEL spotlight report: a workforce under pressure.' The report on the effectiveness, efficiency and legitimacy of police forces (PEEL) provides an overview of the emerging themes from the second group of 2018/19 Integrated PEEL Assessment reports. These themes are based on findings from 15 police force reports. Key points from the report include:

- 1 in relation to the overall effectiveness judgement, 10 forces were graded as 'good', four as 'requiring improvement' and one as 'inadequate';
- 2 for the overall efficiency judgement, nine forces were graded as 'good', four as 'requiring improvement' and two as 'inadequate';
- 3 for the overall judgment on legitimacy, 11 forces were graded as 'good', three as 'requiring improvement' and one as 'inadequate';
- 4 HMICFRS found that forces were struggling to respond to increasing demand, with seven of the 15 forces seeing their performance in efficiency gradings decline. When forces are unable to manage their demand, it makes it much harder for them to solve crime and protect vulnerable people;
- 5 similar to the findings presented from the first group of inspections, the frontline workforce had a good understanding of vulnerability. All forces had given their frontline officers and staff some form of training to help them recognise vulnerability and hidden harm;
- 6 due to backlogs in digital forensics, HMICFRS has seen the difficulty of meeting the demands of high-volume crimes increase;
- 7 there remains a shortage of trained investigators;
- 8 while most forces understand the 'operational policing skills' that is held within their workforce, HMICFRS found examples of workforce plans that are outdated, and skills audits which were 'too simplistic';
- 9 some forces are struggling to provide their workforce the supervision that is needed to deliver their best service to the public;
- 10 despite pressures, several forces continue to put effort into preventing crime and building community relationships which in turn leads to reducing the demand for forces;
- 11 many forces do not have 'fair and effective processes' for managing the performance of their workforce. The lack of processes means that forces cannot be confident that they can fully develop their workforce. HMICFRS also saw a variation in how well 'underperformance' is being tackled by forces, thus limiting their future abilities; and
- 12 while many forces understand the demand they are likely to face in the future, very few have plans in place to deal with them.

### Questions for committee's consideration

- Has the JAC received assurance on the Forces Demand Model, how this links to the workforce plan and budgets?
- Have gaps in demand vs workforce vs budget been identified to ensure that efficiency can continue to improve and are the Committee sighted on any risks in this area and controls / actions to address?
- Are effective oversight and governance arrangements in place to ensure the performance of the workforce is managed fairly and effectively?
- Have you received assurance that the force is addressing the actions agreed from the HMICFRS reviews? What are the oversight arrangements?



# An inspection of the police service's arrangements for the selection and development of chief officers

HMICFRS and HM Inspectorate of Constabulary in Scotland (HMICS) carried out a joint inspection between January 2019 and May 2019 to determine how effectively candidates are selected and trained by police forces for chief officer roles. The report, 'Leading Lights: An inspection of the police service's arrangements for the selection and development of chief officers', found that a lack of consistency, fairness and transparency is having a detrimental effect on police forces' ability to identify and

support those with the most potential to become chief officers. Development for aspiring chief officers includes passing the Senior Police National Assessment Centre (SPNAC) followed by attending the College's Strategic Command Course (SCC). The SPNAC and the SCC are 'organised and facilitated' by the College of Policing (CoP).

## Key findings include:

- despite guidance being provided to forces by the CoP on the criteria candidates should meet, it does not specify what a force should do to select individuals and there are wide variations in the processes forces use;
- not all forces understand how to apply the criteria;
- the Inspectorates noted that there needs to be a 'more coherent and stringent approach' to identifying, selecting and developing potential candidates;
- there was a similar split in opinion on assessments between chief constables and SPNAC assessors, while some viewed the assessments as 'an excellent readiness test for chief officer roles', others viewed it as unnecessary;
- similar to the SPNAC, the SCC had mixed views in its value. This related to what is taught and the way it is taught;
- there was a consistently positive view that the SCC gave students the opportunity to develop 'lifelong, supportive professional networks';
- the Inspectorates highlighted that there is a risk that time is spent making sure that all participants achieve a pass instead of being more fully developed in operational and organisational leadership skills;
- opportunities for external development and leadership training are declining. Secondments to HMICFRS, national policing bodies or external organisations were once seen as useful opportunities. However, most interviewees told the Inspectorates that time outside the force was not valued and could be a disadvantage;
- the Inspectorates described the process of applying for assistant chief constable and deputy chief constable positions at the end of the SCC as 'chaotic';
- by contrast, Scotland has a 'robust system for selecting applicants that typically includes assessment centres and psychometric tests';
- the Inspectorates found that an increasing number of officers have only ever served in one force, in which was identified as a risk as the police service needs chief officers with a range of 'skills, experience and vision to design and operate effective local, regional and national functions'; and
- in the past, there was a regulation that stated an officer was unable to be promoted to chief constable unless they had served at least two years in another force. The Inspectorates investigated options for re-establishing a mobility rule that takes account of those with caring responsibilities and concluded that such a rule should be made.

**The Inspectorates have set out several recommendations to help improve the selection and development of chief officers, including:**

- the CoP should commission independent reviews of the SPNAC and SCC;
- the CoP should draft new regulations, and provide comprehensive information, on the conduct and procedure for selecting which candidates will attend the SPNAC; and
- the CoP should, with the support of other relevant organisations, devise a new framework for continuous professional development (supported by a new national workforce planning function).



# First wave of 20,000 police officer uplift announced

The Home Office has confirmed the recruitment targets for each police force in England and Wales for the first year of the three-year drive to recruit 20,000 new officers. £750m will be spent on recruiting up to 6,000 officers nationally by the end of 2020/21, the 'first stage in the new uplift.' The funding provided for recruitment will cover associated costs, including training and kit. John Apter, National Chair of the Police Federation of England and Wales, stated, 'investment in policing is long overdue and for the first time we now have the actual number of officers each local force will increase by in the next year. These figures have been based on the current funding formula models and while this method is not perfect, I accept it is the only solution available to deliver the numbers quickly in year one.'





# Serious and organised crime

The Public Accounts Committee (PAC) has published a report on 'serious and organised crime.' The Home Office is responsible for serious and organised crime policy, strategy and funding and the National Crime Agency (NCA) 'leads and coordinates UK law enforcement's response' to serious and organised crime. It is estimated that serious and organised crime costs the economy at least £37bn a year.

## Key findings include:

- 1 government has not yet achieved its objective of moving its focus away from pursuing criminals and it is not prioritising activities that might stop serious and organised crime happening in the first place;
- 2 due to not utilising data effectively, the Home Office and the NCA's ability to understand the scale of the threat from serious and organised crime is debilitated;
- 3 restraints created by the funding arrangements currently in place for law enforcement bodies make it more difficult to tackle serious and organised crime;
- 4 the Home Office is still unaware of how successful it has been at reducing serious and organised crime; and
- 5 the PAC are concerned that a lack of clarity about the roles and responsibilities of the organisations involved in tackling serious and organised crime 'hinders the effectiveness of their activities.'

## The PAC has set out several recommendations for the Home Office, including:

- set out clear plans for a rise in 'effective preventative activity' and update on its progress within six months;
- provide an update, alongside the NCA, on highest priority threats from serious and organised crime; and
- agree with HM Treasury a way to provide 'greater certainty' on police funding and how it is to be administered as soon as possible or as part of the spending review.

# Home Office funds innovative policing technology to prevent crime

The Home Office has pledged £5m from the £175m Police Transformation Fund for 2019 to 2020, to support the development of innovative technology that will help police forces prevent crime. The funding will be given to the West Midlands Police so they may run further tests on a data analysis system that can process large volumes of data that are currently held by the force. The National Data Analytics Solution (NDAS) has already undergone one year of testing in which it used to police data on knife and gun offences and on those who have previously committed them to identify patterns and common traits among perpetrators. Once the system has been fully tested it is hoped that NDAS will be rolled out to police forces across England and Wales who want to use it to improve their performance and protect the public.





# Police Board Assurance Framework (BAF) – do you know what you think you know?

Assurance, at its simplest, equates to a level of confidence or comfort that something that needs to be done, will be done.

All those that have overall responsibility for the achievement of objectives should seek assurance – they should want to know that the major risks, both positive and negative, are being effectively managed ie that existing controls are reliable and that actions taken in response to risks are being suitably progressed to achieve their desired outcome.

Though this seems simple enough, the reality is, however, often very different. Some of the common pitfalls we find, in all sectors, leading to mis-placed assurance are:

- Mis-alignment of objectives and major risks.  
This may be due to:
  1. lack of clarity in objectives and therefore difficulty is encountered determining the major risks; or
  2. that the major risks identified have not been sufficiently considered in the context of the objectives and so the two are divorced.
- Poorly articulated major risks. The implications are just not understood and therefore it is not possible to understand how or if they are under control or what further action is required.
- Lack of planning around assurance provision ie why, what, when and by whom.

By far the most significant assurance challenge (or difficulty) is the creation and application of the assurance framework itself, or as we at RSM often refer to it, the "Board Assurance Framework" or BAF. In this context we refer to Board in the generic term for the applicable governing body of the organisation. We emphasise this level of sponsorship due to the fact that the assurance framework should be focussed on the key objectives, priorities or goals, as set by those responsible for governance at the organisation (ie the Police and Crime Commissioner / Police and Fire Commissioner / Chief Constable / Chief Fire Officer / Fire Authority).

The BAF creation and application is difficult because it is unfamiliar, especially in the police setting, however the benefits are significant, providing a governance tool that brings together all relevant information and evidence over the management of major risks associated with the police and crime plan objectives in a planned and rigorous fashion. We often find assurance is piecemeal, inconsistent or not focussed on the right risks.

The BAF provides a complete picture of the risk and control environment and strengthens accountability for those responsible for managing risks far more so than a standard risk register. Whilst the BAF enhances the focus on risk and control, it is built on evidence rather than assumption, helping address the age old conundrum of those responsible for oversight and governance being "do we know what we think we know?"

We have found that the use of a well-constructed BAF significantly improves the ability of the Audit/ Risk/ Assurance Committees to effectively fulfil their responsibilities – the BAF driving the agenda and improving assurance focus. This we feel is of particular importance to a PCC who will want to demonstrate to the electorate that they have made best use of public resources in the achievement of their police and crime plan objectives.

In a previous article we explored the design, development and application of a collaboration assurance framework and RSM are excited to announce that we will soon be releasing a Board Assurance Toolkit for the police sector. This draws on RSM's wider sector BAF experiences and will provide practical advice, tips and templates that can be used to help in the development of a BAF at your organisation.

If you would like to know more about the above or discuss this topic further, including collaboration assurance, then please contact:  
Matt Humphrey  
Risk Advisory Partner  
[matthew.humphrey@rsmuk.com](mailto:matthew.humphrey@rsmuk.com)



# Managing change in policing

In Sir Tom Windsor's State of Policing report\* published in June 2019 four key themes were highlighted.

- Forces overall were performing well.
- The wider criminal justice system is dysfunctional with vulnerable people being let down.
- Police funding and expectations are being mismatched with a widening gap between the public's needs and the police services capacity to meet them.
- There is a need to reform regional, national and local arrangements to enable efficiency and effectiveness.

Addressing these challenges poses a real question in how to do this whilst continuing to react to the public's needs, working to deliver justice and reducing crime with depleted resources.

RSM have seen at strategic level in many public service organisations a focus on operational needs to enable efficient delivery of the service to the public. We have met extremely competent strategic leaders with great operational insight but who have had little exposure (prior to their senior role) of managing large change programmes. Without organisations investing in their senior leaders' ability to lead and manage change, there is a danger that change will become reactionary rather than planned.

## Reactionary change vs planned change

Reactionary change is normally forced by a situation, it's generally not well planned and is required immediately. If organisations can anticipate challenges and move to a planned and proactive change approach there will be an opportunity to bring fundamental or systematic change with a greater positive impact.

## Why should the police increase their focus on change?

Change and transformation in the police sector is often delivered through programmes and projects. The Association for Project Management\*\* reported one in eight projects failed to meet their budget and only one in five projects were successful (conditions for project success).

Failed projects are expensive, time consuming and impact negatively on morale. Ensuring projects are completed on time and within budget is a real skill.

Senior leaders must ensure a dual focus, business as usual and change and growth. Business as usual or running the organisation includes operations, services and functions which are performance managed through KPIs. Change and growth focuses on change initiatives, projects and programmes and using outcomes / benefit based key performance indicators. It is a real skill to balance these two areas with the demands currently placed on public sector service organisations.

\* <https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/state-of-policing-2018-part-1.pdf>

\*\* [https://www.apm.org.uk/sites/default/files/conditions%20for%20project%20success\\_web\\_final\\_0.pdf](https://www.apm.org.uk/sites/default/files/conditions%20for%20project%20success_web_final_0.pdf)

## What things can go wrong in policing programmes and projects?

### 1 Can do approach

In policing we sometimes see a 'can do' approach to programmes and projects. We witness extremely competent operational police officers placed in programme management technical roles with no project/programme management training. This can result in poor technical programme and project management, delays, scope slip, poor governance, non-evidenced decision making and ultimately unsuccessful projects.

We would encourage policing organisations to either pair these competent officers with senior competent programme/project managers to facilitate knowledge transfer or allow them the opportunity to work with an external supplier to coach them and build their knowledge. The skills they have will enable them to be efficient programme and project managers; they just require knowledge of the tools and techniques for project success.

### 2 Using consultancy companies

In large transformation programmes, the police service sometimes commission consultancy companies to support them in the design of the future blueprint of their organisation. However, to ensure successful implementation of the blueprint (future) a gap analysis is normally undertaken to understand the distance between the 'as is' state (now) and the 'to-be state' (future). There are two key activities which we commonly identify as missing during our blueprint reviews:

- a a detailed 'as is' state; and
- b a detailed programme plan describing what, by who, where, when and how the programme will be conducted. Without these two products, it is unlikely the programme/project will be successful.

A reoccurring theme in organisations is the desire to move to the 'doing' very quickly, sometimes without spending enough time on the planning. Planning is key in any project/programme and a detailed plan will identify risks, plan resources, provide a detailed schedule, describe outcomes/outputs and identify KPIs. Allowing staff the time and space to plan effectively is one of the easiest ways you can help ensure the success of your initiatives.

### 3 Pet initiatives, programmes and projects

We sometimes see programmes and projects that have no link to the strategic objectives in organisations, but they have been identified as a good idea.

We strongly advise the police and PCCs to only authorise programmes and projects that assist them in the delivery of their strategic objectives to ensure that spending is controlled, relevant and targeted.

### 4 Weak solutioning

When reviewing failed projects, we look to review the options that were explored prior to moving to a final solution. In our experience, we have found that where there has been project failure there has been poor exploration of the issues and problems with little consideration of what is already happening both in the organisation and/or similar organisations and only one detailed option presented at project authorisation.

We would encourage exploration of best practice and academic evidence, understand what is already happening in your organisation and a similar organisation and conduct a robust assessment of possible options. Weak solutioning can lead to the organisations investing in a project that has already failed elsewhere without learning the lessons.

### 5 A whole organisational view

Previously we have found disjointed commissioning, sometimes the same or conflicting projects are then commissioned in neighbouring areas without a full organisational oversight. Ultimately this can result in resourcing conflicts for the supporting functions in the business, is not cost effective and can be confusing for partner agencies.

We recommend strong change governance with projects and programmes authorised at an organisational level ensuring projects/programmes that support strategic aims, using resources in the most efficient way to achieve the best outcomes.

### 6 Doomed to succeed

We have seen many programmes and projects that have continued to run despite staff involved knowing from an early stage that there is a limited chance of success. Stopping a programme or project because it is unlikely to succeed is not a failure. Allowing it to run, using budget and resources unchallenged is a failure. Each programme and project should have clear performance indicators (KPIs), milestones and gateway reviews identified during planning.

Several forces RSM supports use gateway reviews. These are short focused reviews at key decision points conducted by individuals who are not in the project team. This review will decide whether the project should continue and whether it can move to the next stage of the plan, we recommend these decisions are recorded along with their rationale.



### Questions for the strategic leaders to ask programme and project leads when authorising the start of any project /programme

- 1 How does this initiative contribute to strategic objectives?  
If it doesn't, why are we doing it?
- 2 What is the governance / oversight arrangements?  
Who is the sponsor?
- 3 Where has this been done elsewhere? What happened there?  
Can we learn anything?
- 4 How likely are we to be successful? Are all the benefits realistic  
and realisable?
- 5 How are the project and benefits being tracked (Gateway reviews,  
KPIs, benefits realisation)?
- 6 What and when are the key decision points in the project where  
strategic leaders will decide whether it will continue?
- 7 What is the cost of the project?
- 8 What is the earliest and latest completion time for the  
project (tolerances)?
- 9 What are the risks? What is the likelihood, impact and how are  
they being managed?
- 10 What is the impact if the project is cancelled, deferred,  
slowed down or accelerated?
- 11 Are the right members of staff with appropriate skills on  
the project team?

If your organisation is considering or is in the process of going through a transformational journey and you would like any further discussions on any of the above areas please contact Ellie Acton  
Change Team, RSM Consulting  
ellie.acton@rsmuk.com



## Fire

# Analysis on fires attended by fire and rescue services

The Home Office has published the latest statistics on response times to fires attended by fire and rescue services (FRSs) in England between April 2018 and March 2019.

### Key statistics include:

- 1 FRSs attended 576,040 incidents, an increase of two per cent from 2017/18;
- 2 of the 576,040 incidents, 32 per cent accounted for fires, an increase of three per cent on the previous year. 40 per cent accounted for fire-false alarms and 28 per cent accounted for non-fire incidents;
- 3 of the fires attended, 106,283 were secondary fires, 73,214 were primary fires and 29,570 were dwelling fires;
- 4 there has been a 29 per cent increase in non-fire incidents since 2014/15; and
- 5 fires where a smoke alarm was not present accounted for 25 per cent (7,446) of all dwelling fires and 28 per cent (55) of all dwelling fire-related fatalities.

# Fire prevention and protection statistics

The Home Office has published statistics on fire prevention and protection in England between April 2018 and March 2019.

## Key statistics include:

- 1 FRSs completed 594,766 Home Fire Safety Checks (HFSCs) compared to 600,324 in 2016/17 and 672,019 in 2013/14;
- 2 of the 594,766 HFSCs completed in 2017/18, 347,748 were targeted towards the elderly and 170,257 were targeted towards the disabled;
- 3 FRSs carried out 49,327 fire safety audits in 2018/19 compared to 49,423 in 2017/18 and 67,266 in 2013/14;
- 4 67 per cent of fire safety audits (33,265) were rated satisfactory. There were 16,062 unsatisfactory fire safety audits;
- 5 the premises type with the greatest proportion of satisfactory audits was further education (79 per cent) while houses converted to flats (57 per cent), licensed premises (59 per cent) and hotels (59 per cent) were the premises with the lowest proportion of satisfactory audits; and
- 6 90 per cent of households say they possess a working smoke alarm.

# State of fire and rescue

The 'State of fire and rescue' report follows on from the three tranches of the first independent inspection into FRSs for 12 years. The first 14 FRSs inspection reports were published in December 2018, the next 16 reports in June 2019, and the final release, published in December 2019, includes inspection reports for 15 FRSs. All 45 FRSs inspection outcomes are now published.

The first 'State of fire and rescue' annual assessment draws on all inspections, focusing on three key areas: the 'effectiveness' of FRSs and 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:

- 1 regarding overall effectiveness, **29 FRSs** were graded as 'good' and **16** as 'requires improvement';
- 2 on overall efficiency, **26 FRSs** were graded as 'good', **18** as 'requires improvement' and **one** as 'inadequate';
- 3 regarding people, **18 FRSs** were graded as 'good', **25** as 'requires improvement' and **two** as 'inadequate';
- 4 there are '**noticeable differences**' in the way services effectively respond to incidents;
- 5 it is **mandatory** for all FRSs to produce an 'integrated risk management plan' (IRMP), providing an explanation to the public on the way its 'prevention, protection and response activity will reduce the risk from fire and other emergencies.' However, some FRSs have not used this process to explain how the risk assessments reinforce the different response standards to the public. This means that there is no clarity on what emergency responses the public can expect;
- 6 majority of services do not have enough 'on-call firefighters', which shows that recruitment and retention remains a concern;
- 7 many services are now operating in line with 'national operational guidance.' The guidance supports services to utilise a 'common approach to commanding incidents, recognising hazards and putting control measures in place.' However, the degree to which services have implemented this guidance varies. HMICFRS believes that services need to address this to help them to improve collaborative working;
- 8 most services are good at assisting other fire services, however, not enough joint exercises are undertaken to ensure equipment and ways of working are aligned;
- 9 the sector needs to improve how it complies with building fire safety regulations;
- 10 there is an inconsistent approach to the number of fire safety audits services carry out;
- 11 despite increases in fire false alarms, not all FRSs are adhering to the National Fire Chiefs Council's best practice guidance;
- 12 many services were found to be under-resourcing their prevention and protection teams. While some services are able to do the prevention and protection work they could afford, there were some forces, despite being able to afford it, not making this a priority;
- 13 many services had managed to make savings over the past five years;
- 14 there is a positive attitude towards collaboration with other emergency services, however, over half of services were not 'consistently or effectively evaluating, reviewing or monitoring collaboration activities to assess whether they were beneficial and cost-effective';
- 15 FRS leaders need to be aware of their true costs to allow them to efficiently and effectively manage budgets, use resources and delve into opportunities to reduce costs;



- 16 the use of technology varies considerably. Some services are investing in technology to improve their effectiveness and efficiency, but for some, there has been slow progress towards making the most of opportunities technology presents;
- 17 almost half of services inspected are using IT systems that are broken, dated or unreliable, and some rely on using inefficient paper-based systems. In some services, the lack of investment in IT is leading to reduced levels of productivity;
- 18 despite some services achieving 'outstanding' in the area of culture, some need to do more to address 'toxic' environments involving bullying and harassment, and improve the diversity of the workforce;
- 19 in many services, wellbeing of staff is prioritised and promoted by senior leaders;
- 20 services need to monitor staff working hours more closely;
- 21 staff are generally well trained and equipped to deliver the best possible response to the public. Yet some services do not have the facilities to deliver quality training, and so services are unable to guarantee that their training is effective; and
- 22 services need to effectively utilise their 'performance management processes more to promote cultural change.'



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# Sources of further information

## **HMICFRS**

### ['PEEL spotlight report'](#)

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/peel-spotlight-report-group-2-2018-19/>

## **HMICFRS**

### ['An inspection of the police service's arrangements for the selection and development of chief officers'](#)

<https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/leading-lights-inspection-police-arrangements-selection-development-chief-officers.pdf>

## **Home Office**

### ['First wave of 20,000 police officer uplift announced'](#)

<https://www.gov.uk/government/news/home-office-announces-first-wave-of-20000-police-officer-uplift>

## **Public Accounts Committee**

### ['Serious and organised crime'](#)

<https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/2049/2049.pdf>

## **Home Office**

### ['Home Office funds innovative policing technology to prevent crime'](#)

<https://www.gov.uk/government/news/home-office-funds-innovative-policing-technology-to-prevent-crime>

## **HMICFRS**

### ['State of fire and rescue'](#)

<https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/state-of-fire-and-rescue-2019.pdf>

## **Home Office**

### ['Analysis on fires attended by fire and rescue services'](#)

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/831136/detailed-analysis-fires-attended-fire-rescue-england-1819-hosb1919.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831136/detailed-analysis-fires-attended-fire-rescue-england-1819-hosb1919.pdf)

## **Home Office**

### ['Fire prevention and protection statistics'](#)

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/836909/fire-prevention-protection-1819-hosb2319.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/836909/fire-prevention-protection-1819-hosb2319.pdf)

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# Alert: COVID-19 used as click bait

We have seen an increase in attempted phishing attacks using Covid-19 information as click bait. They are in line with the usual email scams, encouraging settlement of bogus invoices, suggesting payment for actions, prompting the reader to click on links and requests for a transfer of funds.

## What should you do if you have received a scam email?

- Exercise **caution** when dealing with any unsolicited emails.
- Check the **sender's email domain** by hovering your mouse over the sender's name.
- **Do not click on any links** in the scam email.
- **Do not reply to the email** or contact the senders in any way.
- **Do not open any attachments** or download content or images if you are prompted to do so.
- Permanently **delete the email**.

By applying the above, this will help protect yourselves as well as your organisation.

## Examples of wording in some of the fraudulent emails is as follows:

I am contacting you in regards of our company urgent need for Ge-Briq LIQUID OIL, is a dietary food supplement used by veterinarians & Doctors for training of wild animal, treatment of cancer and brain tumour.

Now it's confirmed that this product can be use for corona virus. Our company will pay you then you will buy the product from the vendor there in UK then you will supply it to our company

Add me on WhatsApp +XX-XXXX-XXXX. Pls don't reply to this mail because I'm not working in NHS anymore.

Jack Ma foundation has donated \$1 Million USD to you. Contact Jack Ma foundation with your personal email (not official or business email) via email (xxxxxx@gmail.com) for more details.

**Disclaimer** The information contained in this communication from the sender (MPISD) is confidential. It is intended solely for use by the recipient and others authorized to receive it. This email has been scanned for viruses and malware, and may have been automatically archived by Mimecast Ltd, an innovator in Software as a Service (SaaS) for business. Providing a safer and more useful place for your human generated data. Specializing in; Security, archiving and compliance. To find out more [Click Here](#).

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## Fake emails often (but not always) display some of the following characteristics:

- The email contains spelling and grammatical errors.
- The sender's email address doesn't tally with the trusted organisation's website address.
- The email does not use your proper name, but uses a non-specific greeting like "Dear customer", "Hi friend"
- A sense of urgency; for example the threat that unless you act immediately your account may be closed.
- A prominent website link. These can be forged or seem very similar to the proper address of the known company, but even a single character's difference means a different website.
- A request for personal information such as username, password or bank details.
- You weren't expecting to get an email from the company that appears to have sent it.
- The entire text of the email is contained within an image rather than the usual text format.
- The image contains an embedded hyperlink which if clicked would divert to a bogus site.

**Be aware that scams and phishing attempts are not always in the form of an email, but can be a text message, phone call or social media contact for example. You can report suspicious contacts by emails or other methods to [Action Fraud](#). If you have inadvertently clicked on a link or provided your details, then please advise the IT Security team or your Local Counter Fraud Specialist at the earliest opportunity.**

## For more information please contact:

**Andrea Deegan**

Director

LCFS

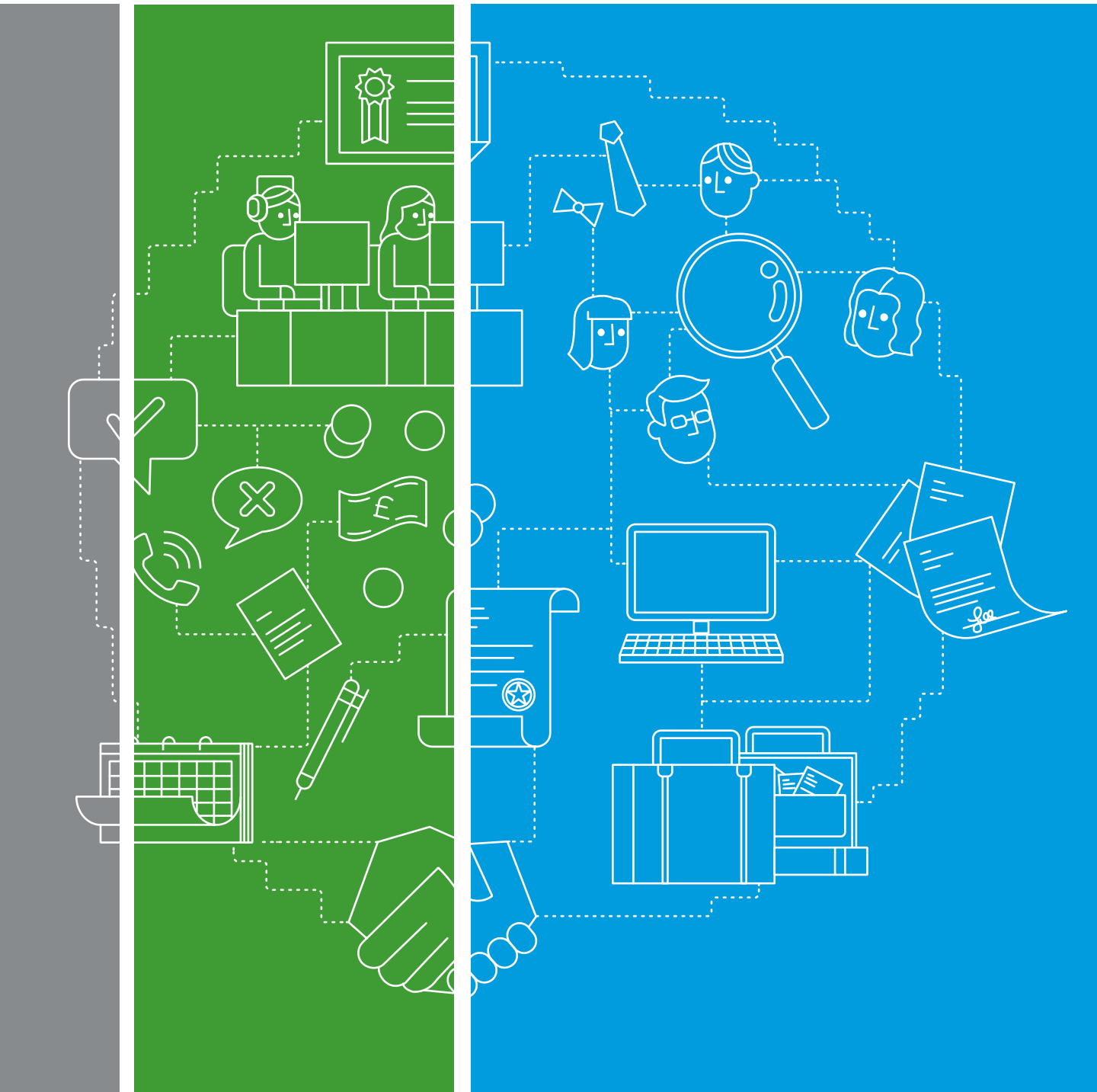
07817 002136

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# COVID-19 FRAUD RISKS

Alert: March 2020

The World Health Organization (WHO) labelled COVID-19 a “global pandemic” and, sadly, this brings with it an increased risk of fraud across all sectors.

