

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



Audit, Governance and Review Committee Agenda

10:00	Wednesday, 20 April 2016	Kelvedon HQ,
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Quorum: one third of the Committee's membership (5)

Membership

Councillor John Knapman
Councillor Susan Barker
Councillor Alan Bayley
Councillor Mark Coxshall
Councillor Michael Danvers
Councillor Carlo Guglielmi
Councillor Ivan Henderson
Councillor Paul Honeywood
Councillor Michael Hoy
Councillor Maggie McEwen
Councillor James Moyies
Councillor Colin Seagers
Councillor Anne Turrell
Councillor Julian Ware-Lane
Councillor Andy Wood

Chairman

**For information about the meeting please ask for:
Fiona Lancaster (Committee Officer, Essex County Council)
033301 34573 / fiona.lancaster@essex.gov.uk**

Essex Fire Authority and Committees Information

Meetings of the Authority and its committees are open to the press and public, although they can be excluded if confidential information is likely to be considered.

Meetings are held at Essex County Fire and Rescue Service Headquarters, Kelvedon Park, Rivenhall, Witham, CM8 3HB. A map can be found on the Essex County Fire and Rescue Service's website (www.essex-fire.gov.uk); from the Home Page, click on 'Contact Us'.

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Part 1

(During consideration of these items the meeting is likely to be open to the press and public)

Pages

1 Apologies for Absence

2 Minutes

7 - 14

To approve as a correct record the minutes of the last meeting of the Committee held on 20 January 2016.

3 Declarations of Interest

To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct.

Decision Items

4 Governance Audit Report

15 - 32

To consider report EFA/056/16 by the Acting Chief Fire Officer.

5 Appointment of Auditors - 2018

33 - 38

To consider report EFA/057/16 by the Finance Director and Treasurer.

6 Annual Review of the Governance Statement

39 - 52

To consider report EFA/058/16 by the Finance Director and Treasurer.

Information Items

7 Audit Recommendation - Report on Progress Against Action Plans

53 - 64

To receive report EFA/059/16 by the Finance Director and Treasurer.

8 Audit Reports

65 - 156

To note report EFA/060/16 by the Finance Director and Treasurer, and the accompanying appendices.

9 Internal Audit Progress Report

157 - 164

To note report EFA/061/16 provided by RSM UK on progress against the 2015/16 internal audit action plan.

10	Programme 2020 - Progress Report To note report EFA/062/16 by the Acting Chief Fire Officer.	165 - 168
11	Budget Review - January 2016 To note report EFA/063/16 by the Finance Director and Treasurer.	169 - 176
12	Organisational Performance Report To note report EFA/064/16 by the Performance Improvement Manager, and the accompanying appendix.	177 - 214
13	National Fraud Initiative To note report EFA/065/16 by the Finance Director and Treasurer.	215 - 218
14	Portfolio Management Office Progress Reporting To note report EFA/066/16 by the Performance Improvement Manager.	219 - 222
15	Audit Plan 2015-16 To note report EFA/067/16 provided by Ernst & Young LLP.	223 - 240
16	Date of Next Meeting To note that the next meeting of the Committee will take place on Wednesday 13 July 2016 at 10.00 am.	
17	Urgent Business To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

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Urgent Exempt Business

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MINUTES OF A MEETING OF THE ESSEX FIRE AUTHORITY AUDIT, GOVERNANCE AND REVIEW COMMITTEE HELD ON WEDNESDAY 20 JANUARY 2016 AT 10:00 AM

Present:

Councillor J Knapman	Chairman
Councillor A Bayley	
Councillor G Butland	
Councillor M Danvers	
Councillor C Guglielmi	
Councillor P Honeywood	
Councillor M McEwen	
Councillor J Moyies	
Councillor C Seagers	
Councillor A Wood	

The following Officers were present in support throughout the meeting:

Paul Hill	Assistant Chief Fire Officer – Safer and Resilient Communities
Mike Clayton	Finance Director and Treasurer
Lindsey Stafford-Scott	Director of Human Resources and Organisational Development
Philip Thomson	Clerk and Monitoring Officer to Essex Fire Authority
Daniel Harris	RSM UK (Internal Auditors)
Kevin Suter	Ernst & Young LLP (External Auditors)
Martina Lee	Ernst & Young LLP (External Auditors)
Fiona Lancaster	Committee Officer

Danny Bruin, Health and Safety Manager, also attended to offer support on agenda item 13 (Health and Safety Annual Report 2014/15).

Apologies for absence were received from Councillors M Coxshall, I Henderson, M Hoy, A Turrell, J Ware-Lane, and also from Adam Eckley, Acting Chief Fire Officer and Dave Bill, Assistant Chief Fire Officer - Operations.

1. Minutes

The minutes of the meeting held on 7 October 2015 were agreed as a correct record and signed by the Chairman.

2. Declarations of Interest

The Chairman reminded Members that they should declare any interests at this point or during consideration of the appropriate agenda item.

3. Audit Recommendation – Report on Progress Against Action Plans

The Committee considered report EFA/011/16 by the Finance Director and Treasurer which provided an update on progress against the action plans developed by the Authority in response to audit reports. Items marked as completed in the previous quarter's report had been deleted from the table included with the report.

In presenting the report, the Finance Director and Treasurer reported that two Partnership agreements had been signed since the last meeting, but that the others remained outstanding so the audit recommendation could not yet be complied with. The issues relating to Employee Taxes were expected to be settled shortly.

The Committee noted that the changes to HR Transactional Processes meant that the process was likely to go off track as projects were being re-considered.

Members expressed their concern regarding the lack of progress being made with partners signing Authority agreements.

Resolved:

That the progress made against the action plans developed by the Authority in relation to Partnership Agreements and Employee Taxes be noted.

4. Audit Reports

The Committee considered report EFA/012/16 by the Finance Director and Treasurer which presented for review the following one internal audit report and the Annual Audit Letter from the External Auditors, Ernst and Young LLP:

- IT General Controls Health Check (internal audit report)
- Annual Audit Letter (external auditor report)

The additional report on a review of the pension and related payroll processes carried out by KPMG was considered under agenda item 10 (Pensions Governance and Administration and Employer discretions for the Firefighter Pensions Schemes) (minute 9 below refers).

Daniel Harris, RSM UK, introduced the key findings of the internal report and the Committee noted the Audit Conclusion of Reasonable Assurance with regard to IT General Controls Health Check.

In the light of identified IT General Control issues that needed to be addressed, particularly in regard to physical security and staff leaver (including agency staff) accounts, the Members indicated that the agreed management actions were reasonable.

Kevin Suter, Ernst & Young LLP, reminded Members that the Annual Audit Letter was a summary of the key issues arising from their audit relating to the 2014/15 year.

Members noted that from the 2017/18 financial year the timetable for the preparation and approval of accounts would be brought forward. As a result of this change, the Authority would need to produce its draft accounts by 31 May for these to be audited by

31 July. Work was already underway to review processes and carry out “dry-runs” and the Committee supported the actions to be taken to alleviate the pressures of the earlier deadline.

In response to a question regarding the qualified value for money conclusion, Members were reminded that this was as a result of the findings from the (Irene Lucas) Cultural review.

Resolved:

1. That the internal audit report on IT General Controls Health Check be noted.
2. That the Annual Audit Letter from Ernst & Young LLP be noted.

5. Internal Audit Progress Report

The Committee considered report EFA/013/16 by the Finance Director and Treasurer which provided an update by RSM UK on progress against the internal audit action plan, attached to the report as an appendix.

Members noted that the reports on Workforce Planning/Utilisation and the Purchase of New Applications would be submitted to the next meeting of the Committee on 20 April.

The report was noted.

6. Budget Review – November 2015

The Committee considered report EFA/014/16 by the Finance Director and Treasurer which reported on expenditure against budget as at 30 November 2015 and identified major variances to the budget for the period. The report also reviewed the forecast outturn for 2015/16.

The following points arose from the Committee’s consideration of the report:

- The Committee noted the overspend with on-call firefighter expenditure as a result of industrial action costs which had not been budgeted for.
- Members noted that key training sessions had been delivered to firefighters working on industrial action days.
- The Committee was reassured that the number of watch based firefighters would return to normal levels within the next month due to the introduction of Heavy Duty Rescue Pumps, and that the current level had not significantly impacted on appliance availability. There were times when appliances were not available, but this was not an every day issue.
- The Authority’s total forecast for 2015-16 showed an expected overspend of £92k. The Finance Director and Treasurer was confident that the forecast overspend could be eliminated by the use of agreed reserves to fund specific expenditure in 2015-16.
- Further site areas had been identified for solar panels, details of which would be included in the next budget. A financial appraisal of the tariff charges would be assessed at the appropriate time.

- Members noted that the full costs of the Cultural Review and the Expert Advisory Panel would be reported to the full Fire Authority.

Resolved:

1. That the review of income and expenditure against the budget be noted.
2. That the forecast position for 2015/16 be noted.
3. That the actual position with capital expenditure be noted.

7. Draft Budget for 2016-17

The Committee considered report EFA/015/16 by the Finance Director and Treasurer which provided the Committee with:

- The options for the revenue and capital budgets for the Authority for 2016/17;
- Information on the budget and business planning process; and
- Information on the formula grant settlement, share of national non-domestic rates, council taxbase and collection account for 2016/17.

The Committee was reminded that following consideration of the 2016/17 budget planning assumptions in September 2015 by the Policy and Strategy Committee, the budget had been prepared showing figures for a Council Tax increase of 1.9%.

The following points arose from consideration of the report:

- Members noted that on 13 January the Policy and Strategy Committee had approved the draft budget for submission to the full Fire Authority.
- For budgetary purposes, a reduction in firefighter numbers had been allocated in line with the principles of change supported by the full Fire Authority.
- From 1 April 2016, the Authority would move to a National Living Wage for its staff aged 25 and above. This mandatory change was likely to affect apprentices only.
- The Authority had the resources needed to carry out the Programme 2020 project.
- The Committee indicated that it was satisfied with the approach taken with the budget-setting process and acknowledged that there could be significant changes to the budget after June, once the outcome of the Programme 2020 Programme was known.

Resolved:

That the draft budget for 2016 – 2017 be noted.

8. Community Development and Safeguarding (Evaluation report 2013/14 – 2014/15)

The Committee received a report EFA/016/16 by the Assistant Chief Fire Officer for Safer & Resilient Communities on the assessment of the delivery and impact of the

education and intervention schemes delivered by Essex County Fire & Rescue Service over the last two years.

The following points arose from consideration of the report:

- Members noted the recent challenge during the Authority's Integrated Risk Management Planning consultation that the work of the Service had not helped to reduce the number of house fires or incidents across Essex.
- There had been a significant increase in the number of safeguarding referrals, with approximately 50 live cases currently.
- A total of 65 courses had been run in 2015.
- Discussions were underway with Salford and Cranfield Universities regarding courses for offenders. Other authorities such as the Department of Work and Pensions and Housing Associations recognised the positive effect the courses had on stopping re-offending and there was a growing demand for these. The Authority was also helping to support other Fire Services in Kent, Cambridge and London.
- The Committee commented that the courses represented value for money and a good use of Authority resources.
- Members noted that students had the opportunity to go into Retained service, and there was anecdotal evidence to show that the courses also provided a positive impact on students' life values.

Resolved:

1. That the oral report from the Assistant Chief Fire Officer for Safer & Resilient Communities be noted, with the full written Community Development & Safeguarding Evaluation report (appendix) to be provided after the meeting [**Afternote:** full written report circulated by email on 20 January 2016].
2. That the Committee continued to support the Education, FireBreak, Fire Cadets and Junior Fire Setter Intervention schemes.

9. Pension Governance and Administration and Employer discretions for the Firefighter Pension Scheme

The Committee considered report EFA/017/16 by the Director of Human Resources and Organisational Development which provided information on the governance and administration of pension arrangements within the Authority, and which set out key employer decisions which were required in relation to the current Firefighter pension schemes.

The report on a review of the pension and related payroll processes carried out by KPMG was also considered (minute 4 above refers).

The following information was provided in response to Members' questions and comments:

- With regard to the KPMG report of its review of internal processes and payroll function, it was confirmed that the priority scale of 'red' indicated an issue which needed immediate attention.

- Some Members indicated their surprise at the number of issues regarding pension arrangements which needed to be rectified. The Committee was reassured that the recommendations were being followed up and a progress report would be provided at the next meeting.
- The Committee noted that James Durrant had joined the Authority as the new in-house Pensions Manager, providing the technical expertise needed in this area.
- Affinity was a national organisation with advisers available to offer financial advice.
- Members noted that as a result of the Government's changes to State Pensions, individuals and employers would have to pay higher National Insurance contributions.

Resolved:

1. That the report be noted.
2. That the Statement of Policy of employer discretions be noted.

10. Programme 2020 – Progress Report

The Committee received report EFA/018/16 by the Acting Chief Fire Officer (presented by the Director of Human Resources and Organisational Development) which provided an update on the progress of work Programme 2020 and a forward view of planned work.

Members noted that the Retained Duty System (RDS) Development Project had now progressed into the delivery stage, and that the vacancy for an on-call Liaison Officer had generated interest.

The outcomes of the second stage consultation and a revised Corporate Strategy and business case for change would be considered at the 6 June meeting of the Essex Fire Authority.

The report was noted.

11. Organisational Performance Report

The Committee reviewed report EFA/019/16 by the Director of Human Resources and Organisational Development which provided an overview of the Authority's performance for the period December 2014 to November 2015.

The Members noted the annual measures which were not included in the update, as well as those measures still under development and subject to the confirmation of the Programme 2020.

The following information was provided in response to Members' questions and comments:

- The Committee would be provided with an update at its April meeting on how the Strategic Delivery Board (SDB) intends to reverse the trend in the increase

of secondary and accidental dwelling fires. More community safety work on fires relating to cooking was needed.

- An in-depth analysis into accidental dwelling fires and targeted intervention was currently being produced to help find solutions to reduce the number of incidents.
- Indicators relating to the achievement of a timely response to incidents were likely to be replaced by a measure of how long it takes to attend an incident from the time of call to the time of arrival, to enable the Authority to have a more reliable indication of performance.
- The Committee noted that employees had to produce a medical certificate to cover any sickness absence on industrial action days. A reward scheme for perfect attendance was not regarded as appropriate, since such schemes can incentivise the wrong employee behaviours.

Resolved:

That the report be noted.

12. Health and Safety Annual Report 2014/15

The Committee received report EFA/020/16 by the Director of Human Resources and Organisational Development (presented by Danny Bruin, Health and Safety Manager) which provided an update on the Authority's health and safety plans and performance for the year 2014/15.

Members were pleased to note the progress being made in this area, particularly with the reduction of accidents and the decrease in the total number of lost working days.

The report was noted.

13. Achievement First Appraisal Process

The Committee considered report EFA/021/16 by the Director of Human Resources and Organisational Development which provided a summary of the implementation of the Authority's Achievement First Appraisal process and an update on the review of the process.

The following information was provided in response to Members' questions:

- The Strategic Management Board (SMB) supported the continuation of the current appraisal process and cycle.
- The end of year return rate for completed review forms was 67%. An online process was being considered which could reduce the time taken to complete electronic forms and improve the response rate. The paperwork would also be simplified wherever possible.
- New introductory coaching skills courses would be available to all managers.
- There was general support from the Members for the continuation of the Appraisal process and for the approach being taken to successfully embed a performance management culture into the Authority.
- The implementation of the Appraisal process would be monitored regularly.

The Director of Human Resources and Organisational Development undertook to circulate a copy of the standard Appraisal forms to the Committee.

The report was noted.

14. Date of Next Meeting

Members noted that the next meeting of the Committee would take place on Wednesday 20 April 2016 at 10.00 am.

The meeting closed at 12.05 pm.

Signed.....

Chairman
20 April 2016

Essex Fire Authority

Essex County Fire & Rescue Service



MEETING

AGENDA ITEM

Audit, Governance and Review

4

MEETING DATE

REPORT NUMBER

20 April 2016

EFA/056/16

SUBJECT

Governance Audit Report

REPORT BY

Acting Chief Fire Officer, Adam Eckley

PRESENTED BY

Service Solicitor, Roy Carter

SUMMARY

An audit of the Essex Fire Authority's Governance framework and committee structure was undertaken as part of the approved internal audit periodic plan for 2015/16.

The purpose of the review was to establish whether the Authority has in place effective systems and forums to provide robust governance control within the organisation.

RECOMMENDATIONS

Members of the Audit, Governance and Review Committee are asked:

1. That the Report be received.
2. To Note the Governance Audit Report annexed hereto.
3. To accept the recommendations and action plan stated within the Governance Audit Report.
4. To agree a schedule for implementation by way of delegation.

BACKGROUND

Proper governance is vital for the Authority in managing and controlling its affairs. The importance of high standards of governance cannot be overstated.

The Governance Audit Report (the 'Report') has revealed the following conclusion:

..."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, consistently applied..."

Whilst providing a positive commentary to existing governance arrangements, the Report in addition identifies matters of risk that need to be addressed in order to ensure that the control framework is effective.

Overall those identified issues are recommended to be settled by way of the Report's Action Plan.

Members are invited to review the Action Plan at page 5 and 6 of the Report and note that out of 5 identified actions, 4 are low priority risks and 1 is medium priority risk. It is also worthy of note that only actions 1.1, 1.3, 1.4 and 1.5 fall to the Authority to implement. Moreover, the remaining action 1.2, is now otiose due to the recent conflation of the Service Delivery Board and the Strategic Delivery Board into the Service Leadership Team.

A low priority risk means there is scope for enhancing control or improving efficiency and quality.

A medium priority risk means that timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.

Accordingly, Officers are keen to expedite a remedy for the medium priority risk and to have dealt with the low priority risks (excluding 1.2) as soon as is practicable. It is therefore recommended that this Committee accept the recommendations and action plan stated within the Report and agree the schedule for implementation of risks 1.1, 1.3, 1.4 and 1.5, again as stated in the Report, and that such necessary work associated with effecting implementation, is delegated to the Acting Chief Fire Officer.

FINANCIAL IMPLICATIONS

None considered as relevant.

LEGAL IMPLICATIONS

None considered as relevant.

EQUALITY IMPLICATIONS

None considered as relevant.

ENVIRONMENTAL IMPLICATIONS

None considered as relevant.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper: Governance Audit Report	
List of background documents (not attached):	
Proper Officer:	Acting Chief Fire Officer Adam Eckley
Contact Officer:	Service Solicitor, Roy Carter Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576193 E-mail: adam.eckley@essex-fire.gov.uk



ESSEX FIRE AUTHORITY

Governance

DRAFT

Internal Audit Report: 6.15/16

29 March 2016

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Debrief held	4 March 2016	Internal Audit team	Daniel Harris, Partner Suzanne Lane, Senior Manager Lee Hannaford, Assistant Manager Nick Fanning, Senior Auditor
Draft report issued	29 March 2016		
Responses received			
Final report issued		Client sponsor	Roy Carter, Service Solicitor Glenn McGuinness, Deputy Director Finance
		Distribution	Roy Carter, Service Solicitor Glenn McGuinness, Deputy Director Finance

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

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. Management actions for improvements should be assessed by you for their full impact before they are implemented. 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. Therefore, the most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the risk management, governance and control processes reviewed within this assignment. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. 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 party other than the Board which obtains access to this report or a copy and chooses to rely on this report (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 our Client 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.

1 EXECUTIVE SUMMARY

1.1 Background

An audit of the Essex Fire Authority's (The Authority) Governance framework and committee structure was undertaken as part of the approved internal audit periodic plan for 2015/16.

The purpose of the review was to establish whether the Authority has in place effective systems and forums to provide robust governance control within the organisation.

The Authority heads the current structure that consists of the following delegated responsibilities and advisory functions:

- Policy and Strategy Committee;
- Audit, Governance and Review Committee;
- Principal Officer Human Resources Committee;
- Joint Standards Committee;
- Cultural Review Sub Group.

There is also the Strategic Management Board and the Strategic Delivery Board, in place within the supporting governance arrangements that provide forum for scrutiny and review.

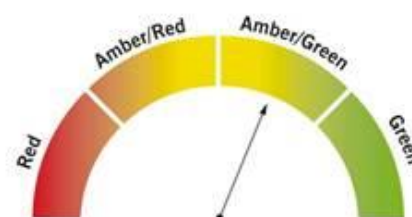
The Authority has an approved strategy in place which outlines its key objectives. Through review we identified how the current governance structure and mechanisms are operating to govern the achievement of these objectives and providing a robust framework to govern the Authority's operations and performance as a whole.

1.2 Conclusion

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, 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.



1.3 Key findings

The key findings from this review are as follows:

Dedicated EFA Webpage

The Authority has a dedicated webpage on the Essex Fire and Rescue Service website. From detailed review of the website contents we confirmed the transparency of the EFA including incident data, invoice expenditure and members expenses.

The webpage also provides details of the recent Cultural Review and links to key documentation such as the EFA Code of Corporate Governance. All minutes and corporate documentation can be viewed either directly through the EFA webpage or through a link to the Essex County Council website where the minutes and meeting papers for all committees are now retained.

EFA Strategy and Objectives

Essex Fire Authority has in place a Strategy for 2014 – 2018, approved by the Authority that sets out the six key objectives, these are supported by success measures and set out the overarching expected roles and responsibilities for the delivery of these objectives.

Constitution

The Authority has in place a Constitution Book that defines the key governance arrangements within the Authority; initially approved in February 2013 by the EFA and reviewed and republished in December 2015. We reviewed the document in detail and confirmed that there is a clear framework, documented coverage of the remit of the EFA and contain the Terms of References' for the committees within the framework. We confirmed that the forums outlined are all currently operational within the organisation.

Annual Statement of Assurance

We obtained the Essex Fire Authority accounts for 2014/15, which were published on 23 September 2015.

From review we confirmed that full governance assurance statement was included that outlined the Authority's governance framework and its core principles. The statement also provided a review of effectiveness, details of significant governance issues identified during the year and a conclusion on the effectiveness of Internal Control.

The statement was signed off by both the Chairman of the Essex Fire Authority and the Acting Chief Fire Officer.

Scheme of Delegation and Financial Regulations

From review of the Scheme of Delegation (SOD) and the Financial Regulations we noted that there is a consistency within the SOD and how this has been adopted within the TOR of the Committees. In addition, the Financial Regulations contain the governance and reporting arrangements which are in line with the coverage of the committees in overseeing operational activity and performance.

Committee Coverage

The committees have clear Terms of Reference in place including scope of what the meetings should cover to enable the committees to function effectively, ensuring key issues within their remit are given due care and attention.

We reviewed in detail the minutes of the EFA committees and confirmed that the coverage was aligned in all cases to the remit of the specific forums. The quality of information and the coverage given across the individual committees was detailed enough to allow for decision making and scrutiny of the information presented.

Committee Reporting to Essex Fire Authority

Meeting minutes from the Committees are presented to the EFA Board on a monthly basis or when required as set out within their Terms of Reference. From review of the September and December 2015 EFA meeting minutes we confirmed the forum was presented minutes from the previous meetings held by the Policy and Strategy Committee (PSC), Audit, Governance and Review Committee (AGRC) and Principal Officer Human Resources Committee (POHRC) for information and review. Key areas of business including organisational development, declarations of interest and the Independent Review Action Plan were also noted within the EFA minutes.

Performance Reporting

Performance reports are monitored and scrutinised by the Strategic Management Board (SMB), the Strategic Delivery Board (SDB) and the Audit, Governance and Review Committee. We obtained and confirm there is a performance reporting schedule that clearly sets out the reporting requirements.

We obtained the last two available minutes for the SDB and confirmed from review that the performance report had been presented and scrutinised at each meeting and that there had been actions set to address issues identified.

We obtained the report presented to the AGR Committee on 20 January 2016 and also the report to SMB on the 16 February 2016. From review we confirmed that the performance measures and associated key performance indicators are RAG rated and reported in line with the authority's six objectives.

Cultural Review

Following the cultural review in September 2015, the Authority has implemented an action plan to address the issues raised. We obtained the cultural review report and identified that there were 35 recommendations made. We also obtained the Independent Review Action Plan within the report presented to the Essex Fire Authority on 13 January 2016 by the Chief Fire Officer and confirmed that it is in line with the Cultural Review recommendations and against each sets out the action requirements, responsibility, resource requirements and timescale. In addition each action requirement is narrated with an action progress update. The minutes also demonstrated that the Independent Action Review Plan is being reported on and monitored effectively and we confirmed with the Deputy Director of Finance that an independent progress review is currently being arranged with it proposed to be presented to the EFA in June 2016. Please note, as part of this review we have not provided an opinion on the Culture of the organisation or reviewed the detailed progress made on the actions arising from the culture review.

We identified the following weaknesses resulting in **one medium** priority management action being agreed:

Members Training

We obtained documentation outlining the governance training provided and confirmed that there was a training evening on the 19 February 2016 for Members and Officers and a Member workshop on the 1 March 2016. We obtained the course coverage slides for the 1 March 2016 event and confirmed there was coverage of key governance areas.

We were, however, unable to confirm which members had attended as a training log is not in place. In addition, we noted that there was no mechanism in place to chase non attendees to offer them the opportunity to receive the training documents or to go through the training with them. There is also an absence of evidence of a full training programme for members.

Without members receiving adequate training there is a risk to their effectiveness in providing good governance to the authority.

In addition we agreed **four low priority** management actions which are covered within section 2 and 3 of the report.

1.4 Additional information to support our conclusion

Risk	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Governance	3 (15)	3 (15)	4	1	0
Total			4	1	0

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

Action Plan

Categorisation of internal audit findings

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

The table below sets out the actions agreed by management to address the findings:

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
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Risk: Governance

1.1	The governance structure chart does not fully reflect the current committee arrangements.	Low	The Authority will update the governance structure chart to reflect the current governance arrangements.		
1.2	The Strategic Delivery Boards Terms of Reference has not been reviewed and updated in line with required timescales.	Low	The SDB Terms of Reference will be reviewed and updated in line with timescales set following the conclusion of the internal management restructure.		
1.3	There is no formal action plan process in place to demonstrate that the actions agreed at the individual committees are monitored to ensure satisfactory and timely progress has been made.	Low	The Authority should implement action logs to add robustness to the process of raising actions at the authority's key governance forums, provide a clear audit trail of actions set and allow for ease of monitoring.		

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
1.4	A formal training programme for the Authority's Members is not in place. In addition a training log is not in place to record Members training completion.	Medium	<p>The Authority will ensure that training logs are retained for each of its Members and that where training sessions are missed that they are followed up with non-attendees.</p> <p>In addition the Authority will produce a formal training programme for Members.</p>		
1.5	A self-assessment process is not in place for either the EFA itself or the committees within the governance structure.	Low	An annual review of the EFA and sub committees' effectiveness will be introduced to ensure that the forums have achieved their annual objectives and have adhered to their Terms of Reference.		

2 DETAILED FINDINGS

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

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
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Risk: Governance

1.1	<p>A governance structure is in place detailing the committees that report into the EFA and the reporting lines between the forums.</p> <p>This is signed off and approved as part of the constitution.</p>	Yes	No	<p>We have reviewed the governance structure included within the Constitution and confirmed this is the most up to date structure.</p> <p>The current structure clearly defines the governance arrangements within the Authority.</p> <p>We did note however, that the Constitution document states that there needs to be an update to delete the Audit Sub-Committee that is no longer in place and to add in the Cultural Review Sub Group.</p>	Low	The Authority will update the governance structure chart to reflect the current governance arrangements.
1.2	<p>The following forums are in place within the governance framework;</p> <ul style="list-style-type: none"> • Policy and Strategy Committee; • Audit, Governance and Review Committee; • Principal Officer Human Resources Committee; • Joint Standards Committee; • Cultural Review Sub Group. <p>Each committee has separate Terms of Reference and meeting agendas, papers and minutes are retained in the EFA website.</p> <p>There is also the Strategic Management Board</p>	Yes	No	<p>We obtained for each of the Authority's committees the TOR and confirmed that in all cases they set out the purpose, remit, membership, quorum and meeting frequency and were all last reviewed and agreed in December 2015</p> <p>In addition, we obtained meeting minutes for each of the Committees and confirmed that they demonstrated that meetings are being held in line with meeting frequency and that detailed minutes are being taken for each meeting.</p> <p>We also obtained the SMB and SDB TORs and monthly meeting minutes, we noted that the TOR for the SMB was agreed in October 2015 in line with the review requirements.</p>	Low	The SDB Terms of Reference will be reviewed and updated in line with timescales set following the conclusion of the internal management restructure.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
	and the Strategic Delivery Board in place within the supporting governance arrangements.			<p>However, we note that the SDB's TOR was last updated in July 2014. The forum has an annual review requirement so has not been reviewed within the required timescales.</p> <p>If the forums TOR is not reviewed within set timescales there is risk that the forum is not effective within its role within the governance framework.</p> <p>We noted from the debrief that the review of the management structure is being dealt with by the Acting Chief Fire Officer in conjunction with the Expert Advisory Panel, which will affect the SDB and its continued role.</p>		
1.3	Matters raised at previous committee meetings are revisited at the following committee meetings although there is no formal action plan process to robustly demonstrate that the actions set are monitored to ensure satisfactory and timely progress has been made.	No	n/a	<p>We confirmed that there is an element of follow up within the subsequent meeting minutes although noted that a formal action plan process is not in place for the committees and boards within the Authority.</p> <p>If actions and matters raised are not formally recorded and monitored there is a risk to the effectiveness of the forums in addressing key issues.</p>	Low	The Authority should implement action logs to add robustness to the process of raising actions at the authority's key governance forums and provide a clear audit trail of actions set and allow for ease of monitoring.
1.4	<p>The Authority has in place 25 members who are elected and nominated by Essex Fire's three constituent authorities. Appointments are made from the Essex County Council, Southend Borough Council and Thurrock Borough Council with the appointments made by each Council to reflect the political make up of each Council.</p> <p>The importance of good governance is promoted at the top of the organisation and is fed down</p>	No	n/a	<p>Through review of the Constitution we confirmed that Members of the Fire Authority are appointed by the constituent authorities on a politically proportionate basis.</p> <p>The importance of good governance is set out within the constitution and supporting documentation that is available to all Authority Staff via the website</p>	Medium	<p>The Authority will ensure that training logs are retained for each of its Members and that where training sessions are missed that they are followed up with non-attendees.</p> <p>In addition, the Authority will produce a formal training</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
	<p>through the Authority, staff are aware of the importance of good governance.</p> <p>There is training in place for Members that includes general training and development days although there is no formal training programme established.</p> <p>In addition, a training log is not in place to record the training received and attended by Members'. As a result a mechanism is not in place to ensure all members have had sufficient training or enable the Authority to chase up non-attendees.</p>			<p>We obtained documentation outlining the governance training provided and confirmed that there was a training evening on the 19 February 2016 for Members and Officers and a Member workshop on the 1 March 2016.</p> <p>We also obtained the course coverage slides for the 1 March 2016 event and confirmed there was coverage of key governance areas.</p> <p>We were, however, unable to confirm which Members had attended as a training log is not in place. In addition, we noted that there was no mechanism in place to chase non attendees to offer them the opportunity to receive the training documents or to go through the training with them.</p> <p>We confirmed with the Service Solicitor that there is not a full training programme for Members.</p> <p>Without Members receiving adequate training there is risk to their effectiveness in providing good governance steerage to the authority.</p>		programme for Members.
1.5	<p>It is good practice to undertake an annual self-assessment of the EFA to identify how the forum has worked in the previous year and how it can better utilise its time to be more effective in discharging its duties. Committees should also be self-assessing annually and reporting into the EFA.</p> <p>There is not a self-assessment process in place.</p>	No	n/a	<p>We confirmed with the Authority's Service Solicitor that a self-assessment process is not in place for either the EFA itself or the Committees within the governance structure.</p> <p>Without this process in place there is risk to the effectiveness of the Authority's governance forums and is a missed opportunity to evaluate performance and ensure the forums are meetings their Terms of Reference and remit effectively.</p>	Low	An annual review of the EFA and committees effectiveness will be introduced to ensure that the forums have achieved their annual objectives and have adhered to their Terms of Reference.

APPENDIX A: SCOPE

Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. The scope was planned to provide assurance on the Authority manages the following area:

Area under review

To ensure an effective system is in place to set and manage medium and long term objectives, plans and strategies

Areas for consideration:

The following areas will be considered as part of the review:

- The Financial regulations and scheme of delegation were consistent with the terms of reference for committees,
- Strategic plans and objectives had been set and approved by the Authority and responsibilities for monitoring and reporting delegated to subcommittees, reflected within their terms of reference and minutes.
- Responsibility for delivery and monitoring of the objectives had been effectively assigned to appropriate individuals and oversight sits with an appropriate committee.
- The development of metrics to enable monitoring of performance against delivery.
- The method for receiving assurances on the achievement of objectives.
- The process for the receipt and recording of assurances and the reporting of assurances to relevant committees including the process for escalating to the Authority.
- The Terms of Reference are reasonable covering membership, frequency and quoracy of meetings and enable the identified groups to effectively discharge their statutory duties and delivery of objectives.
- The process for monitoring the effectiveness of members in discharging their duties and identifying subsequent training needs.
- There is evidence in papers and minutes that adequate information within reports is supplied to enable decision making at Committee level including challenge and agreement of action which is followed up.
- Assurance on performance against strategies, plans and objectives are reported up to the Authority including what action is being taken against poor performance where there is challenge.
- We will also perform a comparison of the strategic plan development and setting process together with the strategic plans between Essex, Bedfordshire and Cambridgeshire Fire Authorities, this will be reported separately to our main report.

Limitations to the scope of the audit assignment:

- This review covered the period from 1st April 2015.
- The review did not aim to cover all aspects of governance. It aimed to provide assurance that the key governance processes are in operation as included within the areas for review. As such this review should not be considered to provide assurance over the whole governance process.
- We did not include in our review the objective setting process or ensure accuracy of reporting against these.
- We have not provided an opinion on the culture of the organisation or considered the detailed findings or actions arising from the culture review. Whilst we have reviewed the governance arrangements to ensure that progress against these actions are being reported back through the governance structure, we have not included detailed testing in this area.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Glenn McGuinness, Deputy Director of Finance
- Roy D J Carter, Service Solicitor

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ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

**Audit, Governance &
Review Committee**

AGENDA ITEM

5

MEETING DATE

20 April 2016

REPORT NUMBER

EFA/057/16

SUBJECT

Appointment of Auditors - 2018

REPORT BY

The Finance Director & Treasurer, Mike Clayton

PRESENTED BY

The Finance Director & Treasurer, Mike Clayton

SUMMARY

This report summarises the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

The Authority will need to consider the options available and put in place new arrangements in time to make a first appointment by 31 December 2017.

RECOMMENDATIONS

Members are requested to consider their preferred approach of either:

1. Supporting the Local Government Association (LGA) in setting up a national Sector Led Body by indicating intention to "opt-in" (the recommended option); or
2. Establishing a stand-alone Auditor Panel to make the appointment on behalf of the Authority; or
3. Commencing work on exploring the establishment of local joint procurement arrangements with neighbouring authorities.

BACKGROUND

The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.

The Authority's current external auditor is Ernst & young LLP, this appointment having been made under at a contract let by the Audit Commission. Following closure of the Audit Commission the contract is currently managed by Public Sector Audit Appointments Limited (PSAA), the transitional body set up by the Local Government Association with delegated authority from the Secretary of State. Over recent years we have benefited from reduction in fees in the order of 50% compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants and savings from closure of the Audit Commission. The Authority's current external audit fees are £35,000 per annum.

When the current transitional arrangements come to an end on 31 March 2018 the Authority will be able to move to local appointment of the auditor. There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local government bodies and offered maximum economies of scale.

The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Authority's audit must follow. Not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Authority. The registration process has not yet commenced and so the number of firms is not known but it is reasonable to expect that the list of eligible firms may include the top 10 or 12 firms in the country, including our current auditor. It is unlikely that small local independent firms will meet the eligibility criteria.

OPTIONS FOR LOCAL APPOINTMENT OF EXTERNAL AUDITORS

There are three broad options open to the Authority under the Local Audit and Accountability Act 2014 (the Act):

Option 1 To make a stand-alone appointment

In order to make a stand-alone appointment the Authority will need to set up an Auditor Panel. The members of the panel must be wholly or a majority independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Authority's external audit. A new independent auditor panel established by the Authority will be responsible for selecting the auditor.(assuming there is no existing independent committee such as the Audit Committee that might already be suitably constituted).

Advantages/benefit

Setting up an auditor panel allows the Authority to take maximum advantage of the new local appointment regime and have local input to the decision.

Disadvantages/risks

Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances

The Authority will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts. The assessment of bids and decision on awarding contracts will be taken by independent appointees and not solely by elected members.

Option 2 Set up a Joint Auditor Panel/local joint procurement arrangements

The Act enables the Authority to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each Authority under the Act and the Authority need to liaise with other local authorities to assess the appetite for such an arrangement.

Advantages/benefits

The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.

There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

Disadvantages/risks

The decision making body will be further removed from local input, with potentially no input from elected members where a wholly independent auditor panel is used or possible only one elected member representing each Authority, depending on the constitution agreed with the other bodies involved.

The choice of auditor could be complicated where individual Authorities have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for the Authority. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted for this Authority then the Authority may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

Option 3 Opt-in to a sector led body

In response to the consultation on the new arrangement the LGA successfully lobbied for Authorities to be able to 'opt-in' to a Sector Led Body (SLB) appointed by the Secretary of State under the Act. An SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

Advantages/benefits

The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities

By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation

Any conflicts at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.

The appointment process would not be ceded to locally appointed independent members. Instead a separate body set up to act in the collective interests of the 'opt-in' authorities. The

LGA are considering setting up such a body utilising the knowledge and experience acquired through the setting up of the transitional arrangements.

Disadvantages/risks

Individual elected members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.

In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need Authorities to indicate their intention to opt-in before final contract prices are known.

The way forward

The Authority have until December 2017 to make an appointment. In practical terms this means one of the options outlined in this report will need to be in place by spring 2017 in order that the contract negotiation process can be carried out during 2017.

The LGA are working on developing a Sector Led Body. In a recent survey, 58% of respondents expressed an interest in this option. Greatest economies of scale will come from the maximum number of Authorities acting collectively and opting-in to a SLB. In order to strengthen the LGA's negotiating position and enable it to more accurately evaluate the offering the Authority is asked to consider whether it is interested in the option of opting in to a SLB. A formal decision to opt-in will be required at a later stage.

RISK MANAGEMENT

There is no immediate risk to the Authority, however, early consideration by the Authority of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.

Providing the LGA with a realistic assessment of our likely way forward will enable the LGA to invest in developing appropriate arrangements to support the Authority.

LEGAL IMPLICATIONS

Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements;

Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

FINANCIAL IMPLICATIONS

Current external fees levels are likely to increase when the current contracts end in 2018.

The cost of establishing a local or joint Auditor Panel outlined in options 1 and 2 above will need to be estimated and included in the Authority's budget for 2016/17 and 2017/18. This will include the cost of recruiting independent appointees (members), servicing the Panel, running a bidding and tender evaluation process, letting a contract and paying members fees and allowances.

Opting-in to a national SLB provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel.

CONCLUSION AND NEXT STEPS

The Authority will need to take action to implement new arrangements for the appointment of external auditors from April 2018. In order that more detailed proposals can be developed the Authority/Committee is asked to give early consideration to the preferred approach.

The Authority has been asked by the LGA for an indication of the preferred approach in order that it can invest resources in providing appropriate support to Authorities. The LGA is strongly supportive of the SLB approach as it believes this offers best value to Authorities by reducing set-up costs and having to potential to negotiate lowest fees.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
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ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

**Audit, Governance & Review
Committee**

AGENDA ITEM

6

MEETING DATE

20 April 2016

REPORT NUMBER

EFA/058/16

SUBJECT

ANNUAL REVIEW OF THE GOVERNANCE STATEMENT

REPORT BY

The Finance Director & Treasurer, Mike Clayton

PRESENTED BY

The Finance Director & Treasurer, Mike Clayton

SUMMARY

The Authority has a statutory duty to publish an Annual Governance Statement. In preparation for this the Audit, Governance and Review Committee is asked to review the governance framework and the effectiveness of the system of internal audit. This has been carried out by means of a gap analysis measuring existing governance arrangements against expectations established in the Local Code of Corporate Governance.

RECOMMENDATIONS

Members of the Audit, Governance and Review Committee are asked to:

1. Review and agree the schedule setting out how the Authority meets the principles of the Local Code of Corporate Governance (Appendix 1);
2. Determine whether an effective system of internal audit has been in place during the year to 31 March 2016; and
3. Review and comment on the draft Annual Governance Statement (Appendix 2).

BACKGROUND

Each local authority operates through a governance framework. It is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes. Traditionally local Government has conformed in whole or in part and in many different ways to the principles of good governance and has a sound base on which to build. There has been a strong regulatory framework in existence and robust arrangements for monitoring and review.

Since 2007 a framework has been adapted for local Government purposes; it is comprised of six core principles taken from the Good Governance Standard developed by the Independent Commission on Good Governance in Public Services, with support from the Office for Public Management and CIPFA¹, in partnership with the Joseph Rowntree Foundation.

The present Local Code of Corporate Governance was adopted by the Authority in 2007 and is subject to annual review before the Authority, through the Policy & Strategy Committee, to approve the Annual Governance Statement which forms part of the annual accounts in June of each year.

Local Code of Corporate Governance

It is widely recognised that the framework model demonstrates best practice in respect of developing a local code of governance.

Performance in each of the code's dimensions is measured against a series of narratives that collectively demonstrate how effective existing governance arrangements are and where there may be areas for improvement. Appendix 1 sets out details of each of the dimension's narratives and the evidence of where this can be seen in action, together with any assurance provided to Members on the evidence.

The Committee is asked to consider whether there is clarity on the following aspects of the assurance process:

- **Identify** - What the Authority wants assurance on;
- **Assess** - How the assurance is provided;
- **Review** - How the assurance is reviewed and validated; and
- **Act** - What has been done with the information.

It is a core component of the local code that the Authority publishes an Annual Governance Statement which clearly sets out, where the review of corporate governance arrangements has revealed gaps, and which areas require action to ensure effective governance in the future. This statement will form part of the Authority's accounts and be approved by the Policy & Strategy Committee in June. Prior to approval, this Committee is being asked to review the corporate governance arrangements and the evidence of compliance with the principles of the code.

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

Under the Accounts and Audit regulations there is also a requirement that the Authority shall, at least once per year, conduct a review of the effectiveness of internal audit.

For the Service the internal audit function in 2015/16 comprises:

- Internal Audit Services provided under an outsourced contract by RSM UK Group LLP;
- Operational audit reviews carried out by a team of Officers within the Service's Human Resources and Organisational Development Directorate; and
- Specific functional reviews, generally by consultants.

Although the operational audits and functional reviews are not carried out in accordance with the guidelines for internal audit work they can provide an independent review of the effectiveness of a function and will therefore support the assessment of the effectiveness of the governance arrangements within the Authority.

EFFECTIVENESS

The guidance is clear that this review should concentrate on the effectiveness not the process of internal audit. Effectiveness should be judged by the contribution that the function makes to the organisation. The contractual arrangements for the Authority are entered into jointly with two other Fire Authorities giving us the opportunity to share best practice and benefit from joint working opportunities. RSM UK Group LLP provides internal audit services under a contract with the Authority.

Each internal Audit report clearly sets out the level of assurance found. The levels of assurance are;

Substantial Assurance	Robust series of internal controls in place which should ensure continuous and effective achievement of the control objective.
Reasonable Assurance	Reasonable number of internal controls in place, however may not be operated all the time.
Limited Assurance	The controls in place are not sufficient to ensure the continuous and effective achievement of the control objective.
No Assurance	Fundamental breakdown or absence of core internal controls.

All of the planned internal audit work for the year has been completed. The table below sets out the details of the audits completed during the last 12 months;

Area	2015/16 Audit Conclusion
ICT Health check	Reasonable Assurance
Property Maintenance	Substantial Assurance
Workforce Planning	Not assessed
Risk Management	Partial Assurance
Governance (Draft)	Reasonable Assurance
Key Financial Controls – HR Transactions	Reasonable Assurance
Key Financial Controls - Finance	Substantial Assurance
Project/Contract Management	Reasonable Assurance

Area	2015/16 Audit Conclusion
PAYE/VAT Health Check	Not assessed
Data Retention	Not completed
Follow Up Review	Not completed

The table below compares the audit results for the last five years;

	Limited Assurance or No Assurance	Reasonable Assurance	Substantial Assurance
2011/12	0	4	2
2012/13	1	5	2
2013/14	2	4	3
2014/15	2	4	3
2015/16 (Part)	1	4	2

The internal audit process is risk based with some follow up reviews. A separate report is provided to each meeting of the Audit & Review Committee setting out the progress on implementation of the agreed actions for each audit recommendation. The 2014/15 review by RSM reported “reasonable progress” in implementing agreed internal audit recommendations.

The Audit, Governance and Review Committee also have the opportunity for a private session with the Internal Auditor as part of each meeting.

EFFECTIVENESS OF AUDIT COMMITTEE

There has been no review of the effectiveness of the Audit, Governance and Review Committee in the last year. Attendance at meetings is reported annually to the Fire Authority. In response to the recommendations in the Lucas review a series of workshops, facilitated by consultants from the Society of Local Authority Chief Executives have been run to develop the governance, scrutiny and assurance role of the Authority. The outcomes of this work are due to be considered by the Authority later in 2016.

RISK MANAGEMENT IMPLICATIONS

Failure to adopt a local code of corporate governance will leave the Fire Authority open to challenge as to the effectiveness of its arrangements for being able to demonstrate the appropriate levels of stewardship and accountability in its business activities, and the continued ability to deliver its aims and objectives.

Corporate governance arrangements are assessed on an annual basis by the Authority’s auditors. Failure to take steps to ensure adequate governance arrangements are introduced will have a negative impact on performance reporting relating to the Authority. The measures set out in this report are intended to mitigate these risks.

LEGAL IMPLICATIONS

The Annual Governance Statement is a statutory requirement set out in Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 (SI 2006/564). The requirement for a review of the Effectiveness of the

System of Internal Audit is set out in Regulation 6(3). The guidance recommends that the review of the effectiveness of the system of internal control, also required under the same Audit Regulations, should be reported in the Annual Governance Statement.

There are no direct legal implications associated with accepting the recommendations set out in this report. There may however be significant legal risk associated with a failure to ensure adequate corporate governance arrangements are in place.

FINANCIAL IMPLICATIONS

There are no direct financial implications associated with accepting the recommendations set out in this report. There may however be significant financial risk associated with a failure to ensure adequate corporate governance arrangements are in place.