With organisations facing many different pressures during a crisis, fraudsters look to exploit the lapses and changes in controls to gain financially. This document highlights some of those risks with accompanying advice on mitigation.

Risk area	Contributing factors	Mitigation
<p><b>Cyber fraud</b> The rise in online communication can heighten vulnerability to cyber, data security, and privacy threats. Cyber criminals will actively look to exploit these threats.</p>	<ul style="list-style-type: none"> <li>• Phishing emails exploiting Covid–19</li> <li>• Staff working outside of any secure network</li> <li>• Sensitive data being transferred between insecure environments</li> </ul>	<ul style="list-style-type: none"> <li>• Staff should follow the principles set out in our Covid-19 email scams guidance document</li> <li>• Staff should ensure communications are encrypted / password protected if sending outside of the secure network</li> <li>• IT functions should disseminate guidance about remote working</li> </ul>
<p><b>Misappropriation</b> Urgency to obtain equipment results in greater volume of assets available to be misappropriated, and the severity of the threat may result in staff stockpiling</p>	<ul style="list-style-type: none"> <li>• Controls may be relaxed to allow prompt movement of supplies between sites and organisations</li> <li>• Black market value equipment and consumables incentivises individuals to steal</li> </ul>	<ul style="list-style-type: none"> <li>• Stock records and asset registers should be maintained as far as possible, with audit trails of urgent activity retained</li> <li>• Exception reporting should be utilised frequently</li> <li>• Concerns should be raised immediately</li> </ul>
<p><b>Supplier interaction</b> A higher demand and desire to procure equipment quickly can lead to a lapse in compliance with procurement processes</p>	<ul style="list-style-type: none"> <li>• Urgency to procure goods and services reduces time to complete adequate due diligence</li> <li>• Shortage of supply may require organisations to engage with different and off framework suppliers</li> <li>• Controls around tender waiver and contract extension activity may be relaxed</li> </ul>	<ul style="list-style-type: none"> <li>• Due diligence should be pursued to the greatest extent in the time frame available, with checks continuing to progress to completion even post procurement</li> <li>• Provision should be allowed for retrospective challenge and cost recoveries</li> <li>• Cumulative supplier spend should be monitored regularly</li> </ul>

Risk area	Contributing factors	Mitigation
<p><b>Accommodation</b> Additional and often high cost accommodation may be required for key staff that need to remain away from their usual address due to others self-isolating</p>	<ul style="list-style-type: none"> <li>Hotels may exploit the crisis by overcharging room rates or incidentals</li> <li>Staff may exceed the permitted allowances in meal / incidental charges</li> </ul>	<ul style="list-style-type: none"> <li>Accommodation should be booked centrally using arranged rates</li> <li>Charges over and above an agreed threshold for subsistence should be agreed with the hotel that they will be paid by the employee and reclaimed through expenses</li> </ul>
<p><b>Invoice fraud</b> Accounts payable processes will be streamlined to ensure prompt and advance payments for urgently required goods and services</p>	<ul style="list-style-type: none"> <li>Urgent payment requests exploiting Covid – 19</li> <li>Relaxed segregation and authorisation processes may allow false or inflated invoices to be paid</li> <li>Mandate change requests cannot be easily verified as suppliers are under pressure and key contacts may be working remotely</li> <li>Government advice to maintain supplier payments irrespective of performance</li> </ul>	<ul style="list-style-type: none"> <li>Staff should follow the principles set out in our Covid-19 email scams guidance document</li> <li>Invoices should be carefully confirmed against orders and rates agreed specifically in the crisis</li> <li>Goods receipt should be confirmed prior to payment</li> <li>Supplier change requests must be confirmed using verified contact information</li> <li>Queries to be resolved retrospectively must be logged for follow-up</li> </ul>
<p><b>Credit cards</b> Departments may rely more heavily on credit cards to promptly secure locally required goods, and inappropriate purchases may not be able to identified</p>	<ul style="list-style-type: none"> <li>Credit card expenditure is anticipated to temporarily increase during this period</li> <li>Cards are likely to be used by multiple individuals due to increasing pressure</li> <li>Expenditure is reviewed retrospectively</li> <li>Non-essential or inappropriate purchases may not be able to be promptly identified or attributed to an individual</li> </ul>	<ul style="list-style-type: none"> <li>Records of card whereabouts should be maintained wherever possible</li> <li>Itemised receipts should be retained for all credit card purchases</li> <li>Statements should be reviewed and challenged promptly</li> </ul>
<p><b>Expenses</b> An anticipated increase in travel and subsistence expenses as a result of staff working additional hours and across various sites may obfuscate fraudulent claims</p>	<ul style="list-style-type: none"> <li>Expenses claims may be subject to limited verification in the interest of prompt payment</li> <li>Expenses may be incurred for remote working equipment</li> <li>Claims may be made for expenses not incurred</li> <li>Claims for subsistence may exceed daily allowances</li> </ul>	<ul style="list-style-type: none"> <li>Evidence of original expenditure should be required</li> <li>Guidance, updated as necessary to reflect changes to allowances and process during Covid-19, should be issued to staff</li> </ul>

Risk area	Contributing factors	Mitigation
<p><b>Governance</b> As audit committees and board meetings are suspended there may be limited reporting and oversight across operations</p>	<ul style="list-style-type: none"> <li>• Less frequent meetings or business critical focussed meetings may result in a period without scrutiny of financial and other decision</li> <li>• Staff and management may be acting with more autonomy in undertaking financial functions</li> </ul>	<ul style="list-style-type: none"> <li>• Wherever possible, virtual meetings should continue</li> <li>• Interim financial reports should be shared with members to ensure oversight remains in place</li> <li>• Changes to streamline control environments should be reported to members so that appropriate assurance measures can be considered</li> </ul>
<p><b>Payroll</b> Payroll processes will be streamlined to ensure prompt payment, increases in workforce may obfuscate payroll fraud and complex change and reimbursement arrangements may result in salary overpayments</p>	<ul style="list-style-type: none"> <li>• Ghost employees may be entered onto the system</li> <li>• Temporary staff that are added to the payroll may remain on the system post Covid-19</li> </ul>	<ul style="list-style-type: none"> <li>• Backing data should be reviewed to confirm new employees being entered onto payroll are genuine</li> <li>• Segregation of duties should be maintained as far as possible</li> <li>• Management information should be reviewed regularly to identify multiple payroll records being paid into the same bank account</li> <li>• Payroll records created during Covid-19 should be reviewed periodically</li> </ul>
<p><b>Recruitment</b> An increase in staffing demand due to self-isolation and increasing pressures will prevent the application of some existing pre-employment screening processes</p>	<ul style="list-style-type: none"> <li>• New applicants without the appropriate qualifications or right to work status, or with criminal records, will seek to exploit the opportunity to commence employment whilst screening is pending</li> <li>• Staff in training and former staff not currently regulated may be able to join or return to the workforce</li> <li>• Safely onboarding specialist staff whilst maintaining social distance will be challenging</li> <li>• Advanced Disclosure and Barring Service (DBS) checks may not be available</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-employment screening should be pursued to the greatest extent in the time frame available, with checks continuing to progress to completion even post recruitment</li> <li>• In lieu of DBS confirmation, decisions to proceed should be risk assessed and documented. More stringent references, ideally from professional bodies, should be sought.</li> <li>• Document scanners should be utilised wherever possible</li> </ul>

Risk area	Contributing factors	Mitigation
<p><b>Duties not fulfilled</b> Significant volumes of staff will be working remotely, some having done so at short notice.</p>	<ul style="list-style-type: none"> <li>• Certain elements of some roles may not be able to be completed remotely</li> <li>• Systems may not be established to monitor staff activity remotely</li> <li>• Some staff may inflate symptoms to secure paid self-isolation periods from their substantive employer, in order to undertake lucrative agency or other work elsewhere</li> <li>• Organisations will be required to accept documentation in lieu of a fitness to work certificate</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance should be provided to remote workers on how their workload should be managed and reported</li> <li>• Exception reporting should be utilised frequently</li> <li>• Management information should be reviewed regularly to identify staff abusing self-isolation requirements</li> <li>• Shielding documentation should be verified against known information</li> </ul>
<p><b>Temporary workforce</b> Additional staff usage may be increased due to self-isolation and increasing pressures</p>	<ul style="list-style-type: none"> <li>• Agency staff may commence engagements whilst screening is pending</li> <li>• Demand will increase cost of additional staffing</li> <li>• In some services additional overtime may be required, and timesheets may be subject to limited verification due to pressures</li> </ul>	<ul style="list-style-type: none"> <li>• Screening should be pursued to the greatest extent in the time frame available, with checks continuing to progress to completion even post engagement</li> <li>• Additional staff identity must be confirmed at their first shift</li> <li>• Invoices should be carefully confirmed against booking requests for hours and rates</li> <li>• Timesheets should be verified by individuals who were physically present at the time of the shift, and using local records and knowledge</li> </ul>
<p><b>False claims</b> Significant volumes of staff will be working from home, some having done so at short notice, and staff may be recruited prior to occupational health reviews, which may result in increased claims for compensation for injury</p>	<ul style="list-style-type: none"> <li>• Staff may be required to work from home for a prolonged period, which may result in inflated claims for injury as a result of the use of inappropriate home workstations</li> <li>• Staff may be required to commence work prior to completion of an occupational health assessment, which may result in inflated claims for injury or illness</li> <li>• Potential exposure to Covid-19 due to limited availability of PPE may result in false claims</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance should be provided to remote workers to assist them with the set up of home workstations</li> <li>• Occupational health assessments should be pursued as promptly as possible in the circumstances</li> <li>• Adequate audit trails of PPE whereabouts and availability should be maintained as far as possible</li> </ul>

The Counter Fraud team at RSM is closely monitoring the fraud risk developments across the sector and beyond to highlight areas of concern as well as best practice. The team will continue to provide guidance to ensure that organisations can remain astute to the risks.

In the meantime, staff should follow these key principles:

### Report any frauds promptly

All concerns of fraud, bribery and corruption should be reported promptly to your manager, the finance team and Internal Audit. Staff should not be concerned that they may be wrong, or that this will create unnecessary delay.

### Be alert for fraudulent cyber communications

Unfortunately, we have already seen an increase in attempted phishing attacks using Covid-19 information as click bait. Follow the principles set out in our Covid-19 email scams guidance document, and if in doubt, contact your IT support immediately.

### Finance fraud

Seek to verify invoices, requests for payment and changes to supplier bank account information as far as you are able to in the circumstances. Seek procurement advice when engaging with a potentially new supplier, liaise with colleagues to confirm receipt of goods and check you know who you are corresponding with.

### Timesheet fraud

Confirm timesheets and claims prior to authorisation by liaising with colleagues who were physically present at the time of the shift and using local records and knowledge. A small investment of time here will ensure your budgets are not impacted by fraudulent claims when staffing levels are critical.

## Emerging risks

As the crisis develops new risks will present themselves and whilst it is not possible at the moment to fully gauge these, it would be worthwhile considering the impact they may pose:

### Furlough working

The government have committed to cover 80% of salaries so that companies do not need to make staff redundant during this period. Individuals are not permitted to undertake other work during this period, however it is not currently clear if overpayments as a result of staff who abuse this benefit could be recovered from the organisation.

### Remote working

It is likely workloads will reduce should remote working requirements exist for sometime. Organisations should ensure that staff are aware of what is expected of them, and identify additional work or projects that can be undertaken to keep staff occupied, with appropriate and regular management monitoring and oversight. Any future investigations of staff dishonestly failing to complete their working hours may be hampered were expectations not expressly communicated.



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# Cyber security risk

## Remote working and new challenges

Unfortunately in times of uncertainty criminals will try to exploit vulnerability and confusion. As such we are seeing increases in cyber crime particularly utilising common social engineering techniques such as phishing, whaling and ransomware.



### What is phishing?

Phishing is when multiple individuals are targeted by a single scam. Typically, a blanket email is sent in the hope that some will reply with sensitive information, transfer funds or open rogue links or attachments.



### What is whaling?

Whaling targets a small group of individuals, usually senior executives or individuals who can authorise funds transfer. Typically a hacker will pose as a senior official and request personal information, bank detail changes or a large funds transfer.



### What is ransomware?

Ransomware is when hackers gain unauthorised access to a network and system and take it over. They hold an organisation to ransom by blocking system access until a substantial payment is made.

### What challenges are organisations facing during Covid that make these threats more of a risk?

- Increased number of people are working from home and outside of normal working hours.
- Employees are using their own home IT infrastructure and in some cases personal email addresses.
- Employees could be printing and downloading commercially sensitive or personal data locally.
- Employees could be less vigilant and distracted given they are not in the office.
- Security on personal equipment and devices may not be as robust as office based infrastructures and networks.
- Cyber criminals are using Covid as a means of luring individuals into accessing sites and links.

### What safeguards can organisations put in place against cyber risk?

- Awareness and education is key – remind all users / employees of the IT security policy, what it covers and where to find it. This should include how to escalate concerns and incident reporting.
- Ensure all employees have completed the most up to date cyber awareness training. Run remote refresher training sessions.
- Consider running a covert phishing/whaling exercise whilst people are working at home to expose any weaknesses in controls and awareness.
- Ensure all employees are using corporate equipment (laptops, phones, etc) with latest patches and anti-virus updates applied.
- Reiterate that personal or commercially sensitive data should not be printed, downloaded or saved onto unencrypted removable media devices.

- If users find any corporate devices are running slower than normal or application systems not operating as normal they should inform IT immediately.
- Remind users not to open links or download apps onto corporate devices.
- Remind users that when they are on a video conference there is a possibility that someone could be recording the event.
- If employees are utilising home WIFI, ensure it is adequately secured and shipped passwords have been changed.
- Remind users that social media groups between employees should be used professionally as a record/log is maintained of the entire chat history.
- If a data breach is suspected inform IT immediately.

### For more information please contact:

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# RSM: HELPING OUR INTERNAL AUDIT CLIENTS ON THE ROAD TO RECOVERY

The spread of the COVID-19 coronavirus continues to dominate the news, with major implications for public health and the NHS. It is also causing economic disruption across the globe and turbulence on the markets. As you would expect we are monitoring developments closely for both our people's safety and our clients' understandable requirements for safe but effective ongoing service delivery as far as practicable. We have, as you expect, put in place sensible measures to ensure that not only is RSM Risk Assurance Services well prepared, but that we are agile and able to respond to changing work environments as our clients make the first early steps towards some form of recovery.

I wanted to reassure you that in respect of the spread of COVID-19 outbreak we are focused on three things:

- the health and welfare of our clients and staff;
- our ability to continue to support clients in all scenarios; and,
- of course, the delivery of our planned audit reviews and annual opinions.

I am therefore sharing with you some of the specific actions that we have taken and our proposed solutions as we move gradually from lockdown.

## The current position during lockdown

At RSM we have a robust approach to risk management, and operational effectiveness is integral to our business; so, we had been prepared for abnormal events for some time through a comprehensive Business Continuity Plan (BCP).

Our BCP identified the requirements that would be needed for each area of the business to function under a wide range of scenarios including natural disasters, acts of terrorism, data breaches, power and transport failures and major sickness outbreaks such as pandemics.

We have invested significantly in technology and infrastructure to ensure that our business is both robust and adaptable and is able to cope with significant and potentially disruptive events.

This planning and investment has meant that all RSM Risk Assurance Services staff can work from home and can remotely access our systems within a secure IT environment.

- All staff members are provided with laptops and internet connectivity via dongle, hotspot or home Wi-fi.
- We are able to direct work phone lines to employee mobile phones.
- We operate share file arrangements that allow the secure electronic sharing of our clients' data for audit purposes.

We have engaged with our internal audit clients and their changing assurance and advisory needs as a consequence of a significantly changed risk profile; and have been agile in flexing our audit plans and performing new audits to meet these changing client needs.

As a result, we have been able to provide a remote internal audit service to all of our internal audit clients that have requested internal audit assurance and advice since the commencement of the COVID-19 outbreak.

## Moving forwards towards recovery

We are aware that our clients are all facing very different challenges.

- Our clients in the NHS and emergency services have been at the forefront of the current battle against the virus and have continued to work on site.
- Some of our clients had largely ceased operations, eg construction and manufacturing, but under the latest Government guidance 'are allowed to be open and should be open'.
- Other clients have adopted remote home working but, in line with Government guidance will be gradually moving some or all of their operations back to the workplace. The education sector is a good example of this.

- 
- While for other clients, home working in varying degrees will continue into the medium term and even become part of the new 'business as usual'.

In considering how we respond to these varying challenges the health, safety and well-being of our staff and clients is of paramount importance to us.

We are therefore closely monitoring and implementing official guidelines from the Government and health organisations in respect of COVID-19. In particular, we are taking note of the new Government guidance (issued on 11 May) that the people who can work from home in England should continue to do so 'for the foreseeable future'. But the Government also says that those who cannot, should travel to work if it is open.

#### **Our response to this guidance is in line with Government policy.**

- Where we can perform the internal audit work remotely from home, we will continue to do so. For the many audits undertaken during lockdown this has already proven to be highly successful.
- We recognise that not all internal audit work can be performed remotely. In these cases where our clients are working on site we will, with the agreement of our client's, visit the client's site to perform those elements of our internal audit work that cannot be performed remotely. In doing this on-site work we will follow all Government guidance on social distancing and of course the health and safety processes put in place by our clients. This will include:
  - Only using staff that are from households that are not under-going any self-isolation or are subject to any shielding as they contain household members in the 'at risk categories'.
  - Avoiding the use of public transport for social distancing reasons.
  - To reduce the risk of infection we will minimise the on-site work to those elements of our work that require an on-site presence and will continue to use digital communication methods for as much of our work as possible
  - Regular use of hand sanitiser.
  - Use of face masks where required.

We believe that with caution and care we can start to undertake internal audit work that is not possible to be performed remotely through home working – for those of our clients who have remained at their workplace or are now starting to return. This will, we believe, help our clients through the recovery process by re-establishing some of their internal risk management and governance arrangements and help provide much needed assurance in this rapidly changing and challenging environment.

If you are scheduled to receive an audit review in the next eight weeks, we will be contacting you to discuss this in greater detail.

In the meantime, we want to reassure you that we are taking sensible precautions to minimise the potential impact of coronavirus on our clients, staff and operations while ensuring it is business as usual, as far as possible, during this busy period.

If you have any questions on this, please do not hesitate to ask your usual RSM contact.

## MINUTES OF AUDIT AND STANDARDS COMMITTEE MEETING HELD ON 5 DECEMBER 2019

Present: Councillors M Headley (Chair), K Choudhry, P Duckett, D Franks and J Gambold  
Mr J Atkinson, ACO G Chambers, SOC G Jeffery, Mr P Hughes and Mr M Dix  
Mrs S Rowlett, RSM

### 19-20/ASC/27 Apologies

- 27.1 Apologies for absence were received from Councillors Berry and Shingler.
- 27.2 The Committee was advised that Mr N Harris from Ernst & Young was unable to attend the meeting.

### 19-20/ASC/28 Declarations of Disclosable Pecuniary and Other Interests

- 28.1 There were no declarations of interest.

### 19-20/ASC/29 Communications

- 29.1 The Assistant Chief Officer advised that, following the conclusion of the external audit, the statement of accounts had been formally signed off on 20 November 2019. No amendments requiring reporting had been made. Given the significant delays experienced this year, the Service was liaising with Ernst & Young to schedule an early audit for 2019/20.
- 29.2 The Committee received a briefing entitled Trust in the Boardroom from RSM. Mrs Rowlett provided a summary of the briefing. This covered compliance, transparency, behaviour and skills and impact. The briefing also explained how to “future proof” governance arrangements.
- 29.3 In relation to the Nolan Principles, the Assistant Chief Officer highlighted that the Authority would be presented with a draft of the Community Risk Management Plan at its next meeting and that the Service was refreshing its values, with Members having an opportunity to comment on these.

### **RESOLVED:**

That the communication be received.

19-20/ASC/30 Minutes

**RESOLVED:**

That the Minutes of the meeting held on 15 October 2019 be confirmed and signed as a true record.

19-20/ASC/31 Public Participation

31.1 There were no members of the public present.

19-20/ASC/32 Internal Audit Progress Report

32.1 Mrs Rowlett of RSM presented a report on progress made against the internal audit plan for 2019/20. One audit report had been completed since the last meeting of the Committee. This was on ICT Cyber Security. There had been no changes in the audit plan and all audits would be progressing in accordance with the agreed schedule.

32.2 The audit of Cyber Security was discussed in private session following a resolution to pass Schedule 12a of Part 1 of the Local Government Act 1972.

**RESOLVED:**

That the report be received.

19-20/ASC/33 Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis

33.1 The Assistant Chief Officer provided Members with a summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Authority's current Annual Governance Statement, together with exception reports on actions currently in progress, progress to date on current action plans and proposals to extend the original timing for completion.

33.2 There were no extension requests to consider at the meeting.

33.3 Actions were still in progress in relation to the following audit areas: risk management (2), stock control (1), business continuity (2) and property- statutory compliance (2).

33.4 It was anticipated that the actions scheduled for completion in December 2019 would meet this target.



- 33.5 In relation to a question on solar panels, the Assistant Chief Officer reported that solar panels had previously been installed at Headquarters and at Bedford Community Fire Station. The installation of further panels had not been pursued as the panels had a significant payback period.
- 33.6 The Committee was advised that the Service was planning to refresh its environmental strategy and the installation of additional solar panels could be considered when the property asset management plan was submitted to Members for approval.

**RESOLVED:**

That progress made to date against action plans be acknowledged.

19-20/ASC/34 Annual Review of Effectiveness of the Internal Audit Arrangements

- 34.1 The Committee considered a report on the effectiveness of the Fire and Rescue Authority's Internal Audit arrangements. The original recommendation to review the effectiveness of both the internal and external auditors was suggested by the former Human Resources Policy and Challenge Group following national concerns about the top four auditing firms.
- 34.2 The first review of the effectiveness of the internal auditors had taken place in December 2018.
- 34.3 The review of the effectiveness of the Authority's external audit arrangements would take place at the Committee's next meeting.
- 34.4 As part of the review, RSM had submitted information including its conformance with the Institute of Informal Auditors (IIA) Standards and its Internal Audit Charter.
- 34.5 Mrs Rowlett advised that there had been no significant changes since the previous year's review. RSM was subject to an external quality assessment every five years and this was due to take place sometime in 2020/21. She assured Members that this would be submitted to the Committee as soon as it was available.

**RESOLVED:**

That the report be received and the effectiveness of the Fire and Rescue Authority's Internal Audit arrangements be confirmed.

19-20/ASC/35 Review of 'Monitored Policies'

- 35.1 The Committee received a report on the review of the policies on Protected Reporting (Whistleblowing), Anti-Fraud, Bribery and Corruption incorporating the National Fraud Initiative (NFI), Use of Regulation of Investigatory Powers Act 2000 (RIPA) and the Authority's Complaints and Compliments process.

35.2 The Assistant Chief Officer reported that there had not been any whistleblowing incidents, cases of suspected fraud or requests made for covert surveillance during the past year. There were no NFI cases to follow up.

35.3 The report also included as an appendix a summary of the compliments and complaints received during the year.

**RESOLVED:**

That the arrangements in place for the Protected Reporting (Whistleblowing) policy, the Anti-Fraud, Bribery and Corruption policy incorporating the National Fraud Initiative (NFI), Use of Regulation of Investigatory Powers Act 2000 (RIPA) and the Authority's Complaints and Compliments process and note arrangements for their review be acknowledged.

19-20/ASC/36 Report on Registration of Interests and Gifts/Hospitality

36.1 The Secretary and Monitoring Officer introduced the annual report on the registration of interests and gifts/hospitality by Members and Officers during the past year.

36.2 All Members had completed their register of interest forms which had been reviewed and published on the Service's website.

36.3 There had been four entries made into the gifts and hospitality register during the past year.

**RESOLVED:**

That the report be received.

19-20/ASC/37 Statement of Assurance

37.1 Strategic Operational Commander Jeffery submitted the Service's Annual Statement of Assurance for 2018/19 for approval. The publication of such a statement was a requirement of the Fire and Rescue National Framework.

37.2 The statement included detailed information on financial assurance, governance framework, operational assurance and future improvements.

37.3 It was suggested that the section on governance (section 3.4) could be strengthened by explaining why the Authority was trialling having only full Authority and Audit and Standards Committee meetings, with no Policy and Challenge Groups. Members expressed the view that this arrangement was being trialled to involve Members more widely of all areas of the Service and to streamline the democratic process.

- 37.4 Mrs Rowlett commented that even though reference was made to the internal arrangements in sections 3.2 and 3.6, the report did not include the internal audit opinion and suggested that it be included.
- 37.5 In response to a question about the drone, the Committee was advised that this was fully licensed and that the Service worked closely with the Police to ensure that the drone was used appropriately and effectively.
- 37.6 The Chair suggested that the bullet point referring to electronic membership applications on the Service website in section 6 should include the scheme the membership related to.

**RESOLVED:**

That the Chair of the Committee be authorised to sign off the Statement of Assurance for reporting to the full Fire and Rescue Authority Meeting, subject to the following changes being made: additional text being included to explain why the Authority is trialling operating without Policy and Challenge Groups, the inclusion of the Internal Audit opinion in the section covering internal audit and clarification of the bullet point in section 6 about membership in the Dementia Protocol.

19-20/ASC/38 Corporate Risk Register Progress Update

- 38.1 Strategic Operational Commander Jeffery submitted his report which provided an update on the progress made in reviewing the Service's Corporate Risk Register.
- 38.2 Since the last meeting of the Committee, all risks had been reviewed by the Service's Corporate Management Team and risk owners. The risk owners had been updated to reflect the recent restructure and the layout of the risk register had been amended.
- 38.3 An example of how the updated register would look was attached as an appendix to the report. The headings had been amended to set out the inherent, residual and target risk levels and details about all actions being taken to mitigate against the risk were now being included in the register submitted to Members.
- 38.4 The updated risk register would be subject to a thorough review by the Corporate Management Team and considered at a workshop in January 2020 before being resubmitted to the Committee at its meeting on 26 March 2020. It would also be informed by the initial outcomes of an internal audit scheduled for March 2020.

**RESOLVED:**

That the continuing development of the Service's Corporate Risk Register be acknowledged.

19-20/ASC/39 Review of Work Programme 2019/20

39.1 The Committee considered its updated work programme for 2019/20.

39.2 Mrs Rowlett advised that the Internal Audit Strategy would cover the period 2020/21 to 2022/23.

**RESOLVED:**

That the Committee's Work Programme for 2019/20 be received.

The meeting ended at 11.01 am

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

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For Publication

Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
2 July 2010

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**REPORT AUTHOR:** ASSISTANT CHIEF OFFICER/TREASURER

**SUBJECT:** AUDIT PLAN AND EXTERNAL AUDIT RESULTS REPORT 2019/20

---

For further information on this report contact: Nicky Upton  
Service Assurance Manager  
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.*

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**PURPOSE:**

1. To receive and consider the Audit Plan 2019/20
2. To receive and consider the external Audit Results Report from Ernst & Young, including any outstanding matters.