USE OF RESOURCES

Response to the gap analysis undertaken will need to consider whether the Authority's resources are sufficient to enable compliance. Specific approval will be sought if additional resources are required.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
Appendix 1 – Local Code of Corporate Governance: Gap Analysis	
Appendix 2 – Draft Governance Statement	
List of background documents (not attached):	
Proper Officer:	Mike Clayton
Contact Officer:	The Finance Director & Treasurer Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 mike.clayton@essex-fire.gov.uk

Key Principle	What we do	Evidence of Compliance	Assurance and Actions
<p>Principle 1</p> <p>Focus on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for Essex</p>	<ul style="list-style-type: none"> • Set out a clear Service Strategy for the Authority • Have a clear understanding of the community risks we manage through the Strategic Assessment of Risk • Use our Integrated Risk Management Plan to explain how we reduce and respond to community risks and consult on our approach. • Provide regular Performance Reports on key measures and an Annual Report. • Publish external assessments of our performance. • Work with Partners to deliver improvements to community safety. 	<p>Service Strategy 2014-2019</p> <p>Strategic Assessment of Risk 2013</p> <p>Integrated Risk Management Plan</p> <p>Performance Report</p> <p>Annual Report</p> <p>Statement of Accounts</p> <p>Medium Term Financial Strategy</p> <p>Partnership Register</p>	<p>Audit, Governance & Review Committee</p> <p>2013 Peer Review and Action Plan</p> <p>Internal Audit Plan, Reports and follow up on recommendations</p> <p>Internal Audit Annual Report</p> <p>External Audit Governance Report and Management Letter</p> <p>Approval of Service Strategy by Essex Fire Authority – a new Strategy for the Authority will be brought forward in June 2016.</p>

Key Principle	What we do	Evidence of Compliance	Assurance and Actions
<p>Principle 2</p> <p>Members and officers working together to achieve a common purpose with clearly defined functions and roles</p>	<ul style="list-style-type: none"> • Constitution sets out the roles and responsibilities of Members and Officers and defines Authority and Committee terms of reference. • Use Job Descriptions or Role Maps to define individual staff responsibilities. • Have a clear, written scheme of delegation. • Have clearly defined roles for a Chief Fire Officer/Chief Executive, a Clerk and Monitoring Officer and the Treasurer as the Senior Finance Officer. • Have a clear Service Strategy that flows down to Departmental Strategies and individual objectives. 	<p>Fire Authority Constitution</p> <p>Authority and Committee agendas. Papers and minutes</p> <p>Scheme of Delegation</p> <p>Job Descriptions</p> <p>Service and Departmental Strategies</p> <p>Appraisal Records</p> <p>2020 Programme Board and workshops with representative bodies.</p>	<p>Members</p> <p>Clerk and Monitoring Officer</p> <p>Treasurer</p> <p>Internal Audit Review of Governance</p> <p>SOLACE workshops undertaken in 2015/16 to re-define the relationship between Members and Officers.</p>

Key Principle	What we do	Evidence of Compliance	Assurance and Actions
Principle 3 Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	<ul style="list-style-type: none"> • Service strategy sets out the core values. • Provide clarity to Members, Officers and Staff on the expected standard of behaviour. • Provide arrangements for reporting and investigating any allegations of misconduct. • Record the personal interests of Members and Senior Officers. • We treat people fairly and follow our Equality and Diversity Policy. • We have a zero tolerance approach to fraud and corruption. • We remind staff of their rights and responsibilities. • We encourage feedback from those we serve. 	Service Strategy 2014-2019 Members Code Of Conduct Staff Code of Conduct and associated policies Whistleblowing Policy Joint Standards Committee with Essex County Council Disciplinary Policy Register of Members Interests and Annual Declaration of Interests Equality and Diversity Policy Anti- Fraud Policy Public Opinion Survey Communications Strategy	Monitoring Officer Annual Report to Authority on Workforce Matters External Audit review Internal Audit review of Governance Action Plan to address recommendations from the Lucas review Appointment of Expert Advisory Panel

Key Principle	What we do	Evidence of Compliance	Assurance and Actions
Principle 4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	<ul style="list-style-type: none"> • Authority and Committee agendas, papers and minutes available for public scrutiny. • Members required to declare any interest in an Authority decision. • Implications of decisions identified. • Freedom of Information responses and expenditure information published. • Publication scheme advising what information is available. • Public consultation on community safety issues with feedback used to inform the decisions made. • Accessible arrangements for the purchase of goods and services. 	Information published on Authority website Authority and Committee minutes Authority and Committee papers Reports on the results of Consultations Use of Delta e-sourcing website linked to Government Contracts Finder 2020 Consultations and reports	Audit, Governance and Review Committee reviews key decisions and performance information. Internal Audit Review of Risk Management Arrangements Freedom of Information requests Action Plan to address recommendations from the Lucas review Appointment of Expert Advisory Panel

Key Principle	What we do	Evidence of Compliance	Assurance and Actions
Principle 5 Developing the capacity and capability of Members and officers to be effective	<ul style="list-style-type: none"> • Induction programmes for Members and senior officers. • Member workshops and briefings on key issues. • Job Descriptions or Role Maps for all staff. • Constitution ensures that Members have access to the information they need. • Requirement for senior officers to have appropriate professional qualifications and to undertake continuous professional development. • Appraisal of staff. • Wide ranging programme for learning and development. 	Member workshops in 2015/16 SOLACE workshops Job Descriptions Achievement First appraisal system Training Plan	Audit, Governance & Review Committee review of Governance arrangements Action Plan to address recommendations from the Lucas review Appointment of Expert Advisory Panel

Key Principle	What we do	Evidence of Compliance	Assurance and Actions
<p>Principle 6</p> <p>Engaging with local people and other stakeholders to ensure robust public accountability</p>	<ul style="list-style-type: none"> • Publication scheme advising what information is available. • Public consultation on community safety issues with feedback used to inform the decisions made. • Use of Active8 network of community representatives. • Annual Report • Authority and Committee agendas, papers and minutes available for public scrutiny. • Freedom of Information responses and expenditure information published. • Consultation and Negotiation framework agreed with staff representative bodies. 	<p>Information published on Authority website</p> <p>Authority and Committee minutes</p> <p>Authority and Committee papers</p> <p>Reports on the results of Consultations</p> <p>Public Opinion Survey</p> <p>Joint Negotiation and Consultative Committee</p> <p>2020 Consultations</p> <p>Member, Officer and Representative Bodies workshops on 2020 Programme</p>	<p>Reports to the Authority</p> <p>Freedom of Information Requests</p> <p>Internal Audit Report on Governance</p> <p>Action Plan to address recommendations from the Lucas review</p> <p>Appointment of Expert Advisory Panel</p>

Draft GOVERNANCE STATEMENT

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards of conduct, probity and professional competence, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the framework of good governance published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives. This statement explains how the Authority has complied with the code and also meets requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, for the control and management of all activities and how much it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

The Governance Framework

The Governance Framework is comprised of 6 core principles that are detailed below:

- Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of Members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the strategic managers within the Authority who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Audit, Governance and Review Committee has been given responsibility for:

- overseeing the implementation and monitoring the operation of the code;
- reviewing the operation of the code in practice; and
- reporting on compliance with the code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

In addition, the Fire Authority's Internal Auditor has responsibility to review and report to the Authority's Audit, Governance and Review Committee annually, to provide assurance on the adequacy and effectiveness of the Authority's arrangements for governance, risk management and control. **An overall positive opinion was given for 2015/16.** The provision of Internal Audit Services is through a contract with RSM UK Group LLP. The Authority is able to take substantial assurance from the budgetary controls and the key financial controls.

The Audit, Governance and Review Committee have been advised on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the system is in place. In addition, in 2015/16, following the review of the Authority's culture by Irene Lucas the Authority appointed an Advisory Panel to support Members and Officers in the implementation of actions in response to the 35 recommendations made.

The Authority's financial management arrangements conform to the governance requirements contained in the CIPFA statement on "The Role of the Chief Financial Officer in Local Government". Internal Audit reports on the key area of financial controls confirm that they provide substantial assurance to the Authority.

Significant Governance Issues

In September 2015 Members received a report from Irene Lucas that made a number of recommendations concerning the governance of the Authority. Ten of the recommendations related to the governance of the Authority. In October 2015 the Authority accepted the recommendations and agreed the appointment of an Advisory Panel, chaired by a Steve McGuirk a former Chief Fire Officer, to support Members and Officers in the implementation of actions to address the recommendations made. The Advisory Panel meets formally with lead Members and Officers on a monthly basis with additional specialist support around a number of key areas including a management review, discipline and grievance matters, employee relations and staff engagement.

In addition, external support through the Society of Local Authority Chief Executives has been used to run a series of workshops to develop an action plan to strengthen the role of Members in the governance of the Authority.

A number of areas were identified in the 2014/15 governance statement for further development. The most significant areas and the actions undertaken are summarised below:

Area	Actions
Completion of an action plan to address lack of assurance in Corporate Risk and Business Continuity	Additional resources were used to support departmental managers in ensuring that there were regular reviews of risks and control measures and that testing and reviews of business continuity plans were undertaken. Internal Audit confirmed that progress has been made, but further work to address the recommendations will continue in 2016/17.
The level of reserves and the approach to investment of surplus cash balances	The policy in relation to Reserves was reviewed by the Audit, Governance and Review Committee in October 2015. The Committee resolved that no changes be made to the Authority's policy in respect of investment, cash holdings and reserves.
The 2020 programme of Service re-design	Progress reports on the 2020 Programme have been submitted to the Audit, Governance and Review Committee. In addition, lead Members of the Authority sit on the Programme Board.

For 2016/17 the main focus remains the completion of the action plan to address the recommendations in the Lucas report, and the continued development of assurance around risk management.

Internal Control

The effectiveness of the internal audit arrangements and the system of internal control were included in the annual governance review. Elements of this review were also informed by the work of the Internal Auditors and the regular reporting on financial and performance issues to Members. As part of these reviews action plans were identified and reported on. Internal Audit reports covering key areas consistently report reasonable or substantial assurance around all areas of controls for expenditure and the use of resources. There were no materially significant internal control issues identified during the year.

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

Audit, Governance & Review
Committee

AGENDA ITEM

7

MEETING DATE

20 April 2016

REPORT NUMBER

EFA/059/16

SUBJECT

Audit Recommendation – Report on Progress Against Action Plans

REPORT BY

The Finance Director & Treasurer, Mike Clayton

PRESENTED BY

The Finance Director & Treasurer, Mike Clayton

SUMMARY

This paper reports on the progress against the action plans developed by the Service in response to audit reports. Items reported as completed in the previous quarter's report have been deleted from the table.

RECOMMENDATION

Members of the Audit Sub Committee are asked to review the progress.

BACKGROUND

This report brings forward the progress made by the Service in response to Audit recommendations. It includes those made by the Audit Commission in their annual audit letter, and in internal audit reports. The recommendations in the review of Risk Management are the subject of a separate action plan and a progress report will be made to the next meeting of the Committee.

MATTERS RAISED IN THE FOLLOW UP REVIEW

At the July 2015 of the Committee the Internal Auditor presented their follow up review for 2014/15. There are now two recommendations that had been outstanding in the previous year where the actions remain in progress. The position regarding these audit recommendations is detailed below:

Original Recommendation	Current Position
Partnerships - A signed agreement between all parties should be held by the Service for each partnership to provide assurance to the Service that all parties have agreed to their	Completed – Signed agreements available for all current agreements.

Original Recommendation	Current Position
respective responsibilities.	
Employee Taxes - In addition to the work already undertaken, Essex Fire Authority should continue to recover the excess Class 1A NIC from HMRC. As there is likely to be tax and NIC due to HMRC on the payments discussed in 3.7 any overpayment can be set off against these sums.	Completed –

RISK MANAGEMENT, LEGAL, FINANCIAL, ENVIRONMENTAL & EQUALITY IMPLICATIONS

There are no risk management, legal, financial, environmental or equality implications from this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper: Table of Recommendations	
Proper Officer:	Mike Clayton
Contact Officer:	The Finance Director and Treasurer Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 mike.clayton@essex-fire.gov.uk

Source	Recommendation from Audit report	Original (or amended) Service Action Plan	Responsibility and Timescales	Progress
HR Transactional Processes	We would recommend that a workshop is run to identify the HR Transactional processes and to identify opportunities for process simplification and automation.	We will be undertaking a complete review of processes to ensure they remain fit for purpose, under the SAP Next Steps Project. Policy & Strategy Committee approved SAP replacement in March 2016 and new project initiated.	Head of HR March 2016	Completed
HR Transactional Processes	The Authority should undertake a 'Phase Two' of the HR Transaction Project to ensure the original PID is delivered. A separate Project Initiation Document (PID) should be drafted for the Phase Two piece of work and the Benefits identified within the original PID should be substantiated. The measures must also be quantified to ensure the Authority can identify whether all benefits have been realised.	The next steps project for SAP will address these issues. This is expected to be a 12 – 18 month project, so benefits realisation will be subject to the project milestones which are yet to be scoped and agreed. Policy & Strategy Committee approved SAP replacement in March 2016 and new project initiated.	Head of HR & OD March 2016	Completed

Source	Recommendation from Audit report	Original (or amended) Service Action Plan	Responsibility and Timescales	Progress
Communications	<p>The Head of Communication should devise three separate strategies and implementation plans, demonstrating outcomes and performance measures for the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Corporate Public Relations; <input type="checkbox"/> Employee Engagement; and <input type="checkbox"/> Community Safety. <p>These documents should be approved at the Strategic Management Board, and then disseminated to staff via the Service intranet.</p>	<p>A restructure to give the Head of Corporate Communications strategic lead on these activities and professionalise the department with resources to deliver these three key strands of activity have been agreed and recruitment process is under way with funding from April 2014/15. Work to develop these strategies to support strategic ambitions of the Service is already under way.</p>	<p>Head of Corporate Communications</p> <p>Following the departure of the Head of Corporate Communications agreement has been reached with Essex CC to provide oversight of Corporate communications. New Timescale May 2016 for approval of new corporate communications and engagement strategies/ restructure of corporate communications team</p>	Delayed

Source	Recommendation from Audit report	Original (or amended) Service Action Plan	Responsibility and Timescales	Progress
Communications	<p>The Communications governance structure needs to be established for each of the three work streams:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Corporate Public Relations; <input type="checkbox"/> Employee Engagement; and <input type="checkbox"/> Community Safety. <p>This structured needs to demonstrate the relationship between each individual and group.</p>	<p>This proposal was put forward by the Head of Corporate Communications to introduce wider governance from within the SMB team with the benefit of ensuring more cohesive communications activities with consistent messages delivered to all stakeholders and all three strategies working together. Expanding reporting lines will also assist SMB in presenting a collective narrative. CFO to maintain line management for Corporate PR, Director HR & OD for Employee Engagement and Director Safer and Resilient Communities for Community Safety marketing</p>	<p>Head of Corporate Communications Following the departure of the Head of Corporate Communications agreement has been reached with Essex CC to provide oversight of Corporate communications. New Timescale April/ May 2016.</p> <p>The Interim Head of Corporate Communications is a visiting member of SMB, with the ACFO directing activities in respect of delivering communications to meet service priorities and enable improved outcomes.</p>	Delayed

Source	Recommendation from Audit report	Original (or amended) Service Action Plan	Responsibility and Timescales	Progress
Communications	<p>The Fire Service should ensure there is an appropriate process for managing the Communications Plans for each project implemented. This should include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> An approval process, during project initiation, from the Head of Corporate Communications for each Project; and <input type="checkbox"/> Monitoring of the Communications Plan of the project. 	<p>This process is in place for major programme boards but a number of projects undertake communications activities beyond the oversight of the professional Corporate Communications team. This approach will ensure corporate scrutiny and provide more corporate context and alignment, maximising opportunities to share corporate lines. Will require buy in, particularly from operational side of the organisation. First step to consider communication implications in meeting papers and as part of all project planning. Additional resources will allow introduction of greater governance around communications activity</p>	<p>Corporate Communications and Engagement Strategies to be approved by SMB. New Timescale May 2016</p>	Delayed

Source	Recommendation from Audit report	Original (or amended) Service Action Plan	Responsibility and Timescales	Progress
Communications	<p>The Fire Service need to ensure that it has appropriate policies, procedures and/or protocols in place governing the key channels of external communications, such as the media, press releases, 'images as incidents' and acceptable uses for all social media platforms.</p> <p>These should be approved, dated and assigned an annual review date to ensure they remain fit for purpose.</p> <p>Following this, the documents should be made available to all staff via the Service intranet</p>	<p>These policies, procedures and protocols exist in practice but need to be formalised.</p> <p>Additional resources will allow introduction of greater governance around communications activity.</p> <p>In January, the Service procured a social media management system and is currently training official service users to operate via a single, formal channel. This allows oversight of activity and encourages sharing of current messages and campaigns through a single portal. A programme of training supports new users and will allow expansion of official social media participants without some of the significant associated risk.</p>	<p>Essex County Council Communications policies and protocols for communications, with a particular focus on social media, to be versioned for ECFRS. New Timescale June 2016</p>	Delayed

Source	Recommendation from Audit report	Original (or amended) Service Action Plan	Responsibility and Timescales	Progress
Communications	The Head of Corporate Communications should implement a training needs analysis, identifying which service personnel require communications training, and a training log, to effectively monitor training completion. Additionally, the Service could incorporate a training incentive scheme with the new social media software purchased by the Head of Corporate Communications.	Corporate Communications offers in house Media, Social Media and internal communications skills training, primarily to uniformed staff to give them the skills they need to present the Service in a professional way, limiting risks to ECFRS image. Currently delivered on request, there is some urgency now to train more station managers to be able to deliver information to the media, particularly at incidents. This recommendation supports the delivery of a more formal programme of training and development that is recorded and recognised. Rather than incentive, it is proposed to implement a proficiency standard before individuals can represent the Service to the media.	TNA to be completed post strategy sign off, service strategy sign off and restructure completion. New Timescale June 2016	Delayed

Source	Recommendation from Audit report	Original (or amended) Service Action Plan	Responsibility and Timescales	Progress
Communications	The Fire Service should ensure a guidance document or procedure is developed for processing Freedom of Information requests, to ensure the process is implemented consistently.	<p>This will be reviewed when management of the Fol process moves in to Corporate Communications. This work will be completed once additional resources are in place.</p> <p>Fol processes have moved to the Performance and Data Team. Corporate Communications has the oversight of any responses which have potential reputational impacts (eg Fol requests from media organisations). All other requests are signed off at Director level before release.</p>	<p>Head of Corporate Communications</p> <p>Following the departure of the Head of Corporate Communications agreement has been reached with Essex CC to provide oversight of Corporate communications. New Timescale March 2016</p>	Completed
Business Planning	The Service should monitor the submission of departmental plans against planned completion dates. Each Department Strategy document should be annotated with details of submission date, document author, reviewer and approver.	Agreed – this will be incorporated into the process running during 2015/16.	<p>Performance Improvement Manager</p> <p>March 2016</p>	Completed
Business Planning	The Service should ensure that the Guide to Business Planning is reviewed annually to ensure it mirrors current practice and effectively guides the business planning process for the year ahead.	<p>Agreed – the process is likely to change during 2015/16 as it will need to fit with changes being given by Programme 2020.</p> <p>For 2016/17 Service plan to be adopted</p>	<p>Performance Improvement Manager</p> <p>March 2016</p>	Completed

Source	Recommendation from Audit report	Original (or amended) Service Action Plan	Responsibility and Timescales	Progress
Business Planning	The Service should ensure that the action plans within the Department Strategies are formally monitored.	Agreed – this will be monitored by SDB. For 2016/17 Service plan to be adopted	Performance Improvement Manager March 2016	Completed
Business Planning	The Service should ensure that there is an annual self-assessment of the business planning process to identify areas where the process was effective and areas that could be improved upon, taking the process forward.	Agreed – this will be built into the business planning cycle from this point onward. For 2016/17 Service plan to be adopted	Performance Improvement Manager March 2016	Completed
Business Planning	As part of the Business Planning process, the Service should evidence and retain the initial assessment of resources required to meet objectives within the Departmental Strategies and future iterations including the final version which matches the approved budget.	Agreed – this will be built into the business planning process from this point onward. For 2016/17 Service plan to be adopted	Performance Improvement Manager March 2016	Completed
IT General Controls	The information security policy does not include all of the information that should be within such a policy.	The Service will be documenting a full information security policy and this will be completed using ISO 27001 guidance.	ICT Security Officer Dec 2016	On Track
IT General Controls	Backup restore testing is not performed as part of a defined schedule.	The Service will implement a defined schedule to confirm that servers and data can be restored in a continuity event.	ICT Service Manager Jun 2016	On Track

Source	Recommendation from Audit report	Original (or amended) Service Action Plan	Responsibility and Timescales	Progress
IT General Controls	Information sharing agreements are in place with third parties, however there is not an information sharing register which identifies all of the sharing arrangements in place.	We will complete a register to identify the information that we transfer that will include the transfer methods and the information types. This will ensure that all data is transferred securely.	Senior Information Risk Owner (Finance Director & Treasurer) Dec 2016	On Track

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

**Audit, Governance &
Review Committee**

AGENDA ITEM

8

MEETING DATE

20 April 2016

REPORT NUMBER

EFA/060/16

SUBJECT

Audit Reports

REPORT BY

The Finance Director & Treasurer, Mike Clayton

PRESENTED BY

The Finance Director & Treasurer, Mike Clayton

SUMMARY

This paper provides one internal audit report for review and the Annual Audit from our external auditors.

RECOMMENDATION

Members of the Committee are asked to note the contents of the reports.

BACKGROUND

This is a covering paper for the following external and internal audit reports being submitted to the meeting of the Audit, Governance & Review Committee. The following internal audit reports are to be considered at the meeting;

Audit Area	Audit Conclusion
Key Financial Controls – HR Transactional Control	Reasonable Assurance
Key Financial Controls - Finance	Substantial Assurance
Property Maintenance	Substantial Assurance
Purchase of New Appliances	Reasonable Assurance
Risk Management	Partial Assurance
Workforce Planning	Review - Not assessed

RISK MANAGEMENT IMPLICATIONS

Internal audit reports form part of the risk management arrangements for the authority. Progress on the implementation of agreed recommendations is also reported to the Committee.

LEGAL, FINANCIAL, ENVIRONMENTAL AND EQUALITY IMPLICATIONS

There are no relevant implications from this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper: Key Financial Controls Property Maintenance Purchase of New Appliances Risk Management Workforce Planning	
Proper Officer:	Mike Clayton
Contact Officer:	The Finance Director and Treasurer Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 mike.clayton@essex-fire.gov.uk :



ESSEX FIRE AUTHORITY

Key Financial Controls

FINAL

Internal Audit Report: 7.15/16

31 March 2016

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Debrief held	18 January 2016	Internal Audit team	Daniel Harris, Head of Internal Audit
Further information received	23 February 2016 21 March 2016		Suzanne Lane, Senior Manager Nick Fanning, Senior Auditor Abbas Sayyed, Auditor Rachel Feltham, Auditor
Draft report issued	30 March 2016		
Responses received	31 March 2016		
Final report issued	31 March 2016	Client sponsor	Glenn McGuinness, Deputy Director of Finance
		Distribution	Glenn McGuinness, Deputy Director of Finance

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

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. Management actions for improvements should be assessed by you for their full impact before they are implemented. 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. Therefore, the most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the risk management, governance and control processes reviewed within this assignment. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. 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 party other than the Board which obtains access to this report or a copy and chooses to rely on this report (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 our Client 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.

1 EXECUTIVE SUMMARY

1.1 Background

An audit of Key Financial Controls was undertaken as part of the approved internal audit periodic plan for 2015/16. For the purpose of this audit the following areas were reviewed; General Ledger, Cash and Treasury Management, Payroll, Payment and Creditors, Income and Debtors and Asset Management.

The financial system in place is Dream, assets are recorded on an online asset management database and the financial transactions including payments, overnight deposits and payroll are processed through the Lloyds Banking System. Payroll and human resource information is recorded on SAP. All systems have access controls in place to ensure suitable and secure access to financial records and the commitment and processing of expenditure.

The aged debt as at January 2016 stood at a total of £605,292 with aged debt exceeding 30 days totalling £23,441 of which £3,256 was over 90 days that had been referred to the debt chasing agency. Fixed assets within the service hold a financial value of £94.565m for land and buildings and a further net book value £10,682m for vehicles, plant and equipment.

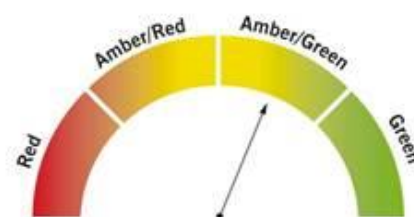
1.2 Conclusion

We have identified that adequate controls have been designed and implemented for the General Ledger, Cash and Treasury Management, Payment and Creditors, Income and Debtors and Asset Management areas of the review, however, issues were identified as part the Payroll section within the HR Transaction Processing area of our review which related to a lack of documentation to support authorisations and approvals.

Internal Audit Opinion:

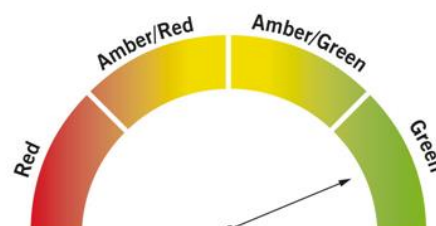
HR Transaction Processing

Taking account of the issues identified, the Authority can take reasonable assurance that the controls in place to manage the HR Transaction Processing 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 risks.



General Ledger, Cash and Treasury Management, Payment and Creditors, Income and Debtors, Asset Management and Payroll (Finance)

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



1.3 Key findings

The key findings from this review are as follows:

General Ledger

We obtained the Financial Regulations and confirmed they were last reviewed and approved on 18 March 2015 at the Policy & Strategy Committee and have a next review date of March 2017. We confirmed from review that the document clearly sets out key high level key financial requirements within the organisation.

We obtained the Journal transfers procedure document and from review confirmed that it was last updated and reviewed by the Finance Department in January 2016 and is due to be reviewed in January 2017. We confirmed that they clearly define the processes for producing a journal and committing it to the general ledger.

We obtained a report of journals processed since April 2015 and selected a sample of 25 to review. From our testing we noted that for six of the journals that there was no evidence of secondary approval on individual journals. We did note, however, that each of the journals had been signed off by the Deputy Director of Finance as part of the weekly review. We have not raised a management action as the Deputy Director of Finance has acted as a secondary reviewer. Management may wish to consider reviewing the process to ensure that a consistent approach is undertaken.

We obtained a report of all virements processed since April 2015 and selected a sample of five to review. We confirmed for the five virements that there was approval by a senior finance officer in line with requirements, the virement had supporting documentation attached and had a sign off by both the officer who prepared the virement and was checked and approved by the Deputy Director of Finance.

We obtained the list of users from the Dream access report and confirmed that only current and suitable finance staff had access to post to the general ledger. We confirmed through discussion with the Deputy Director of Finance that all staff with access are currently in position and work in the finance function.

Cash and Treasury Management

We obtained the Treasury Management Strategy that was presented to the Fire Authority and approved on 11 February 2015 and noted that the Cash and Treasury Management procedures are documented within the Strategy. We confirmed that the procedures are detailed and reflective of current practice and that they are available on the intranet and are held on the staff shared drive.

The Authority has four bank accounts which are reconciled on a monthly basis. We tested a sample of three months (October, November and December 2015) and confirmed they had been completed and reconciled, performed in a timely manner and signed off by the preparer and approved by the Deputy Director of Finance.

We obtained the report of investments for 2015/16 and confirm that there had been 54 overnight deposits placed since April 2015. For a sample of five overnight deposits, we confirmed that each investment had a front sheet completed, details of the investment were documented in line with the strategy and they had been signed off by an appropriate officer. In all cases there was a segregation of duties evidenced and the investment amount was accurate on the system.

We obtained both the Treasury Management Strategy Report from February 2015 presented to the Essex Fire Authority and also the outturn report for 2014/15, which was presented to the Audit, Governance and Risk Committee in July 2015. We confirmed both reports provided detailed narrative relating to Treasury Management performance and processes and provided assurance that there is a formal and recognised Treasury Management reporting process in place.

The Services main bank account is held with Lloyds. We obtained the current access reports for Lloyds and confirmed that only current finance staff had active access to the Lloyds banking system. We also confirmed that all access to the system is time recorded to identify all system access and that there are clear access rights demonstrated against each user account.

Payroll (HR Transaction Processing and Payroll)

The Service has in place procedure guides for each part of the payroll function. We obtained the procedural documents for starters, leavers and amendments and confirmed that there is detailed guidance in place relating to these key payroll processes. We noted that all of the documents had been reviewed in 2015 and that all procedural notes and checklists were available to all staff via a shared drive.

We carried out testing on a sample of 25 new starters, 25 leavers, 25 amendments, 10 expense claims, 10 overtime claims and 10 additional plain time hour claims.

The following weaknesses were identified resulting in one medium and three low priority management actions being raised:

New Starters

We obtained a report of all new starters this financial year and picked a sample of 25. From testing we noted that 11 new starters related to existing staff taking on a secondary 'casual role' within the Service, due to the limitations of the HR system we were unable to confirm whether the roles had been appropriately authorised by management.

For the remaining 14 new starters, we noted that one form had no confirmation of the information being entered into the system, in the remaining instances there was confirmation identified and three forms did not state the new joiner's salary. We have raised a 'medium' action as management need to ensure that all staff records can be easily obtained and stored where possible in one place (paper based or electronically).

Employee Amendments

We obtained a report of all amendments this financial year and picked a sample of 25. From testing we noted that there was no evidence of authorisation sign off of the amendment and two were not independently reviewed. If amendments forms are not signed to show authorisation, there is a risk that employees may have details like salary or position changed without authorisation. We have agreed a medium priority action to address this area.

Overtime Claims Approval

We obtained a report of all overtime claimed this financial year and picked a sample of 10. From testing we confirmed that five of the claims did not have confirmation of approval by a line manager.

If there is not a regular monthly review of overtime claimed and evidence of manager sign off there is a risk that extra overtime may be claimed which has not been worked leading to a loss to the Service, we have agreed a medium priority action to address this area.

Payments and Creditors

The Service has in place a comprehensive Creditors Operational procedures document which was last reviewed in December 2015 and has a review date set for December 2016. We confirmed with the Finance Officer that these are available to staff on the shared drive.

We obtained the last three BACS and Cheque runs processed and from review confirmed for each of the three BACS payments that the payment value agreed to Dream and the file had been prepared, certified and approved by separate members of the Finance Team in line with the required segregation of duties and authorisation rights. For three cheque run payments we also confirmed that the values reconciled to the system and a clear segregation of duties was evidenced between preparation and authorisation of the payments.

We obtained a report of all new suppliers set up on the system since April 2015 and tested a sample of 25. We were able to identify in all cases that new supplier forms had been completed and that bank details had been provided by the supplier on signed letter headed paper. We were also able to confirm adequate check and confirmation of bank details in each case.

We tested a sample of 25 supplier amendments that had been processed since April 2015, 15 of which were bank detail changes, of which 14 had been verified with a second person at the supplier. In the remaining bank detail amendment there had not been a reply to confirm the bank detail change and the Authority removed the supplier from BACS and pays the supplier by cheque as per the policy. In the remaining 10 cases there was adequate documentation to confirm the change.

Income and Debtors

The Service has in place comprehensive Debtors Operation Procedures which were last reviewed in December 2015 with a review date set for December 2016. We confirmed that these are available to staff on the shared drive.

We obtained a report of all credit notes raised since April 2015 and confirmed that there had been only 15 credit notes raised in 2015/16. We tested all of the credit notes raised and confirmed that had had been raised accurately by an authorised Finance Officer in a timely manner, and that email requests for the raising of credit notes had been retained in all cases.

We obtained the aged debt report as at 31st December 2015 and confirmed that the aged debts exceeding 30 days old totalled £23,450.56. We selected a sample of 25 of these aged debts and confirmed that of the 25 there were six over 120 days old which were either pensions of deceased/ill debtors or had a standing order in place to clear the debt. We confirmed in each of the 25 cases that reminder letters had been sent out in line with the timescales in the policy and there was evidence recorded on the debtor's account of any correspondence with the debtors.

The following weaknesses were identified from our testing in this area resulting in one low priority management actions being raised.

Asset Management

We obtained the Fixed Asset System User Guide and confirmed that is clearly defines and provides detailed instruction on the process of asset additions, maintenance of the register, depreciation, disposals and a screen print supported system user guidance. We confirmed that the document was prepared by the Finance Manager and was reviewed in November 2015. All staff can access this via the Finance shared drive.

The asset verification process is performed on an annual basis as part of the year end process. We reviewed the hard copy records for the 2014/15 and confirmed that the asset verification process had been completed and that all paperwork relating to the process had been signed off as agreed. In addition we confirmed that the Fixed Asset Register had been updated accurately.

Reconciliations between the Fixed Asset Register (FAR) and General Ledger are completed by the Finance Reporting Manager as part of the year end process. We confirmed the year-end Asset Reconciliations had been reviewed, checked and signed off by the external auditors. For clarity we obtained the asset register reconciliations for 2014/15 and from review we confirmed that all balances matched. We also confirmed that the Asset Register values reconciled to the Trial Balance figures.

We obtained and reviewed the list of users for the FAR system within Asset Management and confirmed that there were three active accounts on the system. We confirmed through review of the FMIS (Financial and Management Information Systems) inspiring solutions software used for Asset Management that the system is password protected and recorded all accesses and amendments to the system.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
General Ledger	0 (6)	0 (6)	0	0	0
Cash and Treasury Management	0 (6)	0 (6)	0	0	0
Payroll (including HR Transaction Processing)	2 (10)	2 (10)	1	3	0
Creditors	0 (5)	0 (5)	0	0	0
Debtors	0 (5)	0 (5)	0	0	0
Asset Management	0 (6)	0 (6)	0	0	0
Total			1	3	0

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

2 ACTION PLAN

Categorisation of internal audit findings

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

The table below sets out the actions agreed by management to address the findings:

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
Area: Payroll					
1.1	We were unable to confirmed whether roles had been agreed for 11 new starters selected who had taken on secondary 'casual roles' within the Authority	Medium	HR will review the process for ensuring that all employee documents are easily accessible within one central area (paper based or electronic).	December 2016	HR Transaction Processing Manager
1.2	Amendments were not able to be evidenced as being processed with manager approval, as documentation was not available.	Medium	<p>Emails containing authorised amendment forms sent to HR will be stored on the system to show authorisation.</p> <p>HR will continue to send reminders to management to ensure amendments are processed in a timely manner.</p>	December 2016	HR Transaction Processing Manager

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
1.3	In one instance, we found that the correct pension percentage was not taken.	Low	Payroll will carry out monthly spot checks of pension payment deductions to provide assurance over the accuracy of the system deductions.	April 2016	Payroll Manager
1.4	There was no evidence of approval of overtime payments by a manager, in five out of 10 overtime cases.	Medium	Station Managers will be reminded of the importance of regularly reviewing claimed overtime and to inform Payroll that this check has been carried out.	April 2016	Payroll Manager

3 DETAILED FINDINGS

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.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
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Area: Payroll

1.1	<p>The Authority uses SAP for the combined administration of Human Resources and Payroll functions.</p> <p>Starters are added to SAP by the HR department on receipt of a new starter form.</p> <p>Once employee details have been entered into SAP, it is the role of the payroll department to conduct a Hiring Payroll Check within SAP; this includes entering bank details, tax data and the National Insurance category.</p> <p>The Hiring Payroll Check 'unlocks' the record, without which SAP cannot process a payroll payment for that record. If details are entered into SAP prior to the 5th of the month, the employee will receive pay that month.</p> <p>If details are entered into SAP after the 5th of the month, the employee will receive pay the following month.</p>	Yes	No	<p>We obtained a report of all new starters this financial year (2015/16) and selected a sample of 25 for testing.</p> <p>From our testing we noted that:</p> <ul style="list-style-type: none"> 11 new starters were existing employees and had taken on an additional 'casual roles', we could not obtain any evidence of a notification from the Manager to HR on the new starter. <p>We have raised a management action as this creates the risk of unauthorised personnel being put onto a casual contract.</p> <p>For the remaining 14 new starters, we noted that:</p> <ul style="list-style-type: none"> One form had no confirmation that the information being entered into the system was accurate, in the remaining instances there was confirmed. Three forms did not state the new joiner's salary and therefore we could not confirm if the details were accurate on the system. Although we understand that these are on the standard scale. The remaining 10 were accurately uploaded on the system; A Hiring Payroll Check had been conducted for all 14 new starters; this was required for the casual starters. 	Medium	HR will review the process for ensuring that all employee documents are easily accessible within one central area (paper based or electronic).
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
				If forms are not fully completed, there is a risk that details uploaded onto the system may not be accurate.		
1.2	<p>Amendments to employees' contracts are completed on dedicated change of circumstance forms, which are submitted to the human resources department and are then processed by the payroll department.</p> <p>These forms are completed the employees manager, who will then send it to HR.</p> <p>Amendments to basic employee data such as names and home address can be made by the individual employee within their account in the Employee Services Pages.</p> <p>Following the amendment a second officer will check that the amendments are accurate and will sign and date the form as checked.</p>	Yes	No	<p>We obtained a report of all amendments to employee details during this financial year (2015/16) and selected a sample of 25 for testing.</p> <p>From our sample, we noted:</p> <ul style="list-style-type: none"> • All had a corresponding amendment form; • None could evidence authorisation of the amendment by the employee and/or there was no sign off by the requesting manager; • 13 amendments were not updated on the system before the start of the amendment as forms were not received prior to the monthly payroll cut-off date; • Two amendments once actioned had not been independently reviewed in HR, this had been raised with HR prior to our review therefore we have not raised a further action. <p>If amendment forms are not signed by the employees' line manager to show authorisation, there is a risk that employees may have details like salary or position changed without authorisation.</p>	Medium	<p>Emails containing authorised amendment forms sent to HR will be stored on the system to show authorisation.</p> <p>HR will continue to send reminders to management to ensure amendments are processed in a timely manner.</p>
1.3	<p>Employees have the following options in relation to pension schemes, where they can sign up or can chose to opt out;</p> <ul style="list-style-type: none"> • Local Government Pension Scheme (LGPS) for support staff. • Firefighters' Pension Scheme (pre-March 2006). • New Firefighters' Pension Scheme 	Yes	No	<p>We obtained a report of all starters from April 2015 to date and selected a sample of 25 for testing purposes. Upon review we confirmed that:</p> <ul style="list-style-type: none"> • All were within an appropriate pension scheme; • In 24 of the 25 cases the correct pension percentage was taken. • For the exception noted we were advised that this was due to the system not taking annual leave 	Low	<p>Payroll will carry out monthly spot checks of pension payment deductions to provide assurance over the accuracy of the system deductions.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
	<p>(post-March 2006 and pre- April 2015).</p> <ul style="list-style-type: none"> Firefighters' Care Scheme (post- April 2015). <p>FFPS: Employee contributions depend upon salary level and whether they joined the Authority pre- or post-2006.</p> <p>LGPS: Staff employee contributions depend upon salary level.</p> <p>Deductions are calculated automatically on the system.</p>			<p>payments for employees on the Care Scheme. Through discussions with the Payroll Manager, we confirmed that this issue will be raised with IT and rectified.</p> <p>Without checks to ensure that pension deductions are accurate there is a risk staff may have incorrect deductions taken.</p>		
1.4	<p>Staff may claim additional payments for expenses and overtime. Receipts are required to support claims.</p> <p>A senior officer is responsible for checking the overtime claimed each month. A confirmation of this review is then sent to Payroll in order to provide assurance that the overtime claims submitted for that month are accurate</p> <p>Overtime is recorded by each employee via the Employee Self-Service system which allows them to input in their times. This is then sent to their manager for approval. This will not be paid until the manager has authorised.</p>	Yes	No	<p>We obtained a report of all expenses claimed this financial year and selected a sample of 10 for testing.</p> <p>We confirmed that all of the expense claims had evidence to support the claims and had been appropriately authorised;</p> <p>We also obtained a report of all additional hours claimed and selected a sample of 10 overtime claims and 10 additional plain time hours for testing. We confirmed that this report is reviewed by the Payroll Manager on a monthly basis for any anomalies.</p> <p>For the sample of 10 overtime claims, we noted that:</p> <ul style="list-style-type: none"> Five had been authorised appropriately. For the remaining five where payment had been made, we were unable to obtain evidence to confirm that the overtime claims had been verified by a senior officer from their station. In addition, upon review of Monthly Summary Overtime Checklist we noted that Payroll was not receiving these approvals on a consistent basis. If there is not a regular 	Medium	Station Managers will be reminded of the importance of regularly reviewing claimed overtime and to inform Payroll that this check has been carried out.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
				<p>monthly review of overtime claimed and evidence of manger sign off there is a risk that extra overtime may be claimed.</p> <p>For the sample of 10 additional plain time hours, we confirmed that all had been appropriately authorised.</p>		

Area: Debtors

2.1	<p>Debtor invoices are raised by departments and the Finance team. Department invoices are raised and signed off and a copy of the signed invoice and supporting documentation is scanned on to the Dream system.</p> <p>Finance check periodically that all invoices and documentation have been scanned by departments in support of invoices raised. Invoices raised by Finance are requested by the departments by email or requisition with supporting documentation provided.</p> <p>The majority of invoices are raised by departments as per the process above. Hard copies of back up details are retained by the departments.</p>	Yes	No	<p>We obtained a report of all invoices raised since April 2015 and selected a sample of 25 invoices</p> <p>From review of the invoice sample we noted the following:</p> <ul style="list-style-type: none"> In 20 of the 25 cases there was supporting documentation that demonstrated the invoices had been raised accurately and had been scanned on to the Dream system. For the remaining five cases the supporting documentation had not been scanned to the system, we understand that this is held locally and not required to be uploaded. We have not within this review obtained information from departments due to limitations within the review. We confirmed that in 21 of the 25 cases the invoices had been raised in a timely manner. For the remaining four invoices the Finance Team were able to provide supporting information/ documentation to demonstrate the reasons for delays in raising invoices. Finally we confirmed that 24 of the 25 invoices had been signed as accurate and checked by the department. The exception was in one case the invoice had not been signed off by the raising 		
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
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department. This was considered to be human error due to the small error rate, therefore we have not made a further action in this area.

APPENDIX A: SCOPE

Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

Objective of the area under review

To ensure that financial control is maintained and that adequate financial record support management information and the financial accounts

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

In each of the following areas subject to review through this key financial controls audit we will examine the financial regulations, policies and procedures that are in place and perform sample testing to confirm the level of compliance. During the review we will consider whether the following controls are in place and operating appropriately:

General Ledger

- All journal/virements raised are appropriately completed, including a description as to the reason for the journal being undertaken. The journal should be supported by evidence (as necessary).
- All journals/virements raised are appropriately authorised.
- All journals/virements raised are accurately input into the system.
- Suspense and control accounts should be reviewed and cleared on a regular basis (at least monthly).
- Access rights to the system for journals and virements should be reviewed regularly to ensure that the appropriate access levels have been given to the appropriate individuals and to allow segregation of duties.

Cash and Treasury Management

- Bank reconciliations for all bank accounts should be performed on a monthly basis and all reconciling items fully identified, investigated and resolved as necessary.
- The reconciliation should be signed and dated as prepared as evidence of completion.
- An independent review of the reconciliation should be performed and evidenced on a timely basis.
- Loans and investments are made in accordance with the authority's Treasury Management Policy, properly authorised and supported by adequate documentation.
- Treasury management activities are regularly monitored and reported on an appropriate regular basis to Senior Management and the Authority.
- Appropriate segregation of duties and restricted access to the banking system should be ensured.

Payroll

- Review of a sample of new employee 'starters' that have been added to the payroll to check the accuracy of data input and appropriate authorisation.
- Review of a sample of employee 'leavers' to ensure they have been removed from the payroll in a timely manner and any over payments have been identified and recovered.
- Review over a sample of changes to payroll standing data, including increases to pay, hours contract details etc.
- Review over a sample of employees to confirm that pensions contribution rates deducted are at the correct level.
- Review over a sample of expenses paid to employees to verify that appropriate authorisation checks have been made.
- Review over a sample of timesheets to verify that appropriate checks and authorisation have been applied.
- Authorisation of monthly payroll payments.
- Exception report review.
- Payroll accounts are reconciled to the general ledger on a monthly basis. All reconciling items should be identified, investigated and resolved on a timely basis. An independent review of the reconciliation should be performed and evidenced on a timely basis.
- Appropriate segregation of duties and restricted access should be ensured.

Payment and Creditors

- Whether appropriately authorised orders (within any delegated limits) should be raised for all purchases;
- Goods Received Notes (GRN) received should be agreed to orders raised;
- Invoices received should be matched to orders and GRNs (where appropriate) for accuracy and confirmation of receipt of the goods/service.
- Invoices should be appropriately authorised.
- Invoices input into the system should be checked for accuracy.
- BACS payments should be appropriately authorised.
- Creditor control accounts/purchasing system to general ledger interfaces should be reconciled and all reconciling items should be identified, investigated and resolved on a timely basis. An independent review of the reconciliation should be performed and evidenced on a timely basis.
- Appropriate segregation of duties and restricted access should be ensured.
- New vendor supplier forms should be appropriately authorised prior to a new vendor supplier being set up on the purchasing system. Suitable checks and authorisation should also be conducted for new suppliers and amendments to supplier details, including independent verification to a known contact.

Income and Debtors

- Confirm that the Income and Debt Management procedures are in place;
- Control over the raising of invoices and, supported by sufficient documentation.
- Controls over the raising of credit notes that they have been subject to relevant approval and are processed in a timely manner.

- Confirm the process for monitoring aged debt, providing narrative on aged debt levels.
- Confirm the process for chasing aged debts and the recording of debt chasing activity.
- Ensure that there are appropriate authorisation levels in place for write off of debts.

Asset Management

- Process in place for the identification of capital assets and accurate recorded on the asset register through sample testing.
- Processes in place for the identification of disposed or transferred assets and the amendment of the register through sample testing.
- The use of an asset verification process to ensure the accuracy of the asset register through a review of when the last verification exercise was undertaken.
- Access restrictions to the asset register through a review of whether staff members have an appropriate level of access.
- Reconciliation between the asset register and the general ledger.

Limitations to the scope of the audit assignment:

The following limitations apply to the scope of our work:

- This review considered the adequacy and application of controls in place over the organisations key financial controls.
- We have not confirmed when staff have taken on a secondary role within the Authority have been appropriately authorised due to limitations in the HR system.
- We did not substantially re-perform reconciliations.
- We did not provide assurance that all goods ordered provided value for money, nor will we verify the accuracy or completeness of information recorded on the ledger.
- We did not guarantee that the services and items being invoiced and paid for are correct with the events having actually taken place.
- We did not confirm that all staff had read and understood policy and procedures.
- We did not check that comprehensive tendering procedures are in place or that tendering procedures were followed for all purchases above the limit set as this was previously covered.
- The review was conducted on a sample basis and did not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Glenn McGuinness, Deputy Director of Finance
- Sandra Ruben, Finance Manager (Monitoring)
- Elaine Hodgson, Financial Processes Manager
- Simon, Finance Manager (Systems)
- Nikki Ludlow, Senior Finance Assistant
- Paula Drane, Finance Manager (Reporting)
- Kate Roast, Finance Processes Supervisor
- Sarah Webster, Payroll Manager
- Melissa Richardson, Senior Payroll Assistant

FOR FURTHER INFORMATION CONTACT

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ESSEX FIRE AUTHORITY

Property Maintenance

FINAL

Internal Audit Report: 8.15/16

7 April 2016

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Debrief held	14 March 2016	Internal Audit team	Daniel Harris - Head of Internal Audit Suzanne Lane - Senior Manager Lee Hannaford - Assistant Manager Nick Fanning – Senior Auditor Rachel Feltham - Auditor
Draft report issued	5 April 2016		
Responses received	7 April 2016		
Final report issued	7 April 2016	Client sponsor	Glenn McGuinness – Deputy Director of Finance Jon Doherty - Property Services Manager
		Distribution	Glenn McGuinness – Deputy Director of Finance Jon Doherty - Property Services Manager

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

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. Recommendations for improvements should be assessed by you for their full impact before they are implemented. 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. Therefore, the most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the risk management, governance and control processes reviewed within this assignment. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. 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 party other than the Board which obtains access to this report or a copy and chooses to rely on this report (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 our Client 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.

1 EXECUTIVE SUMMARY

1.1 Background

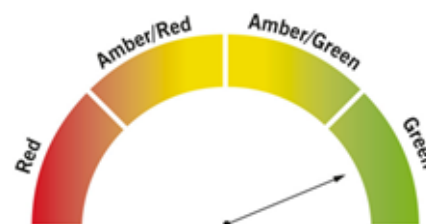
An audit of Property Maintenance was undertaken as part of the approved internal audit periodic plan for 2015/16. Essex Fire Authority (hereafter referred to as the Authority) has recently implemented the Concerto system in August 2015 within the Property Services department. A Property Services Strategy is in place which outlines the Authority's strategic actions and key initiatives. The department includes the Building Surveyors, Engineering & Environment team, Helpdesk, Drawing Office, Facilities and Water Section, as outlined in the Property Services Department organisational chart.

1.2 Conclusion

Our findings showed the processes currently in place were adequate and consistently complied with as per the policies and procedures. We identified that the Property Services Strategy covered the period 2012-2015. The review of this is currently in progress, however, given the recent culture review, Project 2020, and the potential collaboration with the police, the review is planned to take until 2017 to complete. The exceptions we found were classified as being of low risk and therefore have resulted in our opinion below.