**RECOMMENDATION:**


1. Members consider the Audit Plan for 2019/20
  2. Members consider the submitted external Audit Results Report for 2019/20.
- 

1. Introduction

- 1.1 The 2019/20 external Audit Plan provided by Ernst & Young for the Fire and Rescue Authority is appended for Members' consideration.
- 1.2 The submitted Audit Results Report summarises work Ernst and Young have undertaken since their appointment as external auditor to the year ending 31 March 2020.

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





Bedfordshire Fire  
and Rescue  
Authority  
Provisional Audit  
planning report  
Year ended 31 March 2020  
March 2020



Private and Confidential

March 2020

Audit and Standards Committee  
Southfield Road  
Kempston  
Bedfordshire  
MK42 7NR

Dear Audit and Standards Committee Members

Provisional Audit planning report

We are pleased to attach our Provisional Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit and Standards Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority, and outlines our planned audit strategy in response to those risks. We will update the Audit and Standards Committee if our assessment changes during the course of the audit.

This report is intended solely for the information and use of the Audit and Standards Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 26 March 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Neil Harris

For and on behalf of Ernst & Young LLP

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Appendices



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

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

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



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01

# Overview of our 2019/20 audit strategy



# Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Standards Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	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.
Valuation of land and buildings	Inherent risk	No change in risk or focus	Property, Plant and Equipment (PPE) represents significant balances in the Authority's accounts and is 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 assets may be under/overstated or the associated accounting entries incorrectly posted.
Pension liability valuation	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding the Fire Fighters Pension Scheme and the Local Government Pension Scheme (LGPS).</p> <p>The Authority's deficits under both schemes are disclosed on a combined basis on the Authority's balance sheet. The total value was £373 million as at 31 March 2019 and represents a material and sensitive balance.</p> <p>The information disclosed is based on the IAS 19 reports issued to the Authority by the Actuaries for both schemes. Accounting for these schemes involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a inherent risk</p>

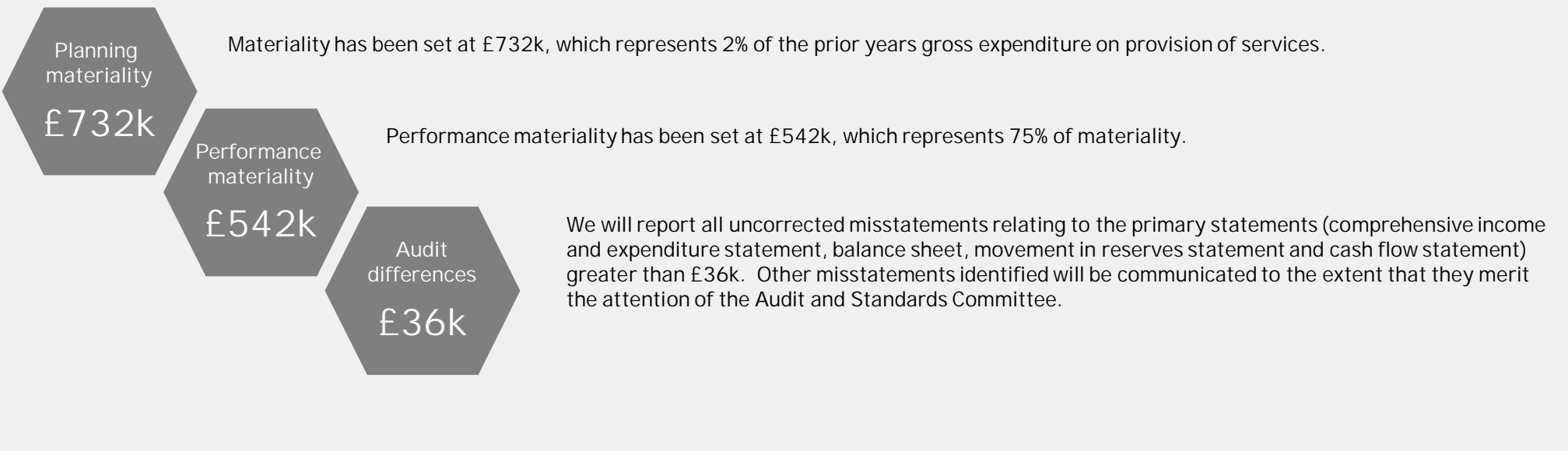
## Overview of our 2019/20 audit strategy

### Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Going Concern: Compliance with ISA 570	other	New risk for 2019/20	The revised standard increases the work we are required to perform when assessing whether the Authority is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Audit and Standards Committee.
IFRS 16 - readiness assessment	Other	New risk for 2019/20	Although the new standard will not be included in the CIPFA Code of Practice until 2020/21, work will be necessary to secure information required to enable authorities to fully assess their leasing position and ensure compliance with the standard from 1 April 2020.

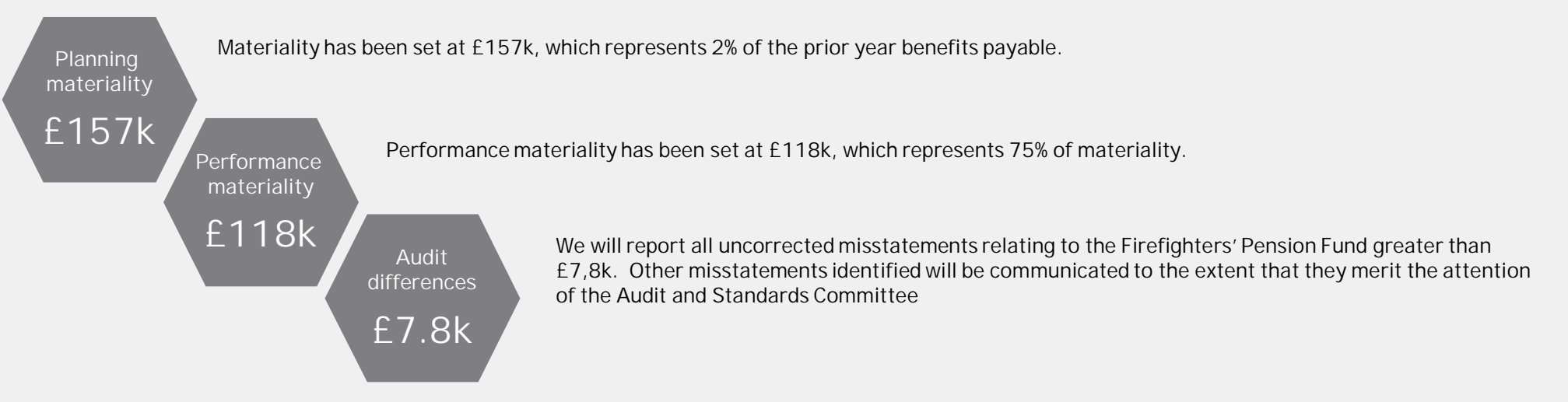
# Overview of our 2019/20 audit strategy

## Materiality – Bedfordshire Fire and Rescue Authority



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## Materiality – Firefighter's Pension Fund



# Overview of our 2019/20 audit strategy

## Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Bedfordshire Fire and Rescue Authority give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Bedfordshire Fire and Rescue Authority's audit, we will discuss these with management as to the impact on the scale fee.





# 02 Audit risks



## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error \*

### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 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 otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

### What will we do?

- Identifying fraud risks during the planning stages.
- 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 over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.

## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

### What is the risk/area of focus?

#### Valuation of Land and Buildings

The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

#### Pension Liability Valuation

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 administered by Bedford BC.

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.

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.

### What will we do?

In 2019/20 the Authority commissioned a full revaluation of its land and building by NPS

We will:

- Consider the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Consider changes to useful economic lives as a result of the most recent valuation; and
- Test accounting entries have been correctly processed in the financial statements.

We will:

- Liaise 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;
- Assess the work of the LGPS pension fund actuary and the Firefighters pension fund actuary (Government Actuary's Department) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

### What is the risk/area of focus?

#### Going Concern Compliance with ISA 570

This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for Bedfordshire Fire and Rescue Authority will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether Bedfordshire Fire and Rescue Authority is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Audit and Standards Committee.

The CIPFA Guidance Notes for Practitioners 2019/20 accounts states 'The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.'

'If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.'

### What will we do?

The revised standard requires:

- auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Authority obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- improved transparency with a new reporting requirement for public interest entities, listed and large private companies to provide a clear, positive conclusion on whether management's assessment is appropriate, and to set out the work we have done in this respect. Whilst Authority is not one of the three entity types listed, we will ensure compliance with any updated reporting requirements;
- a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

The revised standard extends requirements to report to regulators where we have concerns about going concern.

We will discuss the detailed implications of the new standard with finance staff during 2019/20 ahead of its application for 2020/21.

## Other areas of audit focus

### What is the risk/area of focus?

#### IFRS16 – leases

IFRS 16 Leases was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as “pay as you go” arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21. This Code has yet to be published, but in July 2019 CIPFA/LASAAC issued ‘IFRS 16 leases and early guide for practitioners’.

This early guidance provides comprehensive coverage of the requirements of the forthcoming provisions, including:

- the identification of leases
- the recognition of right-of-use assets and liabilities and their subsequent measurement
- treatment of gains and losses
- derecognition and presentation and disclosure in the financial statements,
- the management of leases within the Prudential Framework.

The guidance also covers the transitional arrangements for moving to these new requirements, such as:

- the recognition of right-of-use assets and liabilities for leases previously accounted for as operating leases by lessees
- the mechanics of making the transition in the 2020/21 financial statements (including the application of transitional provisions and the preparation of relevant disclosure notes).

### What will we do?

IFRS 16 – leases introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases.

The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet.

Although the new standard will not be included in the CIPFA Code of Practice until 2020/21, work will be necessary to secure information required to enable authorities to fully assess their leasing position and ensure compliance with the standard from 1 April 2020.

In particular, full compliance with the revised standard for 2020/21 is likely to require a detailed review of existing lease and other contract documentation prior to 1 April 2020 in order to identify:

- all leases which need to be accounted for
- the costs and lease term which apply to the lease
- the value of the asset and liability to be recognised as at 1 April 2020 where a lease has previously been accounted for as an operating lease.

We will discuss progress made in preparing for the implementation of IFRS 16 – leases with the finance team over the course of our 2019/20 audit.



03

# Value for Money Risks





## Background

We are required to consider whether Bedfordshire Fire and Rescue 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 2019/20 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.

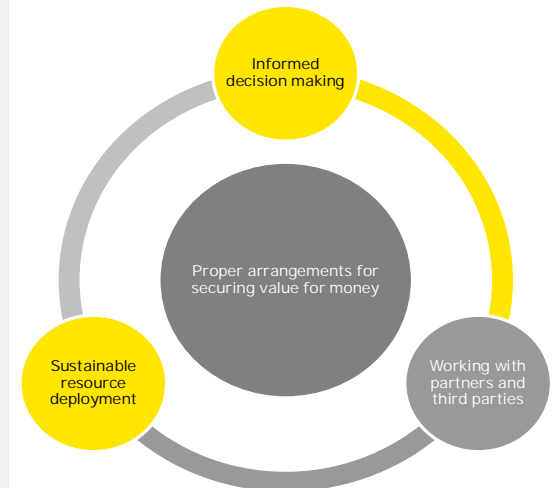
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2019/20 this has included consideration of the steps taken by Bedfordshire Fire and Rescue Authority to consider the impact of Brexit on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that Authority will be carrying out scenario planning and that Brexit and its impact will feature on operational risk registers.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of no significant risks at our provisional planning stage. We will update our assessment of the Authority's financial resilience during the course of the audit and revisit our risk assessment and audit procedures where appropriate.





04

# Audit materiality





# Materiality

## Materiality

For planning purposes, materiality for 2019/20 has been set at £723k and £157k for the pension fund. This represents 2% of the Authority's prior year gross expenditure on provision of services and benefit's payable respectively. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.

Main statements:



Firefighter's pension fund:



We request that the Audit and Standards Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

## Key definitions

**Planning materiality** – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £542k for the main statements and £117k for the Firefighter's pension which represents 75% of materiality. We apply 75% when it is not an initial audit and we have a sound understanding of the entity and past experience with the engagement indicates that a higher risk of misstatement is unlikely.

**Audit difference threshold** – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

**Other uncorrected misstatements**, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Standards Committee, or are important from a qualitative perspective.

**Specific materiality** – We have set a materiality of £1k for remuneration disclosures, related party transactions, members' allowances and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



05

# Scope of our audit



# Our Audit Process and Strategy

## Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

### 1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

#### Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

#### Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

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.

## Our Audit Process and Strategy (continued)

### Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2019/20 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Standards Committee.

Internal audit:

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



06

Audit team



## Audit team and Use of specialists

### Audit team

The core audit team is led by Neil Harris as Associate Partner with support from Rama Karia, Senior and Amor Reina Gomez Lead Senior.

### Use of specialist

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	NPS (Bedfordshire Fire and Rescue Authority's property valuer), EY Estates (EY specialist) where we believe it is appropriate to do so.
Pensions disclosure	Barnett Waddingham (LGPS) and Government Actuary's Department (GAD) for FFPS (Pension Funds Actuary), EY Pensions Advisory and PwC (Consulting Actuary to the National Audit Office)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



# 07 Audit timeline





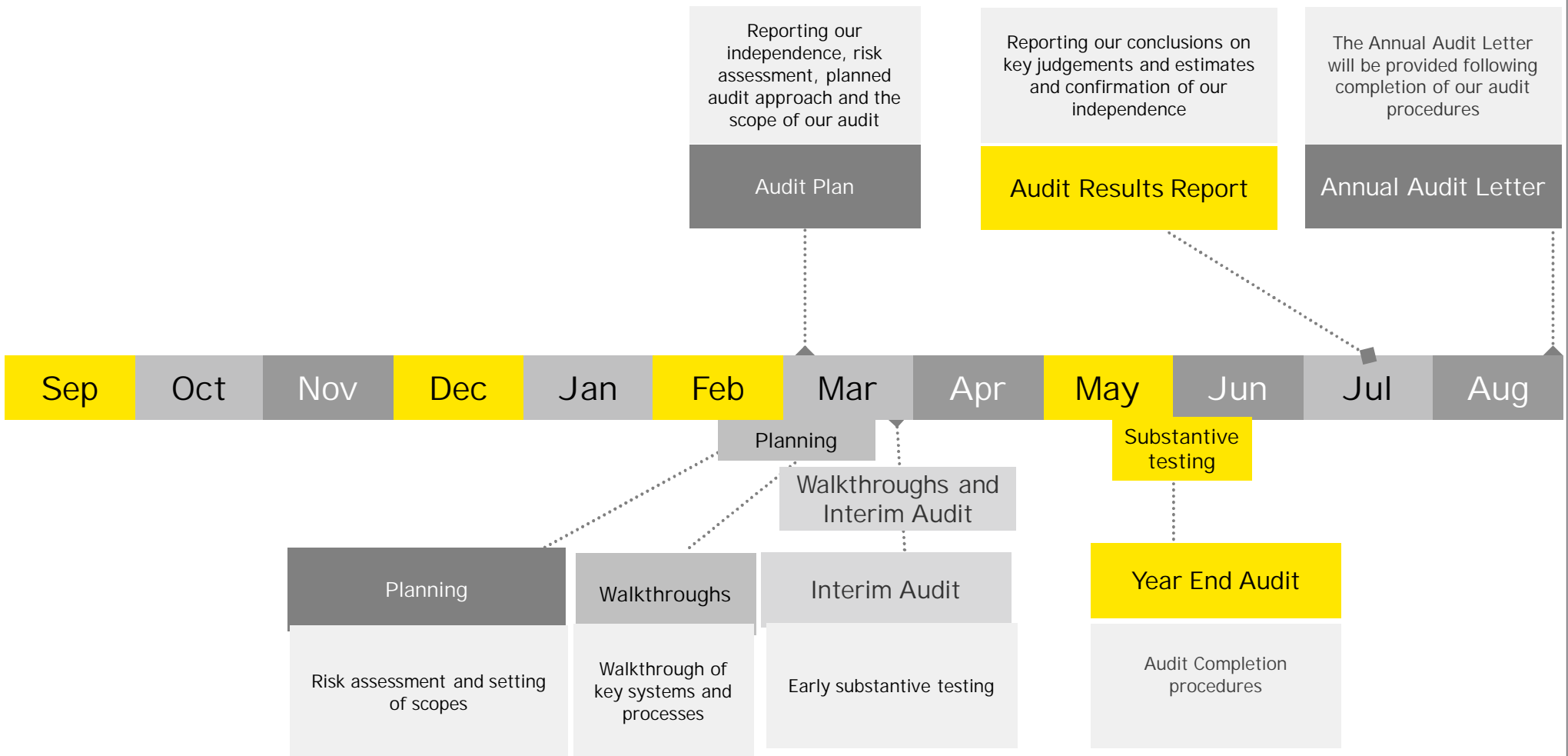
# Audit timeline

## Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2019/20.

From time to time matters may arise that require immediate communication with the Audit and Standards Committee and we will discuss them with the Audit and Standards Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.







08

Independence



## Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

### Required communications

#### Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.
- ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation]

#### Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Written confirmation that all covered persons are independent;
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Neil Harris, your audit engagement partner and the audit engagement team have not been compromised.

### Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is nil. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

### Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

## Relationships, services and related threats and safeguards

### Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

## New UK Independence Standards

The Financial Reporting Authority (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

### Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
  - Tax advocacy services
  - Remuneration advisory services
  - Internal audit services
  - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit and Standards Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

### Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

## Other communications

### EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2019:

[https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf)



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09

Appendices



## Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Scale fee 2019/20	Final Fee 2018/19
	£	£
Total Fee - Code work	23,271 (Note 2)	54,210 (Note 1)
<b>Total fees</b>	<b>TBA</b>	<b>54,210</b>

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Authority; and
- The Authority has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Note 1: The 2018/19 Code work includes an additional fee of £30,939, which relates to additional specialist work reviewing the assumptions for the McCloud Ruling of £4,093 and our review of the legality and decision making for the Chief Fire Officers pensionable benefit of £26,846. We agreed the variation with officers and the PSAA.

Note 2: For 2019/20, the scale fee will be impacted by a range of factors (see following page) which will result in additional work. The issues we have identified at the planning stage which will impact on the fee. We will continue to discuss the impact of these factors with management and the impact on the final fee.



# Fees

We do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity.

## Summary of key factors

1. Status of sector. Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
  - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit.
2. Audit of estimates. There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
  - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. Regulatory environment. Other pressures come from the changing regulatory landscape and audit market dynamics:
  - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
  - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.

## Fees

### Summary of key factors (cont'd)

4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
  - We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
  - We acknowledge that local authorities are also facing challenges to recruit and retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis.

### Next steps

- In light of recent communication from PSAA, we will need to quantify the impact of the above to be able to accurately re-assess what the baseline fee is for the Council should be in the current environment. Once this is done we will be able to discuss at a more detailed level with you.




## Appendix B

# Required communications with the Audit and Standards Committee

We have detailed the communications that we must provide to the Audit and Standards Committee.





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	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
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 2020
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report – July 2020

## Required communications with the Audit and Standards Committee (continued)






Our Reporting to you

Required communications	 What is reported?	 When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report – July 2020
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Corrected misstatements that are significant</li> <li>• Material misstatements corrected by management</li> </ul>	Audit results report – July 2020
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the Audit and Standards Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• A discussion of any other matters related to fraud</li> </ul>	Audit results report – July 2020
Related parties	<ul style="list-style-type: none"> <li>• Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report – July 2020

## Appendix B

# Required communications with the Audit and Standards Committee (continued)



### Our Reporting to you

Required communications	 What is reported?	  When and where
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"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Audit planning report – March 2020</p> <p>Audit results report – July 2020</p>
External confirmations	<ul style="list-style-type: none"> <li>• Management's refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	<p>Audit results report – July 2020</p>
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>• 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</li> </ul>	<p>Audit results report – July 2020</p>
Internal controls	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit</li> </ul>	<p>Audit results report – July 2020</p>

## Appendix B

# Required communications with the Audit and Standards Committee (continued)

### Our Reporting to you

Required communications	 What is reported?	 When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report – July 2020
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report – July 2020
Auditors report	<ul style="list-style-type: none"> <li>Any circumstances identified that affect the form and content of our auditor’s report</li> </ul>	Audit results report – July 2020
Fee Reporting	<ul style="list-style-type: none"> <li>Breakdown of fee information when the audit plan is agreed</li> <li>Breakdown of fee information at the completion of the audit</li> <li>Any non-audit work</li> </ul>	Audit planning report – March 2020 Audit results report – July 2020

## Additional audit information

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit and Standards Committee reporting appropriately addresses matters communicated by us to the Audit and Standards Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

## Additional audit information (continued)

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the Group financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.



# Bedfordshire Fire and Rescue Authority

Provisional Audit results report

Year ended 31 March 2020

26 June 2020



Building a better  
working world



Private and Confidential  
Dear Audit and Standards Committee Members

26<sup>th</sup> June 2020

Please find attached our provisional audit results report for the forthcoming meeting of the Audit and Standards Committee. This report summarises our current audit status and also addresses the changes in audit risks as a result of the Covid-19 pandemic in relation to the audit of Bedfordshire Fire & Rescue Authority for the 2019/20 financial year. This follows our audit planning report in March 2020 which is also included in the agenda papers for this meeting.

The planning of our audit strategy and risk assessment was completed prior to the unprecedented events of the Covid-19 outbreak and social distancing measures introduced in the United Kingdom from the end of March 2020. We have revisited and adapted our audit approach and working practices to take account of the implications and risks from Covid-19, as we see them, for the preparers of financial statements and auditors for Fire and Rescue Authorities. In recognition of the unprecedented circumstances with Covid-19 for preparers of financial statements and external auditors, MHCLG have provided flexibility to Fire and Rescue bodies on the timetable for the preparation of draft accounts (by the end of August 2020), the public inspection period ( by September 2020) and the target date for publication of audited financial statements (by end of November 2020). It is a credit to the Fire and Rescue Authority that we received a unaudited set of financial statements before the end of May 2020 and have been able to make progress on our external audit since.

Since the considering the implications of Covid-19 on the Authority's financial reporting and financial viability, we are undertaking additional audit procedures in relation to the valuation of Property, Plant & Equipment and our assessment of management's assertions and disclosures associated with preparing the accounts as a going concern in accordance with the Financial Reporting Council's Statement of Recommended Practice Note 10 for audit of public sector bodies in the United Kingdom.

At our meeting on the 2 July 2020, we will provide an update on the current status of our audit, outstanding matters and agree with management and this committee the governance procedures required to consider our final audit results report, proposed audit opinion, schedule of adjustments and unadjusted items, management representations and the authorisation of the 2019/2020 audited financial statements for publication.

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. At our meeting on the 2 July 2020, we will provide an update on the current status of our audit, outstanding matters and agree with management and this committee the governance procedures required prior to the 2019/2020 financial statements being authorized for issue

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 Committee meeting on 2 July 2020.

Yours faithfully

Neil Harris, Associate Partner, For and on behalf of Ernst & Young LLP



# 01 Executive Summary

### Scope update

In our audit planning report prepared for the Audit and Standards Committee meeting (included with this paper), we provided you with an overview of our audit scope and approach for the audit of the financial statements and Value for Money Conclusion. We are undertaking our audit in accordance with this plan, with the following exceptions noted below.

#### Changes in Materiality

- We updated our planning materiality assessment using the draft 2019-2020 accounts. Our materiality measure was in relation to gross expenditure on provision of services. We have updated our overall materiality assessment to £733k (Audit Planning Report – £732k). This results in updated performance materiality, at 75% of overall materiality, of £549k (£542k), and an updated threshold for reporting misstatements of £37k (£36k).
- We also updated our materiality in respect of the Firefighters' Pension Fund Accounts. Based on our materiality measure using Benefits Payable, we have updated our overall materiality assessment to £168k (Audit Planning Report – £157k). This results in updated performance materiality, at 75% of overall materiality, of £126k (£118k), and an updated threshold for reporting misstatements of £8.4k (£7.8k).

#### Impact of Covid-19 on the audit

- We have considered those elements of the financial statements and accounting judgements made by management which may be impacted by Covid-19. Specifically we have identified further risks in relation to the following areas:
  - Going Concern – There is a higher risk in relation to the uncertainty over the form and extent of future government support which may affect the going concern basis.
  - Valuation of Property, Plant & Equipment – There may be a significant impact on the estimations and assumptions applied to asset valuations, especially in circumstances where a 'material uncertainty' has been reported within the valuation reports. We have also increased our audit risk to significant because the Authority has brought forward its full valuation to the 2019-2020 financial year. We have engaged our real estates specialists to review NPSs methodology and assumptions supporting the valuations. This includes reviewing the valuation assumptions for a representative sample of seven properties.

#### Working practices and audit timeline

The disruption caused by Covid-19 had a limited impact on management's ability to produce the financial statements by the commencement of the audit. We did experience a one week delay at the commencement of the audit in obtaining reconciled data analytics to enable us to select samples for our substantive audit testing. This has been resolved though during the course of the audit. For a brief period, this did impact our ability to complete the audit to the original planned timetable of this meeting but this position needs to be put into context that the Fire Authority audit is one of the first ones to be scheduled in the programme of audits for the 2019-2020 financial year, and significantly ahead of MHCLG reporting timetables this year. Due to the introduction of social distancing measures, we have expected that it may, for example, be more difficult than usual to access the supporting documentation necessary to support our audit procedures. There will also be additional audit procedures we have to perform to respond to the additional risks caused by the factors noted in the following slides. In addition we have also noted the following changes as a result of Covid-19 which have impacted the accounts timetable:

- MHCLG have changed the financial reporting dates for local authorities in light of Covid-19. The Authority is now required to publish its draft statements by the 31 August (from 31 May) and publish audited accounts (where they have been audited) by 30 November (from 31 July).
- Auditor's report - Following the introduction of social distancing measures, all audit firms implemented a moratorium on the majority of their auditor reports. Whilst the moratorium was lifted in mid-April, because of the ongoing uncertainty Covid-19 presents to the material accuracy of financial statements, the firm (in common with other firms) has introduced a rigorous consultation process for all proposed auditor reports, in particular disclosures associated with going concerns and events after the reporting period.

# Executive Summary

## Impact on the audit of COVID-19

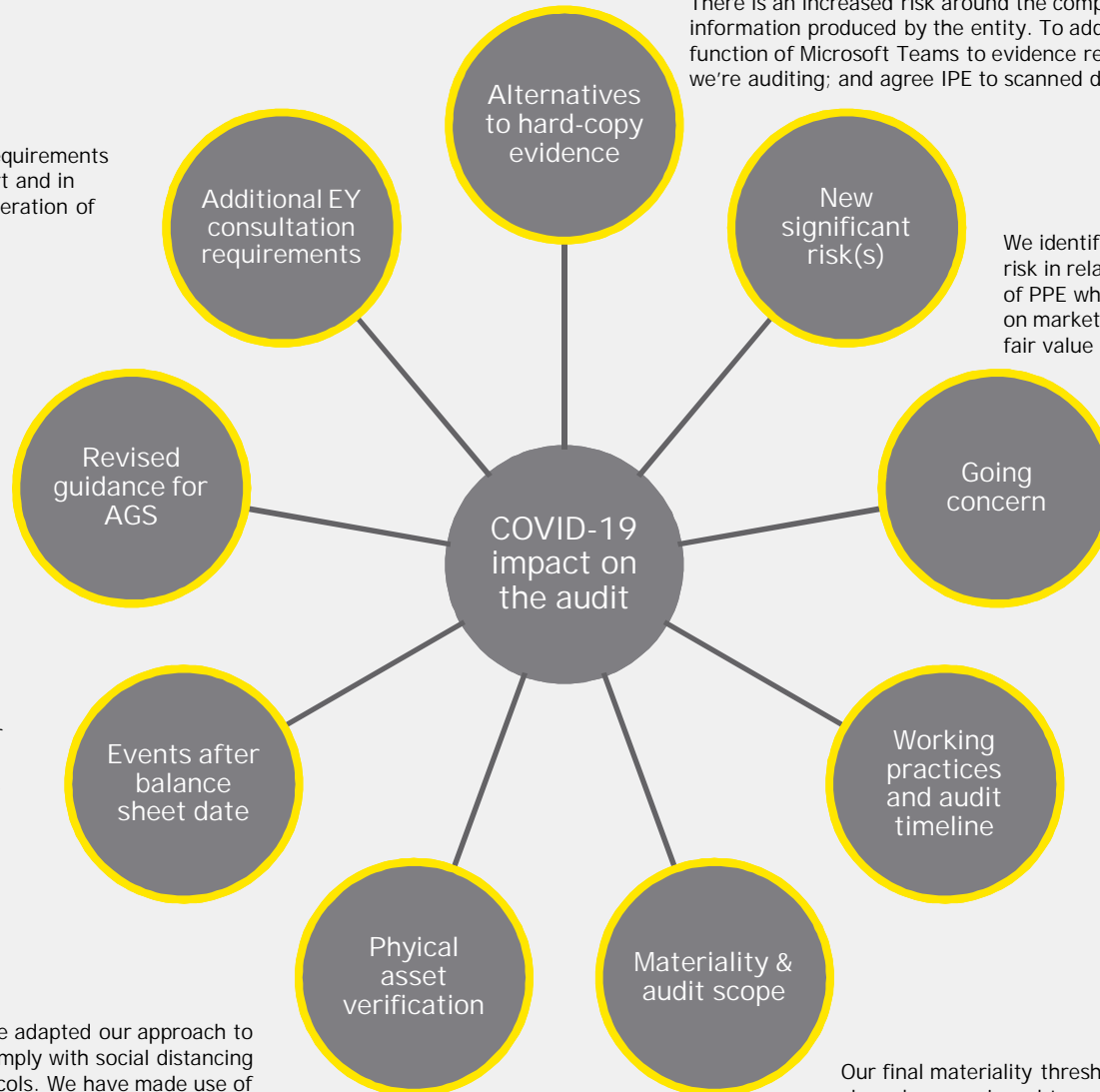
The COVID-19 pandemic has had a significant impact on the business and our audit procedures have addressed the increased risks and issues which have emerged as a result in the following areas:

We will comply with internal EY consultation requirements relating to any modifications to the audit report and in particular in relation to the adequacy of consideration of going concern assessment and disclosures.

We will review these documents to confirm compliance with revised AGS disclosure requirements.

We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needs to reflect the specific circumstances of the Authority.

We adapted our approach to comply with social distancing protocols. We have made use of alternative procedures such as photographs of assets and use of Google Maps.



There is an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity. To address this risk we will use the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we're auditing; and agree IPE to scanned document or other system screenshots.

We identified a new significant risk in relation to the valuation of PPE which are valued based on market conditions, such as fair value or EUV.

Going concern was an area of increased audit focus this year and was noted as planning as a higher risk for compliance with ISA 570

Reporting announcement date deferred to ensure adequate time for the Authority to properly consider the new disclosures relating to COVID-19 and also to enable sufficient time for auditor to perform additional procedures and complete documentation of work before sign off of opinion.

Our final materiality thresholds have been reviewed to ensure these still remain appropriate



## Areas of Audit Focus – changes since our audit planning report (March 2020)

### Going concern

Going concern disclosures (higher inherent risk)

#### What is the risk?

Covid-19 has created a number of financial pressures throughout public sector bodies. It is creating financial stress through a combination of increasing service demand leading to increased expenditure in specific services, and reductions in income sources. There is currently not a clear statement of financial support from MHCLG that covers all financial consequences of Covid-19. This results in significant judgement to conclude whether events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern. This judgement will determine the appropriate disclosures to be made in the financial statements, which will be reflected in the audit report.

#### What is the risk/area of focus?

There have been a number of media stories in both the national press and trade publications raising the possibilities of an increase in Chief Financial Officers using their s114 powers. This could be under s114(3), insufficient resources to fund likely expenditure.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 states that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

The auditor's report in respect of going concern covers a 12-month period from the date of the report, therefore the Authority's assessment will also need to cover this period.



## Areas of Audit Focus

### Going concern (continued)

#### What will we do?

In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of future government support, we will be seeking a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure.

We will review your going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We will consider whether you have included necessary disclosures regarding any material uncertainties that do exist.

We will consider whether these disclosures also include details of the process that has been undertaken for revising financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions including but not restricted to the use of reserves, and key assumptions (e.g. assumed duration of Covid-19).

Our audit procedures to review these will include consideration of:

- Current and developing environment;
- Liquidity (operational and funding);
- Mitigating factors;
- Management information and forecasting;
- Sensitivities and stress testing; and
- Challenge of management's assessment, by thorough testing of the supporting evidence and consideration of the risk of management bias



# Areas of Audit Focus – changes since our audit planning report in March 2020

## Property, Plant & Equipment (Valuation) – New Significant Risk

Significant Risk: (change to previous inherent risk)

Valuation of property plant and equipment (PPE) assets valued at fair value or EUV

### What is the risk?

The value of property, plant and equipment represent significant balances in the Authority's accounts and are subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

### What is the risk/area of focus?

the value of property, plant and equipment was £38,923k.

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

Following the Covid-19 outbreak in March 2020, there is potential for significant impact on the estimations and assumptions applied to asset valuations with qualified valuers reporting 'material uncertainty' within valuation reports.

This impacts, in particular, on PPE valued at fair value due to the uncertainty over the future of rental income and predicted yields.

In addition, the Authority has brought forward its full valuation of assets to the 2019-2020 financial year, which is being undertaken by Norfolk Property Services (NPS) group. A full valuation can increase the risk of material misstatements from any changes to estimation techniques, judgements and assumptions.

### What will we do?

Our approach will focus on:

- ▶ Considering the work performed by the valuer (NPS) over the Authority's assets, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample testing key asset information used by the valuer in performing their valuation, and agreeing this to what has been recorded in the fixed asset register and general ledger;
- ▶ Considering if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; and
- ▶ Testing accounting entries have been correctly processed in the financial statements.

Additional procedures in response to our risk due to Covid-19 and full valuation of assets by NPS group:

We are completed our work in the following areas:

- Review the Authority's assessment of valuations carried out to assess the material accuracy of the values reported as at the 31/03/2020;
- Assessing the Authority's asset base by type of asset and valuation methodology, as the impact of Covid-19 on valuations is likely to be more significant for assets valued at fair value on the basis of data from market transactions;
- Ensure the appropriate disclosure has been made in the accounts concerning any material uncertainty relating to year end valuations;
- Consider and address the comments in EY Real Estates review of asset valuation methodologies adopted by NPS group; and
- Considering the results of our EY Real Estates team review a representative sample of seven properties and if we need to gain additional assurance over these balances.





# Changes since our audit planning report in March 2020 – impact of COVID-19

## Impact of COVID-19 on other audit areas

The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. Understandably, the priority for the Authority to date has been to ensure the safety of staff and the delivery of business critical activities, including mutual aid to other essential public services. However, the financial statements will need to reflect the impact of Covid-19 on the Authority's financial position and performance. Due to the significant uncertainty about the duration and extent of disruption, at this stage we have not identified specific risks related to Covid-19, but wish to highlight the wide range of ways in which it could impact the financial statements. These may include, but not be limited to:

Area	Impact
Revenue recognition and impairment of receivables.	There may be an impact on income collection (council tax and business rates) if businesses and residents are unable to work and earn income due to the lockdown and restriction of movement due to Covid-19. There may also be an increase in amounts written off as irrecoverable and impairment of year-end balances due to the increased number of businesses and residents unable to meet their financial obligations.
Tangible asset valuations	There may be impairment of tangible assets such as land and buildings if future service potential is reduced by the economic impact of the virus. The Authority may also have already incurred capital costs on projects where the economic case has fundamentally changed.
Holiday and sickness pay	The change in working patterns may result in year-end staff pay accruals which are noticeably different to prior years.
Government support	Any Covid-19 specific government support is likely to be a new transaction stream and may require development of new accounting policies and treatments.
Pension liability valuation	An additional consideration in 2019/20 will be the impact of Covid-19 on the valuation of complex (Level 3) investments held by Bedfordshire Pension Fund (for example private equity investments) where valuations as at 31 March 2020 will have to be estimated. This is likely to impact on the IAS19 reports provided by the actuary and the assurances over asset values that are provided by the pension fund auditor, and consequently the assurance we are able to obtain over the net pension liability in the Authority's accounts. Depending on the level and type of Level 3 investments held, we may need to undertake additional procedures to support the estimates of the valuation of these asset as at 31 March 2020. Our work on the Bedfordshire Pension Fund is ongoing at the date of this meeting. We will also need to consider the outcome of the assurances we receive from the Pension Fund auditor and undertake additional procedures as required. In addition, every three years, a formal valuation of the whole fund is carried out in accordance with the LGPS Regulations 2013 to assess and examine the ongoing financial position of the fund. The IAS19 report for 2019/20 will reflect the updated membership numbers provided for this triennial valuation. We will therefore need to seek additional assurances from the Pension Fund auditor over this data.
Annual Governance Statement	The widespread use of home working is likely to change the way internal controls operate. The Annual Governance Statement will need to capture how the control environment has changed during the period and what steps were taken to maintain a robust control environment during the disruption. This will also need to be considered in the context of internal audit's ability to issue their Head of Internal Audit opinion for the year, depending on the ability to complete the remainder of the internal audit programme.



# Status of the audit as at 26<sup>th</sup> June 2020

## Status of the audit

### Overview of progress as at 26<sup>th</sup> June 2020

We commenced our audit of the Authority's 2019-2020 financial statements at the end of May 2020. At the date of this meeting, we have made good progress on several areas of our audit and the performance of audit procedures outlined in our Audit planning report and this addendum. We will provide a verbal update on the latest position at the date of this meeting. The Authority is very well placed to meet the extended timetables for the publication of audited 2019-2020 financial statements at the end of November 2020. We do recognise the steps the Authority took to prepare an unaudited set of financial statements before the end of May 2020.

We would like to thank the finance team at the Authority for the cooperation and assistance we have received during the course of the audit. It is fair to say that the external audit of the Authority's 2019-2020 accounts has taken a longer than all parties originally expected. There are several factors that have led to this, including:

- Additional procedures and enquiries required as a result of Covid-19 which remain ongoing at the date of this meeting. This report summarises why this is the case, which impacts specifically with our work on valuations, the nature, timing and extent of pension fund assurances, review and consultation processes associated with disclosures on any material uncertainties disclosed with valuations, documented basis for going concern and events after the reporting period.
- A one week delay in receiving completed analytics so that we can select samples for substantive testing at the very start of our year-end audit. This is said in the context that the Authority did ensure analytics data was provided to the audit team before the end of May 2020.
- A more protracted process on both sides in agreeing expectations on the level of information and supporting evidence required for audit. It is difficult to say whether the impact of social distancing measures has contributed to this but there has not been as frequent discussions on both sides that could have resolved queries and expectations more efficiently.
- Whilst we have provided sufficient and appropriate audit resources relative to the risk profile of the Authority, we do recognise that there have been changes in team members (new Audit Manager and new Audit Senior) compared to the prior year audit which has required additional time on familiarity and coaching, exacerbated by the impact of remote working. We also are cognisant of the resource constraints that the Authority has as it continues to respond to business critical priorities and mutual aid to other public sector partners.
- This will be first year that the Authority, with the support of your valuer, have been responding to questions and queries arising from a specialist review in to the Authority's valuation of property, plant and equipment. We have triggered a specialist review because of the full valuation of assets this year. We are still in the process of resolving ongoing questions and queries on the valuer's methodology to support depreciation values (based on the age of buildings) and land values (relative to the economic area in which the assets sit). To date, this is the most significant matter to resolve prior to completing our audit and our proposed audit opinion.

Because of these factors, we will not be in a position of completing our external audit by the time of the Authority meeting on the 2<sup>nd</sup> July 2020 but wish to reiterate the relatively positive position the Authority is in at this point. To date, we have no significant agreed adjustments or unadjusted items to bring to your attention. We are working with the Authority's finance team and your valuers to resolve outstanding queries, matters arising and remaining audit procedures during the course of July 2020. To continue to safeguard our audit quality, we continue to have secured the appropriate level of resources, including specialist time, to complete our audit procedures, and to enable the remaining review and consultation procedures to be completed by the Engagement Lead and Audit Manager.

We recommend the Audit and Standards Committee at its meeting on the 2<sup>nd</sup> July 2020 agree the governance procedures necessary to receive our final audit results report, schedule of agreed adjustments, unadjusted items, management representations, our proposed audit opinion and the final audited financial statements to approve publication.

# Status of the audit as at 26<sup>th</sup> June 2020

## Status of the audit

Summary of outstanding audit procedures as at 26<sup>th</sup> June 2020. We are aware that by the time this report is circulated, the Authority's finance staff intend to respond to as many of the list of outstanding audit requests. We will need to consider those responses. Subject to our review of the Authority's responses to our ongoing audit queries, we anticipate that by the time of the Committee meeting on 2<sup>nd</sup> July 2020, the substantive areas that will be outstanding are a) PPE valuations; b) Pension Fund assurances and IAS19 audit procedures; and c) Review and completion of audit procedures on updated Covid-19 disclosures.

- Receipt of outstanding working papers and/or revised statements and disclosures, and thereafter the completion of audit procedures. These include the Movement in Reserves (MiRS), Note 2. Adjustments between accounting basis and funding basis under regulations, Cash Flow Statement, and Collection Fund.
- Completion of Income and expenditure testing – Proof of payment for the remaining sample selected has been requested from the Authority to enable us to complete our audit procedures.
- Employee costs – We need to update our interim work for the year-end testing of starters/leavers.
- IAS19 procedures on the pension disclosures – We need to receive and consider the following:
  - Response from the Bedfordshire Pension Fund auditor whose audits are currently underway.
  - EY review of the PWC report on the actuary.
- PPE valuations work – We wish to still resolve ongoing queries with the Authority and your valuer to support the asset values of the representative sample of properties which were reviewed by our real estates team. The matters to resolve are the following:
  - The levels of depreciation adopted appear to be inconsistent based on the information provided and the age of various buildings in the sample.
  - The land values appear to be lower than expected based on the market in which the sampled assets are found.
- Covid-19 disclosures. We will need to complete additional procedures to review the Authority's documented consideration and proposed disclosures, covering a) any material uncertainties on valuations; b) events after the reporting period; and c) going concern. This also includes any consultations required on the proposed disclosures and implications for our audit report.
- Subject to our additional work on the going concern assertions, we will then be in a position to complete our Value for Money conclusion work as this reflects our assessment of the Authority's financial resilience.
- Ongoing and final review procedures completed by the Engagement Lead and Engagement Manager.
- Review of the final version of the financial statements.
- Completion of subsequent events review.
- Receipt of the signed management representation letter.

# Update on proposed 2019-2020 audit fees since the audit planning report

## Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2019/20 accounts of opted-in principal local government, fire and rescue and police bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work. A breakdown of our fees is shown below.

	Planned fee 2019/20	Final Fee 2018/19
	£'s	£'s
Current Scale Fee – Code work	23,271	23,271
Increase in scale fee/scale fee variation	Note 1-2	30,939
<b>Total fees (excl. VAT)</b>	<b>TBC</b>	<b>54,210</b>

Note 1 – The proposed increase to the scale fee to £50,021 reflects the increased risk and complexity facing all public sector bodies, adjusted for our knowledge and risk assessment for this Authority (£11,000) as well as the changes and incremental increase in regulatory standards (£14,000). We have also adjusted the baseline fee to reflect our current assessment of the Authority's readiness for audit, including data analytics, quality of working papers (£1,750). The proposed increase in the baseline fee is relatively consistent with other Fire and Rescue Authorities of a similar size, risk profile and complexity that EY audits.

Note 2 - Work undertaken by EY specialist (Real Estates) responding to the specific scope change from the full valuation of assets in the 2019-2020 financial year. This scope change has not been reflected in the baseline fee as this will not be recurring in future years. In addition, the impact of Covid-19 on the audit and VfM conclusion will also impact the work that is required to be done. As we near the conclusion of the audit, we will be in a position to quantify the impact of these additional procedures and where we propose a variation to the Authority's scale fee.

On both points, we will continue to discuss and share with the Chief Financial Officer our assessment of the audit fees required to safeguard audit quality and our professional standards. We will also report our proposed final position in the Audit Results Report to the Audit and Standards Committee.

We intend to report to PSAA at this stage our assessment of the changes required to the baseline fee from £23,271 to £50,021. In doing so, we will notify PSAA whether the Authority agree, partially agree or do not agree with our assessment. PSAA are ultimately responsible for determining the scale fee and any variations to it.

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As reporting in our Audit Plan, the agreed fee presented is based on a number of assumptions which include the timing of agreed deliverables being met; unqualified financial statement opinion and VfM conclusion; and quality documentation being provided and controls being effective.

If any of these assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance before submission to the PSAA for approval.

In our audit planning report, included alongside this report, we set out the range of factors which we believe impact on the sustainability of the audit fee set by PSAA. These factors were also reported in a national letter issued by EY to Chief Financial Officers and Chair of Audit Committees in February 2020. These factors are reported in pages 33 to 34 of our audit planning report and remain extant at the date of this meeting. The External Audit engagement lead has had a discussion with the Authority's Chief Financial Officer on the implications of these factors on our assessment of your baseline fee to deliver a sustainable high-quality external audit.

Our assessment is that the scale fee for the Fire and Rescue Authority should be increased from £23,271 to £50,021 based on an expected number of 941 hours at mixed grades. This assessment is before considering the implications of COVID-19 on our audit procedures.

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ED None

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**REPORT AUTHOR:** CHIEF FIRE OFFICER AND TREASURER

**SUBJECT:** 2019/20 STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT

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

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Background Papers: 2018/19 Statement of Accounts.

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Implications (tick ✓):

LEGAL	✓	FINANCIAL	✓
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	
ORGANISATIONAL RISK		OTHER (please specify)	

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

---

**PURPOSE:**

To consider the 2019/20 Statement of Accounts, including the Annual Governance Statement, at the current audit stage.

**RECOMMENDATION:**

That:

1. Members consider and approve the current version of the 2019/20 Statement of Accounts and Annual Governance Statement, which are in the final stages of being externally audited.
2. Members delegate any final amendments to the Treasurer, in conjunction with the Chair of the Audit and Standards Committee where material.

3. Members consider and approve the draft Letter of Representation, prior to the Treasurer and Chair approving and signing the final version.

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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 ordinarily approve them by the end of July. The relevant body for this Authority is the Audit and Standards Committee (A&SC).

1.2 Due to Covid-19 and the impact this has had on local authorities, the Government gave an extension to the 31<sup>st</sup> July deadline to 30 November 2020. This extension has not been required and the original timetable has been adhered to. Keeping to the original timetable is a great achievement of the Chief Accountant/Finance Team due to the unprecedented period of Covid-19/lockdown.

1.3 There is a section on Covid-19 and the Service's response in the introductory section at the beginning of the accounts. The pandemic is also referred to in a new Going Concern Statement in the accounts.

1.4 The AGS and accounts are presented via the web link in the report below and are presented in a near final stage of external audit. As identified in our external auditor's Audit Results Report, there are two key items still outstanding. These are:

- (i) the agreement on land and property valuations between NPS, the Authority's appointed valuers, and Ernst & Young's Real Estate Team and;
- (ii) the finalisation of the Bedford Borough Council Pension Fund audit by E&Y also, that for LGPS/Green Book pensions could have an impact on the Authority's accounts.

The report on the external audit review of the accounts is elsewhere on this meeting's agenda.

1.5 Early Closure

This is the third year of the early closure. The annual statement of accounts completion requirements, in accordance with the 2015 Accounts and Audit Regulations, has 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. As noted above, there was a one off extension this year due to Covid-19, however, the Authority has not taken advantage of this.



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 2019/20 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 2019/20. 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 21 May 2020. The 30 day statutory public inspection period ended on 1 July 2020. There were not any requests for information on the accounts from a member of the public.
- 2.3 At the time of writing, there have not been any material updates to the draft 2019/20 statement of accounts, other than only minor presentational updates. As noted above, the Going Concern Statement is a new addition.
- 2.4 There were no amendments made to the AGS at the time of writing this report.
- 2.5 The Statement of Accounts, including the Annual Governance Statement, can be found on the Authority's website via the following address. Please click on the 2019/20 Statement of Accounts link:

<https://www.bedsfire.gov.uk/About/Finance-and-budget/Statement-of-accounts.aspx>

## 2.6 Letter of Representation

- 2.7 The draft letter of representation is attached at Appendix 1, 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.

As noted above, this will however need to be finalised after the two key outstanding matters of land and property valuations and the Bedford Borough Council LPGS Pensions audit. The committee is requested to delegate the completion of the final letter and approval to the Treasurer and the Chair of Audit and Standards Committee.

## 2.8 Revenue Year End outturn

On the 11 Feb 2020, the Authority received a budget monitoring report forecasting the year end outturn, based on the actuals as at 31 December 2019, as an underspend with a year-end contribution to reserves of £116k. The comparable year-end contribution to reserves was £17k, with the variance between these figures explained in the Expenditure, Income and Government Grant sections of the accounts.

## 3 General and Earmarked Reserves

3.1 The General Reserve balance as at 31 March 2020 was £2.6m. This is following work undertaken over the last few years to establish specific earmarked reserves, which as at 31 March 2020 totalled £5.570m. The year-end revenue budget underspend of £17k has been allocated to the Transformation Earmarked Reserve. This is in line with the Medium Term Financial Strategy.

3.2 The Capital Receipts Reserve as at 31 March 2020 was £564k.

## 4. Summary

4.1 Members are invited to:

- Review and approve the current version of the 2019/20 Statement of Accounts, which includes the Annual Governance Statement.
- Delegate any final amendments to the Statement of Accounts and the Letter of Representation, to the Treasurer in consultation with the Chair of the Audit and Standards Committee.
- Note the General and Earmarked Reserves balances.

**PAUL FULLER CBE QFSM MStJ DL**  
**CHIEF FIRE OFFICER**

**GAVIN CHAMBERS**  
**TREASURER**

Date and address to be inserted and on headed paper.

Ernst & Young

Dear Neil,

This letter of representations is provided in connection with your audit of the financial statements of *Bedfordshire Fire & Rescue Service/Authority* for the year ended *31<sup>st</sup> March 2020*. 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 our Authority as of *31<sup>st</sup> March 2020* 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 2019/20. (See *Note A below*.)

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 2019/20.<sup>1</sup>

We acknowledge, as members and management of the Authority, our responsibility for the fair presentation of the financial statements.

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<sup>1</sup> ISA (UK) 580.10

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 2019/20, and are free of material misstatements, including omissions. We have approved the financial statements.

2. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
3. As members/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 2019/20, that are free from material misstatement, whether due to fraud or error. *There have not been* any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
4. 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.

We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

2. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any 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.<sup>2</sup>

**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.<sup>3</sup>
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, there are no material transactions related to the COVID-19 pandemic. The Authority did receive the first tranche funding in March 2020, however this was treated as a receipt in advance.
3. We have made available to you all minutes of the meetings of the Fire and Rescue Authority and Audit & Standards Committee held through 2019/20 to the most recent FRA Executive Meeting held on 24<sup>th</sup> April 2020.
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 period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

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<sup>2</sup> ISA (UK) 240.39(c),(d), and ISA (UK) 250A.16

<sup>3</sup> ISA (UK) 580.11(a), ISA (UK) 210.6(b)(iii)

5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.<sup>4</sup>
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.
7. We have disclosed to you any cybersecurity breach that either occurred or that third parties (including regulatory agencies, law enforcement agencies and security consultants) had brought to our attention during the period under audit that could potentially be material to the financial statements.

**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.<sup>5</sup>
3. We have recorded and/or disclosed, as appropriate, any liabilities related litigation and claims, both actual and contingent.<sup>6</sup>

**E. Subsequent Events**

1. Other than the Covid-19 pandemic, that is described in the introductory narrative 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.<sup>7</sup>

**F. Other information**

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<sup>4</sup> ISA (UK) 540.22

<sup>5</sup> ISA (UK) 501.12

<sup>6</sup> ISA (UK) 501.12

<sup>7</sup> ISA (UK) 560.9

1. We acknowledge our responsibility for the preparation of the other information. There are none to report or draw your attention to.

**Going Concern<sup>8</sup>**

1. The Going Concern note the financial statements, on page 48, discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

**Environmental Liabilities** – none to report.

**Other illustrative representations**

**Ownership of Assets**

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet(s).
2. We have no plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

**Reserves**

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

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<sup>8</sup> ISA (UK) 570.16(e)

**Contingent Liabilities**

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

**Purchase and Sales Commitments and Sales Terms**

1. Losses arising from purchase and sales commitments, should there be any, have been properly recorded and adequately disclosed in the financial statements.
2. At the 2019/20 year end, the Authority had no unusual commitments or contractual obligations of any sort which were not in the ordinary course of business and which might have an adverse effect upon the Authority (e.g., contracts or purchase agreements above market price; repurchase or other agreements not in the ordinary course of business; material commitments for the purchase of property, plant and equipment; significant foreign exchange commitments; open balances on letters of credit; purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices; losses from fulfilment of, or inability to fulfil, sales commitments, etc.).

**Income and Indirect Taxes**

1. We acknowledge our responsibility for the tax accounting methods adopted by the Authority, which have been consistently applied in the current period, and for the current year income tax provision calculation.
2. We also acknowledge our responsibility for the plans with respect to future taxable income, which represent our estimates as to the outcome of those plans, based on available evidence, and for the significant assumptions used in our analysis. We would implement such strategies as necessary to prevent a tax operating loss or credit carry forward from expiring.



3. We have disclosed to you all tax opinions, correspondence with tax authorities, or other appropriate information that served as support for the accounting for potentially material matters.

**Use of the Work of a Specialist**

1. We agree with the findings of the specialists that we engaged to evaluate the Property Valuations 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.

**Estimates**

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) for pensions, have been consistently applied and are appropriate in the context of *the applicable financial reporting framework*.
2. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete, including any known effects of the COVID-19 pandemic and are made in accordance with *the applicable financial reporting framework*.
3. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

**Retirement benefits<sup>9</sup>**

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,*

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Gavin Chambers, Chief Financial Officer

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Cllr Michael Headley, Chair of the Audit & Standards Committee

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<sup>9</sup> Suggested by APB PN22, para 81

For Publication

Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
2 July 2020

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**REPORT AUTHOR:** ASSISTANT CHIEF OFFICER/FRA TREASURER

**SUBJECT:** INTERNAL AUDIT ANNUAL REPORT 2019/20

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For further information on this report contact: Nicky Upton  
Service Assurance Manager  
Tel No: 01234 845149

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Background Papers:

RSM Strategy for Internal Audit  
Bedfordshire Fire Authority 2018/19 to 2020/21

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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.*

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**PURPOSE:**

To receive and consider an Annual 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 & RESCUE AUTHORITY

Annual internal audit report 2019/20

Final

16 June 2020

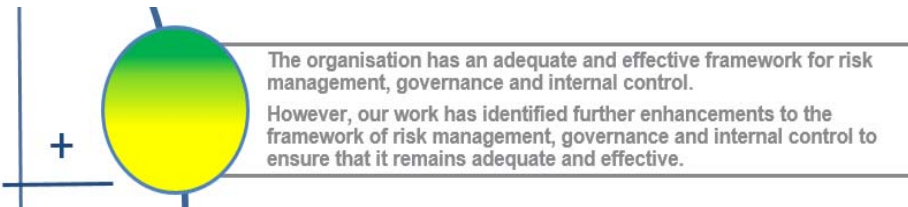
This report is solely for the use of the persons to whom it is addressed.  
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

# THE ANNUAL INTERNAL AUDIT OPINION

This report provides an annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance reporting.

## The opinion

For the 12 months ended 31 March 2020, the head of internal audit opinion for Bedfordshire Fire & Rescue Authority is as follows:



Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

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*It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.*

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## Scope and limitations of our work

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the audit & standards committee, our opinion is subject to inherent limitations, as detailed below:

- internal audit has not reviewed all risks and assurances relating to the organisation;
- the opinion is substantially derived from the conduct of risk-based plans generated from discussions with the Corporate Management Team on key risks and the organisation-led risk register. The risk register is one component that the authority takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention; and

- 
- Our internal audit work for 2019/20 was completed prior to the advent of the substantial operational disruptions caused by the Covid-19 pandemic. As such our audit work and annual opinion does not reflect the situation which has arisen in the final weeks of the year. We do, however, recognise that there has been a significant impact on both the operations of the organisation and its risk profile

# FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

We issued four reports where we concluded that the Authority could take either substantial or reasonable assurance. This included the Community Risk Management Plan which contributed significantly to our Governance and Risk Management opinions. These were:-

- **Key Financial Controls**
- **Mobilising System Projects**
- **Community Risk Management Plan**
- **Environmental Strategy and De-polluted Scrap Vehicles**

## **Risk Management : Advice and support**

The Service have undertaken training with an RSM Risk Specialist in 2019/20 and management have undertaken a review of the risk management arrangements within the organisation. Associated guidance documents was being revised and updated at the end of the financial year and therefore our risk management audit has been delayed until 2020/21 when the updated process will be established. We have also undertaken a number of risk driven reviews in 2019/20 and used the outcome of these audits to further inform our opinions on the Authorities risk management arrangements.