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 is suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

The Authority has in place a Property Services Strategy which covers the period 2012 - 2015. From review we confirmed that the strategy was fit for purpose and outlined the service objectives and strategic requirements. The Property Services Strategy is under review as a result of the cultural review and Project 2020 which is reshaping the service to account for the cuts in funding and will impact how delivery will be managed in the future. There is also some discussion around the alignment and allocation of sites amongst the police and fire services. The Property Services Strategy is estimated to be updated by 2017 after the May 2016 PCC elections.

The Authority has in place a Contractors Handbook which outlines the principle responsibilities of contractors in providing services to EFA and was up to date, having last been updated in April 2015. There are also Financial & Procurement Regulations in place which are up to date and are next due for review in March 2017. From review we confirmed that these are in line with the procedures set out in the Property Services Strategy.

The Authority has in place a maintenance plan which is broken down into revenue and capital. From review we confirmed that the planned maintenance register was approved by the Property Services Manager in April 2015 and that a process is in place to ensure the appropriate authorisation by the Property Services Manager of orders over the value of £1,000. We confirmed through review of the February 2016 capital expenditure report that the Authority has spent £7.598m of the budgeted £9.999m for 2015/16.

The Authority has in place a stock condition inspection report which is in the form of a scorecard system which is published in June on an annual basis. This looks at 14 performance indicators including use, cost and current condition. Within the system is a league table ranking across all fire stations. We obtained the scorecard survey results for all fire stations and confirmed through review that since the implementation of the Concerto system, property services are able to visually review and monitor any performance issues at individual fire stations and log this for maintenance.

For the 4% of fire stations that had underperformed in 2014/15, we confirmed through review of the scorecard report that action and investigation plans have been raised. The scorecard report for 2015/16 has not yet been released and is due in June 2016.

The Authority has in place a roles and responsibilities chart for the Property Services department. From review we confirmed that the chart is fit for purpose and details the responsible officers and contact numbers for them. We also confirmed that the organisational chart is outlined in the Contractors Handbook. Property Services are expecting a new management structure to be agreed by SMB in the near future, however we confirmed that the chart was up to date at the time of review, available to all staff and is included within each team's strategy and action plan.

The Authority has in place guidelines on the selection process of contractors and these are set out in the internal Contractors Handbook as well as in the Property Services Strategy. There is also a Consultants Terms and Conditions document which outlines the principal duties and responsibilities of contractors and terms and conditions of contracts. The Financial & Procurement Regulations set out the terms for selecting contractors to ensure that Value for Money is achieved. This document is reviewed every four years and was up to date at the time of review, having last been reviewed on 18th March 2013. We confirmed that it was fit for purpose and covered the tender and quotation procedures and guidance for both Minor Contracts and Competitive Contracts. It also agreed to the procedures set out in the Property Services Strategy.

The Authority has in place a helpdesk customer satisfaction survey where issues can be raised where there have been problems meeting contractual requirements. Engineers will carry out inspections to resolve any issues raised with the contractor. A quality check is also conducted on 5% of jobs being inspected each financial year, reviewing the overall cost, quality and compliance with Health & Safety standards. In addition, bi-monthly Construction and Engineering meetings are held and we confirmed through review that issues raised with respect to contractors, minor works, and KPIs were discussed.

We confirmed through review that the Financial & Procurement Regulations set out the tender process guidelines and value of Minor Works. We confirmed that a segregation of duties exists where officers are unable to authorise their own Minor Works job orders via the Concerto system and that any orders with a value above £1,000 must be approved by the Property Services Manager. We obtained a report of all minor works invoices that had been raised since 1 April 2015 and selected a sample of 20 for testing. From review, we confirmed that all invoices agreed to purchase orders raised, all invoices had been authorised by the appropriate officers, and no issues had been raised by the originator or through the customer satisfaction survey.

We confirmed through review that monitoring is undertaken against the delivery of the maintenance plan on a monthly basis. We obtained the Mechanical and Electrical PPM KPI sheets for review and confirmed that there is a system which details the performance of various jobs using a scoring system based on quality, health and safety, customer satisfaction and administration. We also confirmed through review of the Construction and Engineering meetings minutes from the last three meetings that discussion relating to KPI performance had taken place.

We confirmed through review that slippage against performance is monitored by the engineers and the Property Services administration team. We tested a sample of five issues raised through the helpdesk customer satisfaction survey, relating to jobs that had been raised in the current financial year and confirmed that these had been followed up through the Concerto system and inspected where necessary.

The Authority has in place a contractor register that contains all contractors used for planned and responsive maintenance works in financial year 15/16. Responsive jobs are listed and searchable on the Concerto system. We confirmed through review that when a station raises a defect, administration will raise a ticket which is logged on the system. This will be noted in the fire station's premises record and the Authority will then make a judgement on response time. Once authorised, an automated email is sent through to the contractor. We tested a sample of 20 contractors and confirmed that appropriate tendering procedures (including Value for Money) had been followed for all contractors sampled and that all 20 contractors were listed on the contractors register.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Property Maintenance	0 (12)	1 (12)	1	0	0
Total			1	0	0

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

2 ACTION PLAN

Categorisation of internal audit findings

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

The table below sets out the actions agreed by management to address the findings:

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
Area: Property Maintenance					
1.1	We identified through review that the Concerto Project Closure report on the benefits of the new system had not been approved by SMB. If the Project Closure Report is not approved, actions could be taken that are not in line with Management requirements.	Low	Management will ensure that the Concerto Project Closure Report is signed off by SMB.	June 2016	Mike Clayton

3 DETAILED FINDINGS

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.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
Area: Property Maintenance						
1.1	The Project Closure Report contains the Benefits Realisation progress chart. This outlines the financial and non-financial benefits and impacts of the implementation of Concerto.	Yes	No	We obtained the Project Closure Report and confirmed through review that this had been finalised on 10th August 2015. This included the Benefits Realisation Plan and Lessons Learned Report. We confirmed through discussion with the Portfolio Management Officer that although this had been sent to SMB, it has not been approved and no feedback has yet been received. Email reminders have been sent to SMB but no response has been received. There is a risk that if the Project Closure Report is not approved, actions could be taken that are not in line with Management's requirements or that identified issues are not followed up.	Low	Management will ensure that the Concerto Project Closure Report is signed off by SMB.

APPENDIX A: SCOPE

Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

Objective of the area under review

To ensure that adequate programmes are in place for the maintenance and upkeep of the organisation's buildings.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

- The Authority has an Estates Strategy in place that is aligned to the organisation's objectives;
- Review of policies and procedures that support the strategy;
- Property maintenance plan and schedules that links to the Estate Strategy;
- Capital and Repairs and Maintenance Plans are in place and approved by the Authority
- Regular stock condition surveys are undertaken and used to inform the Capital and Repairs and Maintenance Plans
- Review of the roles and responsibilities within the Estates Department.
- Whether any stock condition survey has informed the maintenance programme/estate strategy.
- The use of contractors to conduct maintenance work and how Value For Money (VFM) has been demonstrated through adherence to financial procurement policies specifically considering sufficient quotes obtained and tendering procedures undertaken (if necessary) and whether any preferred supplier list is utilised.
- Sample testing of minor works requests across contractors and sites from purchase order to invoice to ensure correct authorisation and receipt of assurances that works have been completed to standard.
- The prioritisation of urgent work within the property maintenance plan;
- The monitoring against the delivery of a maintenance plan;
- The monitoring of contractors including the escalation process for issues in relation to meeting contractual requirements;
- The development of performance indicators to monitor progress delivery of the maintenance plan including cost and quality;
- Processes and accountable groups/committees are in place to monitor progress against property management plans and targets;

- Where slippage occurs in performance against the plans, actions are raised, owners are assigned, and progress of the actions is monitored;
- Performance of maintenance teams is regularly monitored and challenged through review of KPIs.
- In addition, as part of the implementation of the new system Concerto, we will establish if the benefits to be achieved were clearly identified at the start of the project and review how these are being monitored to understand if the benefits have been achieved. This will include a review of the process for tracking, monitoring and reporting benefits.

Limitations to the scope of the audit assignment:

- Testing was on a sample basis only.
- We have not provided an opinion as to whether the maintenance plans will deliver the organisation's relevant strategy.
- We have not provided assurance as to whether the maintenance plans can be delivered.
- We have not provided assurance as to whether the correct and appropriate properties have been prioritised.
- We have not assessed the selection of contractors for individual jobs.
- We have not provided assurance that work has been maintained to the appropriate level of workmanship or verify that invoiced work has been completed.
- We have not provided an opinion on the implementation of the new system Concerto.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Jon Doherty – Property Services Manager
- Glenn McGuinness – Deputy Director of Finance
- Jan Swanwick – Head of ICT
- Paul Gulliver – Portfolio Management Officer
- Maria Edwards – Property Services Administrator

Documentation reviewed during the audit:

- Property Services Strategy
- Contractors Handbook
- Financial & Procurement Regulations
- Planned Maintenance Register
- Fire Station Scorecard Survey Results
- Property Services Roles and Responsibilities Chart
- February 2016 Capital Expenditure Report
- Concerto Project Closure Report
- Mechanical and Electrical KPI sheets

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ESSEX FIRE AUTHORITY

Purchase of New Appliances

FINAL

Internal Audit Report: 3.15/16

20 January 2016

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Debrief held	27 October 2015	Internal Audit team	Dan Harris, Partner Suzanne Lane, Senior Client Manager Alan Grisley, Assistant Manager Nick Fanning, Senior Auditor
Draft report issued	10 November 2015		
Responses received	19 January 2016		
Final report issued	20 January 2016	Client sponsor	Glenn McGuinness – Deputy Director of Finance John Hindley - Manager, Purchase and Supply
		Distribution	Mike Clayton- Director of Finance and Treasurer Glenn McGuinness- Deputy Director of Finance

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

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. Recommendations for improvements should be assessed by you for their full impact before they are implemented. 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. Therefore, the most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the risk management, governance and control processes reviewed within this assignment. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. 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 party other than the Board which obtains access to this report or a copy and chooses to rely on this report (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.

1 EXECUTIVE SUMMARY

1.1 Background

A review covering the 'Purchase of New Appliances' was undertaken as part of the agreed audit plan for 2015/16. The review focussed on the management of the contract in place with Angloco to provide new appliances to a standard specification to meet the requirements of a collaboration of Services.

The review also focused on the tendering process, evaluation of the documentation and adherence to the regulatory and internal requirements and assessment of the evidence demonstrating that the Service recognises the need to achieve and demonstrate value for money (VFM) through fit for purpose specifications and collaboration with other fire authorities in respect of the awarding of the contract.

The contract to provide the 'Common Specification B Type Fire Appliances to the Eastern Regions' was estimated prior to the tendering process to be worth between £11 and £12m and as a result the Service approached a Public Buying Organisation; The Consortium, who held a Framework for the procurement of fire appliances and the associated components. By following this process it saved the Service having to undertake the full OJEU process required due to the contract value.

The contract was awarded to Angloco following a robust tendering process following the adoption of the framework, in the form of a mini competition undertaken with five companies who met the basic specification criteria and was awarded based on a scoring mechanism using weightings for cost, specification and quality.

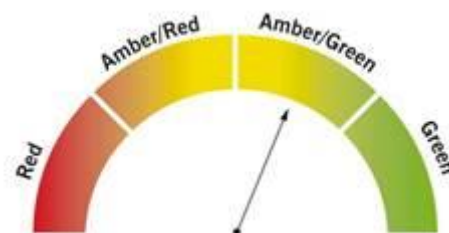
The final Contract was a commitment to provide 52 new appliances to Essex Fire Service (EFS) with a proportion of these to Bedfordshire Fire Service by March 2018 at a total contract value of £10.083m.

1.2 Conclusion

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 risks.



1.3 Key findings

The key findings from this review are as follows:

- The Service has in place Financial & Procurement Regulations that set out the contract value at which each procurement option and associated procedure must be followed. For each stage there is clear narrative on the procedures that the Service should adhere to and clearly sets out the officer's responsibility, tendering exercises, contract forms and associated financial limits. The regulations were approved on 18 March 2015 at the Policy and Strategy Committee and are scheduled for a review in March 2017.

- The Service ran a mini competition process following the adoption of the Framework agreement to identify the most suitable company to provide the contract based on set weightings. The tendering exercise from end to end was demonstrated to have been robust and transparent. The key stages were carried out and documented and a decision was made following an effectively managed process evidenced by the Delta E-sourcing system that provides a clear audit trail of the steps.
- Each tendering company provided their compliances and associated prices. The scores and prices against each of the weightings were collated into a scoring matrix to allow for comparison and therefore make a decision on who were most competitively priced in winning the tender.
- The Tender submissions and the collated Tendering Scoring Matrix confirmed that the data on the five submissions was accurate to the data held on the scoring matrix and that the same criteria and associated weightings were used to compare the bids. We confirmed from review of the scoring matrix that the contractor who scored highest overall was awarded the contract and also provided the contract at the lowest price. This demonstrates, with a 57% weighting on price, that value for money and the desired quality to ensure effectiveness of appliance and compliance to specification has been obtained by the procurement process.
- From a review of the contract award document signed by the Director of Finance we confirmed that the schedule of requirements includes a cost structures, the agreed delivery schedule and notes on price variation, stage payment arrangements and the allowances for additional fire authorities to be added to the contract with a maximum additional quantity of appliances set.
- We obtained the draft 2014-16 Procurement Strategy and confirmed that although the contents of the strategy document did provide detail and confirmation that the ideals of collaborative working and value for money being obtained through effective procurement processes, it had not yet been through a formal review or approval process and that it remained at a draft stage. With the Strategy remaining in draft having been intended to be formally in place in 2014, there is a risk that, whilst they are compliant with the financial regulations, procurement processes currently being undertaken are not in line with the Authorities intended strategic direction to the risk of the procurement activity not supporting the Service's aims, specifically not achieving value for money. This has resulted in a Medium priority action.
- We obtained the payment schedule maintained by the Manager of Purchase and Supply and compared the invoice values paid to the original purchase order. We confirmed from review that there is a difference of circa £10k for the first two completed appliances from the original cost price quoted per appliance and the price being paid and although aware of the variance the Manager, Purchase and Supply was unable to provide evidence to support the reason for the variances. If invoices are being paid that do not reflect the original pricing structure this causes a risk that the tender process in obtaining value for money may be negated by additional costs being incurred. This has resulted in a Medium priority action.
- Contract Management Meetings are held between the EFA and Angloco to allow for any issues to be discussed and resolved. These meetings are currently held on an adhoc basis with the last two meetings held in February and June 2015. There are no formal actions raised from these meetings. We also note that with there being contract delivery issues, in relation to the number of appliances completed against the number of appliances scheduled for delivery to date, the frequency of meetings may not be sufficient to allow for effective and timely management of the issues. With infrequent meetings and no evidence of agreed actions being documented, monitored and confirmation that actions have been addressed and closed; there is a risk that the contract will not be managed effectively. This has resulted in a Medium priority action.

We have also agreed two low priority management actions which are covered within sections 2 and 3 of the report.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Purchase of New Appliances	4 (8)	1 (8)	2	3	0
Total			2	3	0

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

2 ACTION PLAN

Categorisation of internal audit findings

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

The table below sets out the actions agreed by management to address the findings:

Ref	Findings summary	Priority	Action for Management	Implementation date	Owner responsible
1.1a	The Procurement Strategy for 2014 – 2016 is at draft stage and requires formal review and approval.	Medium	<p>The Service will ensure that the draft Procurement Strategy is reviewed to ensure content is sufficient and up to date to reflect and support the Service's objectives.</p> <p>As the objectives and requirements of the 2020 programme become clearer, these will be incorporated into any new Procurement Strategy.</p> <p>The Strategy will then be presented and formally approved at the Policy and Strategy Committee.</p>	August 2016	Purchase and Supply Manager
1.1b	There is no formal procedure document setting out the specific steps required by management in undertaking a tender process.	Low	The Service will draw up a procurement procedure document to demonstrate key stages of the tendering process and provide clear guidance to managers.	March 2016	Purchase and Supply Manager

Ref	Findings summary	Priority	Action for Management	Implementation date	Owner responsible
1.2	<p>We confirmed from review that there is a difference of circa £10k from the original cost price quoted per appliance and the price being paid which is due to a difference in stowage costs of this amount.</p> <p>At the time of the review the Manager, Purchase and Supply was unable provide evidence to support the reason for the variances.</p>	Medium	<p>The Service will implement a payment spreadsheet setting out what has been paid and demonstrate reconciliation to the original purchase order figures.</p> <p>All records must be maintained to demonstrate up to date figures and any variances from the original purchase order must be explained.</p>	December 2015	Purchase and Supply Manager
1.3	<p>There is not any coverage of the contract performance or specific coverage of the new appliances contract within an appropriate governance forum.</p>	Low	<p>The Service will ensure that the Contract with Angloco is being scrutinised and will decide at which forum this operational scrutiny will sit.</p>	January 2016	Purchase & Supply Manager / Deputy Director Finance

Ref	Findings summary	Priority	Action for Management	Implementation date	Owner responsible
1.4	<p>There is no formal action plan and closure of required actions raised at the contract review meetings held with Angloco.</p> <p>We also note that with there being contract delivery issues the frequency of meetings, currently bi-annual is not sufficient to allow for effective and timely management of the issues.</p>	Medium	<p>The Service will review its current contract management processes and ensure that at a minimum three contract and operational meetings are held with Angloco each year during the contract period. These meetings will focus on remedying any current issues with delivery to schedule and formally hold the contractor to account for failures in delivery. Actions agreed will be formally recorded, monitored and closed off.</p> <p>The Service will retrospectively draw up a schedule of what has been delivered against schedule to show the delivery profile of the contract to date and use this as a key monitoring tool to take forward and report into a management group that will be assigned responsibility for overseeing the contract.</p>	From December 2015	Purchase & Supply Manager, Engineering Manager

3 DETAILED FINDINGS

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

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
1.1	<p>The Service has in place a Procurement Strategy which was last formally updated in 2010 and the Service is currently in the process of updating the Procurement Strategy with a draft version being in place to cover 2014–16.</p> <p>The Draft Strategy for 2014–16 sets out the following key areas;</p> <ul style="list-style-type: none"> • The Collaborative Agenda • Definition of Procurement • Contract Regulation • Benefit Realisation • Present Position • The Collaborative Environment • Outcomes and Summary <p>There is not a document in place at the Service that guides the full processes involved in drawing up a tender and what a manager would and should be doing at each stage of a tender process with the intention of awarding a contract.</p>	No	n/a	<p>We were provided with the original 2010 Procurement Strategy and also the draft 2014-16 Procurement Strategy.</p> <p>From review we confirmed that the Strategy for 2014-16 had not yet completed the review or approval process and that it remains at a draft stage.</p> <p>The contents of the strategy document did provide detail and confirmation that the ideals of collaborative working and value for money being obtained through effective procurement processes. Effective contract management was one of the key areas identified.</p> <p>It is noted that the 2014-16 Strategy document demonstrates a lot less content in comparison to its 2010 predecessor. This is confirmed with the Associate Director of Finance enable the Strategy to be more a more manageable document.</p> <p>With the strategy remaining in draft there is a risk that procurement processes will not support the Service's aims, specifically not achieving value for money.</p> <p>We confirmed from discussions with the Manager of Purchasing & Supply that there is no clear guidance documentation on what a manager would have to do at each stage</p>	<p>Medium</p> <p>Low</p>	<p>(a)The Service will ensure that the draft Procurement Strategy is reviewed to ensure content is sufficient and up to date to reflect and support the Service's objectives.</p> <p>As the objectives and requirements of the 2020 programme become clearer, these will be incorporated into any new Procurement Strategy.</p> <p>The Strategy will then be presented and formally approved at the Policy and Strategy Committee.</p> <p>(b) The Service will draw up a procurement procedure document to demonstrate key stages of the tendering process and provide clear guidance to managers.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
				<p>of a tendering process.</p> <p>With this not in place there is a risk that tendering processes are not carried out in line with regulation or good practice to the financial and reputational detriment of the Service in not achieving best value for money or acting appropriately in the award of contracts.</p>		
1.2	<p>Each appliance is paid with four instalments at key stages of the process. By having stage payments in place this ensures that the Service owns the work in progress to date.</p> <p>The invoices are checked and approved individually and processed for payment through the Dream system.</p>	Yes	No	<p>We obtained the payment schedule maintained by the Manager of Purchase and Supply and compared the invoice values paid to the original purchase order.</p> <p>We confirmed from review that there is a difference of circa £10k from the original cost price quoted per appliance and the price being paid (potential additional cost to contract £520k).</p> <p>At the time of the review the Manager, Purchase and Supply was unable to provide evidence to support the reason for the variance(s).</p> <p>If invoices are being paid that do not reflect the original pricing structure this causes a risk that the tender process in obtaining value for money may be negated by additional costs being incurred.</p> <p>It is noted that prices differences are investigated as per documentation and correspondence to the contractor provided by the Manager, Purchase and Supply however all variations should be checked and narrative recorded to substantiate the reason for the variations.</p>	Medium	The Service will implement a payment spreadsheet setting out what has been paid and demonstrate reconciliation to the original purchase order figures. All records must be maintained to demonstrate up to date figures and any variances from the original purchase order must be explained.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
				We selected one payment to check it back through the Delta system. We confirmed that the invoice had been paid following email approval and was accurate to what is recorded on the payment spreadsheet.		
1.3	<p>The Audit Governance and Review Committee meet on a quarterly basis and have been confirmed by the Service as the forum which the key contracts and associated performance is to be scrutinised.</p> <p>The performance scrutiny does not appear to be happening at present and there is not an obvious alternative forum that undertakes this governance process.</p>	No	n/a	<p>We obtained the minutes for the Audit, Governance and Review Committee from January, April and July 2015 and reviewed the coverage.</p> <p>We did not identify any coverage of the contract performance. It is noted that the capital expenditure is reviewed of which the contract payments for the new appliances is the major.</p> <p>We confirmed that there is not currently another forum designated reasonability to oversee the operational performance of the contract.</p> <p>Without formal governance arrangements to review and scrutinise projects of large expenditure the Service is not demonstrating effective controls in ensuring delivery of the contract and management of issues identified.</p>	Low	<p>The Service will ensure that the Contract with Angloco is being scrutinised and will decide at which forum this operational scrutiny will sit. The Audit, Governance and Review Committee will receive assurance over the management of the contract.</p>
1.4	<p>Contract Management Meetings are held between the EFA and Angloco to allow for issues to be discussed.</p> <p>These meetings are currently held on an adhoc basis with the last two meetings held in February and June 2015.</p> <p>The meetings are minuted although do</p>	No	n/a	<p>We obtained the contract meeting minutes for 11 February and 16 June 2015 and from review confirmed;</p> <ul style="list-style-type: none"> Attendance was satisfactory with key members of the EFA and Angloco present at both meetings. 	Medium	<p>The Service will review its current contract management processes and ensure that at a minimum three contract and operational meetings are held with Angloco each year during the contract period. These meetings will focus on</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
	<p>not have a set agenda as the meetings are a forum for any issues with the contract to be raised and discussed. Actions are assigned as necessary to address issues raised.</p> <p>There are not formal action plans in place to support these meetings or documented evidence that the issues have been formally addressed and effective action taken.</p> <p>There is in addition to these meetings constant informal contact between the EFA and Angloco to discuss the ongoing issues.</p>			<p>discussed and actions set with responsibility attached.</p> <ul style="list-style-type: none"> Delivery Scheduling is a reoccurring agenda item demonstrating that the key performance area is being discussed. <p>We confirmed from review however that there is no formal action plan. We also note that with there being contract delivery issues with times slipping and at the time of the review only two appliances completed and delivered with these expected originally in March 2015 and only arriving in September 2015, the frequency of meetings may not be sufficient to allow for effective and timely management of the issues.</p> <p>With infrequent meetings and no evidence of monitoring and closure of required actions there is a risk that the contract will not be managed effectively.</p> <p>We reviewed the letter to the contractor and identified that issues have been raised although there does not appear from discussions with the Manager, Purchase and Supply that there has been any improvement in this area.</p> <p>Without following a robust process in holding the contractor to account there is a risk of further slippage in delivery to the detriment of the forces operational ability.</p>		<p>remedying any current issues with delivery to schedule and formally hold the contractor to account for failures in delivery. Actions set will be formally recorded, monitored and closed off.</p> <p>The Service will retrospectively draw up a schedule of what has been delivered against schedule to show the delivery profile of the contract to date and use this as a key monitoring tool to take forward and report into the a management group that will be assigned responsibility for overseeing the contract.</p>

APPENDIX A: SCOPE

Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. The scope was planned to provide assurance on the controls and mitigations in place relating to the following area:

Objective of the area under review

To ensure that Value for Money is obtained within the organisation through the procurement processes.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

The following areas were considered as part of the review:

- To review the procurement/tendering process used by the Service to ensure integrity and compliance with legislation.
- Our review will aim to provide assurance to the Service on the procurement arrangements.
- Policies and procedures have been documented, aligned and made available including VFM / Procurement Strategy.
- Compliance with the Financial Regulations in relation to obtaining quotations and tenders.
- Review of the specifications to support the tender process, and the process in developing those specifications to ensure value for money
- Management of tender processes including maintenance of tender register and record of quotes, including review of the criteria in evaluating each option and the assessment of value for money
- The contract management process for the on-going delivery of the new vehicles

Limitations to the scope of the audit assignment:

- Testing was limited to the review of current procedures and processes in place and our opinion is based on the outcomes from testing completed during our review.
- We have not provided an opinion on the contents or adequacy of the contract in place.
- We have not verified compliance with contract documentation and requirements.
- We have not provided an opinion the specification of the appliances.
- We have not substantively re-perform reconciliations.
- Testing was completed on a sample basis.
- Our work does not provide an opinion on the adequacy of the procurement function or appropriateness of contracts entered into.