We issued the following reports where we concluded that the Authority could only take **partial assurance**:

## **Operational Business Continuity : Partial Assurance**

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. We followed up the medium priority actions agreed towards the end of the year and concluded that **reasonable progress** had been made with two actions implemented and the remaining implementation ongoing. We have agreed revised actions and timescales with management.

## **Property – Statutory Compliance : Partial Assurance**

We found that seven areas in our sample had up to 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 had 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 was not formally reviewed by any group or committee within the governance structure.



We followed up the high and medium priority actions agreed towards the end of the year and concluded that **reasonable progress** had been made with two of the four actions implemented, one ongoing implementation and the remaining not yet due. We have agreed revised actions and timescales with management for implementation.

### **Asset Management – Asset Tracking : Partial Assurance**

Our review identified issues in relation to asset management and tracking. We found that whilst quarterly stock checks had been undertaken, there was no record of the reasons for discrepancies in stock levels identified as part of checks carried out by the Service in September 2019. Additionally, through the completion of our own stock check on a sample of 30 operational items, we found that the Service had less stock than was recorded on Great Plains in 19 instances and more stock than recorded on Great Plains in two instances.

We confirmed that any changes to stock levels were being uploaded to both the Great Plains and BlueLight system to ensure the accuracy of both systems. We were advised, however, that whilst a data mapping exercise and reconciliation upon completion of the transfer to BlueLight had been planned, the overall transfer process had not been formally documented.

We also undertook one advisory review (details below) and two follow up reviews where we concluded that reasonable progress had been made to implement previously agreed management actions (both referred to above).

### **ICT – Cyber Security : Advisory Review**

The organisation completed a self-assessment questionnaire on 10 June 2019. Based upon the evidence available at the time of our fieldwork, we found that 17 of the 34 requirements for the five Cyber Essentials control themes had evidence to support the organisation's self-assessment that controls were established. Of the remaining 17 requirements there are 12 where the organisation is categorised as 'Working Towards Implementation' and 5 where work has 'Not Started'. The 17 issues identified were across the following control themes; Boundary Firewalls and Internet Gateways, Secure Configuration, User Access Control, Malware Protection and Patch Management.

The validated self-assessment scores generate an overall status of Working Towards Implementation for the organisation's implementation of Cyber Essentials. Actions were been agreed to address issues found regarding the Cyber Essentials themes. Following implementation of our action plan, the Service self certified the achievement of Cyber Essentials to gain this certification.

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

## **Topics judged relevant for consideration as part of the annual governance statement**

Based on the work we have undertaken on the Authority's system on internal control, we consider that the issues identified above within partial assurance review (Operational Business Continuity, Property – Statutory Compliance, Asset Management – Asset Tracking) should be areas that are considered by the Authority to be flagged as significant control issues when drafting the Annual Governance Statement.

The Authority should also consider any action taken by management to address the weaknesses identified and we note reasonable progress was concluded for both follow up reviews (Operational Business Continuity and Property – Statutory Compliance audits).

# THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines previously discussed, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

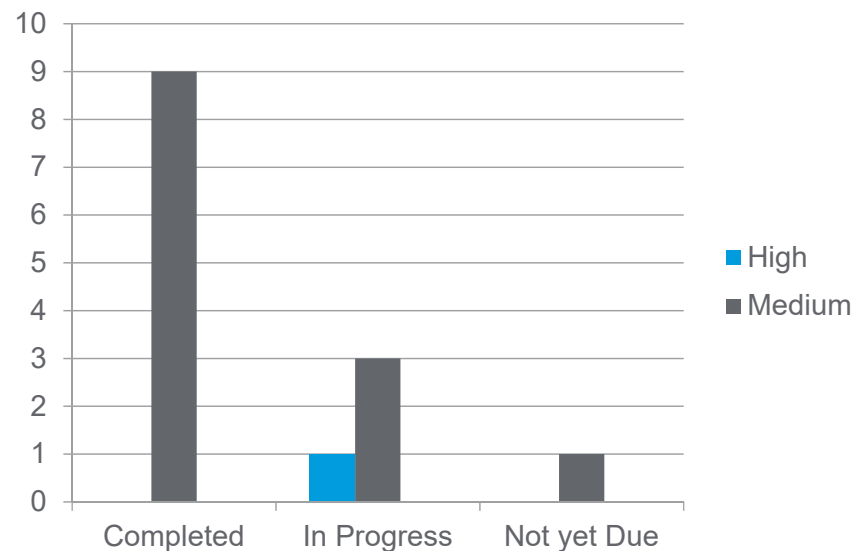
## Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2019/20.

## Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place. During the year progress has been reported to the audit & standards committee, with the validation of the action status confirmed by internal audit within specific follow up reviews.

We have undertaken two follow up reviews in year, our first follow up of the actions agreed to address previous years' internal audit findings shows that the organisation had made **reasonable progress** in implementing the agreed actions. The second review also identified **reasonable progress** had been made in implementing the agreed actions in the areas of Operational Business Planning and Property – Statutory Compliance.



## Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

# OUR PERFORMANCE

## Wider value adding delivery

Area of work	How has this added value?
Issue of Emergency Services Briefings	The sector briefings provide both Management and Authority Members with an insight of key risks, issues and an update of any changes in sector requirements.
Webinar invitations	Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates. Examples include VAT, Employment Tax and COVID-19.
Off-payroll working / IR35	We have provided Emergency Services clients with updates in relation to the Off-payroll working / IR35 rules, following the launch of the Government review into the implementation of the changes to the off payroll working rules that will aim to determine if any further steps can be taken to ensure the 'smooth and successful implementation' of the reforms from 6 April 2020.
Trust in the boardroom	We have provided Emergency Services clients with our Trust in the boardroom thought leadership publication. With Boardrooms increasingly in the spotlight - effective corporate governance should be used as a passport to success to earn the trust of stakeholders and secure a more sustainable future. Recent corporate governance failings show us that the fallout of poor decision making, and inadequate control measures can be far reaching. Organisations and Boards not only need to be prioritising corporate governance, but also need to be analysing how effective they are in cementing that sustainable thinking.
RSM's 'Catch 22: Digital transformation and its impact on cybersecurity'	RSM's 'Catch 22: Digital transformation and its impact on cybersecurity' report comprises responses to a range of questions posed to 597 companies in 33 European countries, spanning multiple industries and sizes. RSM provided a number of insights and also a range of 'Cyber Security Top Tips'.
Emergency Services - benchmarking of internal audit findings 2018/19	We provided management with our annual Emergency Services - benchmarking of internal audit findings 2018/19, which compares the numbers of actions agreed and the assurance opinions provided across the sector in our client base.
Coronavirus: Various briefings and webinars	RSM have delivered a number of webinars and client briefings in relation to Coronavirus (ranging from Government financial support for employers, fraud briefings, HR and Legal Support etc).

## Conflicts of interest

During 2019/20, RSM Risk Constulants have undertaken some Risk Management training with management to assist in the update of the risk register. We do not consider this work resulted in a conflict of interest as this was undertaken by a separate service line and our robust client take on procedures were followed ahead of this engagement being accepted.

## Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that 'there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.' RSM was found to have an excellent level of conformance with the IIA's professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

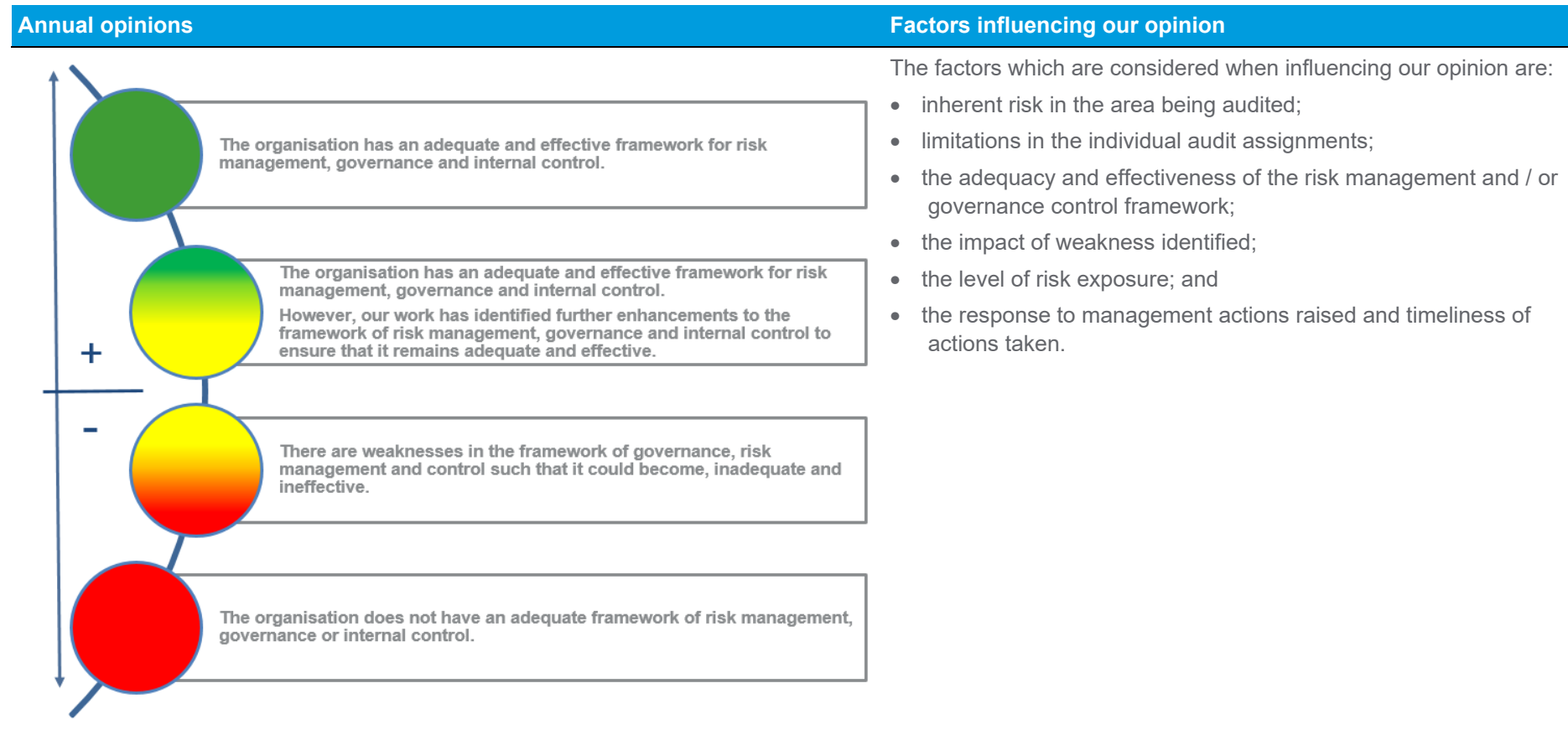
## Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework 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 are used to inform the training needs of our audit teams.

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

# APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.



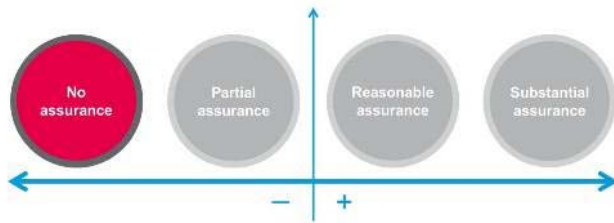
## APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2019/20

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Assurance level	Actions agreed		
		L	M	H
Operational Business Continuity (1.19/20)	Partial Assurance [●]	2	2	1
Property – Statutory Compliance (2.19/10)	Partial Assurance [●]	1	3	1
ICT – Cyber Security (3.19/20)	Advisory [●]	3	10	4
Follow up - Governance, Use of Risk Information and Stock Control (4.19/20)	Reasonable Progress [●]	2	0	0
Asset Management – Asset Tracking (5.19/20)	Partial Assurance [●]	0	3	0
Follow up - Operational Business Continuity & Property - Statutory Compliance (6.19/20)	Reasonable Progress [●]	0	1	1
Key Financial Controls (7.19/20)	Substantial Assurance [●]	2	1	0
Mobilising System Project - Project Management including Procurement & Pre-Contract Award Implementation (8.19/20)	Reasonable Assurance [●]	1	1	0
Community Risk Management Plan (9.19/20)	Substantial Assurance [●]	1	0	0
Environmental Strategy and De-polluted Scrap Vehicles (10.19/20)	Reasonable Assurance [●]	2	1	0
Risk Management	Advisory support			

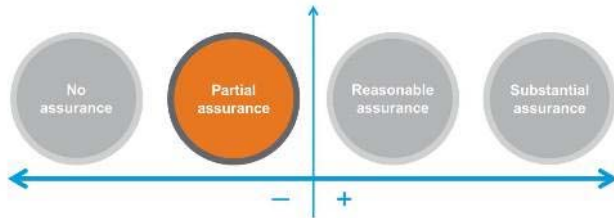
# APPENDIX C: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the board can take:



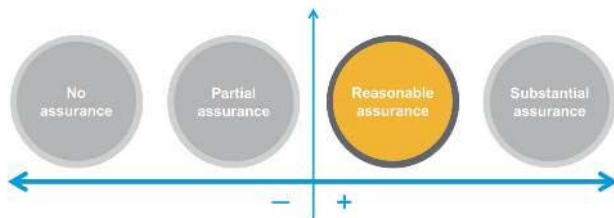
Taking account of the issues identified, the authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



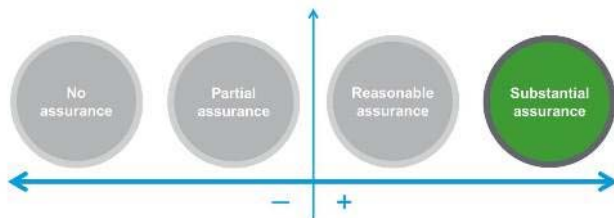
Taking account of the issues identified, the authority can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the authority can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

# YOUR INTERNAL AUDIT TEAM

**Daniel Harris, Head of Internal Audit**

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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 & 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.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

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For Publication

Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
2 July 2020

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**REPORT AUTHOR:** CHIEF FIRE OFFICER  
**SUBJECT:** INTERNAL AUDIT STRATEGY 2020/21

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For further information on this report contact: Nicky Upton  
Service Assurance Manager  
Tel No: 01234 845149

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Background Papers: Internal Audit Strategy 2019/20 to 2021/2022

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Implications (tick ✓):

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

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

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**PURPOSE:**

To receive and consider the three year Internal Audit Strategy for 2020/21 to 2022/2023.

**RECOMMENDATION:**

That the submitted report be considered and the audit plan for 2020/21 be approved.

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1. Introduction

A report by RSM on the approach to developing the Fire and Rescue Authority's internal audit strategy for 2020/21 to 2022/2023, and a plan for 2020/21, is appended for Members' consideration.

**PAUL FULLER CBE QFSM MStJ DL  
CHIEF FIRE OFFICER**

# BEDFORDSHIRE FIRE & RESCUE AUTHORITY

Internal Audit Strategy 2020/21 - 2022/23

Presented at the Audit and Standards Committee meeting of: 26 March 2020

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.

# EXECUTIVE SUMMARY

Our Internal Audit Plan for 2020/21 is presented for consideration by the Audit and Standards Committee.

The key points to note from our plan are:



**2020 Internal Audit priorities:** Internal audit activity for 2020/21 is based on analysing your corporate objectives and risk profile as well as other factors affecting you in the year ahead, including changes within the sector and the HMICFRS inspections. Our detailed plan for 2020/21 is included at Section 1.



**Level of Resource:** The level of resource required to deliver the plan is increased from 2019/20 with additional work identified through discussion with the CMT. We will continue the use of technology when undertaking operational audits in 2020/21. This continues to strengthen our sampling, increasing the level of assurance provided. Refer to Appendix A.



**Core Assurance:** As required to provide the Head of Internal Audit Opinion, our plan includes an assessment of governance, risk management, key financial controls, key risk areas and follow up. We have worked with management to re-prioritise the work planned for 2020/21 to meet the risk profile of the organisation and the outcomes of the HMICFRS inspection including a review of the organisation's soon to be implemented cloud-based solution for the management of fleet and assets and review of the organisation's recruitment processes.

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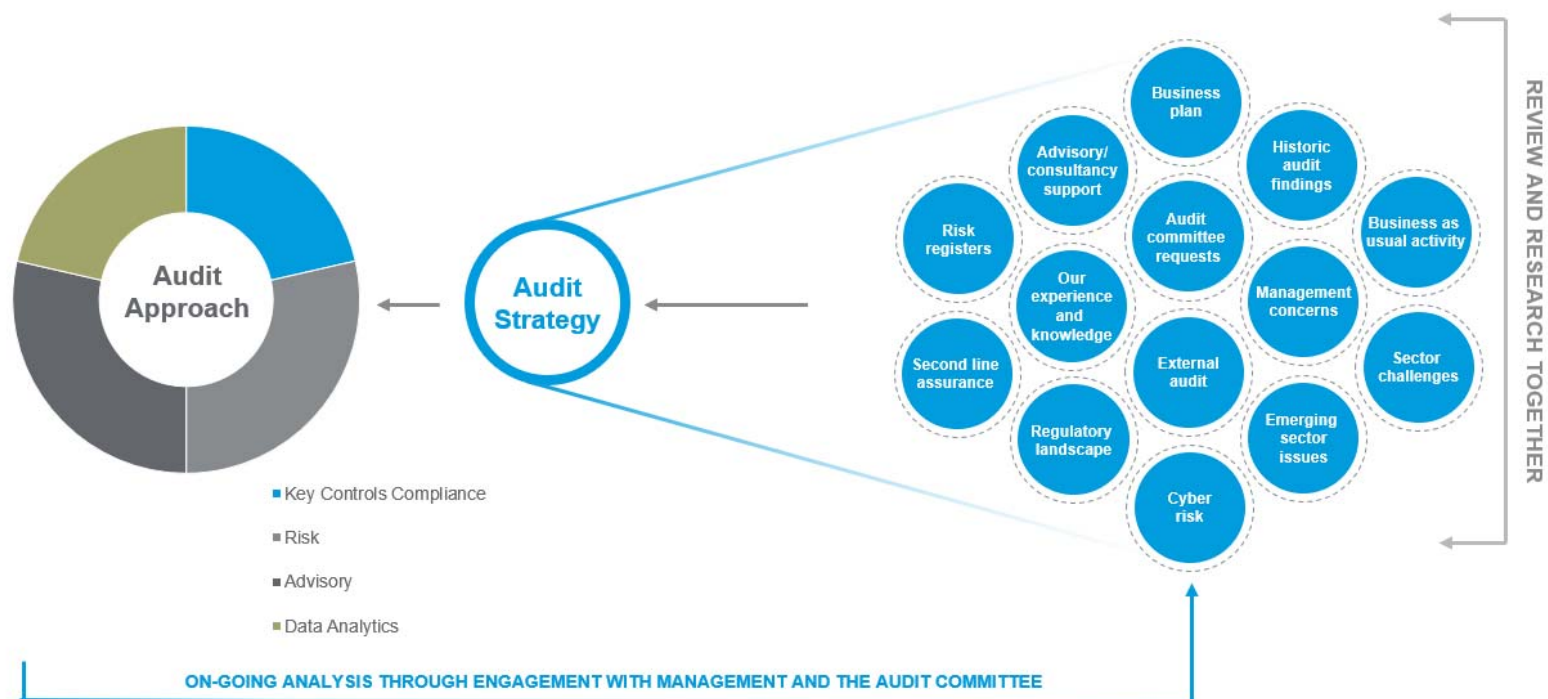
# 1. YOUR INTERNAL AUDIT PLAN 2020/21

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Bedfordshire Fire and Rescue Authority in the year ahead, including changes within the sector.

## Risk management processes

We understand your risk management processes are in the process of being reviewed, we have placed reliance on your risk register, however, this will be kept under consideration and audit areas reviewed following the risk management training and risk register updates. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the Audit and Standards Committee.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).



## 2. INTERNAL AUDIT PLAN 2020/21

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2020/21. The table details the corporate risks (CRRs) which warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation.

Objective of the review (Strategic risk)	Audit approach	Fee	Proposed timing
<b>Risk Based</b>			
<b>Use of Risk Information</b> Review of how the Service collects, uses and reports on risk information received to ensure this is promptly available to the Officers on duty. This will include how the Service's risk information aligns with the Fire Safety Enforcement risk-based inspection program. <b>CRR00001 - Major Operational Incident Pre-Planning</b>	Risk Based	£2,150	Q1
<b>ICT – Cyber Security</b> The Service is planning to become Cyber Essentials Plus certified. This review will assess compliance with key elements of the certification and identify any areas for improvement, prior to the service undertaking the required independent external assessment. <b>CRR00038 - Cyber Security Measures &amp; CRR00045 That a Cyber Attack penetrates our network affecting key systems and services</b>	Key Controls Compliance	£3,150	Q1
<b>Human Resources - Recruitment</b> A review of the arrangements in place for the recruitment of all groups of staff, including compliance with internal policies and procedures. <b>CRR00024 - HR Legal Compliance</b> <b>CRR00004 – Maintaining our staff numbers</b>	Risk Based	£2,700	Q3
<b>Core Assurance</b>			
<b>Governance</b> The annual governance review for the organisation, including review of whether key groups within the governance structure are effectively discharging their duties. This will include a review of how the new governance structure is working.	Systems Based	£2,200	Q2
<b>Risk Management</b> Review of the risk management arrangements including review of the risk management strategy, risk register, reporting and monitoring of risks through the governance structure	Systems Based	£2,000	Q4

Objective of the review (Strategic risk)	Audit approach	Fee	Proposed timing
<b>Key Financial Controls</b> This will include key controls testing and any management concerns including previous recommendations. Areas potentially included general ledger, cash, banking and treasury management, payments and creditors, income and debtors, asset management and payroll.	Key Controls Compliance	£2,870	Q3
<b>CRR00011 - Adequate Financial Procedures</b>			
<b>Other Internal Audit Activity</b>			
<b>Procurement – Proactive Processes</b> A review of the arrangements and systems in place to ensure that the organisation is aware in advance of any required procurements and that these are effectively planned and delivered to minimise the use of any waivers and ensure procurement procedures can be effectively followed. This area is planned to be undertaken at the same time as Cambridgeshire and Peterborough Fire Authority and Essex Police, Fire and Crime Commissioner to enable sharing of best practice.	Systems Based	£2,700	Q2
<b>Human Resources – Wellbeing</b> Review of arrangements in place within the service to promote health and wellbeing, ensuring policies and procedures are in place to promote the welfare of staff and that these are being actively followed.	Systems Based	£1,950	Q4
<b>Follow up</b> To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Follow up	£1,200	Q4
<b>Audit Strategy / Annual Report</b> This will include: <ul style="list-style-type: none"> <li>Internal Audit Needs Assessment / Strategic and Annual Internal Audit Plans</li> <li>Preparation of the annual internal audit opinion</li> </ul>	N/A	£2,500	Throughout the year
<b>Management</b> This will include: <ul style="list-style-type: none"> <li>Planning and finalising reports;</li> <li>Ongoing liaison meetings and calls, and progress reporting; and</li> <li>Preparation for and attendance at Audit and Standards Committee.</li> </ul>	N/A	£5,145	Throughout the year

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

## **2.1 Working with other assurance providers**

The Audit and Standards committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

# APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Daniel Harris as your Head of Internal Audit, supported by Suzanne Rowlett as your senior manager and Satnam Parmar as your assistant manager.

## Core team

The delivery of the 2020/21 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required.

## Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to Audit and Standards committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

## Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

## APPENDIX B: INTERNAL AUDIT STRATEGY 2020/21 – 2022/23

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)				
2018/19	2019/20	2020/21	2021/22	2022/23

Audit Area	Risk Register	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Risk Based</b>						
Asset Management	CRR00005		Draft (Spreadsheets)		✓ (Cloud Based solution – to be linked with Fleet Management)	
Collection / Use of Risk Information	CRR00001			✓		✓
ICT – Cyber Security	CRR00023 CRR00038 CRR00045		Opinion not provided as agreed	✓		
Human Resources	CRR00024 CRR00004 CRR00006 CRR00025 CRR00040			✓ ✓	✓	
2020/21 - Recruitment & Wellbeing				✓ ✓	✓	
2021/21 - Succession Planning						

Community Risk Management Plan	CRR00027	Commencing March 2020			✓
Data Quality	CRR00012 CRR00039				✓
Retained Recruitment	CRR00004				✓
General Data Protection Regulation (GDPR)	CRR00048				✓
<b>Core Assurance</b>					
Governance				✓	✓
Risk Management		Advisory		✓	✓
Key Financial Controls	CRR00011			✓	✓
<b>Other Internal Audit Activity</b>					
Procurement				✓	
Risk Protection Pool					✓
Stock Control				✓	
Mobilising System Project		Commencing March 2020			
Operational Business Continuity				✓	
Property - Statutory Compliance					✓

Change Management - Benefits Realisation				✓	
Environmental Review			✓		✓
Follow Up	Reasonable progress	Currently in progress	✓	✓	✓

# APPENDIX C: INTERNAL AUDIT CHARTER

## Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Bedfordshire Fire and Rescue Authority. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit and Standards committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

## Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

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*“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.*

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## Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief fire officer, with further reporting lines to the Temporary Assistant Chief Officer – Finance and Corporate Services.

The head of internal audit has unrestricted access to the chair of Audit and Standards committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.



Conflicts of interest may arise where RSM provides services other than internal audit to Bedfordshire Fire and Rescue Authority. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit and Standards committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Audit and Standards committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

## Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit and Standards committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Audit and Standards committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Audit and Standards committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'Authority'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Corporate Management Team who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- Authority - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "Authority" may refer to a committee or another body to which the governing body has delegated certain functions (eg Audit and Standards committee).

## Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope four weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 10 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Sharefile.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

## Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit and Standards committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

## Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Audit and Standards committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit and Standards committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the Authority in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Authority is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Authority to inform the organisation's annual governance statement.

## Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

## Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Audit and Standards committee.

## **Fraud**

The Audit and Standards committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit and Standards committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

## **Approval of the internal audit charter**

By approving this document, the internal audit strategy, the Audit and Standards committee is also approving the internal audit charter.

# FOR FURTHER INFORMATION CONTACT

**Daniel Harris, Head of Internal Audit**

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Telephone: 07720 508148

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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 & Rescue Service, 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.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

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For Publication

Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
2 July 2020

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**REPORT AUTHOR: ASSISTANT CHIEF OFFICER/FRA TREASURER**

**SUBJECT: INTERNAL AUDIT PROGRESS REPORT 2019/20**

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For further information on this report contact: Nicky Upton  
Service Assurance Manager  
Tel No: 01234 845149

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

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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.*

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**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.

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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

2 July 2020

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To the fullest extent permitted by law, RSM Risk Assurance Services LLP  
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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 (this also includes those which should have been presented to the March 2020 meeting). Copies of the executive summaries and action plans are included as an appendix to this report.

## Progress against the internal audit plan 2019/20

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Opinion Issued
		L	M	H	
Operational Business Continuity (1.19/20)	Final Report	2	2	1	Partial Assurance
Property – Statutory Compliance (2.19/10)	Final Report	1	3	1	Partial Assurance
ICT – Cyber Security (3.19/20)	Final Report	3	10	4	Advisory (Following this work the Service obtained Cyber Essentials)
Risk Management	Advisory work completed during the year				
<b>Follow up - Governance, Use of Risk Information and Stock Control (4.19/20) (Part 1) (4.19/20)</b>	<b>Final Report</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>Reasonable Progress</b>
<b>Asset Management – Asset Tracking (5.19/20)</b>	<b>Final report</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>Partial Assurance</b>

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Opinion Issued
		L	M	H	
Follow up - Operational Business Continuity & Property - Statutory Compliance (6.19/20)	Final Report	0	1	1	Reasonable Progress*
Key Financial Controls (7.19/20)	Final Report	2	1	0	Substantial Assurance
Mobilising System Project – Project Management including Procurement and Pre-Contract Award Implementation Plan (8.19/20)	Final Report	1	1	0	Reasonable Assurance
Community Risk Management Plan (9.19/20)	Final Report	1	0	0	Substantial Assurance
Environmental Strategy and De-polluted Scrap Vehicles (10/19/20)	Final Report	2	1	0	Reasonable Assurance

\* **Reasonable progress** with the exception of the completion of Statutory Property Compliance checks in line with the required deadlines where a revised action has been agreed.

## Progress against the internal audit plan 2020/21

The Internal Audit Plan for 2020/21 was due to be presented to the Audit & Standards Committee in March 2020. This meeting was postponed and the proposed plan was provided to Committee members. It was agreed with management that work would start on the 2020/21 plan to avoid delay, with the plan being formally presented at the Committee meeting in July 2020 and any updates being taken into account after this meeting.

We have commenced fieldwork on the Cyber Security work, and two other audits are due to commence ahead of the July 2020 Committee meeting.

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Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Opinion Issued
		L	M	H	
ICT - Cyber Security	Fieldwork started				
Risk Management	Planned - 15/06/2020				
Use of Risk Information	Planned - 15/06/2020				
Procurement - Proactive Processes	Planned - 07/07/2020				
Governance	Planned - 07/09/2020				
Key Financial Controls	Planned - 19/10/2020				
Human Resources - Recruitment	Planned - 19/10/2020				
Human Resources - Wellbeing	Planned - 08/02/2021				
Follow Up	Planned - 15/03/2021				

## Other matters

### Head of Internal Audit Opinion 2019/20

The Head of Internal Audit Opinion for 2019/20 is included as a separate agenda item.

### Changes to the audit plan

The following changes to the 2019/20 plan were 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.
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.
4	Risk Management	The Service have recently undertaken training with an RSM Risk Specialist and undertaken a review of the risk management arrangements within the organisation. These are currently being revised and updated; therefore, our risk management audit has been delayed until 2020/21 when the updated will be established. Throughout the 2019/20 year we have provided risk management advice to the Service.

## Information and briefings

We have issued the following client briefings since the last Audit & Standards Committee:

- Emergency Services Sector Update - February 2020
- Covid-19 Fraud Risks
- Internal Audit Update
- Cyber risk
- Alert - COVID-19 email scams

## Quality assurance and continual improvement

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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

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**Telephone number:** 07720 508148

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# EXECUTIVE SUMMARY – FOLLOW UP – OPERATIONAL BUSINESS CONTINUITY AND PROPERTY – STATUTORY COMPLIANCE

## 1.1 Introduction

As part of the approved internal audit periodic plan for 2019/20 we have undertaken a review to follow up progress made by you to implement the previously agreed management actions. The audits considered as part of the follow up review were:

- Operational Business Continuity 1.19.20; and
- Property - Statutory Compliance 2.19.20.

The seven management actions considered in this review comprised of two high and five medium priority actions. The focus of this review was, to provide assurance that the actions previously agreed have been adequately implemented.

## 1.2 Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion, Bedfordshire Fire & Rescue Authority has demonstrated **reasonable progress** with the exception of the completion of Statutory Property Compliance checks in line with the required deadlines where a revised action has been agreed.

Of the seven management actions reviewed, we noted that four actions had been implemented. For the remaining three, we found that two were in the process of being implemented and one action was not yet due.

We have agreed new management actions where appropriate; these are detailed in section 2 of this report.

## 1.3 Action tracking

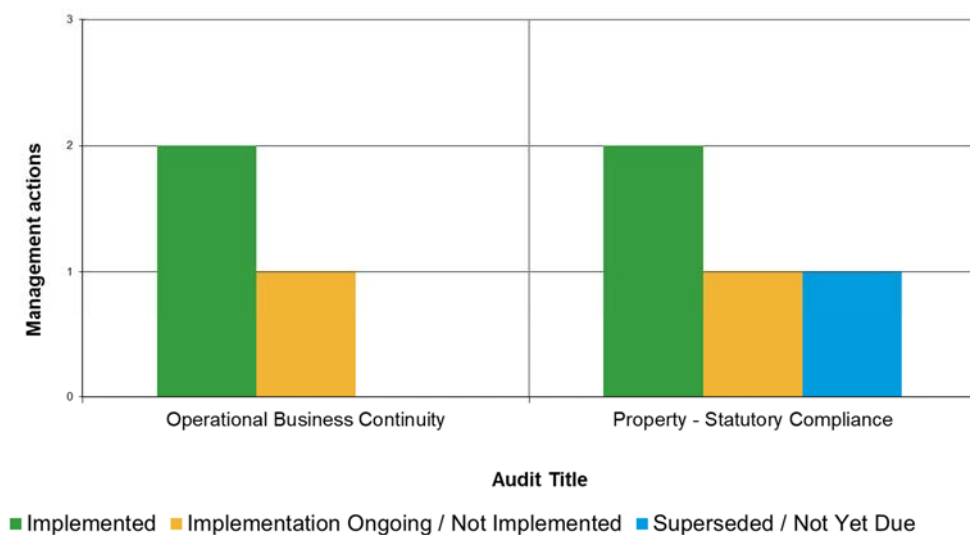
Action tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the Audit & Standards Committee to monitor actions taken by management. As part of our Follow Up review, we have verified this information and completed audit testing to confirm the level of implementation stated and compliance with controls.

Action tracking is undertaken by Bedfordshire Fire & Rescue Authority's management on a regular basis, with an update provided to the Audit & Standards Committee at each meeting. As part of our Follow Up review, we have verified this information and completed audit testing to confirm the level of implementation stated and compliance with controls.

We were able to verify that the status of implementation of management actions, as reported to the Audit & Standards Committee in its December 2019 meeting via the internal action tracking process, was accurate for two of the three actions for Operational Business Continuity. For the remaining action relating to Operational Business Continuity and the three due actions for Property – Statutory Compliance, we found that the status of these actions had not been reported at the December 2019 Audit and Standards Committee.

Whilst one of these actions had a due date of 31 December 2019 and would not have been overdue at the time of reporting, the remainder were all due. Management must ensure that all outstanding actions are presented to the Audit and Standards Committee.

The following graph highlights the number and categories of actions issues and progress made to date:



## 1.4 Progress on actions

Implementation status by review	Number of actions agreed	Status of management actions			
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Not yet due (5)
Operational Business Continuity 1.19.20	3	2	1	0	0
Property - Statutory Compliance 2.19.20	4	2	1	0	1

Implementation status by management action priority	Number of actions agreed	Status of management actions			
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Not yet due (5)
Medium	5	3	1	0	1
High	2	1	1	0	0
<b>Totals</b>	<b>7</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>1</b>

## 2 FINDINGS AND MANAGEMENT ACTIONS

This report has been prepared by exception. Therefore, we have included only those actions graded as 2 and 3. Each action followed up has been categorised in line with the following:

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

### Operational Business Continuity 1.19.20

Ref	Management action	Original date	Original priority	Status reported to audit committee	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
1.2	The Strategic Operational Commander Head of Response will present the rolling business continuity action plan to the Corporate Management Team on a monthly basis.  This will include a commentary on progress towards implementing any outstanding actions.	31 July 2019	Medium	Not reported	Through discussion with the Station Manager - Organisational Assurance, and review of an agenda for the Corporate Management Team (CMT) meeting in January 2020, we noted that whilst discussions had been held in relation to Business Continuity, the rolling business continuity action plan was not being presented to the CMT at each meeting.  We were advised that this was due to long lead time regarding action due dates, resulting in a lack of updates	2	<b>Revised Management Action</b>  The rolling business continuity action plan will be presented to the Corporate Management Team (CMT) on at least a six-monthly basis aligned to the strategic assessment of risk and business continuity.  This will include a commentary on progress towards implementing any outstanding actions.	Medium	31 March 2020	James West, Station Manager – Organisational Assurance

at each meeting.  
Consideration, however, had not been given to reducing the frequency of the action plan being reported to the CMT.

Without sufficient oversight by the CMT, this can lead to business continuity actions not being implemented in a timely manner, reducing the effectiveness of the organisation's response to a business continuity incident.

**Management Action Revised**

**Property - Statutory Compliance 2.19.20**

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Ref	Management action	Original date	Original priority	Status reported to audit committee	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
2.3	The organisation will ensure that all compliance tests are completed in line with required frequencies of testing.  The Policy ref. PATs to be revised in line with statutory requirements (unnecessarily strict High currently).	31 August 2019	High	Not reported	The policy in relation to PAT has been updated.  We obtained the latest version of the compliance dashboard (19 March 2020) and noted 3 items of non-compliance and 2 delays: <ul style="list-style-type: none"> <li>Toddington and Dunstable generator services were late;</li> <li>Toddington gas cooker check had been missed; and</li> <li>Kempston Training Centre and Leighton Buzzard gas boiler inspections were re-booked due to the</li> </ul>	2	<b>Restated Management Action</b>  The organisation will ensure that all compliance tests are completed in line with required frequencies of testing, where required these will be updated to be completed on an 11-month cycle to ensure dates are not exceeded.	High	31 March 2020	Steve Kightley, Property Services Manager

engineer being turned away without Property knowledge, (COVID 19 station access restrictions).

As a result of the delays and non-compliance areas the Property Services Manager had decided to change from a 12-month gas & oil servicing, (boilers and commercial/domestic gas catering equipment) cycle to an 11 month cycle to allow for re-bookings of missed/refused attendances.

**Management Action  
Revised**

# EXECUTIVE SUMMARY – ASSET MANAGEMENT – ASSET TRACKING

## Why we completed this audit

The Service are trialling a new stock management system, named BlueLight, to replace their existing system, Great Plains. The Service are already underway in uploading stock to the BlueLight system, beginning with stock held on fire engines before moving to stores. The aim is to have completed the transfer and to cease using Great Plains by January 2021.

As part of the new BlueLight system the Service is marking all of its stock with Quick Response (QR) codes which can be scanned by new handled devices, from which stock can be marked as received or issued. The device can also be used to check the location of an item.

Stock is held in various locations across the Service’s headquarters site in Kempston, Bedford, including the General, Technical and Workshop stores.

## Conclusion

Our review identified issues in relation to asset management and tracking. We found that whilst quarterly stock checks had been undertaken, there was no record of the reasons for discrepancies in stock levels identified as part of checks carried out by the Service in September 2019. Additionally, through the completion of our own stock check on a sample of 30 operational items, we found that the Service had less stock than was recorded on Great Plains in 19 instances and more stock than recorded on Great Plains in two instances.

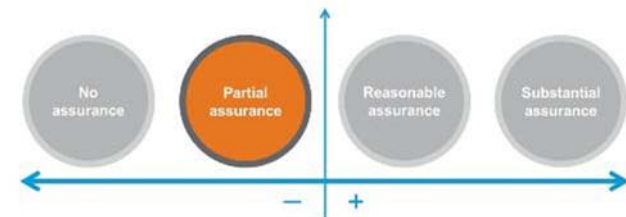
We confirmed that any changes to stock levels were being uploaded to both the Great Plains and BlueLight system to ensure the accuracy of both systems. We were advised, however, that whilst a data mapping exercise and reconciliation upon completion of the transfer to BlueLight had been planned, the overall transfer process had not been formally documented.

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### 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.



## Key findings

### We identified the following weakness:



#### Stock Checks

Stock checks are undertaken on a quarterly basis using a stock check form and adjustments are made to Great Plains where valid reasons have been recorded for differences between the system stock level and actual stock held. We noted during discussion with the Procurement Support Officer that evidence of the reasons recorded against discrepancies in September 2019 had not been recorded and as such we were unable to provide assurance that reasons had been identified prior to making adjustments to stock levels. There is a risk that stock will continue to be inappropriately removed from stores which could mean that replacement equipment may be unnecessarily replaced.

We selected a sample of four discrepancies from the September 2019 stock check sheet and confirmed through review that in one case an adjustment to Great Plains had been made. For the remaining three we noted that an adjustment had not been made. There is a risk that the Service's stock levels are mis-stated which could mean that the Service is unable to meet its objective to respond effectively to emergency incidents where the equipment required is not available. As such we have agreed a medium priority action for the Service to implement a consistent stock check process. Further detail of the action agreed can be found in section 2 of this report. **(Medium)**



#### Stock Sample Testing

Stock is stored with an OP code which corresponds to the item's record on Great Plains. We selected a sample of 30 items from a stock report as at 20 January 2020. Through review of our sample, we made the following findings:

- The quantity recorded for nine items was consistent with the actual quantity held.
- For the remaining 21 the actual amount held was not consistent with the quantity recorded:
  - Of the above 21, in two cases there were more items held than recorded, with the total value of the discrepancies being £2,255.90.
  - For the remaining 19 we found that the actual number held was lower than that recorded on the system, with the total value of the discrepancies being £7,724.36.

There is a risk that the quantity and value of stock held by the Service could be misstated resulting in the unnecessary procurement of equipment or the unavailability of equipment.

We noted during discussion with the Chief Accountant that the actions in relation to a similar finding made as part of the Stock Control audit in 2018/19 were still being implemented, which included tightening controls and providing training to those responsible for stock held in the stores, around issuing stock and recording this on the system. **(Medium)**



### Transfer to BlueLight

The process to transfer stock from Great Plains to BlueLight began with stock held on fire engines. To ensure stock levels are consistent across Great Plains and BlueLight, the Service will double enter stock movements until Great Plains is no longer used. Following this, a reconciliation process will be carried out to ensure there are no discrepancies between both systems once the transfer has been completed.

We noted during discussion with the Strategic Operational Commander Head of Service Support and Group Commander that whilst the reconciliation process and how all data fields will be mapped from Great Plains to BlueLight had been planned, they had not been formally documented.

There is a risk that the quantity and value of stock held by the Service could be misstated resulting in the unnecessary procurement of equipment or the unavailability of equipment. Further detail on this action can be found in section 2 of this report. **(Medium)**



## 2. DETAILED FINDINGS AND ACTIONS

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.

### 1. Stock Checks

<b>Control</b>	Stock checks are undertaken on a quarterly basis. The Facilities Manager will output a sample of items to be checked and the Technical Admin Assistant will complete a form for the stock check, noting the actual amount and any variances with reasons.	<b>Assessment:</b>	
	The sample is selected based on value and items that are likely to have variances.	<b>Design</b>	✓
	Forms are then recorded onto the Great Plains system at which point stock adjustments are made where variances have been noted. Variances must have reasons prior to a stock adjustment being made.	<b>Compliance</b>	×

<b>Findings / Implications</b>	We noted during discussion with the Chief Accountant that the Service had begun undertaking quarterly stock checks in September 2019 and as such only two had been carried out. We confirmed through review of the stock check sheets for September 2019 and January 2020 that stock checks had been carried out on a quarterly basis.
	We noted during review of the January 2020 electronic stock check sheet that reasons had been noted against the discrepancies identified. For September 2019, however, we noted during discussion with the Procurement Support Officer that evidence of the reasons recorded against identified discrepancies had not been retained.
	As such, we were unable to provide assurance that reasons had been identified in all cases for discrepancies between stock figures and actual stock held. If reasons for stock discrepancies are not identified, there is a risk that stock will continue to be inappropriately removed from stores which could mean that replacement equipment may be unnecessarily replaced.
	We selected a sample of four discrepancies from the September 2019 stock check sheet. We confirmed through review of our sample that in one case an adjustment had been made to the stock level held on the system. For the remaining three, we noted that an adjustment had not been made. As evidence of the reasons for each discrepancy had not been retained, as above, an explanation for why the adjustments had or had not been made could not be provided. As such, there is a risk that the Service's stock levels are misstated which could mean that the Service is unable to meet its objective to respond effectively to emergency incidents where the equipment required is not available.
We noted during discussion with the Procurement Support Officer that adjustments as a result of the January 2020 stock check had not yet been made to the system as these were pending approval by the Chief Accountant.	

<b>Management Action</b>	<p>A consistent stock check process will be implemented. This will include:</p> <ul style="list-style-type: none"> <li>• completing a stock check sheet with actual figures held;</li> <li>• recording the stock check sheet electronically noting reasons against discrepancies; and</li> <li>• making adjustments to the stock management system to correct discrepancies, where appropriate.</li> </ul> <p>In addition, electronic evidence of stock checks, including the sheet used to carry out the check, will be maintained.</p>	<b>Responsible Owner:</b> Jeremy Harrison, Chief Accountant	<b>Date:</b> 31 March 2020	<b>Priority:</b> Medium
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## 2. Stock Sample Testing

<b>Control</b>	<p>Stock is stored at three locations within the Head Quarters site in Kempston. They are:</p> <ul style="list-style-type: none"> <li>• General;</li> <li>• Technical; and</li> <li>• Workshop.</li> </ul> <p>Items are marked with an OP code which links the item back to its record on the Great Plains system.</p>	<b>Assessment:</b>	
		<b>Design</b>	✓
		<b>Compliance</b>	×

<b>Findings / Implications</b>	<p>We obtained a report of all stock held as at 20 January 2020 and selected a sample of 30 operational assets (those with an "OP" code) as directed by the Strategic Operational Commander Head of Service Support. We confirmed through review of our sample of 30 items that in nine cases the quantity recorded on the system was consistent with the amount held in the store.</p> <p>For the remaining 21, we noted in two cases there were more items held than recorded on the system, as follows:</p> <ul style="list-style-type: none"> <li>• three additional items at a total value of £429.60; and</li> <li>• 23 additional items at a total value of £1,826.30.</li> </ul> <p>We noted during discussion with the Watch Manager and Technical Administrator that the reason a greater amount of stock was held than was recorded on the system was most likely because the items had been issued, returned as broken and repaired but not added back to the system, we have not as part of our review verified returned equipment was suitable to return.</p> <p>For the remaining 19 we confirmed in all cases that the number held was less than that recorded on the system, ranging from two at a total value of £95 to 18 at a total value of £2,736.14. The total value of discrepancies where the number of stock held was less than that recorded on the system was £7,724.36 from our sample.</p> <p>Out of the 19 stock items held below that recorded on the system, we noted the following during discussion with the Watch Manager and Technical Administrator:</p> <ul style="list-style-type: none"> <li>• six had been ordered and were issued immediately but not recorded on the system; and</li> </ul>
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## 2. Stock Sample Testing

- nine had been issued from the store but had not been recorded on the system.

For the remaining four, we also noted the following reasons during discussion:

- the item was unknown and could not be found;
- the item was a trial product ordered in 2017, not ordered again and was most likely issued;
- it was unknown why the system said there were more held than the physical count; and
- a similar item was held but it could not be verified whether it was the item as marked on the system.

We were also informed that where items had been issued but not recorded on the system management considered it was most likely due to the Store Keeper being on leave and as a result, items being removed from the store without being recorded on the system.

We confirmed through review of our sample of 30 that in six cases the shelf in the store had been marked with the "OP" code. For the remaining 24, we noted the following:

- in 11 cases the items would either be too large or would be purchased for immediate use and therefore a shelf position had not been given;
- in 10 cases the items were held in the Technical or Breathing Apparatus Store where OP codes were not added to the shelves; and
- in the remaining three cases it was unknown why the shelf space was not marked, the item could not be found and the item had been ordered as a trial and not re-ordered.

There is a risk that the quantity and value of stock held by the Authority could be misstated resulting in the unnecessary procurement of equipment. This could affect the Authority's ability to meet its objectives for robust financial planning to meet austerity measures and achieve efficiencies through process improvement.

We noted during discussion with the Chief Accountant that the Service were continuing to implement the actions raised as part of the previous Stock Control audit in 2018/19, that had been agreed with the aim of limiting the number of items removed from stores but not recorded on the system. This included tightening controls and training members of staff responsible for each store around issuing stock and recording this on the system.

We also noted during discussion that the implementation of the BlueLight system will improve how stock is controlled within the Service by making it easier to record stock being received and issued from all stores.

<b>Management Action</b>	The Authority will ensure that when stock items issued from stores to their final destination, the stock system and individual station equipment lists are correctly coded to show the movements. Evidence of the local stock list including correct location coding should be available where required.  Training around issuing stock and recording this on the system will also be delivered for members of staff responsible for each store.	<b>Responsible Owner:</b> Technical Support Manager	<b>Date:</b> September 2020	<b>Priority:</b> Medium
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**3. Transfer to BlueLight**

<b>Control</b>	<p>The process to transfer stock from Great Plains to BlueLight has started with stock stored on the fire engines. Items are marked with a QR code and subsequently added to the BlueLight system with their previously used OP code attached. This enables the Service to link items from the new system back to the old.</p> <p>The BlueLight system is currently being trialled and any changes to stock levels are uploaded to both the Great Plains and BlueLight system to ensure both systems are up to date. A reconciliation of the stock levels on both systems will be undertaken before the Service ceases to use the Great Plains system.</p> <p>There is no formal document in place to manage the transfer process, including mapping all data fields, from Great Plains to BlueLight or the subsequent reconciliation.</p>	<b>Assessment:</b>	
		<b>Design</b>	×
		<b>Compliance</b>	-

**Findings / Implications**

We noted during discussion with the Watch Commander that the process to transfer assets and stock figures to the BlueLight system was to begin with documenting assets held on the Service's fire engines, including marking these with new QR code identifiers linked to the new system. We also noted during discussion that the BlueLight system will record the corresponding OP code used by the Great Plains system.

We noted the following during discussion with the Strategic Operational Commander Head of Service Support and Group Commander:

- to prevent stock figure discrepancies during the switchover phase, changes in stock levels would be entered into both systems simultaneously; and
- a reconciliation process would be undertaken once the Service had completed the transfer to BlueLight.

However, we identified that the following had not yet been identified:

- both the reconciliation and how all data fields from Great Plains would be mapped to BlueLight had not been formally documented; and
- the overall process for transferring to BlueLight had not been formally documented, including both transfer of data and operational practicalities.

As such, there is a risk that the quantity and value of stock held by the Service could be misstated resulting in the unnecessary procurement of equipment and the Service may be unable to meet its objective to respond effectively to emergency incidents where the equipment required is not available.

This could affect the Service's ability to meet its objectives for robust financial planning to meet austerity measures and achieve efficiencies through process improvement.

<b>Management Action</b>	A formal plan for the transfer of stock from Great Plains to BlueLight will be produced. This will include:	<b>Responsible Owner:</b>	<b>Date:</b>	<b>Priority:</b>
			31 March 2020	Medium

### 3. Transfer to BlueLight

- how all data fields will be mapped from Great Plains to BlueLight to ensure that all standing data held against each stock item is transferred; and
  - the process for reconciling stock on Great Plains to BlueLight once the transfer is complete to ensure all stock has been transferred and stock figures are accurate.
- 

Chris Ball, Strategic Operational  
Commander Head of Service Support

# EXECUTIVE SUMMARY – FOLLOW UP – OPERATIONAL BUSINESS CONTINUITY AND PROPERTY – STATUTORY COMPLIANCE

## 1.1 Introduction

As part of the approved internal audit periodic plan for 2019/20 we have undertaken a review to follow up progress made by you to implement the previously agreed management actions. The audits considered as part of the follow up review were:

- Operational Business Continuity 1.19.20; and
- Property - Statutory Compliance 2.19.20.

The seven management actions considered in this review comprised of two high and five medium priority actions. The focus of this review was, to provide assurance that the actions previously agreed have been adequately implemented.

## 1.2 Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion, Bedfordshire Fire & Rescue Authority has demonstrated **reasonable progress** with the exception of the completion of Statutory Property Compliance checks in line with the required deadlines where a revised action has been agreed.

Of the seven management actions reviewed, we noted that four actions had been implemented. For the remaining three, we found that two were in the process of being implemented and one action was not yet due.

We have agreed new management actions where appropriate; these are detailed in section 2 of this report.

## 1.3 Action tracking

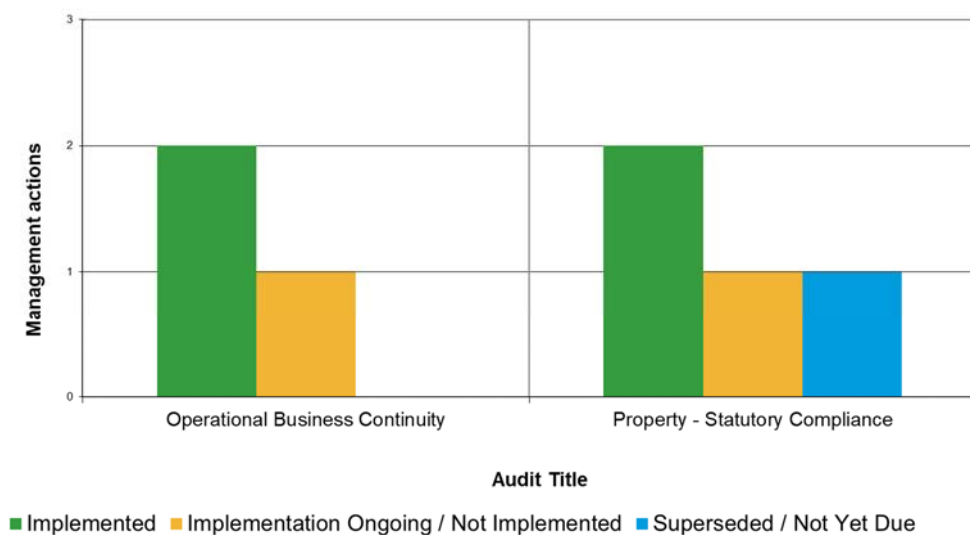
Action tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the Audit & Standards Committee to monitor actions taken by management. As part of our Follow Up review, we have verified this information and completed audit testing to confirm the level of implementation stated and compliance with controls.

Action tracking is undertaken by Bedfordshire Fire & Rescue Authority's management on a regular basis, with an update provided to the Audit & Standards Committee at each meeting. As part of our Follow Up review, we have verified this information and completed audit testing to confirm the level of implementation stated and compliance with controls.

We were able to verify that the status of implementation of management actions, as reported to the Audit & Standards Committee in its December 2019 meeting via the internal action tracking process, was accurate for two of the three actions for Operational Business Continuity. For the remaining action relating to Operational Business Continuity and the three due actions for Property – Statutory Compliance, we found that the status of these actions had not been reported at the December 2019 Audit and Standards Committee.

Whilst one of these actions had a due date of 31 December 2019 and would not have been overdue at the time of reporting, the remainder were all due. Management must ensure that all outstanding actions are presented to the Audit and Standards Committee.

The following graph highlights the number and categories of actions issues and progress made to date:



## 1.4 Progress on actions

Implementation status by review	Number of actions agreed	Status of management actions			
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Not yet due (5)
Operational Business Continuity 1.19.20	3	2	1	0	0
Property - Statutory Compliance 2.19.20	4	2	1	0	1

Implementation status by management action priority	Number of actions agreed	Status of management actions			
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Not yet due (5)
Medium	5	3	1	0	1
High	2	1	1	0	0
<b>Totals</b>	<b>7</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>1</b>

## 2 FINDINGS AND MANAGEMENT ACTIONS

This report has been prepared by exception. Therefore, we have included only those actions graded as 2 and 3. Each action followed up has been categorised in line with the following:

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

### Operational Business Continuity 1.19.20

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Ref	Management action	Original date	Original priority	Status reported to audit committee	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
1.2	The Strategic Operational Commander Head of Response will present the rolling business continuity action plan to the Corporate Management Team on a monthly basis.  This will include a commentary on progress towards implementing any outstanding actions.	31 July 2019	Medium	Not reported	Through discussion with the Station Manager - Organisational Assurance, and review of an agenda for the Corporate Management Team (CMT) meeting in January 2020, we noted that whilst discussions had been held in relation to Business Continuity, the rolling business continuity action plan was not being presented to the CMT at each meeting.  We were advised that this was due to long lead time regarding action due dates, resulting in a lack of updates	2	<b>Revised Management Action</b>  The rolling business continuity action plan will be presented to the Corporate Management Team (CMT) on at least a six-monthly basis aligned to the strategic assessment of risk and business continuity.  This will include a commentary on progress towards implementing any outstanding actions.	Medium	31 March 2020	James West, Station Manager – Organisational Assurance



at each meeting.  
Consideration, however, had not been given to reducing the frequency of the action plan being reported to the CMT.

Without sufficient oversight by the CMT, this can lead to business continuity actions not being implemented in a timely manner, reducing the effectiveness of the organisation's response to a business continuity incident.

**Management Action Revised**

**Property - Statutory Compliance 2.19.20**

Ref	Management action	Original date	Original priority	Status reported to audit committee	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
2.3	<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 High currently).</p>	31 August 2019	High	Not reported	<p>The policy in relation to PAT has been updated.</p> <p>We obtained the latest version of the compliance dashboard (19 March 2020) and noted 3 items of non-compliance and 2 delays:</p> <ul style="list-style-type: none"> <li>• Toddington and Dunstable generator services were late;</li> <li>• Toddington gas cooker check had been missed; and</li> <li>• Kempston Training Centre and Leighton Buzzard gas boiler inspections were re-booked due to the</li> </ul>	2	<p><b>Restated Management Action</b></p> <p>The organisation will ensure that all compliance tests are completed in line with required frequencies of testing, where required these will be updated to be completed on an 11-month cycle to ensure dates are not exceeded.</p>	High	31 March 2020	Steve Kightley, Property Services Manager

engineer being turned away without Property knowledge, (COVID 19 station access restrictions).

As a result of the delays and non-compliance areas the Property Services Manager had decided to change from a 12-month gas & oil servicing, (boilers and commercial/domestic gas catering equipment) cycle to an 11 month cycle to allow for re-bookings of missed/refused attendances.