Our work does not provide any guarantee against material errors or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit assignment:

- Glenn McGuinness - Deputy Director of Finance
- John Hindley - Manager, Purchase and Supply

FOR FURTHER INFORMATION CONTACT

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ESSEX FIRE AUTHORITY

Risk Management

FINAL

Internal Audit Report: 4.15/16

1 April 2016

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Debrief held	25 February 2016	Internal Audit team	Daniel Harris - Head of Internal Audit Suzanne Lane - Senior Manager Matt Wright - Senior Auditor
Draft report issued	14 March 2016		
Revised Draft issued	30 March 2016		
Responses received	1 April 2016		
Final report issued	1 April 2016	Client sponsor	Glenn McGuinness - Deputy Director of Finance
		Distribution	Glenn McGuinness – Deputy Director of Finance Charles Thomas - Risk and Business Continuity Manager

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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. Recommendations for improvements should be assessed by you for their full impact before they are implemented. 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. Therefore, the most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the risk management, governance and control processes reviewed within this assignment. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. 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 party other than the Board which obtains access to this report or a copy and chooses to rely on this report (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 our Client 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.

1 EXECUTIVE SUMMARY

1.1 Background

We have undertaken a review of Essex Fire Authority's Risk Management processes as part of our internal audit plan for 2015/16. Our audit comprised a review of the overall risk management framework, including policies and procedures, key reporting forums, and interviews with risk and controls owners.

Executive responsibility for the risk management process lies with the Risk and Business Continuity Manager, who is supported by a Risk Officer. The Authority uses JCAD risk software to record and evaluate risks and control activities. Separate registers are maintained for Strategic, Corporate and Departmental risks.

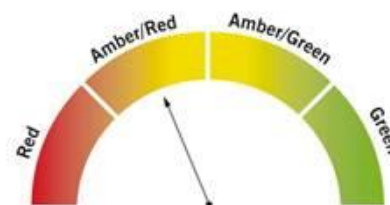
For the previous two financial years we have issued a qualified opinion (red opinion) on the risk management arrangements due to a number of weaknesses being identified, in particular a lack of documentary evidence to demonstrate that risk management is embedded and the framework in place being complied with.

1.2 Conclusion

We have increased our assurance opinion from the two previous years 'no assurance' opinion (red opinion) to a partial assurance (amber/red) opinion, due to a number of areas where we can see evidence that the Authority is putting processes in place to improve risk management. However, a number of these are either in progress and not fully embedded or are planned and not implemented in 2015/16 and therefore a number of weaknesses remain. These need to be implemented and addressed by management before a reasonable assurance (amber green) opinion can be provided.

Internal Audit Opinion:

Taking account of the issues identified, whilst the Board can take partial assurance that the controls upon which the organisation relies to manage this area are suitably designed and consistently applied, action is needed to strengthen the control framework to ensure this area is effectively managed.



1.3 Key findings

The key findings from this review are as follows:

Progress made since our last audit

In order to provide some context to the exception findings included in this review, we have identified a number of positive developments that have allowed us to provide reasonable assurance for the current year. There is evidence that the Authority are in the process of providing training to risk owners around JCAD (the risk management software) and risk management to enhance their knowledge and to ensure a consistent approach to risk management throughout the organisation, this has included the use of JCAD advisors from Essex County Council, proposals to include risk management training in learning and development packages, and the establishment of drop-in risk surgeries by the Risk and Business Continuity Manager. In addition, through testing of a sample of risks, we did not identify any that were overdue for review at the time of our audit. The policy and procedure documentation has also been updated to include a risk assurance model, although we note this will require further embedding in the Authority's processes.

Risk management oversight

We noted that, although the Policy and Strategy Committee's terms of reference require it to set and determine risk management policy and strategy, a review of meeting minutes covering the last year demonstrated that the Committee was not playing an active role in this area. We were advised that the Committee had been incorrectly overlooked in the review and approval of policies and procedures when they were updated in December 2015, if the Committee does not play a pro-active role in determining risk management policy and strategy, it will not be fulfilling its remit and may result in inadequate attention to the policy and strategy which does not meet the Authority's requirements.

While the Strategic Management Board (SMB) received a copy of the Corporate Risk Register for review in January 2016, there was little minuted evidence that the content of the register had been subject to an adequate level of challenge and scrutiny. Similarly, we noted that the members of the Strategic Delivery Board (SDB) were individually reviewing their own risks, but they were not reviewing the full register as a collective body. This creates a number of risks, including a lack of challenge to the content of departmental registers and the potential for unnecessary duplication of risks and controls.

Inconsistent understanding of risk scores

We noted that four of the nine owners we spoke to were scoring their risks on the basis of an incorrect understanding of 'current' and 'target' risk. Each of the owners were scoring their risks on the understanding that 'current' was identical with 'inherent' and 'target' with 'treated' risk. The official position of the Authority is that 'current' risk refers to controlled or residual risk, and 'target' risk to the level of risk to be attained.

Risk appetite

Although the Authority has defined and documented its risk appetite, we note that the definition as it stands is insufficient to provide an accurate means of assessing whether a given risk score is, or is not, acceptable to the Authority. The appetite categories of averse, minimalist, cautious, open and hungry have been applied by the Authority to a range of scenarios and activities. However, there is no defined link between risk appetite and risk scores, with the result that it is unclear whether a given risk score, in a given category is acceptable or not.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Risk Management	2 (14)	7 (14)	4	5	0

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

1.5 Progress made with previous audit findings

Date of previous audit	Low	Medium	High
Number of actions agreed during previous audit	1	7	1
Number of actions implemented/ superseded	1	1	0
Actions not yet fully implemented:	0	6	1

As part of this review the Essex Fire Authority has demonstrated some progress in implementing actions agreed to address internal audit recommendations made within our previous audit of this area. Of the one “high”, seven “medium” and one “low” priority recommendations followed up, we confirmed that two have been implemented in full, and three are in progress.

1.6 Additional feedback

Good practice for further consideration

In order to be of practical use, a risk appetite definition should allow the Authority to determine whether a given risk score is acceptable or not. The definition should therefore link more or less directly to the risk scoring system in use. There are a number of ways of doing this, but an example from one of our clients is that maximum residual risk scores (‘current’ according to the Authority’s definition) are determined for different categories of risk such as financial, operational, reputational, and so on. If a risk within one of those categories exceeds the maximum level, further controls or actions are identified to reduce the level of risk.

2 ACTION PLAN

Categorisation of internal audit findings

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

The table below sets out the actions agreed by management to address the findings:

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
1	Four out of nine risk owners spoken to incorrectly defined current and target risk as referring to uncontrolled and controlled risk respectively, and were therefore scoring risks on an incorrect basis.	Medium	The Authority will ensure that the understanding of current and target risks is consistent between all risk owners. The Risk and Business Continuity Manager will remind all risk owners of this.	Completed	Risk and Business Continuity Manager
2a	Assurance evidence is not being stored in JCAD, although the functionality exists to do so.	Medium	The Risk and Business Continuity Manager will remind all risk and control measure owners of the opportunity to store evidence, but to do so is not mandated. Assurances for significant controls will be reported to the SMB. With an upgrade of JCAD imminent, the opportunity will be taken to advise risk owners of new and existing functionality.	Completed	Risk and Business Continuity Manager
2b	Six out of 15 control descriptions reviewed were not detailed enough to provide sufficient information around how the control manages the risk.	Low	Drop in risk sessions will be used to advise risk and control owners on adequate description of controls.	October 2016	Risk and Business Continuity Manager

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
3	Project owners are not uniformly using JCAD to record risks and controls.	Low	The Risk and Business Continuity Manager will assist project managers in maintaining all project risk registers on JCAD.	End September 2016	Risk and Business Continuity Manager
4	Through review of SMB minutes we noted that the Board were not subjecting the Corporate Risk Register to an adequate level of challenge and scrutiny, actively seeking assurances around control, or ensuring that action plans were in place to reduce specific risks to an acceptable level.	Medium	<p>The SMB will ensure that it fulfils its remit with respect to risk management by:</p> <ul style="list-style-type: none"> • Subjecting the Corporate Risk Register to regular review, challenging and scrutinising the risks scores, causes, impacts and identified controls; • Seeking assurances in the form of substantive evidence (reports, policies, management statements, etc.) that identified controls are operating effectively; • Ensuring that action plans are formulated to reduce any unacceptable level of risk, and monitoring the progress of these action plans. <p>A revised management system will come into play in early course. Risk guidance documentation will be revised to take this into account as the SDB layer will no longer exist.</p>	December 2016	Director of Finance & Treasurer
5	The members of the SDB individually review their own risk registers but do not collectively review the full risk register as a group.	Low	This will now sit with a revised Strategic Management Board when new management arrangements come into play.	December 2016	SMB

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
6	Through review of Policy and Strategy Committee we noted that the group was not taking an active role in setting and determining risk management policy and strategy.	Medium	<p>The Policy and Strategy Committee will fulfil its remit with respect to setting and determining the risk management policy and strategy of the Authority, and discussion around the latter will be fully demonstrated within the group's meeting minutes.</p> <p>The Committee will play an active role in setting and determining policy and strategy.</p>	December 2016	Director of Finance & Treasurer
7	The Corporate Risk Register presented at the February 2016 Authority meeting included incorrect information under the control details.	Low	The Risk and Business Continuity Manager will review the reports being produced by JCAD and presented to the Authority, to ensure they are reporting complete information around control measures.	December 2016	Director of Finance and Treasurer / Risk and Business Continuity Manager
8	The Authority's risk appetite as currently defined is not aligned to the Authority's risk scoring system in such a way that it can be used to assess whether a given risk level is acceptable.	Medium	<p>The Authority will review its risk appetite to ensure it can be used to consistently assess whether a given risk level is acceptable or if further action is required.</p> <p>The Risk & Business Continuity Manager will review the link between the risk appetite and risk scoring.</p>	September 2016	Risk and Business Continuity Manager

3 DETAILED FINDINGS

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.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
1	<p>The Risk Management Guidance includes detailed guidance on the description of risks, advocating the 'bow-tie' approach to risk description, including causes of the risk, the risk event, and its impacts.</p> <p>Risks are scored on the basis of current and target risk levels.</p>	Yes	No	<p>In discussion with the Risk and Business Continuity Manager, we confirmed that the Authority's approach to risk scoring is based on a 'current' and 'target' risk score. The current score should be the score based on the current status of existing controls, and the target score should be the score the risk owner wants to achieve. However, we spoke to four risk owners who were scoring their risks on the understanding that 'current' was identical with 'inherent' and 'target' with 'treated' risk. If there is an inconsistent understanding of the risk scoring method amongst risk owners, the risk register is likely to give a misleading picture of the status of risks.</p>	Medium	The Authority needs to ensure that the understanding of current and target risks is consistent between all risk owners.
2	<p>For each risk recorded on JCAD, associated controls are recorded which include: a control title; a detailed control description; the current status of the control (i.e., effective/ineffective); the percentage complete; the control owner; and the next control review date.</p> <p>The controls recorded may either be controls in actual operation, and therefore contributing to the current risk score; or they may be aspirational, intended to achieve the target risk score.</p>	Yes	No	<p>Through review of a sample of control descriptions linked to the 15 risks previously selected, we noted that eight out of the fifteen control descriptions reviewed did not adequately describe the control or how it mitigated the risk.</p> <p>Due to different understandings with respect to the meaning of 'target' risk, we noted that it was not always clear whether further actions were required to reduce the risk. If target risk has been incorrectly understood as the residual risk, and this level of risk is accepted by the risk owner, there may be a need for further controls that has not been identified.</p> <p>We noted in discussion with risk owners, that assurances are not being recorded in JCAD. Although update narratives are provided around controls when these are reviewed, the facility to store supporting documents and evidence linked to the control is not being used. We also noted that assurances are not being reported around controls to the SMB.</p>	<p>Medium</p> <p>Low</p>	<p>See our recommendation relating to the understanding of current and target risk at 1.4.</p> <p>The Risk and Business Continuity Manager will remind all risk and control measure owners of the opportunity to store evidence, but to do so is not mandated. Assurances for significant controls will be reported to the SMB. With an upgrade of JCAD imminent, the opportunity will be taken to advise risk owners of new and existing functionality.</p> <p>Drop-in risk sessions will be used to advise risk and control owners</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
						on adequate description of controls.
3	Currently, project risks are not uniformly recorded on the JCAD risk management system. However, all future projects are to be included.	No	N/A	<p>We noted there were 32 projects currently set up on JCAD. Of these, we were advised by the Risk and Business Continuity Manager that eight were currently recording risk on JCAD.</p> <p>We selected a sample of five projects, including three with risk registers on JCAD, and two with independently maintained risk registers. We reviewed the risk registers for each project, noting they were adequate in terms of content.</p>	Low	Going forward, the Risk and Business Continuity Manager will assist project managers in maintaining all project risk registers on JCAD.
4	<p>The terms of reference of the Strategic Management Board clearly define the responsibilities of the group with respect to risk management.</p> <p>Additionally, Annex C to Essex County F&RS Code of Corporate Governance includes more detailed risk management responsibilities for the group.</p>	Yes	No	<p>We reviewed SMB minutes dated November and December 2015, and January 2016, and noted the following:</p> <p>In December, the SMB approved amendments to the risk management guidance documents;</p> <p>The Corporate Risk Register was included as an agenda item in January, but there was no discussion or challenge of the adequacy of controls and actions recorded on the register to mitigate risks. We could not see any evidence that the SMB was receiving assurances around the documented controls in the register.</p> <p>If the SMB does not subject the Corporate Risk Register to sufficient and regular scrutiny and challenge, there is a risk that risks have been scored incorrectly, inappropriate controls have been identified, or controls are not working as expected.</p>	Medium	<p>The SMB will ensure that it fulfils its remit with respect to risk management by:</p> <ul style="list-style-type: none"> • Subjecting the Corporate Risk Register to regular review, challenging and scrutinising the risks scores, causes, impacts and identified controls; • Seeking assurances in the form of substantive evidence (reports, policies, management statements, etc.) that identified controls are operating effectively; • Ensuring that action plans are formulated to reduce any unacceptable level of risk, and monitoring the progress of these action plans.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
						A revised management system will come into play in early course. Risk guidance documentation will be revised to take this into account as the SDB layer will no longer exist.
5	<p>The Strategic Delivery Board has draft terms of reference that clearly define its responsibilities with respect to risk management.</p> <p>The local Code of Corporate Governance includes more detailed description of the SDB's risk management responsibilities.</p>	Yes	No	<p>We reviewed SDB minutes dated November and December 2015, and January 2016 and noted the following:</p> <p>Risk Management was added as a standing agenda item in December 2015, and there was discussion around the possible provision of risk management training to SDB members. An action was raised for the Risk and Business Continuity Manager to explore possible training options. In discussion with the latter, we confirmed that this was in progress, and obtained a copy of a training proposal currently in development.</p> <p>In January 2016, the group were reminded of the forthcoming Risk Management audit and the need for them to revisit risks and controls within their individual remits.</p> <p>We noted that many of the SDB responsibilities documented in the Code of Corporate Governance are being carried out by SDB members individually (through review of their own risks, for example) and not formally as a group. In discussion with the Risk and Business Continuity Manager, it was noted that the Authority is currently in a state of transition, with there being uncertainties around the future of the SDB and its role; as a consequence, business is currently being managed as usual.</p>	Low	<p>This will now sit with a revised Strategic Management Board when new management arrangements come into play.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
				<p>However, if the risk register is not reviewed collectively by the group, the risk remains that there will be an inconsistent approach to risk management between the members, and that there is a lack of appropriate checks and balances around individual member's risks.</p>		
6	<p>The terms of reference for the Policy and Strategy Committee include the requirement to set and determine the risk management policy and strategy for the Authority.</p> <p>The Committee also periodically reviews the Authority's risk appetite.</p>	Yes	No	<p>We reviewed Policy and Strategy Committee meeting minutes dated March, June, September and November 2015, and noted the following:</p> <p>Although there was some brief discussion around the Integrated Risk Management Plan and the previous weak audit opinion, there was no clear evidence that the Committee had played an active role in determining the risk management policy and strategy in the past year.</p> <p>In a report to the Essex Fire Authority dated 11 February 2015, it was noted that the Policy and Strategy Committee had reviewed the Authority's risk appetite. We confirmed through inspection of September 2014 meeting minutes that this review had taken place. However, there was no evidence that it had since been revisited.</p> <p>We note, in particular, that the Risk Management Policy, Strategy and Guidance had not been reviewed or discussed by the Committee in the last year, although they had been reviewed by the Strategic Management Board in December 2015. In discussion with the Risk and Business Continuity Manager, we noted this was due to an oversight on his part in excluding the Committee from the reporting line. However, there remains a risk that the Policy and Strategy Committee is unable to demonstrate that it is fulfilling its remit to set and determine risk management policy and strategy for the Authority.</p>	Medium	<p>The Policy and Strategy Committee will fulfil its remit with respect to setting and determining the risk management policy and strategy of the Authority, and discussion around the latter will be fully demonstrated within the group's meeting minutes. The Committee will play an active role in setting and determining policy and strategy.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
7	The Corporate Risk Register is reviewed by Essex Fire Authority on an annual basis.	Yes	No	<p>We confirmed that the terms of reference of the Essex Fire Authority include the requirement to receive annual corporate governance and risk management reviews.</p> <p>We reviewed the EFA report pack for February 2016, confirming that the Corporate Risk Register and a summary risk report were included in the Authority papers.</p> <p>We confirmed that the risk register presented was a direct output from JCAD, and reflected the scoring system used, in contrast to the previous year's report which reported unmitigated and mitigated risk scores.</p> <p>However, through our discussions with risk owners and inspection of JCAD, the 'Control Measure Details' field in the report is incorrectly reporting control review summaries, and not the control detail actually recorded in JCAD. While these summaries make reference to the controls in place, there is a risk that the full control detail is not being reported to the Authority.</p> <p>Minutes for the February 2016 meeting were not yet available at the time of audit, so we have been unable to determine whether the risk register was subject to appropriate challenge and scrutiny.</p>	Low	The Risk and Business Continuity Manager will review the reports being produced by JCAD and presented to the Authority, to ensure they are reporting complete information around control measures.
8	The Authority has defined its risk appetite through the Policy and Strategy Committee and subsequent review by the Authority in February 2015. The risk appetite is set as averse, minimalist, cautious, open or hungry against a number of example scenarios associated with potential risks for the Authority.	No	No	<p>We confirmed through review of the EFA report pack for February 2015 that the Authority considered and reviewed its risk appetite.</p> <p>The risk appetite as currently defined is not aligned to the risk scoring system used in JCAD, and therefore cannot be used to assess whether a current or target level of risk is acceptable.</p>	Medium	<p>The Authority will review its risk appetite to ensure it can be used to consistently assess whether a given risk level is acceptable or if further action is required.</p> <p>The Risk & Business Continuity Manager will review the link between the risk appetite and risk scoring.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
	However, risk appetite has not been set in such a way that identified and scored risks can be assessed in terms of the appetite. There is a risk that the Trust cannot demonstrate that its risk management processes are reducing risk to an acceptable level.			<p>We note in mitigation that a risk appetite is implied in the Risk Based Action Plan appended to the Risk Management Guidance, which states that any risk rated greater than 4 requires action to reduce the risk. However, this would imply that many of the target risks within JCAD are greater than acceptable.</p> <p>If the risk appetite of the Authority is not produced and communicated in a form that can be used to assess the effectiveness of risk management processes, then the Authority may not be able to ensure that risk is managed to an acceptable level.</p>		

APPENDIX A: SCOPE

Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

Objective of the area under review

To ensure that the risk management framework and processes are firmly embedded

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

- We have considered how the organisation identifies and reacts to assurances received and the extent to which the agenda of management forums is mapped to its risk profile. This has been achieved through the review of the activities of groups and committees, including their review of risk within their individual areas of responsibility and how they ensure risk registers are up dated and what assurances they and risk owners receive to evidence that those risks are being managed.
- From a review of the risk register we selected a sample and discussed with risk owners the evidence that risks are being managed and that controls are in place and operating, and determined what assurances are in existence and are positive.
- We performed a desktop review of the Risk Register and evidence held by officers to support the content of the risk register; we also discussed the content of the risk register with individual risk owners.
- We also reviewed the risk management policies and procedures in place to ensure they were up to date, and covered the core functions of the risk management process and key responsibilities.
- We considered the implementation of previous recommendations made on Risk Management during our 2014/15 review.

Limitations to the scope of the audit assignment:

- Our findings have not provided assurance that every risk on the risk register is being effectively controlled. Nor have we given assurance that all risks have been identified, nor that all assurances used within the risk register are positive.
- We have not commented on the Authority's risk appetite definition but have only confirmed if it has been defined and clearly communicated.
- Any testing undertaken as part of this audit was compliance based and sample testing only.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Charles Thomas – Risk and Business Continuity Manager
- Glenn McGuinness – Deputy Director of Finance
- Mike Clayton – Finance Director and Treasurer
- Paul Bowers – SDO Operations
- Rosanna Briggs – County Emergency Planning Officer
- Jenny Dines – Interim Head of HR
- Jan Swanwick – Head of ICT
- Matt Furber – SDO East Area Command
- Tracy King – Performance Manager
- Jon Doherty – Property Services Manager

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ESSEX FIRE AUTHORITY

Workforce Planning

FINAL

Internal Audit Report: 2.15/16

22 February 2016

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Debrief held	17 September 2015	Internal Audit team	Daniel Harris - Head of Internal Audit Suzanne Lane - Senior Manager Alan Grisley - Assistant Manager Sean Little – Senior Auditor Navjeet Bhandal – Senior Auditor
Draft report issued	13 October 2015		
Revised Draft report issued	26 January 2016		
Responses received	22 February 2016		
Final report issued	22 February 2016	Client sponsor	Lindsey Stafford-Scott- Director of HR and Organisational Development
		Distribution	Lindsey Stafford-Scott- Director of HR and Organisational Development Lindsay Shankland- Deputy Director of HR Mike Clayton- Director of Finance and Treasurer Glenn McGuinness- Deputy Director of Finance

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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. Recommendations for improvements should be assessed by you for their full impact before they are implemented. 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. Therefore, the most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the risk management, governance and control processes reviewed within this assignment. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. 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 party other than the Board which obtains access to this report or a copy and chooses to rely on this report (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 our Client 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.

1 EXECUTIVE SUMMARY

1.1 Background

Essex County Fire and Rescue Service implemented a Workforce Planning Project, as part of the Workforce Transformation Programme, in 2014/15 which aimed to introduce workforce planning processes to effectively manage the workforce. The Service has an objective, which states they will ensure their people are involved, engaged and empowered to deliver excellence. As identified in the Service Risk Register, the Service has identified a risk that they will be unable to innovate and deliver safe and effective services to their communities; if they do not have motivated and engaged people with the right skills and competencies.