**Management Action  
Revised**

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# EXECUTIVE SUMMARY – KEY FINANCIAL CONTROLS

## Why we completed this audit

We completed this audit to provide yearly coverage of the organisation's key financial controls systems to ensure they are adequately designed and are being complied with. The Bedfordshire Fire and Rescue Authority's Finance Team is headed by the Head of Finance with the support of the Chief Accountant, two Principal Finance Officers and a team of Finance staff. The Payroll team is led by the Payroll Manager with the assistance of Payroll staff.

Financial transactions are recorded through the Great Plains finance system which has the capability of covering all areas of finance within the organisation. The Authority outsources their payroll processing to Midlands HR and the organisation utilises the I-Trent integrated HR and Payroll system.

Our review focussed on the key financial controls within the following areas:

- General Ledger;
- Payments and Creditors;
- Income and Debtors;
- Cash and Treasury Management;
- Payroll.

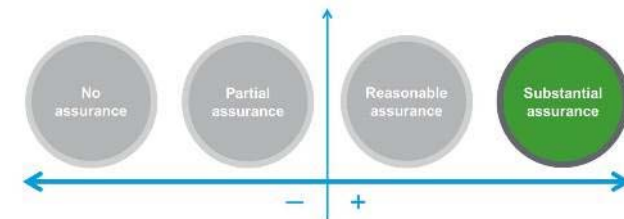
Financial Regulations and Financial Control Standards govern the daily operations of Bedfordshire Fire and Rescue Service.

## Conclusion

Our review identified that there was a robust and well designed control framework in place at Bedfordshire Fire and Rescue Service in relation to the areas noted above, and these were complied with in the majority of our sample testing. We noted one medium priority action where a purchase had been made without the Procurement department's involvement, which was not consistent with the procurement procedure.

### Internal audit opinion:

Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage the identified area(s) are suitably designed, consistently applied and operating effectively.



## Key findings

### We identified the following weaknesses:



The Service differentiates its procurement process between purchases below £50k and purchases above £50k. For those below £50k: £0-2k require two quotations; £2-10k, 3 quotations; and £10-50k, 3 quotations prior to orders being placed or tender undertaken. For procurement above £50,000 the organisation uses the 'blue light' tendering portal and will use OJEU for anything in line with the OJEU limits.

We selected a sample of five invoices to review compliance with procurement processes and found:

- For the two invoices below £10k, an appropriately approved procurement waiver was in place.
- For two invoices relating to Airbus Defence (£33k and £19k values), we were advised by the Procurement Manager that this was a rolling year on year contract for the current security communication software used by all Fire and Rescue Services (single source supplier). We were advised, however, that a Procurement exemption form had not been completed.
- For an £11k invoice for AMC Computers, we were advised by the Procurement Manager that numerous ad hoc purchases had been made by ICT as part of their Business as 'usual stock replenishment' and this purchase had been made without Procurement's involvement, which does not comply with the organisation's Procurement process.

There is a risk of the organisation not being able to demonstrate a transparent and consistently applied process for obtaining value for money.  
**(Medium)**

### We noted the following controls to be adequately designed and operating effectively:

#### General



We confirmed that the Financial Regulations were in place and were last updated in March 2019. They were available to staff and the public via the website. Supporting the Financial Regulations is the Procurement Policy which was last updated in October 2019. This outlined the tendering procedures and values for which quotes should be obtained prior to purchasing goods and services.



An authorised signatory list was maintained which specified the financial limits at which invoices could be authorised, and the level of authorisation for employee related expenses. We noted that the list had last been reviewed on 9 January 2020.

From our sample of five staff members we confirmed that approval limits reflected the appropriate seniority of the staff members. We also selected a sample of five leavers from the current financial year and confirmed they did not feature.

#### General Ledger



Journals are created using a template form which lists each of the credits and debits and provides a reason for the changes. From a sample of ten journals from the current financial year, we confirmed that, in each instance, journals were supported by journal entry forms; segregation of duties at each stage of the process; and authorised by the budget manager.



The Finance Team use a month-end timetable as a guide to the tasks to be completed prior to closing the ledger. We confirmed through review of month end timetables for September, October and November 2019 that tasks were being recorded as completed throughout the month and signed off by the Chief Accountant.



We obtained evidence of backups from the Chief Accountant via a server-generated electronic confirmation extract, this included daily, weekly, monthly and yearly backups.



Finance reports are presented to the Corporate Management Team (CMT) meetings monthly and the Authority on a regular basis.

### Payments and Creditors



Where applicable Purchase Orders (POs) are used to request goods and services, with the exception of utilities bills and petty cash payments. For a sample of five PO invoices, we confirmed that PO requisitions were raised with segregation of duties; matched the PO value; confirmation of goods and services received; and signed according to the authorisation list. For a sample of five non-PO invoices, we noted that each was approved in line with the authorisation list.



Payment runs are conducted once a week, being signed off by the Chief Accountant / Head of Finance prior to payment being made. We reviewed the five payment runs between October 2019 and January 2020, we noted that all payment runs were signed off either by the Chief Accountant or Head of Finance.



The Service has a target for 96% of invoices to be paid within 30 days. The Chief Accountant informed us that the percentage of uncontested invoices paid within 30 days is regularly reviewed at team meetings; KPI information is regularly uploaded to the SharePoint system on a quarterly basis; and confirmed that the information for quarters 2 and 3 had been uploaded. We confirmed that the quarter 2 average performance of 95.73% was only marginally under target and being monitored within the Service.

### Income



Sales invoice requisitions must be completed and authorised for invoices to be raised. For a sample of ten invoices in the current financial year, we confirmed that sufficient authorisation was granted prior to invoices being raised, supporting information explained why invoices were raised and invoices were raised in a timely manner.

### Cash and Treasury Management



Cash flow forecasts are prepared on a daily basis, using data received from income and payment accounts and bank statements. Forecasts are reconciled by the Finance Officer, checked and agreed by another member of the Finance team, and certified by the Chief Accountant. We selected a sample of five payments and five expenses from the bank account statements and confirmed that they had been updated appropriately in the cash flow forecast; forecasts were reconciled and verified by separate members of the Finance team and subsequently by the Chief Accountant.



Our testing of three out of the seven investments entered into within the current financial year found that robust controls exist to ensure authorisation of investments is in line with policy. Each had investment forms documenting the reasons for the investment approved by the Head of Finance, and we confirmed that the investments were made through approved lenders.



We confirmed that the Service has not taken any loans since 2012 and the loans in place are with the Public Loans Work Board. We understand there are no covenants associated with these loans.

### Payroll



Where a user requires access to iTrent system, the 'Request for access to Human Resources System' form is completed and signed by the employee's line manager. We confirmed for the one new payroll user for the current financial year that the supporting form was held and had been authorised appropriately.



For new starters' forms containing payment information are completed by the employee and HR and input into the I-Trent system. We obtained a sample of ten new starter and confirmed in each instance that starter forms were completed and reconciled to I-Trent, appropriate vetting checks were performed and approved by an HR Manager.



For leavers, a termination form is completed by the Line Manager and processed in line with the payroll timetable to ensure no overpayments are made. We selected a sample of ten leavers and found in all cases that termination forms were completed; reconciled with the dates on I-Trent; and input in line with the payroll timetable in a timely manner which avoided overpayments.



For amendments, the Line Manager will complete an amendment form. This is checked by the HR Manager, input by the administrator and then a final check is completed by the HR Officer. We confirmed for a sample of ten completed forms that the appropriate checks were actioned. We noted that all dates on physical forms aligned with iTrent. We also selected a sample of five amendments from a daily change report from iTrent and confirmed that amendment forms had been appropriately completed and checked.



Overtime payments are recorded on standardised forms which are completed and forwarded to Payroll. Forms are authorised by the appropriate budget manager. Information from these overtime forms is manually entered into a spreadsheet by the Payroll team and saved as a CSV (comma separated value) file for upload to iTrent. We confirmed for a sample of five overtime and five additional payments that appropriately authorised supporting documentation was available for the payments, and that this was accurate on the iTrent system.



A Payroll processing timetable is maintained which sets out the dates and key information necessary to be processed by payday. We noted that I-Trent facilitated access to the timetable and is available to all staff on the intranet.



BACs reports are prepared by the Payroll team and signed off on the BACS form as prepared by the Payroll Team member and Payroll Team Leader. The form is then authorised by the Chief Accountant or Principle Finance Officer. We confirmed that BACs forms for October, November, and December 2019 were signed by a Payroll Team member and the Payroll Team Leader; authorised by the Chief Accountant or Principle Finance Officer before the transmission date on the form.



We obtained net pay variance reports (Element and Gross to Net) for October, November, and December 2019. We confirmed, each variance over 30% had a narrative provided within the report.

**We have also agreed two low priority management actions. Further details are provided in the detailed findings and actions section of this report.**

## 2. DETAILED FINDINGS AND ACTIONS

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.

### Payments and Creditors

<b>Control</b>	<p>The organisation's rules covering the requirement for quotes are located within the Procurement Policy and Procedure.</p> <p>For procurement above £50,000 the organisation uses the 'blue light' tendering portal and will use OJEU for anything in line with the OJEU limits.</p> <p>The following is applicable for purchases below £50,000:</p> <ul style="list-style-type: none"> <li>£0 up to £2,000 – the principles of Best Value apply. Where possible, two competitive quotations are to be obtained.</li> <li>£2,000 to £10,000 – a minimum of three written quotations and/or market evidence of Best Value.</li> <li>£10,000 to £50,000 – three quotations in writing prior to the order being placed (e.g. in the case of proprietary items) or tender being undertaken (e.g. in the case of bespoke items). Guidance on the best procurement route should be obtained from the Procurement Team. Quotations/tenders should be managed by Procurement through the Authority's e-tendering portal.</li> </ul>	<b>Assessment:</b>	
		<b>Design</b>	✓
		<b>Compliance</b>	×

<b>Findings / Implications</b>	<p>We selected a sample of five invoices to review compliance with procurement processes and found:</p> <ul style="list-style-type: none"> <li>For the two invoices below £10k, and found that an appropriately approved procurement waiver was in place</li> <li>For two invoices relating to Airbus Defence (£33k and £19k values), we were advised by the Procurement Manager that this was a rolling year on year contract for the current security communication software used by all Fire and Rescue Services (single source supplier). We were advised, however, that a Procurement exemption form had not been completed.</li> <li>For an £11k invoice for AMC Computers, we were advised by the Procurement Manager that numerous ad hoc purchases had been made by ICT as part of their Business as Usual stock replenishment and this purchase had been made without Procurement's involvement, which does not comply with the organisation's Procurement process.</li> </ul> <p>There is a risk of the organisation not being able to demonstrate a transparent and consistently applied process for obtaining value for money.</p>
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<b>Management Action</b>	The Procurement Manager will ensure that a Procurement Exemption form is completed and approved for the Airbus	<b>Responsible Owner:</b>	Procurement Manager	<b>Date:</b>	April 2020	<b>Priority:</b>	Medium
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Defence contract. Additionally, a plan will be put in place with the ICT Support Manager to manage ICT purchases over £10k.

The Service will ensure that where appropriate the procurement department will be involved, procedures are followed, and any exceptions / waivers receive appropriate authorisation.

(Management update - Airbus Defence: comments noted;

AMC Computers: The Procurement Manager advised Internal Audit that compliant routes to market for ICT products had been previously advised. ICT's Business as Usual stock replenishment process will be reviewed by the Procurement Manager in conjunction with the ICT Support Manager for the purpose of ensuring compliance with the Procurement Policy.)

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# EXECUTIVE SUMMARY – MOBILISING SYSTEM PROJECT

## Why we completed this audit

We have undertaken an audit of the Mobilising System Project to review project management including compliance against the organisations procurement framework and the arrangements relating to the pre-contract award project implementation plan.

A mobilising system is a purpose-designed computer system that holds information on the locations, movements and availability of all fire appliances and Fire Officers. Detailed information can also be held on systems, such as key contact details within the local authorities and a database of addresses in the local area to enable quicker mobilising to incidents.

The responsibility for managing the project initially started with the Head of Governance and Asset Management but shifted to the Head of ICT and Programmes in July 2019, following an Authority-wide structure change. The operational responsibility for ensuring that the appropriate procurement protocol was adhered to has rested with the Procurement Manager since the start of the project.

The procurement process started in April 2019 and the contract award is expected to take place in April 2020. The Authority initially shortlisted five suppliers, however four have withdrawn to date leaving only one supplier, Airwave, in the process. As part of the review, we have obtained feedback from Airwave on the procurement process, which is detailed in Appendix A of the report. We understand the Authority are approaching the suppliers for feedback who pulled out of the procurement to identify if there are any lessons to be learnt from the process.

## Conclusion

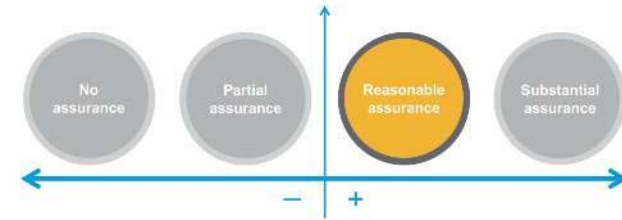
Overall, we found the Authority had clear arrangements in place to monitor the progress of the project via the Mercury Programme Board. This included a clear project plan; terms of reference of the Mercury Programme Board and due diligence has been completed. Furthermore, when the project gets to the appropriate stage, we found arrangements were in place to ensure adequate approval to enter into an agreement with the winning bidder, and contractual arrangements had been planned including the signing of the contract and the agreeing the performance indicators (being agreed at the time of our fieldwork).

We did however find that the full specification for the project was not initially advertised, which ultimately resulted in four of the five suppliers withdrawing from the procurement process following release of the specification on the OJEU Contracts Finder. This has resulted in Airwave being the only supplier left in the process.

**Internal audit opinion:**

Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed and consistently applied.

However, we have identified issues that that need to be addressed in order to ensure that the control framework is effective in managing this area.

**Key findings**

Our review identified the following issue which has resulted in the agreement of **one medium priority** management action:

**Specification of the project**

The specifications for projects are required to be fully uploaded to the OJEU Contracts Finder for suppliers to fully assess prior to entering the procurement process. We noted that the specification for the Mobilising System Project was not fully uploaded to the OJEU Contracts Finder at the time that the project was initially advertised on 21 August 2019. The full specification for the project was issued on 7 November 2019, with the bid submission deadline being 16 December 2019 and as a result we were unable to confirm that the tender had followed the tender framework process as per the 'Public Contracts Regulations 2015'.

We were advised that following release of the full specification, all but one of the bidding suppliers withdrew from the procurement process. Five suppliers had initially been in competition and were evaluated on initial feedback from the tender before four of these withdrew from the process. Through review of withdrawal letters from suppliers, we noted that the main reason outlined was due to the cost of the project not matching the full work that suppliers deemed was required, which was identified following release of the full specification. We were also unable to review documentation to confirm that the specification for the project was approved by the Technical team prior to being advertised.

There is a risk of the Authority not achieving the objectives of the mobilising system project should they enter into an agreement without the specification for the project being formally approved and evidenced as such. Furthermore, should a competitive procurement process between bidders not take place, this could lead to the Authority not achieving value for money for the services that it procures. **(Medium)**

We have also agreed one **low** priority action which is outlined further within the detailed findings section of the report.

We noted the following controls to be adequately designed and operating effectively:



#### **Pre-contract award project plan**

The RMP Project Procurement Plan was developed in July 2019 and has been monitored from August 2019, which outlines all the tasks that were required to be completed up until the contract award of the mobilising system project. We reviewed the RMP Project Procurement Plan and confirmed that it outlined the tasks that were required to be completed prior to the Authority awarding the contract to a supplier. We confirmed that the responsible officers for each task were clearly outlined within the RMP Project Procurement Plan. Project milestones were included in the plan, timescales were clearly defined, and each task had a start and finish date.



#### **Mercury Programme Board – Terms of Reference**

Through review of the Mercury Programme Board Terms of Reference we confirmed that the aim of the programme is to deliver and monitor the implementation of the new mobilising system. Furthermore, the Project Teams on the associated projects of the programme will support the delivery of this aim. We confirmed that the document was developed in October 2019 and was approved at the Mercury Programme Board meeting in October 2019.



#### **RMP Project Team meetings - Monitoring**

We reviewed RMP Project Team minutes for meetings held in October 2019, January 2020 and February 2020 and confirmed that updates on the progress of the project was reported at each meeting. We confirmed that action points from each meeting were retained and the review of previous actions was a standing agenda item and discussed at each meeting. We noted through review of the action log updated at each meeting that timescales and action owners were prescribed to each action.



#### **Procurement Policy and Guidance**

Through discussions with the Procurement Manager, we were advised that the Authority followed the tender framework guidance provided within the government published 'Public Contracts Regulations 2015'. We confirmed that this was the latest guidance set out by the government and was available to access via the government website.

We were advised that a Procurement Policy was in place at the time of project commencement in April 2019, however this was not followed due to it being deemed inadequate by the Procurement Manager, who was in the process of revising the requirements, hence going back to government requirements. We reviewed the new Procurement Policy and confirmed that this had included guidance on the tender framework to be followed for future projects. We also confirmed that the policy was available to access for staff on Share Point.



### **Due Diligence – Shortlisted suppliers**

The Mobilising System Project was advertised to potential suppliers on the Official Journal of the European Union (OJEU) Contracts Finder. In order to access the tender documentation from the advert, suppliers were required to navigate to Delta e-sourcing to access the tender instructions pack. We confirmed through review of completed Selection Questionnaire Instructions Packs for all five suppliers that these were completed and sent to the Authority. We reviewed the Summary Spreadsheet and confirmed this was retained and updated within the Authority's Procurement Team and confirmed that all completed Selection Questionnaire Instructions Packs were assessed prior to being shortlisted to the next stage of the procurement process. As a result of four of the five bidders pulling out, full due diligence processes of each was not undertaken for all five bidders, however we confirmed this had taken place for the winning bidder. We also confirmed that all five shortlisted suppliers had adhered to the prescribed procurement deadlines set out by the Authority.



### **Approval – to enter into an agreement with the winning bidder**

Although Airwave is the only supplier left in the procurement process, the Authority has not yet entered into an agreement with the bidder. This is scheduled to take place in April 2020. Through review of the latest Procurement Policy developed and approved by the Fire Authority in February 2020, we confirmed that section 17 of the document, entitled 'Contract Award and Signature' outlined the approval requirements for each of the procurement bands. We confirmed that the policy outlined the specific responsibility for the Procurement Manager to ensure that the signed Terms and Conditions of Contract is countersigned by the Budget Manager within the Responsible Officer's Service Area, who has the appropriate authority to sign off the relevant level of spend.

Through discussions with the Procurement Manager, we were advised that for the Mobilising System Project, the contract will be agreed by the Procurement Manager, Chief Accountant and Project Executive in line with the requirements shortly, prior to the commencement of the contract.



### **Signed Contract and Contract Management Arrangements**

Through review of the government published 'Public Contracts Regulations 2015', we confirmed that page 29 outlined the Authority had the right to award the contract to the leading supplier at the contract selection stage. We reviewed the contract and its schedules that was drafted by the Authority and their legal advisors, Bevan Brittan, and confirmed that these outlined the roles, responsibilities, specification and the contract management arrangements to be adhered to between both parties for delivery for the Mobilising System Project. The specific Performance Indicators were being agreed at the time of our review.

Through discussions with the Procurement Manager, we were advised that this contract will form the basis of the contract that will be awarded to the only supplier left in the procurement process, Airwave.

### Development of a post-contract award rollout plan



We were advised by the Head of ICT and Programmes that the Authority plan to finalise the project plan for the delivery phase of the Mobilising System Project once the contract has been awarded and signed off. We were advised that the winning bidder will be undertaking a large proportion of the work required to develop the project and therefore this can only be undertaken following the contract being awarded. We were further advised that the Authority have started identifying the activities and identifying resource requirements in advance of the contract being signed off. Once this has been undertaken, a planning session with the winning bidder will be arranged to formulate the project plan.

## DETAILED FINDINGS AND ACTIONS

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.

### Mobilising System Project – Procurement and Pre-Contract Award Implementation Plan

#### 1. Specification of the project

		Assessment	
<b>Control</b>	<p>The procurement guidance followed by the Authority for the mobilising system project was taken from the government published 'Public Contracts Regulations 2015' guidance.</p> <p>A Procurement Policy was in place at the time that the project commenced in April 2019, however, this was not followed due to it not being deemed adequate by the Procurement Manager, who was in the process of revising the requirements, hence going back to government requirements.</p> <p>A new Procurement Policy was developed and approved by the Fire Authority in February 2020. This policy outlines the tender framework that would be followed for all projects moving forward.</p>	<b>Design</b>	✓
		<b>Compliance</b>	×
<b>Findings / Implications</b>	<p>We noted through discussions with the Procurement Manager that the specification for the Mobilising System Project was not fully uploaded to the OJEU Contracts Finder at the time that the project was initially advertised. We were advised that following release of the full specification, suppliers had withdrawn from the procurement process. Initially, five suppliers had been in competition and withdrew for a variety of reasons.</p> <p>The reason that the specification was not fully uploaded, was explained to be due to the Authority-wide structure change in July 2019, and the responsibility of managing the project shifting from the Head of Governance and Asset Management to the Head of ICT and Programmes . As such, a decision had been made to initially go out to market with an incomplete specification.</p> <p>Following release of the full specification, suppliers withdrew from the procurement process. Through review of withdrawal letters from suppliers, we noted that the one reason outlined was due to the cost of the project not matching the full work that was required, which was identified following release of the full specification. As such, we confirmed that the tender framework had not been followed as set out in the 'Public Contracts Regulations 2015'.</p> <p>We were also unable to review documentation to confirm that the specification for the project was approved by the Technical team prior to being advertised.</p> <p>There is a risk of the Authority not achieving the objectives of the mobilising system project should they enter into an agreement with a supplier without the specification for the project being formally approved and evidenced as such. This could also lead to the Authority not delivering on their strategic objectives or not demonstrating value for money has been achieved.</p>		

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<b>Management Action 1</b>	The Authority will ensure that the specification for all contracts are formally approved and complete prior to being advertised on the OJEU Contracts Finder.	<b>Responsible Owner:</b> Procurement Manager	<b>Implementation Date:</b> April 2020	<b>Priority:</b> Medium
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# EXECUTIVE SUMMARY – COMMUNITY RISK MANAGEMENT PLAN

## Why we completed this audit

The Community Risk Management Plan is produced to demonstrate how prevention, protection and response activities will best be used to prevent fires and other incidents and mitigate the impact of identified risks on an Authority's communities. The Plan covers the period from 2019 to 2023. On an annual basis, the plan is refreshed which centres around updating the Authority's action plan for the next year. At the time of the audit the Authority were about to start work implementing the 2020/21 action plan.

The Plan is produced by the Corporate Management Team (CMT), compiled by the Service Improvement Manager and considered for approval by the Fire and Rescue Authority each year.

Public and staff engagement events are undertaken, both to produce the initial overall plan but also as part of the annual refresh of the action plan. As part of refreshing the plan for 2020/21, 14,000 email subscribers were sent a survey, of which 395 responses were received, and various face to face events were held in the local area, of which the results were factored into the plan.

Strategies have been documented within the plan under each of the Authority's six aims:

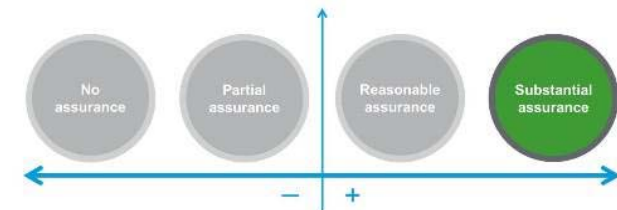
- preventing fires and other emergencies from happening;
- protecting people and property when fires happen;
- responding to fires and other emergencies promptly and effectively;
- empowering our people as we work together to make Bedfordshire safer;
- utilising our assets and resources effectively; and
- maximising use of data and digital transformation to drive improvement.

## Conclusion

Our review confirmed that controls were well designed and complied with around producing, approving and monitoring the Community Risk Management Plan (CRMP), including approval of the Plan by the Fire and Rescue Authority, integration of government guidance into the plan, undertaking engagement events with the public and staff, and monitoring of action plans.

### Internal audit opinion:

Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.



## Key findings

We noted the following controls to be adequately designed and operating effectively:



### Community Risk Management Plan Approval

The Plan is produced by the CMT and approved by the Fire and Rescue Authority prior to publication. We confirmed through review of the Fire and Rescue Authority's February 2020 minutes that the 2020/21 refreshed Plan had been approved.



### Government Guidance

The CRMP has been produced in accordance with the Integrated Risk Management National Framework, last published in May 2018. We confirmed through comparison of the specific requirements outlined within the National Framework, such as the inclusion of up to date risk analysis of the local area and to demonstrate how preventions, protection and response activities will be best used to prevent fires, had been included within the Plan.



### Public and Staff Engagement

Public and staff engagement events include issuing a survey via email to over 14,000 subscribers and via the Authority's social media channels, face to face consultations at local meeting points and as part of management briefing days. We confirmed through review of the Fire and Rescue Authority's minutes for their February 2020 meeting and a paper presented that results of the engagement events had been presented and discussed, and that 395 responses had been received. We noted through review of the results and common themes identified in comparison to CRMP that the results had been integrated.

We confirmed through review of agendas from management briefing days that engagement with staff had been planned and we understand completed in line with these.



### Monitoring of Action Plans

The CMT oversee the implementation of action plans towards meeting the CRMP. We noted through discussion with the Service Improvement Manager that the FRA have delegated operational responsibility of monitoring progress against the CRM Action Plan to the CMT.

We confirmed through review of the last three minutes for the CMT from January, February and March 2020 that the reports containing progress towards meeting the CRM Action Plan for 2019/20 had been presented. We confirmed through review of the minutes for January and March 2020 that challenge and scrutiny had taken place where appropriate. However, we noted during review of the February 2020 minutes that challenge and scrutiny had not clearly taken place. As this appeared to be a one off occurrence and did not occur in the next meeting, we have not agreed an action in relation to this finding, however, the Authority must ensure evidence is held to support challenge and scrutiny of agenda items through the minutes.

**We have agreed one low priority management action. Further details are provided in the detailed findings and actions section of this report.**

# EXECUTIVE SUMMARY – ENVIRONMENTAL STRATEGY AND DE-POLLUTED SCRAP VEHICLES

Why

## we completed this audit

We have undertaken an Environmental Strategy and De-polluted Scrap Vehicles at the Bedfordshire Fire and Rescue Authority (BFRA) to ensure that there are appropriate processes in place to enable compliance with, and reporting against, the Environment & Sustainability Strategy and Action Plan 2020-2025. The Strategic Operational Commander drafted the Authority's Environment & Sustainability Strategy and Action Plan 2020-2025 in January 2020, following liaison with Functional Heads. The Strategy is scheduled to be presented to the Corporate Management Team for review in May 2020 and final approval is required to be obtained from the Fire Authority. At the time of the review, there were no planned Fire Authority meetings taking place due to the coronavirus pandemic, therefore the timing of the approval is to be confirmed.

A Functional Head will be allocated with the responsibility for developing workplans from the strategy, following its approval at the Fire Authority. BFRA has not yet assigned the formal responsibility for monitoring the delivery of the strategy and action plan. Following approval of the strategy, five Project Teams that are each aligned to a Functional Head will be responsible for the five arms outlined within the strategy. Each of these Project Teams will be responsible to report to the Strategic Environmental Board quarterly.

## Conclusion

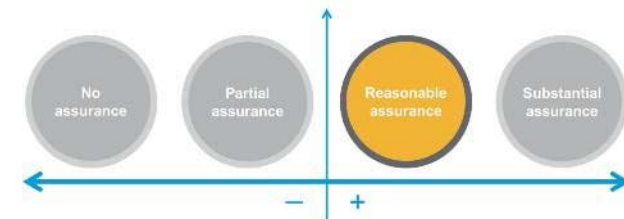
BFRA are currently in the process of formalising its environmental control framework and have recently drafted an Environmental Strategy that will be presented to the Fire Authority for approval. We were advised that further arrangements will be developed following approval in May 2020, such as the development of workplans by each of the Functional Heads at the Authority, which will focus on the delivery of each of the five arms outlined within the strategy. There will also be a focus on the formalisation of governance arrangements to monitor the delivery of the strategy and the effectiveness of the Strategic Environmental Board and respective Project Teams, therefore we have not include additional actions in these areas, but this has been taken into account in our opinion below .

We did note a compliance issue in relation to checks not being documented as undertaken to confirm that scrap vehicles have been de-polluted upon receipt within the Service. We were advised, however, that these checks were being undertaken and just were not being recorded.