The purpose of this review was to assess the planning process for workforce management and agree actions to ensure key processes had been established, this was originally planned as an assurance review, however management requested this to be advisory as workforce planning was in an early stage of development. Therefore this report has not provided a formal assurance opinion, but has identified control improvements to be implemented by the Human Resources and Finance departments.

This advisory review assessed the following areas: workforce strategy and plans; financial planning; skills gap, retirement and vacancy analysis; vacancy authorisation process; succession planning and pools; risk management processes; and governance arrangements.

The audit field work was undertaken in September 2015 which coincided with the findings reported as a result of an external cultural review. Therefore some of the findings from our review overlap with issues uncovered during the cultural review. Furthermore, we obtained additional information in January 2016 prior to the finalisation of this review which we have incorporated into our report.

1.2 Conclusion

Our review identified that a process had been commenced by the Service to identify a workforce planning framework, this is being monitored by the Workforce Planning Group. Compliance testing could not however be fully carried out as the workforce planning implementation was still in its early stages as implementation of Programme 2020 and the actions agreed from the Culture Review have taken precedence. We confirmed the following elements of the workforce planning framework had not yet been implemented:

- Workforce plans for each department;
- Skills gap analyses;
- Vacancy analysis;
- Succession planning for key risk roles; and
- Effective risk management.

We assessed the methodology for workforce analysis, governance structure and risk management arrangements in place, and identified significant gaps) in these areas, detailed in the findings below. Whilst we noted that the significant gaps were in part due to the Authority being in the early stages of implementing changes, improving the controls in each of these areas, will help the Service improve overall workforce management and Service performance; however there is a long way to go before the new arrangements will be fully operational and expected benefits realised.

1.3 Key findings

The key findings from this review are as follows:

- A review of the financial planning, alongside testing of the process for the authorisation of vacancies demonstrated robust controls were in place;
- The Service did not have a documented implementation plan for Workforce Planning activity; with key tasks/ programmes, implementation dates or deliverables in place. Without this plan in place, there is a risk the Workforce Planning activity will not be delivered to the required quality or within the expected timeframes. Through discussions with the Deputy Director of Finance in January 2016 we were informed that the workforce plan had been put on hold due to the outcome of the culture review and the implementation of the initiative entitled 'Programme 2020'; which aimed to align the service workforce to the service requirements of Essex, using a risk-focussed model. The findings of the culture review which were reported in September 2015 has led to the Authority agreeing to implement 35 recommendations. Some of the actions agreed feed into the Workforce Programme, therefore these actions are being focussed upon rather than creating a separate Workforce Programme. The DDoF advised us that it was unlikely that a Workforce Plan would be created until June 2016. (Medium);
- We reviewed the Departmental Strategy for Human Resources, and noted objectives had been set for reductions in both agency (temporary staffing) and overtime expenditure. Discussion with the Deputy Directors of HR and Finance confirmed that performance against workforce objectives within departmental strategies had not yet been reviewed, therefore evidence could not be provided to show the trends from the start of the financial year. Without evidence, we could not conclude if the Service had achieved these objectives. We have agreed an action with the Deputy Director of Finance (Medium);
- Whilst a process had been identified for the monitoring of early retirement, using pension data; key details of the process had not been identified. The operational lead for this process had not been selected and the process had not been rolled out to all staff, such as retained firefighters. (Medium)
- We noted that a robust methodology for implementing skills gap analyses had not been documented. Without the process being identified and documented, there is a risk that the objective of each analysis will not be achieved or inconsistent analyses will take place. We have agreed a management action with the Deputy Director of HR (Medium);
- We noted that the risk management processes for Human Resources and workforce were not sufficient. Mitigating controls, risk scoring and routine updates were not documented on the HR Risk Register we reviewed, raising concern that a formal risk management approach was not undertaken and is not being followed. Where risk management is not undertaken, there is a risk that key HR and workforce risks will not be identified and managed. We have not made any additional management actions, but would refer management to the actions agreed within our Risk Management audit (9.14/15). We would remind management that our risk management audit has been qualified for the previous two financial years;
- A review of the reports and minutes of the Workforce Planning Group, Strategic Delivery Board and Strategic Management Board noted that no performance measures relating to workforce were being reported at the time of the audit. However, in December 2015 a new Corporate HR report was introduced. We noted that although sickness absence, short term sick, attendance management and other case management (such as grievances) were reported there were no agreed performance measures to compare them against. We were advised by the Deputy Director of Finance that appropriate performance measures were being considered so that consistent performance reporting and benchmarking can be carried out. There is a risk that whilst performance is being reported that if there are no comparatives against previous figures and current targets that performance measuring will not be effective.

1.4 Additional information to support our conclusion

Risk	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
If we do not have motivated and engaged people with the right skills and competencies there is a risk that we will be unable to innovate and deliver safe and effective services to our communities.	3 (11)	4 (4)	2	4	0
Total			2	4	0

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

2 ACTION PLAN

The table below sets out the actions agreed by management to address the findings, as follows:

Ref	Findings summary	Priority	Action for Management	Implementation date	Owner responsible
Risk: If we do not have motivated and engaged people with the right skills and competencies there is a risk that we will be unable to innovate and deliver safe and effective services to our communities.					
1.1	An implementation plan had not been drafted for the workforce tasks/ initiatives due to be undertaken in 2015/16.	Medium	<p>The Deputy Director of HR will document a formal implementation plan for workforce planning, detailing the following:</p> <ul style="list-style-type: none"> • Initiatives to be rolled out across the Service; • Responsible managers; • Start and end dates; • Key deliverables; and • Reporting arrangements. 	July 2016	Lindsay Shankland- Deputy Director of HR
1.2	Trend analysis had not been undertaken on agency or overtime spend to monitor achievement of objectives within the HR Departmental Strategy.	Medium	<p>The Deputy Director of Finance will liaise with the Deputy Director of HR, and identify the reporting arrangements for temporary staffing and overtime.</p> <p>Any adverse trends will be reported to the Workforce Planning Group and Strategic Management Board.</p>	September 2016	<p>Glenn McGuinness- Deputy Director of Finance</p> <p>Lindsay Shankland- Deputy Director of HR</p>

Ref	Findings summary	Priority	Action for Management	Implementation date	Owner responsible
1.3	<p>Whilst a process had been identified for the monitoring of early retirement, using pension data; key details of the process had not been identified.</p> <p>The operational lead for this process had not been selected and the process had not been rolled out to all staff, such as retained firefighters.</p>	Medium	<p>The HR Subject Matter Advisor will liaise with the Head of HR and ensure the following actions are completed for the high level retirement analysis:</p> <ul style="list-style-type: none"> • The Service operational lead for predictions process will be identified; • The prediction process will be completed for retained firefighters; • The frequency of updates will be communicated; • The reporting lines for the statistics will be identified; and • The impact on succession planning will be considered. 	July 2016	Jenny Dines- Head of HR

Ref	Findings summary	Priority	Action for Management	Implementation date	Owner responsible
1.4	<p>A skills gap analysis had not been undertaken at Essex County Fire and Rescue Service.</p> <p>Further investigation identified a methodology for this process was yet to be established.</p> <p>Furthermore, we noted through discussions with the Deputy Director of Finance (HR) that a Skills Gap Analysis would be carried out as part of the Programme 2020 analysis and Workforce Planning exercise.</p>	Medium	<p>A skills gap analysis methodology will be drafted by the Operational Training Manager and Learning and Development Manager; and formally approved through the Workforce Planning Group. This will include the following:</p> <ul style="list-style-type: none"> • Who will be responsible for implementing the skills gap analysis; • What are the key objectives of the analysis; • Does the service have current job specifications for all roles; • What template/ steps will be used in the analysis process; • How frequent will the analysis be implemented; • How will staff be approached/ involved in the process; • How will analysis data be collated; • How will training and recruitment be impacted/ prioritised following skills gap analysis; and • How will results be reported. 	October 2016	<p>Moir Bruin- Operational Training Manager</p> <p>Claire Budgen- Learning and Development Manager</p>

Ref	Findings summary	Priority	Action for Management	Implementation date	Owner responsible
1.5	The Terms of Reference for the Workforce Planning Group did not detail the responsibility for workforce risk management, or review of the HR Risk Register.	Low	Following a review of the Risk Management process, the Deputy Director of HR will update the Terms of Reference of the Workforce Planning Group. A requirement to review and monitor relevant workforce risks will be included.	March 2016	Lindsay Shankland- Deputy Director of HR
1.7	Robust key performance measures around vacancy and other workforce measures had not been identified for monitoring the efficiency of workforce management.	Low	Suitable key performance indicators will be created and included in the performance reports, for reporting purposes to the Strategic Delivery Board and the Strategic Management Board.	October 2016	Lindsay Shankland- Deputy Director of HR Glenn McGuinness- Deputy Director of Finance Tracey King- Performance Manager

3 DETAILED FINDINGS

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 audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
Risk: If we do not have motivated and engaged people with the right skills and competencies there is a risk that we will be unable to innovate and deliver safe and effective services to our communities.						
1.1	<p>Essex County Fire and Rescue Service has a high level Service Strategy in place which identifies the strategic objectives for the service.</p> <p>The strategy identifies two clear service objectives related to workforce:</p> <ul style="list-style-type: none"> • We will use our resources flexibly, efficiently and effectively, reducing the cost of the Service to match the funding available. • We will ensure our people are involved, engaged and empowered to deliver excellence. <p>Programme 2020 is an initiative of the service,</p>	No	N/a	<p>We were provided with the Service Strategy, and noted this provided the following:</p> <ul style="list-style-type: none"> • Purpose; • Achievements to date; • Vision and steps to achieving this; and • Service Objectives. <p>We noted two of the objectives directly related to workforce.</p> <p>Through discussions with the Deputy Director of Human Resources (HR) that a workforce plan had not yet to be drafted, however it was due to commence in July 2016.</p> <p>We requested an implementation plan, showing when key processes were going to be rolled out. However, the Deputy Director of HR informed us that this had not yet been documented.</p> <p>Without a documented implementation plan, there is a risk to the Service that the elements of the Workforce Programme will not be established to the required quality or within the expected timeframe.</p> <p>Through discussions with the Deputy Director</p>	Medium	<p>The Deputy Director of HR will document a formal implementation plan for workforce planning, detailing the following:</p> <ul style="list-style-type: none"> • Initiatives to be rolled out across the Service; • Responsible managers; • Start and end dates; • Key deliverables; and • Reporting arrangements.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
	<p>and the vision is, as follows: Leading the way to a Safer Essex; in 2020 the organisation will be service led, community focussed, values driven and financially sustainable.</p> <p>A workforce planning strategy was yet to be developed; however the Service did not have a clear workforce planning timetable or implementation planning timetable demonstrating how the processes would be rolled out.</p>			<p>of Finance in January 2016 we were informed that the workforce plan had been put on hold due to the outcome of the culture review and the implementation of the initiative entitled 'Programme 2020'; which aimed to align the service workforce to the service requirements of Essex, using a risk-focussed model. The findings of the culture review which was reported in November has led to the Authority agreeing to implement 35 recommendations. Some of the actions agreed feed into the Workforce Programme, therefore these actions are being focussed upon rather than creating a separate Workforce Programme. The DDoF advised us that it was unlikely that a Workforce Plan would be created until July 2016.</p> <p>Whilst we have noted the reasons behind why the Authority do not currently have a Workforce Programme in place we have agreed a management action to ensure that one is created once the actions from the culture review and 'Programme 2020' have been implemented.</p>		
1.2	<p>At the time of the audit, the Service was operating under the Department Strategies approved in 2014.</p> <p>The Departmental Strategies were</p>	Yes	No	<p>We selected three divisions:</p> <ul style="list-style-type: none"> • Human Resources; • Finance; and • East Area Command. <p>We reviewed the Department Strategies and</p>	Medium	<p>The Deputy Director of Finance will liaise with the Deputy Director of HR, and identify the reporting arrangements for temporary staffing and overtime.</p> <p>Any adverse trends will be reported to the Workforce Planning Group and Strategic</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
	<p>produced in 2014 as part of the annual business planning process for 2015.</p> <p>Each had been reviewed through the Strategic Management Board.</p>			<p>confirmed the standard template was utilised in each instance. This provided information on current achievements, visions, department objectives and an action plan.</p> <p>We confirmed workforce was clearly identified in each department strategy. We identified actions and success measures for each of the three department strategies selected.</p> <p>Human Resources</p> <p>Objective one was the completion of the SAP (Systems, Applications and Products) Development programme. We confirmed an update was provided as of September 2015, demonstrating the progress made with the SAP Programme.</p> <p>Objective two was the development of the Workforce Planning Group. As discussed in paragraph nine of this report below.</p> <p>Objectives three and four related to a reduction in agency and overtime spending. At the time of the review, evidence could not be provided to demonstrate a reduction. Where a review is not completed, there is a risk of overspend in both agency and overtime costs.</p> <p>Finance</p> <p>One of the objectives of Finance was to develop further management information on firefighter headcount, to support changes in crewing and headcount reductions.</p> <p>We confirmed through review of reporting provided by the Deputy Director of Finance that headcount data was reported on both the</p>		Management Board.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
				<p>Strategic Delivery and Strategic Management Boards. This is documented in paragraph's ten and eleven below.</p> <p>East Area Command</p> <p>We confirmed this department identified the ongoing requirement to manage workforce and succession planning. However, this could not be tested at the time of the audit, as succession planning and identification of pools had been put on hold centrally, due to the Service's cultural review.</p>		
1.3	<p>Research on natural wastage was implemented by the HR Subject Matter Advisor, and a prediction spreadsheet was used to collate pension stats and earliest leave dates for whole-time firefighters.</p> <p>This allowed a chart to be produced which showed a prediction of whole time workforce, should staff retire. This also included a second line for turnover.</p> <p>An analysis of retirement is implemented by HR, to support the succession planning and pool processes.</p>	Yes	No	<p>Through discussion with the HR Subject Matter Advisor and review of the subsequent report, we noted a high level analysis had been established for retirement of whole time fire fighters.</p> <p>We noted that head count for whole time firefighters had been forecasted, with prediction attrition through retirement and turnover. A third row was documented for actual headcount.</p> <p>We noted this process had been completed for whole time firefighters up to July 2015 with no subsequent updates, but was yet to be rolled out for retained firefighters.</p> <p>Without a clear process in place, there is a risk that forecasting will not achieve its objective. We identified the remaining actions to complete this process.</p> <p>We confirmed a separate analysis had been implemented, on an individual basis; to identify eligibility for early retirement. This covered ranks SDO and above.</p>	Medium	<p>The HR Subject Matter Advisor will liaise with the Head of HR and ensure the following actions are completed for the high level retirement analysis:</p> <ul style="list-style-type: none"> • The Service operational lead for predictions process will be identified; • The prediction process will be completed for retainer firefighters; • The frequency of updates will be communicated; • The reporting lines for the statistics will be identified; and • The impact on succession planning will be considered.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
	<p>The succession planning process has been put on hold following the culture review.</p> <p>The process for identifying key risk roles within the Service will commence following the completion of workforce plans.</p>			<p>However, as the Service was in the process of consulting with trade unions, this had not yet been utilised.</p> <p>We were provided with a retirement analysis spreadsheet, which demonstrated HR has actively been reviewing the age and length of service of staff. In line with this, the succession process has been developed to ensure a pool is established for key risk roles.</p> <p>At the time of the audit, further succession planning or critical role identification had not been put into practice.</p>		
1.4	<p>At the time of the audit, skills gap analyses had not been undertaken.</p> <p>As part of the annual planning process, managers are responsible for identifying gaps in skills and knowledge within their teams and the risks that this may have on service delivery.</p> <p>Upon identification, skills and knowledge development required is highlighted in the submitted workforce plans for submission to the Learning and Development Manager for inclusion in the Learning and</p>	No	N/a	<p>We confirmed through discussion with the Deputy Director of HR, that skills gap analyses had not yet been undertaken.</p> <p>We requested any methodology or planning documents in place for the skills gap analysis. We were informed that this was yet to be drafted.</p> <p>Where a robust methodology is not identified for assessing the skills of the workforce, there is a risk that the competencies required for roles will not be reviewed appropriately resulting in operational risks.</p> <p>Additionally, where skills gaps are not identified, this will adversely affect the training programme in place.</p> <p>Furthermore, we noted through discussions with the Deputy Director of Finance that a Skills Gap Analysis would be carried out as part of the Programme 2020 analysis and Workforce Planning exercise.</p>	Medium	<p>A skills gap analysis methodology will be drafted by the Operational Training Manager and Learning and Development Manager, and formally approved through the Workforce Planning Group.</p> <p>This will include the following:</p> <ul style="list-style-type: none"> • Who will be responsible for implementing the skills gap analysis; • What are the key objectives of the analysis; • Does the service have current job specifications for all roles; • What template/ steps will be used in the analysis process; • How frequent will the analysis be implemented; • How will staff be approached/ involved in the process; • How will analysis data be collated;

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
	Development Annual Plan.					<ul style="list-style-type: none"> How will training and recruitment be impacted/ prioritised following skills gap analysis; and How will results be reported.
1.5	<p>At the time of the audit, the service had not established a robust process for risk management.</p> <p>Discussion with the Corporate Risk and Business Continuity Manager indicated that following the risk management audit in July 2015, a comprehensive review of risk management was in the process.</p> <p>The service has a HR Risk Register which identifies nine risks.</p> <p>Each have been given a rating, and assigned a risk owner. Each risk has a brief description, trigger and impact.</p> <p>Risk SSHR0007 details a failure for the Service to undertake effective workforce planning. This has been assigned</p>	No	N/a	<p>We reviewed the HR Risk Register and Service Risk Registers, and noted these had captured workforce risks.</p> <p>However, controls had not been documented and residual risk scoring had not been utilised. The registers did not have a field to allow managers to provide updates on risks.</p> <p>Discussion with the Corporate Risk and Business Continuity Manager noted that meetings had been arranged with leads in HR for September 2015 to address concerns with the risk registers.</p> <p>A risk register was not provided for East or West Area Command. Discussions with the Corporate Risk and Business Continuity Manager indicated these were not in place.</p> <p>Where workforce risks are not adequately documented and managed, there is both operational, through loss of service, and financial risks, through overspending, to the Service.</p> <p>We agreed key management actions to improve the risk management process within our Risk Management audit report, finalised in July 2015. Management will recall that the risk management reviews of 2013/14 and 2014/15 concluded a qualified opinion in both years, with significant weaknesses in the ongoing</p>	N/a	Please refer to our Risk Management audit (9.14/15)

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
	to the Deputy Director of HR. Residual scoring, controls and assurances alongside commentary were not documented within the register.			documentation to demonstrate that key risks were in fact being managed and mitigated effectively. We have not made any additional actions in this report and have a planned risk management review in Q4 2015/16, but reinforce that the management actions agreed in the 2014/15 risk management audit need to be applied consistently across the service, including Human Resources.		
1.6	<p>The Workforce Planning Group is charged to provide governance over the establishment to ensure financial efficiency and enable the service to make changes to the establishment to meet organisational and operational requirements.</p> <p>This includes:</p> <ul style="list-style-type: none"> Ensuring staffing levels and budgeted posts are agreed and set through an effective budget setting process agreed with Finance. Identifying, 	Yes	No	<p>The Workforce Planning Group Terms of Reference was reviewed, and it was found to document the key roles and aims of the Group, which includes:</p> <ul style="list-style-type: none"> Provision of strategic guidance over the establishment control process. Receive, review and approve/reject business cases for recruitment. To ensure budgets are in place to financially cover approved business cases. However, this does not include responsibilities in relation to workforce risk management or review of the Risk Register. <p>We also confirmed from a review of minutes for the current financial year that the group was fulfilling its role and responsibilities.</p>	Low	<p>Following a review of the Risk Management process, the Deputy Director of HR will update the Terms of Reference of the Workforce Planning Group.</p> <p>A requirement to review and monitor relevant workforce risks will be included.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
	<p>challenging and approving workforce amendments via contract changes or vacancies.</p> <ul style="list-style-type: none"> Supporting future workforce planning and service development. Identifying skills gaps. Supporting and addressing workforce related issues. <p>The Workforce Planning Group has a Terms of Reference which outlines the logistics of the group and key responsibilities.</p>					
1.7	<p>The Strategic Delivery Board is responsible for financial oversight, and monitoring workforce spend on a monthly basis.</p> <p>The Board is made up of management and</p>	Yes	No	<p>The Strategic Delivery Board draft Terms of Reference was reviewed, and it was found to document:</p> <ul style="list-style-type: none"> Key responsibilities of individual members and the Board as a whole; Membership; and Chair responsibilities. 	Low	<p>Suitable key performance indicators will be created and included in the performance reports, for reporting purposes to the Strategic Delivery Board and the Strategic Management Board.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
	<p>budget holders.</p> <p>Their objectives include:</p> <ul style="list-style-type: none"> • Providing overall governance for strategic service delivery; • Driving progress against key performance indicators. • Ensuring expenditure is managed within approved budgets. • Identifying corporate risks and opportunities taking appropriate measures. <p>The Strategic Delivery Board has a Draft Terms of Reference which, at the time of the audit, was due to be approved by the Strategic Management Board.</p> <p>Meetings of the Strategic Delivery Board are held monthly, with retention of meeting minutes, agendas, and</p>			<p>A standardised monthly agenda is in place; for which there are specific reports provided and presented by members of the Board.</p> <p>Such reports include:</p> <ul style="list-style-type: none"> • Performance reports documenting performance against agreed key performance indicators. Workforce key performance indicators are established which refer to ensuring the workforce are involved, engaged, and empowered to deliver excellence. • Programme 2020 reports which include a focus on the retention, development, and support of the workforce. • Financial reports; which provide financial analysis and commentary on employment costs, staffing numbers, and ancillary items. <p>It was noted that the Performance Reports circulated do not report on vacancies to assess workforce requirements at a strategic level.</p> <p>However, in December 2015 a new Corporate HR report was introduced. We noted that although sickness absence, short term sick, attendance management and other case management (such as grievances) were reported there were no agreed performance measures to compare them against.. We were advised by the Deputy Director of Finance that appropriate performance measures were being considered so that consistent performance reporting and benchmarking can be carried out. There is a risk that must</p>		

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Management action
	supporting reports recorded on the server.			performance is being reported that if there are no comparatives against previous figures and current targets that performance measuring will not be effective.		

APPENDIX A: SCOPE

Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. The scope was planned to provide assurance on the controls and mitigations in place relating to the following Risks:

Objective of the area under review	Risks relevant to the scope of the review	Risk Source
We will ensure our people are involved, engaged and empowered to deliver excellence.	If we do not have motivated and engaged people with the right skills and competencies there is a risk that we will be unable to innovate and deliver safe and effective services to our communities.	Risk Register

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

The following areas will be considered as part of the review:

- Workforce planning, short and long term, to ensure that future requirements of the Strategic Plan can be met:
- Policies exist which detail the approach to workforce planning, and have been appropriately approved.
- Workforce plans have been developed, reported to the relevant decision-making groups, and approved at an appropriate level, which address the organisation's objectives and key priorities.
- Assumptions used in the development of workforce plans are reviewed for reasonableness and updated on a sufficiently regular basis.
- Whether reconciliations performed between workforce plans, financial plans and existing establishment and whether existing plans are consistent with agreed upon budgets for the organisation.
- Whether the organisation has a dedicated forum which is tasked with regularly reviewing the organisation's workforce, to plan the workforce and monitor its utilisation and achievement of established targets including use of overtime, and whether this is at an appropriately defined level.
- Future recruitment and training requirements including timescales have been mapped and used to inform the workforce planning cycle.
- Whether the organisation is considering the level of retained fire-fighters, and how they can be utilised to assist in the delivery of workforce targets.
- Whether the organisation has undertaken a skill gap analysis. • The use of secondments and review of existing skills to fill posts by the organisation.
- The analysis of trends relating to leave/retirement ages, and whether the organisation has utilised this information to aid workforce plans.