### Internal audit opinion:

Taking account of the issues identified, the Authority can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



## Key findings

Our review identified the following issue which has resulted in the agreement of one medium priority management action:



### Receipt of De-polluted Scrap Vehicles in Stations

Scrap vehicles are required to be accepted on delivery by a member of Service staff and an inspection must be carried out prior to use. Through discussions with the Head of Governance, Assets, Procurement and Collaboration, we were advised that a visual and verbal check is undertaken by Authority staff upon delivery of scrap vehicles, however this process is not currently evidenced.

There is a risk of uninspected scrap vehicles being used for RTC training, which could lead to the Service not undertaking their agreed de-pollution protocol. This will lead to unsafe cars being used for training purposes and could lead to injury, unnecessary pollution and a reputational loss.

**(Medium)**

We noted the following controls to be adequately designed and operating effectively:



### Environmental Strategy

Through review of the draft BFRS Environment & Sustainability Strategy & Action Plan 2020-2025, we confirmed that it outlined the Authority's five arms, with each arm having the same aim in reducing carbon and promoting sustainability throughout BFRS. We confirmed that for each of these arms, the Authority has outlined the aim of the arm, in terms of reduction of emissions and promoting sustainability; and how success of the arm will be measured. We also confirmed that an action plan has been drafted within the strategy, which outlines the action, its aims and benefits and the due dates for actions.



### Approval of the Strategy

The Strategic Operational Commander advised that the draft strategy is scheduled to be presented to the Corporate Management Team for review in May 2020. Following this review, a service-wide consultation will be undertaken for a six-week period before the strategy is required to be signed off by the Fire Authority. We were advised that the Authority have been working to the action plan during this interim period. Following approval of the strategy, the document will be available to access to staff via Share Point.



### Workplans

Through discussions with the Strategic Operational Commander, we were advised that workplans will be developed by each of the Functional Heads at the Authority, which will focus on the delivery of each of the five arms outlined within the strategy. The workplans will be developed following approval of the strategy, which is expected to take place in May 2020.

We were advised that workplans will be specific, measurable, achievable, realistic and time-constrained (SMART) and approved by a dedicated Strategic Environmental Board prior to being monitored and being utilised to delivery on the overarching strategy.



#### **Responsibility for the monitoring and delivery of the strategy**

A dedicated forum has not been assigned with the responsibility for the monitoring and delivery of the Environmental Strategy yet. However, the governance and reporting requirements to implement the strategy are scheduled to be agreed following the approval of the Environment & Sustainability Strategy & Action Plan 2020-2025. We were advised by the Strategic Operational Commander that this is expected to take place in May 2020.

Five Project Teams will be aligned to a Functional Head within the Authority and will be responsible for monitoring the five arms outlined within the strategy. Furthermore, each of these Project Teams will be responsible to report to a Strategic Environmental Board that will meet quarterly.



#### **Procedure for depolluting vehicles for Road Traffic Collision (RTC) training purposes**

We obtained a report of all training vehicles that have entered service premises and have been depolluted by an Authorised Treatment Facility (ATF) since April 2019. We selected a sample of 20 of these and confirmed that an invoice from 'Cotton End Car Disposals' was retained by the Authority, which we were advised related to the depollution of the vehicles. We also noted that all invoices had been signed to confirm authorisation for payment to the supplier.



#### **Risk Assessment Record**

We reviewed the Risk Assessment Record for Road Traffic Collision (RTC) Car Acceptance and confirmed that it outlined the three tasks that required risk mitigation at the Authority. For all three tasks, we confirmed that 'Preliminary precautions' and 'During work precautions' had been identified and outlined within the document. We confirmed that the document was last reviewed in January 2020 and we were advised that the document is updated quarterly.

The record is monitored via the Sphera Cloud system and should any matters in relation to RTC Car Acceptance require escalation, this is discussed by the Health and Safety Steering Group by exception as required. We were advised that the Health and Safety Steering Group have not discussed the record in the last three months due to matters not requiring their attention during this period. Furthermore, we noted all three current tasks outlined within the record were categorised as 'Low risk'.

Our review also identified an issue that resulted in the agreement of **two low priority** management actions. These are outlined further within the detailed findings section of the report.

## DETAILED FINDINGS AND ACTIONS

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.

<b>3. Receipt of De-polluted Scrap Vehicles in Stations</b>		<b>Assessment</b>		
<b>Control</b>	Scrap vehicles are required to be accepted on delivery by a member of Service staff.  In addition, an inspection must be carried out prior to use, to ensure that the vehicle has been subject to the depollution process and that the resource is 'fit for purpose'.	<b>Design</b>		✓
		<b>Compliance</b>		×
<b>Findings / Implications</b>	Through discussions with the Head of Governance, Assets, Procurement and Collaboration, we were advised that a visual and verbal check is undertaken by staff / officers upon receipt of scrap vehicles. However, we were advised that the acceptance and check undertaken is not currently evidenced.  There is a risk of uninspected scrap vehicles being used for RTC training, which could lead to not undertaking their agreed depollution protocol. This will lead to unsafe cars being used for training purposes and could lead to injury, unnecessary pollution and a reputational loss for the Authority.			
<b>Management Action 3</b>	We will ensure that a depollution confirmation inspection is undertaken by a member of Service staff/officers upon delivery of scrap vehicles to the Service, and that the completion of this check is formally documented.	<b>Responsible Owner:</b> Darren Cook - Head of Governance and Asset Management.	<b>Implementation Date:</b> September 2020	<b>Priority:</b> Medium

For Publication

Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
2 July 2020

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**REPORT AUTHOR: CHIEF FIRE OFFICER**

**SUBJECT: AUDIT AND GOVERNANCE ACTION PLAN MONITORING: EXCEPTION REPORT AND SUMMARY ANALYSIS**

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For further information on this report contact: Nicky Upton  
Service Assurance Manager  
Tel No: 01234 845149

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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		CORE BRIEF	

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

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## **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:**

That Members acknowledge progress made to date against action plans and consider any issues arising.

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### 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 July 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 2020/21 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 2018/19 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 8 High Priority, 44 Medium Priority and 40 Low Priority actions have been agreed over the reporting period, of which, 2 High, 7 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 2019/20 had two actions; one has completed and one 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 has been requested to consider an extension to the original timing for completion.

3.2 There are two requests to extend the original completion date, further details of which are provided under 5.3.

#### 4. Governance Action Plan Exception Report

4.1 The Governance Action Plan Exception Report provides details of actions arising from the Authority's 2019/20 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 There is a request to extend the original completion date, further details of which are provided under 6.3.

#### 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 two requests to extend the original completion date. One is in relation to Stock Control where the provider of the Microsoft Dynamics software upgrade informed BFRS that it would not take place until June 2020 which has now been further delayed with Covid 19. This delay will impact on training of key members of staff so an extension to October 2020 is requested. The second action relates to Business Continuity. Following the Operational Business Continuity audit carried out last year the Service reviewed and tested a number of its Business Continuity Plans, these were all successfully completed at the close of 2019. The unprecedented circumstances of Covid 19 and the Service's response to this national crisis led to the Service instigating its Business Continuity arrangements to a degree never seen before. These arrangements have been Service wide and for a prolonged period of time. Although the Service has responded and managed this incredibly well there are always ways to improve the effectiveness of our Business Continuity arrangements. Through the Service Pandemic Planning Group (SPPG) we are capturing lessons learnt from this crisis and these will be utilised to further improve our Business Continuity arrangements. Early indications identify that there will be a new plan of

action for improving Business Continuity and therefore it is proposed that the timeframe for this action will be extended to January 2021 and incorporated in the wider lessons learnt from Covid 19.

- 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 2019/20 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 is a request to extend the original completion date in relation to the Governance Review. It was proposed that this item was added to the Executive Meeting agenda to take place on 24 March 2020. However, with Covid 19, this meeting was postponed with an Executive Committee meeting then being held on 24 April 2020 where it was agreed to consider this at a future meeting; an extension to September 2020 has been requested.

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.

**PAUL FULLER CBE QFSM MStJ DL  
CHIEF FIRE OFFICER**

## 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
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	-	4	-	-	-	4	-	-	-	-	-	4
Governance (Apr 2019)	-	1	4	-	1	-	-	-	4	-	-	-	-	-	-
Follow up (Apr 2019)	-	2	5	-	2	-	-	-	5	-	-	-		1	1
Stock Control (Apr 2019)	-	4	-	-	3	-	-	-	-	-	1	-	-	1	-
Operational Business Continuity (Sep 2019)	1	2	2	-	1	-	1	1	2	-	-	-	-	-	-
Property – Statutory Compliance (Aug 2019)	1	3	1	1	1	-	-	1	1	-	1	-	-	-	-
ICT Cyber Security (Nov 2019)	4	10	3	-	-	-	2	9	3	2	1	-	2	1	-
Follow up Part 1 – Governance, Use of Risk Information and Stock Control (Jan 2020)	-	-	2	-	-	1	-	-	1	-	-	-	-	-	-
Key Financial Controls (Feb 2020)	-	1	2	-	1	-	-	-	2	-	-	-	-	-	-
Follow up Part 2 – Operational Business Continuity and Property – Statutory Compliance (Feb 2020)	2	5	-	1	3	-	1	-	-	-	2	-	-	1	-
Community Risk Management Plan (Apr 2020)	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-

APPENDIX A

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	
Asset Management – Asset Tracking (Apr 2020)	-	3	-	-	-	-	-	2	-	-	1	-	-	-	-	
Mobilising System Project (March 2020)	-	1	1	-	-	-	-	1	1	-	-	-	-	-	-	
Environmental Review (scheduled March)	-	1	2	-	-	-	-	-	-	-	1	2	-	-	-	
<b>Internal Audit Plan 2020/21</b>																
ICT Cyber Security (May 2020) Fieldwork started																
<b>Totals</b>	<b>8</b>	<b>44</b>	<b>40</b>	<b>2</b>	<b>21</b>	<b>1</b>	<b>4</b>	<b>16</b>	<b>37</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>6</b>	

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	1	1	1

**Monitoring Report of Actions Arising from Audit Reports  
(incorporating any actions outstanding at 31 March 2020 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')
PropSC (19/20) 2	<b>RSM</b> Aug 19: Final Report (19/20)	Property – Statutory Compliance  Assistant Chief Officer	Medium	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). The SLA will include an agreed timescale to complete any work and send over certification. 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>Process on-going through 2019/20 and 2020/21 due to the number of SLAs to be tendered and awarded. Due date August 2020.</p> <p>Several servicing and maintenance contracts are due for tendering and these are planned in for progressing with Procurement. The Fire Safety contract has already been awarded and work has begun on the Gas &amp; Oil service &amp; maintenance specification. Due to the volume of work and resource available it is possible that not all contracts will have been tendered by the deadline of August 2020.</p> <p>In addition to the Fire Safety contract, 12 month contracts are now also in place for: Security Systems, Generator maintenance, (UPS responsibility passed to ICT). Work is on-going with Procurement to progress Gas and Electric contracts/SLAs</p>	<b>Original</b> Aug 20	In Progress

Monitoring Report of Actions Arising from Audit Reports  
(incorporating any actions outstanding at 31 March 2020 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')
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, a request was made to an extension to this action to be completed by Feb 2020. This was approved by the ASC on 15 October 2019.  Due to a further delay by the upgrade provider BFRS have now been informed by the provider that the upgrade will not take place until June 2020. Because of this delay training of key members of staff cannot take place.  Due to Covid 19 this has been further delayed.	<b>Original</b> Jul 19  <b>Revised Date</b> Feb 2020  <b>Request to extend completion date to October 2020</b>	In Progress
BC F.up (19/20) 1.2	RSM Apr 20: Final Report (19/20)	Business Continuity Follow Up Head of Training and Assurance	Medium	<b>Revised Management Action:</b> The rolling business continuity action plan will be presented to the Corporate Management Team (CMT) on at least a six-monthly basis aligned to the strategic assessment of risk and business continuity.  This will include a commentary on progress towards implementing any outstanding actions.	No progress has been made, due to resources being re-directed to support Covid response. The intention was to align BC with Risk Management, but we are also still reviewing Risk Management at the current time too.  CMT have also had to realign their meeting structures and timings, so agendas for those meetings have changed too.	<b>Original:</b> July 19  <b>Revised:</b> Mar 20  <b>Extension requested to Jan 2021</b>	In Progress



**Monitoring Report of Actions Arising from Audit Reports  
(incorporating any actions outstanding at 31 March 2020 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')
AM (19/20) 2	RSM Apr 20: Final Report (19/20)	Asset Management – Asset Tracking  Head of Governance and Asset Management	Medium	The Authority will ensure that when stock items issued from stores to their final destination, the stock system and individual station equipment lists are correctly coded to show the movements. Evidence of the local stock list including correct location coding should be available where required.  Training around issuing stock and recording this on the system will also be delivered for member of staff responsible for each store.	At present. An item is issued from stores with a receipt which should be signed and returned to stores, this rarely happens due to rota systems and the absence of employees from the workplace.  This will be resolved in the long term with the introduction of the asset tracking system. An item will be scanned out of stores and then scanned once received at station, this will then be recorded electronically automatically on the system.  Training has not commenced due to reduction of staff from the work place.	<b>Original:</b> Sep 20	In Progress
ES (19/20) 1	RSM June 20: Final Report (19/20)	Environmental Strategy  Head of Governance and Asset Management	Low	The Authority will develop a terms of reference for the Project Teams and Strategic Environmental Board. These will be presented to the appropriate governance forum for approval.	The environmental work stream has been approved by CMT and is being processed by HGAM. Scoping on the ToR for project teams and the strategic Environmental Board have started with the ACO although this is in its infancy stage.	<b>Original:</b> Sept 20	In Progress

**Monitoring Report of Actions Arising from Audit Reports  
(incorporating any actions outstanding at 31 March 2020 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')
ES (19/20) 2	RSM June 20: Final Report (19/20)	Environmental Strategy Head of Governance and Asset Management	Low	The Authority will update the Depolluted Cars Policy and ensure that the document is subject to review regularly.	The Policy has been reviewed and will go out on consultation imminently. The policy will also be subjected to robust reviews at regular intervals – currently every 3 years.	<b>Original:</b> Sept 20	In progress
ES (19/20) 3	RSM June 20: Final Report (19/20)	Environmental Strategy Head of Governance and Asset Management	Medium	The Authority will ensure that a depollution confirmation inspection is undertaken by a member of the Service staff/officers upon delivery of scrap vehicles to the Service, and that the completion of this check is formally documented.	An audit process has been devised and is currently being implemented to ensure all cars are depolluted. This will be an electronic formal audit form.  The process will be embedded in the depolluted car policy.	<b>Original:</b> Sept 20	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')
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	<p>New FRA members were appointed and the review of effectiveness was subsequently postponed due to the pilot of running with additional FRA meetings and ceasing the Policy and Challenge Group meetings.</p> <p>At the FRA Development Day in October 2019, it was decided to continue with the current pilot. The review of effectiveness will therefore take place prior to the year end, to enable a more informed discussion and review to take place. It was proposed that this agenda item was added to the Executive Meeting agenda to take place on 24 March 2020. However, with the Covid 19 pandemic, this meeting was postponed with an Executive Committee meeting then being held on 24 April 2020 where, in view of the current situation, it was agreed to consider this at a future meeting.</p>	<p>Mar 20</p> <p><b>Request to extend to:</b></p> <p><b>Sept 2020</b></p>	In Progress

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For Publication

Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
2 July 2020

**REPORT AUTHOR:** SECRETARY/MONITORING OFFICER

**SUBJECT:** REVIEW OF CODE OF CONDUCT AND ANNUAL REPORT ON STANDARDS

For further information on this Report contact: Nicky Upton  
Service Assurance Manager  
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 consider any relevant issues regarding ethical standards that have arisen in the last twelve months and to review the Authority's Code of Conduct.

## RECOMMENDATION:

That:

1. the term of office of the existing independent persons be extended for 12 months until 31 July 2021.
  2. no changes are required to the Authority's Code of Conduct at this time but that the Code be reviewed when the LGA's Model Code of Conduct is formally adopted and published.
- 

### 1 Local Complaints

- 1.1 During the last year no complaints have been received concerning Members of the Fire and Rescue Authority.

### 2 LGA Model Code of Conduct

- 2.1 On 8 June 2020 the LGA published a draft model Code of Conduct which they introduced as follows:

*The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.*

*All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code,*

*whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.*

2.2 A copy of the draft Code is attached as an appendix to this report. The LGA are conducting a consultation on the draft Code (available via: <https://www.local.gov.uk/code-conduct-consultation-2020>) until 17 August 2020.

### 3. Appointment of Independent Persons

3.1 The Localism Act 2011 requires all local authorities, including Fire and Rescue Authorities, to appoint at least one independent person. The Authority must consult an independent person before any finding is made that a Member has failed to comply with the Authority's Code of Conduct and before the Authority decides on any action to be taken in respect of that Member. The Authority may also consult an independent person at any other stage in the process of managing a standards complaint (eg when deciding whether to investigate the complaint).

3.2 The Fire Authority first appointed independent persons in September 2012 for a period of 4 years. At its meeting on 21 July 2016, the Authority approved the appointment of two new independent persons. These appointments were made jointly with Bedford Borough Council. In practice, as there have been no complaints in the last four years, it has yet not been necessary to consult these independent persons.

3.3 The terms of office of the current independent persons expire on 31 July 2020. It is proposed that we continue to work in partnership with Bedford Borough Council on the appointment of independent persons. In view of the current situation regarding the pandemic, Bedford have decided to extend the terms of office of the existing independent persons for a further year and it is recommended that the FRA should do likewise.

**JOHN ATKINSON**  
**SECRETARY/MONITORING OFFICER**

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# Local Government Association Model Member Code of Conduct

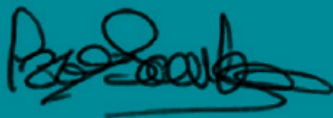
# Introduction

The Local Government Association (LGA) is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.

The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.

All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

As a councillor we all represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent everyone (in our ward/town/parish), taking decisions fairly, openly, transparently and with civility. Councillors should also be treated with civility by members of the public, other councillors and council employees. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations. This Code, therefore, has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.



**Councillor Izzi Seccombe OBE**  
Leader, LGA Conservative Group



**Councillor Nick Forbes CBE**  
Leader, LGA Labour Group



**Councillor Howard Sykes MBE**  
Leader, LGA Liberal Democrats Group



**Councillor Marianne Overton MBE**  
Leader, LGA independent Group

## Purpose

The purpose of this Code of Conduct is to assist councillors in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect yourself, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

## Application of the Code

The Code of Conduct applies to you when you are acting [or claiming or giving the impression that you are acting]<sup>1</sup> in [public or in]<sup>2</sup> your capacity as a member or representative of your council, although you are expected to uphold high standards of conduct and show leadership at all times. The Code applies to all forms of member communication and interaction, including written, verbal, non-verbal, electronic and via social media, [including where you could be deemed to be representing your council or if there are potential implications for the council's reputation.] Model conduct and expectations is for guidance only, whereas the specific obligations set out instances where action will be taken.

## The seven principles of public life

Everyone in public office at all levels – ministers, civil servants, members, council officers – all who serve the public or deliver public services should uphold the seven principles of public life. This Code has been developed in line with these seven principles of public life, which are set out in appendix A.

## Model member conduct

In accordance with the public trust placed in me, on all occasions I will:

- act with integrity and honesty
- act lawfully
- treat all persons with civility; and
- lead by example and act in a way that secures public confidence in the office of councillor

In undertaking my role, I will:

- impartially exercise my responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence; and
- ensure that public resources are used prudently and in the public interest

## Specific obligations of general conduct

This section sets out the minimum requirements of member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where you act [or claim or give the impression that you are acting] as a councillor [or in public], including representing your council on official business and when using social media.

**As a councillor I commit to:**

## Civility

- 1. Treating other councillors and members of the public with civility.**
- 2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.**

Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a civil manner. You should not subject individuals, groups of people or organisations to unreasonable or excessive personal attack.

In your contact with the public you should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return you have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidatory you are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police. This also applies to members, where action could then be taken under the Member Code of Conduct.

## Bullying and harassment

- 3. Not bullying or harassing any person.**

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

## Impartiality of officers of the council

- 4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.**

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although you can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

## Confidentiality and access to information

- 5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.**
- 6. Not preventing anyone getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and

printed materials are open to the public except in certain circumstances. You should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

## Disrepute

### **7. Not bringing my role or council into disrepute.**

Behaviour that is considered dishonest and/or deceitful can bring your council into disrepute. As a member you have been entrusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on other councillors and/or your council.

## Your position

### **8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.**

Your position as a member of the council provides you with certain opportunities, responsibilities and privileges. However, you should not take advantage of these opportunities to further private interests.

## Use of council resources and facilities

### **9. Not misusing council resources.**

You may be provided with resources and facilities by the council to assist you in carrying out your duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given

to you to help you carry out your role as a councillor more effectively and not to benefit you personally.

## Interests

### **10. Registering and declaring my interests.**

You need to register your interests so that the public, council employees and fellow members know which of your interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests you have, and whether they might give rise to a possible conflict of interest. The register also protects you. You are responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by you or other members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. Discuss the registering and declaration of interests with your Monitoring Officer/Town or Parish Clerk and more detail is set out in appendix B.

## Gifts and hospitality

### **11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.**

### **12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.**

You should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you

because you are a member. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family, or gifts which you do not accept. However, you may wish to notify your monitoring officer of any significant gifts you are offered but refuse which you think may have been offered to influence you.

Note – items in square brackets [x] refer to recommendations made by the Committee on Standards in Public Life and may be part of a future Government consultation. This includes possible future sanctions and appeals processes.

## Breaches of the Code of Conduct

Most councillors conduct themselves appropriately and in accordance with these standards. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by members and co-opted members of the authority. Each local authority must publish a code of conduct, and it must cover the registration of pecuniary interests, the role of an 'independent person' to advise on and investigate alleged breaches, and sanctions to be imposed on any councillors who breach the Code.

The 2011 Act also requires local authorities to have mechanisms in place to investigate allegations that a member has not complied with the Code of Conduct, and arrangements under which decisions on allegation may be made.

Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence.

Political parties may have its own internal standards and resolution procedures in addition to the Member Code of Conduct that members should be aware of.

# Example

## LGA guidance and recommendations

### Internal resolution procedure

Councils should have in place an internal resolution procedure to address conduct that is in breach of the Member Code of Conduct. The internal resolution process should make it clear how allegations of breaches of the Code of Conduct are to be handled, including the role of an Independent Person, the appeals process and can also include a local standards committee. The internal resolution procedure should be proportionate, allow for members to appeal allegations and decisions, and allow for an escalating scale of intervention. The procedure should be voted on by the council as a whole.

In the case of a non-criminal breach of the Code, the following escalating approach can be undertaken.

If the breach is confirmed and of a serious nature, action can be automatically escalated.

1. an informal discussion with the monitoring officer or appropriate senior officer
2. an informal opportunity to speak with the affected party/ies
3. a written apology
4. mediation
5. peer support
6. requirement to attend relevant training
7. where of a serious nature, a bar on chairing advisory or special committees for up to two months
8. where of a serious nature, a bar on attending committees for up to two months.

Where serious misconduct affects an employee, a member may be barred from contact with that individual; or if it relates to a specific responsibility of the council, barred from participating in decisions or information relating to that responsibility.

## Endnotes

1. CSPL recommend that “Section 27(2) of the Localism Act 2011 should be amended to state that a local authority’s code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority”.
2. CSPL recommend that “councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.”
3. Subject to footnotes 1 and 2 above
4. See CSPL website for further details [www.gov.uk/government/news/the-principles-of-public-life-25-years](http://www.gov.uk/government/news/the-principles-of-public-life-25-years)
5. ACAS’s definition of bullying



# Appendices

## Code Appendix A

The principles are :

### **Selflessness**

Holders of public office should act solely in terms of the public interest.

### **Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### **Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### **Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### **Honesty**

Holders of public office should be truthful.

### **Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## Code Appendix B

### **Registering interests**

1. Within 28 days of this Code of Conduct being adopted by the council or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests).
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest in Table 1 or 2, or of any change to a registered interest, notify the Monitoring Officer.

### **Declaring interests**

3. Where a matter arises at a meeting which directly relates to an interest in Table 1, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
4. Where a matter arises at a meeting which directly relates to an interest in Table 2, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

5. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
6. Where a matter arises at a meeting which affects –
  - a. your own financial interest or well-being;
  - b. a financial interest or well-being of a friend, relative, close associate; or
  - c. a body covered by table 1 below

you must disclose the interest.

7. Where the matter affects the financial interest or well-being to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

**Table 1: Disclosable Pecuniary Interests**

Subject	Description
<b>Employment, office, trade, profession or vocation</b>	Any employment, office, trade, profession or vocation carried on for profit or gain.  [Any unpaid directorship.]
<b>Sponsorship</b>	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses.  This includes any payment or financial benefit from a trade union within the meaning of the <b>Trade Union and Labour Relations (Consolidation) Act 1992</b> .
<b>Contracts</b>	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —  (a) under which goods or services are to be provided or works are to be executed; and  (b) which has not been fully discharged.
<b>Land and Property</b>	Any beneficial interest in land which is within the area of the council.  ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.
<b>Licences</b>	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
<b>Corporate tenancies</b>	Any tenancy where (to the councillor’s knowledge)—  (a) the landlord is the council; and  (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
<b>Securities</b>	Any beneficial interest in securities* of a body where—  (a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and  (b) either—  (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or  (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

\*'director' includes a member of the committee of management of an industrial and provident society.

\*'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

**Table 2: Other Registerable Interests**

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body—	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	





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We consider requests on an individual basis.

For Publication

Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
2 July 2020

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**REPORT AUTHOR:** ASSISTANT CHIEF OFFICER/FRA TREASURER

**SUBJECT:** WORK PROGRAMME 2020/21

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For further information on this report contact: Nicky Upton  
Service Assurance Manager  
Tel No: 01234 845149

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Background Papers: None

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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.*

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**PURPOSE:**

To review and report on the work programme for 2020/21 and to provide Members with an opportunity to request additional reports for the Audit and Standards Committee meetings for 2020/21.

**RECOMMENDATION:**

That Members consider the work programme for 2020/21 and note the 'cyclical' Agenda Items for each meeting in 2020/21.

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



## AUDIT AND STANDARDS COMMITTEE - PROGRAMME OF WORK 2020/21

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
2 July 2020	Election of Vice Chair	Deferred to September Meeting (AGM deferred in view of C19)	Review of Abatement Policy	Following ACO update, agreed to defer to March by the ASC on 15.10.19. LGA guidance still awaited, deferred to 22.09.20
	Review of Terms of Reference	Deferred to September Meeting (AGM deferred in view of C19)		
	Audit Results Report and Fees (E&Y) (Results of 2019/20 audit including any matters outstanding)			
	Draft 2019/20 Annual Governance Statement, Statement of Accounts and Letter of Representation			
	Internal Audit Annual Report 2019/20 (RSM)			
	Internal Audit Progress Report 2019/20 and 2020/21 (RSM)			
	Internal Audit Strategy 2020/21 to 2023/24			

	Audit and Governance Action Plan Monitoring			
	Review of Code of Conduct and Annual Report on Standards			
	Corporate Risk Register			
	Work Programme 2020/21			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
22 Sept 2020	Election of Vice Chair	Deferred from July Meeting (AGM deferred in view of C19)	Review of Abatement Policy	Following ACO update, agreed to defer to March by the ASC on 15.10.19. LGA guidance still awaited, deferred to 22.09.20
	Review of Terms of Reference	Deferred from July Meeting (AGM deferred in view of C19)		
	Audit and Governance Action Plan Monitoring			
	Review of Fire Authority's Effectiveness ( <i>Biennial review – due 2021/22</i> )			
	Corporate Risk Register			
	Work Programme 2020/21			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
1 Dec 2020	Internal Audit Progress Report (RSM)			
	Review of the Effectiveness of the Fire and Rescue Authority's Internal Auditors (RSM)			
	Audit and Governance Action Plan Monitoring			
	Review of 'Monitored Policies'			
	Report on Registration of Interests and Gifts/Hospitality			
	Review of the Audit and Standards Committee Effectiveness (Biennial review – due 2021/22)			
	Corporate Risk Register			
	Statement of Assurance			
	Work Programme 2020/21			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
4 March 2021	External Audit Plan 2020/21 (E&Y)			
	Ernst & Young Quality Assurance Processes			
	Internal Audit Progress Report (RSM)			
	Internal Audit Strategy 2021/22 to 2023/24 (RSM)			
	Audit and Governance Action Plan Monitoring			
	Update to the Authority's Finance Regs ( <i>Biennial review – due 2021</i> )			
	Annual Review of the Fire Authority's Effectiveness ( <i>Biennial review – due 2021/22</i> )			
	Annual Review of entire Corporate Risk Register			
	Review of Work Programme 2020/21			

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