Limitations to the scope of the audit assignment:

The following limitations applied to the scope of our work:

- Testing was undertaken on a sample basis only;
- Testing was limited to the evidence available at the time of the audit;

- We did not provide an opinion as to whether the correct level of staff has been established to deliver organisational objectives;
- We did not provide an opinion as to whether the most efficient levels of staffing had been established or were being worked towards;
- We did not review shift patterns or duty planning;
- We did not provide assurance that staffing were adequate to mitigate risks; and
- Our work did not provide absolute assurance that material errors, loss or fraud do not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit assignment:

- Lindsay Shankland- Deputy Director of Human Resources;
- Glenn McGuinness- Deputy Director of Finance;
- Mark Dyer- Workforce Programme Manager;
- Stephanie Crawford- HR and OD Systems Programme Support Officer;
- Clare Reading- HR Subject Matter Advisor;
- Kirsty Bates- HR Assistant;
- Rebecca Twins- Personal Assistant to ACFO, Safer/ Resilient Communities and Finance Director & Treasurer; and
- Sarah Firth- Personal Assistant to Director of Human Resources and Organisational Development.

Documentation reviewed during the audit assignment:

- Service Strategy, 2015/16;
- Programme 2020 Business Case, 2015;
- Human Resources Departmental Strategy, 2015/16;
- Finance Departmental Strategy, 2015/16;
- East Area Command Departmental Strategy, 2015/16;
- SAP Development Programme Summary, April 2015;
- SAP Development Programme Update, September 2015;
- Redundancy prevention initiatives (Flexible retirement), 2015/16;
- Financial Plan, 2015/16;
- Meeting minutes of the Essex Fire Authority, February 2015;
- Financial Update, August 2015;
- Meeting minutes of the Policy and Strategy Committee, June 2015;
- On-call/ Retained Engagement Plan, September 2015/2016;
- Workforce Planning Policy, 2015/16;
- Succession Planning Policy, 2015/16;
- Succession Plan Critical Role Risk Process, 2015/16;
- Succession Pool Policy, 2015/16;
- Vacancy business cases, 2014-16;
- Exit questionnaire spreadsheet, September 2015;
- High Level Retirement and Early Retirement Analysis, July 2015;
- Individual Retirement Analysis, 2015/16;
- Human Resources Risk Register, September 2015;
- Service Risk Register, September 2015;
- Workforce Planning Group Terms of Reference, Reports and Meeting Minutes, 2015/16;
- Strategic Delivery Board Terms of Reference, Reports and Meeting Minutes, 2015/16; and
- Strategic Management Board Agendas, Reports and Meeting Minutes, 2015/16

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ESSEX FIRE AUTHORITY

Internal Audit Progress Report

Audit, Governance and Review Committee
presented to

20 April 2016

CONTENTS

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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.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. 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.

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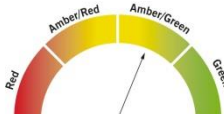
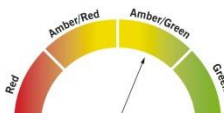
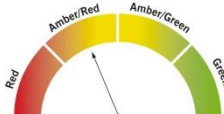
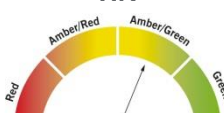
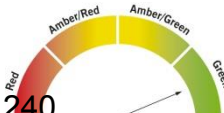
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1 INTRODUCTION

The Internal Audit Plan for 2015/16 was approved by the Audit, Governance & Review Committee in April 2015. This report provides a summary update on progress against that plan and summarises the work completed and result of 2015/16 internal audit plan.

2 REPORTS CONSIDERED AT THIS AUDIT, GOVERNANCE AND REVIEW COMMITTEE

Below provides a summary update on progress against that plan and summarises the results of our work to date. We have highlighted in **bold** those reports which are presented to this meeting. We have finalised five reports and have a further two reports issued in draft.

Assignments	Status	Opinion issued	Actions agreed		
			H	M	L
IT General Controls Healthcheck (1.15/16)	FINAL		0	3	4
Workforce Planning (2.15/16)	FINAL	Advisory	0	4	2
Purchase of New Applications (3.15/16)	FINAL		0	3	2
Risk Management (4.15/16)	FINAL	 HR	0	5	4
Key Financial Controls (7.15/16)	FINAL	 General Ledger	0	3	1
Property Maintenance (8.15/16)	FINAL		0	0	1

3 LOOKING AHEAD

The table below provides a summary update on progress against that plan and dates when audits are planned subject to the availability of key staff within the service.

Assignment area	Start Dates	Notes
VAT Follow Up (5.15/16)	March 2016	Draft report issued 24 March 2016 Revised Draft 7 April 2016
Governance (6.15/16)	01 March 2016	Draft report issued 29 March 2016
Follow up (10.15/16)	21 March 2016	Review in progress, awaiting outstanding information
Data Retention (9.15/16)	21 March 2016	Report in Quality Assurance

4 OTHER MATTERS

1.1 Changes to the audit plan

There have been no changes to the 2015/16 audit plan.

The Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular the Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion. We have not issued any qualified (red) reports to date. We have issued one partial (amber red) assurance opinion which will impact our year end opinion, but will not qualify the opinion.

No common weaknesses have been identified within our reports so far for 2015/16.

1.2 Information and briefings

Enabling closer working

The government has published its response to a consultation held on proposals for greater collaboration between the emergency services, with the government now intending to legislate for fire and rescue services to be under the control of the Police and Crime Commissioners (PCCs).

The government's consultation saw responses from over 300 stakeholders, with over three quarters of the responses coming from fire services, police and local authorities. Given the volume of consultation responses, the government understands it has sufficient information to now communicate its intention for a variety of legislation to be introduced. The three principal cabinet ministers involved: Theresa May; Greg Clark; and Jeremy Hunt make it clear in the foreword section of the response that:

'There are clear opportunities for collaboration to go further and faster. The government intends to legislate to enable local communities to drive forward joint working in their area, improving the services delivered to the public as well as providing direct local accountability by enabling Police and Crime Commissioners to take on the functions of fire and rescue authorities.'

This suggests that the government will act quickly to draft legislation whilst emphasising the wider role of the PCC moving forwards.

Despite the clear directive being set by the government there is emphasis on local areas to decide whether to implement collaboration. Local areas, however, must demonstrate that they have at least considered collaboration opportunities. The duty will be high level and primarily aimed at all three emergency services whilst not being 'overly prescriptive'. The government hopes this will allow local discretion on which course of action to take but also allow for the possibility of other bodies to be part of the collaboration.

As to whether PCCs should have responsibility for fire and rescue services, the government intends that when requested, the fire and rescue authority (FRA) should provide the PCC with 'all necessary information' when a business case is made. Any decision not to proceed would have to be ratified by the Secretary of State; this formed a contentious issue in the consultation responses with some respondents unhappy with giving the Secretary of State this power, as local opposition could be overruled.

Police and Crime panels will continue to scrutinise the PCC. However, where the PCC has responsibility for fire and rescue services, their remit will become wider. This will undoubtedly lead to police and crime panels needing to, what the government refers to as; 'reconstitute the membership' in order to ensure the collective panel has the skills necessary to scrutinise performance.

In summary, the government will legislate to:

- implement a high level duty for all three emergency services to improve efficiency or effectiveness;
- PCCs take on FRAs where a local case is made;
- PCC enabled to create a single employer for police and fire personnel;
- where a PCC does not take over, they can request voter right representation on their local FRA; and
- the Mayor of London will be given direct responsibility of fire and rescue services in London.

In light of the increased emphasis on collaboration we would encourage police and fire and rescue services to consider....

Question – are you investigating the possibilities of collaborative working between the police and fire and rescue service? Have you considered the potential opportunities, benefits and risks in relation to:

- **estates management,**
- **vehicle procurement and maintenance,**
- **senior posts,**
- **prevention programme?**

Local government funding settlement confirmed

Local government funding settlement confirmed

It has been confirmed by the Department for Communities and Local Government (DCLG) that fire and rescue services will face continued reductions in funding as part of the new local government finance settlement from 2016/17 and further provisional funding cuts through to 2019/20.

DCLG fire and rescue funding

Year	Revenue support grant	Baseline funding grant	Settlement funding assessment
2016/17	480.67	532.37	1,013.03
2017/18	377.19	542.84	920.02
2018/19	321.71	558.85	880.56
2019/20	285.38	576.71	864.46

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Note: All figures in millions

The outcomes of the funding settlement illustrates that the future continues to hold financial challenges for fire and rescue services which will need to be managed. One of the options available, as discussed earlier in this briefing, is collaboration with other parts of the emergency services sector. Whilst we have seen a number of fire and rescue services already engage in collaboration, further or enhanced joint working may hold greater efficiencies.

Question – are you investigating the possibilities of collaborative working between the police and fire and rescue service? Have you considered the potential opportunities, benefits and risks in relation to:

- ***estates management,***
- ***vehicle procurement and maintenance,***
- ***senior posts,***
- ***prevention programme?***

Ministerial responsibility for fire service moves to Home Office

As part of the ongoing move for greater to collaboration between the police and fire and rescue services the ministerial responsibility for fire and rescue has moved from the Department for Communities and Local Government to the Home Office. Mike Penning MP takes over the portfolio to become the Minister of Policing, Fire, Criminal Justice and Victims.

Fire Brigades Union view of collaboration

The Fire Brigades Union (FBU) has criticised the government's presentation of the consultation on proposals for increased collaboration between the police and fire and rescue services. The FBU criticised a lack of evidence in the consultation document and said the proposals had avoided proper scrutiny. The FBU, which has been very critical of the proposed collaboration maintain that Police and Crime Commissioners (PCCs) have 'no place' in fire and rescue services.

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ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING	AGENDA ITEM
Audit, Governance and Review Committee	10
MEETING DATE	REPORT NUMBER
20 April 2016	EFA/062/16
SUBJECT	
Programme 2020 - Progress Report	
REPORT BY	
Adam Eckley, Acting Chief Fire Officer	
PRESENTED BY	
Adam Eckley, Acting Chief Fire Officer	

SUMMARY

This report provides members of the Fire Authority with an update on the work undertaken within Programme 2020 and provides a forward view of planned work and deliverables.

RECOMMENDATIONS

Members of the Audit, Governance and Review committee are asked to note the content of this report.

BACKGROUND

Programme 2020 was initiated in February 2015 and is the mechanism through which the Service will deliver the future change programme of Essex Fire Authority and which has at its heart four declared priorities for the Authority's future strategy namely that it will be Service led, Community focussed, Values driven and Financially sustainable.

Using the Managing Successful Programmes (MSP) methodology the programme has two distinct phases; definition and delivery.

The programme is currently in the definition phase during which time the research, analysis and public consultation is being undertaken.

SUMMARY OF PROGRESS

The significant focus of the Programme to date has been the Options Consultation which began on 1st February 2016 and runs until 25th April 2016.

In relation to this current consultation, the following key points are of note:

- The Consultation scope, strategy and documentation were all signed off by The Consultation Institute prior to the launch;
- Employee face-to-face consultation programme has delivered over 30 presentations to groups of employees;
- Exhibitions held at 17 locations around Essex, Southend and Thurrock were attended by almost 600 members of the public;
- The Consultation document was distributed to libraries, hospitals, surgeries;
- Officers have continued social media activity throughout the consultation period;
- There have been weekly press releases;
- There have been 8 focus groups with members of the public;
- There have been 5 focus groups with employees;
- There has been 1 partner focus group; and
- The mid-point review with The Consultation Institute was signed off with no issues.

NEXT STEPS

The following key activities have been planned as we progress towards the meeting of Essex Fire Authority on the 8th June:

- Following a mid-point review with members of the Fire Authority additional public exhibitions have been scheduled at 7 shopping centres across Essex, Southend and Thurrock;
- An EFA Members workshop is planned for 27th April to discuss initial feedback and next steps for the Programme;
- Consultation responses to be analysed and reported on by Opinion Research Services; and
- Results of the consultation will be presented at the June 8th meeting of the Essex Fire Authority.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications arising from the matters dealt with in this paper however the activities being undertaken as part of the Authority's Programme 2020 are in themselves risk mitigation activities.

FINANCIAL IMPLICATIONS

There are no financial implications arising from the matters dealt with in this paper

LEGAL IMPLICATIONS

There are no legal implications arising from the matters dealt with in this paper

EQUALITY IMPLICATIONS

There are no equality implications arising from the matters dealt with in this paper.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications arising from the matters dealt with in this paper.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
List of background documents (not attached):	
Proper Officer:	Acting Chief Fire Officer Adam Eckley
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ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

**Audit, Governance &
Review Committee**

AGENDA ITEM

11

MEETING DATE

20 April 2016

REPORT NUMBER

EFA/063/16

SUBJECT

Budget Review – January 2016

REPORT BY

The Finance Director & Treasurer

PRESENTED BY

The Finance Director & Treasurer, Mike Clayton

SUMMARY

This paper reports on expenditure against budget as at 31 January 2016 and identifies major variances to the budget for the period. The report also updates the position regarding the forecast outturn for 2015/16.

RECOMMENDATIONS

Members are asked to:

1. Note the review of income and expenditure against the budget;
2. Note the forecast position for 2015/16; and
3. Note the actual position with capital expenditure;

BACKGROUND

This report reviews the actual expenditure against budget to 31 January 2016 for both revenue and capital expenditure.

A summary of the net revenue expenditure for the ten months to 31 January is shown in the table below.

Description	YTD			
	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	Commitments £'000s
Firefighters	27,663	141	1%	-
Firefighters - Retained Duty System	4,381	402	10%	-
Control	1,065	(98)	-8%	-
Support Staff	9,341	(42)	0%	81
Total Employment Costs	42,450	403	1%	81
Support Costs	1,584	(27)	-2%	86
Premises & Equipment	8,283	(327)	-4%	705
Other Costs & Services	3,187	(176)	-5%	304
Ill health pension costs	1,695	29	2%	-
Financing Items	1,465	(42)	-3%	6
Operational income	(4,097)	(370)	10%	0
Contribution to/(from) Reserves	-	(259)	0%	-
Total Other Costs	12,117	(1,173)	-9%	1,101
Total Budget	54,567	(770)	-1%	1,182
Total Funding	(60,961)	-	0%	-
Funding Gap / (Surplus)	(6,394)	(770)		1,182

More detailed figures are provided at page 8.

STAFFING

Overall employments costs are £403K (1%) above budget for the 10 months to 31 January.

The overspend for, whole time fire-fighters is £141K (0.5%). For on-call firefighters, spend is £402K (10%) over budget. The industrial action between the 13th June and 1st September accounts for additional resilience costs of £385K and is the main reason for the overspend.

The £42K (0.5%) underspend on support staff pay is after finalisation of a number of virements requested by budget holders to deal with specific project work particularly in the HR, ICT, Community Safety and Property Departments.

Whole-time fire-fighter numbers at 720 are 7 (1.0%) over phased budget at the end of January. The rate of firefighter headcount reduction has slowed over the past 6 months with a net reduction of 11.5 compared to 24.0 for the first 4 months of the year. The offer of early exit options to a number of managers is expected to bring the staffing position in line with budget at the end of the financial year.

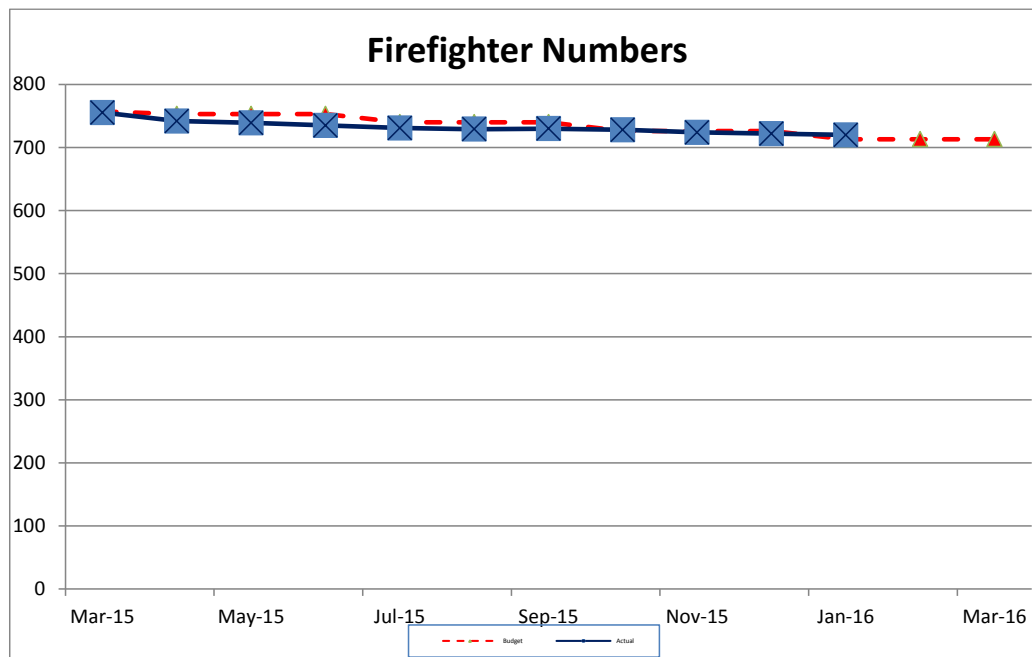
The staffing position at the end of November is summarised below (% figures rounded):

31 Jan 2016	Actual	Budget	Variance	
Wholetime Firefighters - FTE	720.0	713.0	7.0	1%
On-Call Firefighters - Headcount	480.0	514.0	-34.0	-7%
Control - FTE	32.4	34.0	-1.6	-5%
Support Staff - FTE	262.1	256.5	5.6	2%
Total	1,494.6	1,517.5	-23.0	-2%

The figures in the table above show on-call fire-fighters on a headcount basis. On a full time equivalent basis there are 380 fire-fighters against a maximum station requirement of 454. Changes to the recruitment process for on-call firefighters are being made and an increase in the number of on-call firefighters is expected by the year end.

The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 9 at the end of January. The number of fire-fighters over 50 with more than 25 years' service was 92 at the end of January.

The graph below shows the numbers of whole-time fire-fighters compared to the budget for the month.



WATCH BASED FIREFIGHTERS

The numbers of Watch Based Fire-fighters compared to the target levels set by the Authority are shown below:

Date	Budgeted Rider Resource	OptJmum Rider Resilience Level	Critical Minimum Rider Requirement	Actual Riders	Wholetime Rota Day Working (FTE)	On-Call Firefighters Mixed Crewing (FTE)
31/12/2015	624	600	576	566.0	0.0	2.6
31/01/2016	624	600	576	566.0	0.0	2.9

Watch based numbers were below the critical minimum rider requirement. This anticipates the reduction in the requirement when Rescue Tenders were withdrawn in early February 2016. The management of the shortfall is helped by low levels of leave at this time of year and a planned approach to appliance availability for the second appliance at low activity fire stations. The additional shifts worked by on-call fire-fighters, mainly at Dunmow are reported as Full Time Equivalent (FTE) posts in the table above.

NON PAY RELATED EXPENDITURE

Non-pay expenditure is £803k underspent for the 10 months to 31 January; in addition operational income is £370K better than budget.

Support costs are £27K (2%) underspent overall, clothing (£26K), occupation health (£45K) and travelling/subsistence (£136K) are all underspent, contributions to the pension fund for financial strain relate to support staff early retirements and are £95k overspent. Redundancy costs are £30K overspent and training is £61K overspent.

Premises and equipment is £327K (4%) underspend, the main element is a slower than budget take up on property maintenance costs partially offset by higher rent and rates. Operational income is £370k better than budget; the main reason for this is higher government grants for business rates support than budgeted for.

FORECAST 2015-16

The forecast for the year has been updated to reflect some significant changes, particularly for Programme 2020, the Cultural Review and the Expert Advisory Panel. Budget holders have been working in conjunction with Finance to prepare budget virements to re-allocate resources as a result of changes to priorities and methods of delivery.

The forecast includes £916k for the costs of early exit payments that will be funded from reserves. It is proposed that the total requirement for funding from reserves will be achieved through the use of the capital receipts reserve to reduce the provision for capital financing in the forecast.

The budget agreed by the Fire Authority in February 2015 was £71.8m; in addition, the Authority has agreed to make use of reserves to fund specific expenditure in 2015-16. These reserves total £1.9m relating to expenditure carried forward from 2014/15, sprinkler systems, the costs of the cultural review, the independent Advisory Panel and the costs of early exit options. The total net expenditure budget for the year therefore stands at £72.7m.

The outturn forecast including a summary of budget virements to date, is summarized below.

Description	Original Full Year Budget £'000s	Virements £'000s	Current Full Year Budget £'000s	November Forecast £'000s	Forecast Variance £'000s	% Forecast Variance
Firefighters	33,311	(494)	32,817	32,976	159	0%
Firefighters - Retained Duty System	5,208	-	5,208	5,624	416	8%
Control	1,401	-	1,401	1,334	(67)	-5%
Support Staff	10,433	952	11,386	11,392	6	0%
Total Employment Costs	50,353	458	50,811	51,326	514	1%
Support Costs	1,993	1,004	2,997	2,897	(100)	-3%
Premises & Equipment	10,151	161	10,311	10,263	(48)	0%
Other Costs & Services	3,354	591	3,945	4,106	161	4%
Ill health pension costs	2,000	-	2,000	2,000	-	0%
Financing Items	7,588	291	7,879	7,879	(0)	0%
Operational income	(4,116)	(308)	(4,424)	(4,735)	(311)	7%
Contribution to/(from) Reserves	506	(2,197)	(1,691)	-	1,691	0%
Total Other Costs	21,474	(458)	21,016	22,410	1,393	7%
Total Budget	71,827	-	71,827	73,735	1,908	3%
Total Funding	(71,827)	-	(71,827)	(71,828)	(0)	0%
Funding Gap / (Surplus)	-	-	-	1,908	1,908	++

The main reasons for the budget virement of £494K on firefighters pay are a reduction in employer's pension contributions following the introduction of the new firefighter's pension scheme from 1st April 2015 and the transfer of community safety work originally budgeted for under firefighters pay but now being carried out by support staff. In the context of the pension virement it should be noted that the employers' contribution rates for the firefighter's pension scheme were not announced until after the budget for 2015-16 was agreed by the Authority in February.

On call fire-fighters pay is forecast to be £416K overspent, £385K of this relates to the impact of resilience payments as a result of industrial action for the period from the 13th June to 1st September. No further forecast is made for the effects of any further industrial action not yet announced as it is not possible to predict during the remaining part of the year. We currently aim to fund the costs of industrial action within the budget approved by the Fire Authority in February 2015.

The support staff pay budget virements include funding the implementation of job evaluation proposals at a cost in 2015-16 of £250K. The other main factors are additional support costs for Programme 2020 (£227k), additional ICT project work (£203K) and safer communities work originally budget under firefighters pay (£272K).

Operational income is forecast to be better than budget, the main factor is that business rates support is forecast to be £260K better than the budget.

CAPITAL EXPENDITURE

Capital expenditure spent and committed for the 8 months to 30 November 2015 is shown in the table below.

Total capital expenditure is £7.5m, the largest item included is £3.7m for new appliances. The figure also includes £41K for Solar Panels and £1.7m for asset protection. The equipment spend and commitment of £803K includes Thermal imaging Cameras (£344K), Heavy rescue equipment (£259K), gas tight suit replacement (£62K) and exercise treadmills (£138K). The credit on services headquarters relates to accruals and provisions made at year end released as no longer required.

The investment of £1,162K in information technology relates to replacing the MIS system for Community Safety, the water section and Fleet Workshops.

	Original Budget 2015/16 £'000s	Approved Changes £'000s	Revised Budget - 4/11/15 £'000s	Total Spend including Commitments £'000s	Forecast 2016 £'000s
Property					
New Premises					
Service Headquarters	-	-	-	(406)	-
Service Workshops	-	-	-	-	-
Other	-	-	-	-	-
Existing Premises					
Solar Panels	-	291	291	41	-
Asset Protection	2,170	-	2,170	1,681	2,170
Asset Improvement Works	-	-	-	(2)	-
Total Property	2,170	291	2,461	1,314	2,170
Equipment	736	538	1,274	803	1,410
Information Technology					
Projects > £250k	1,300	(122)	1,178	1,159	1,178
Projects < £250k	200	(200)	-	3	30
Total Information Technology	1,500	(322)	1,178	1,162	1,208
Vehicles					
New Appliances	3,161	839	4,000	3,698	4,000
Other Vehicles	608	479	1,087	524	1,087
Total Vehicles	3,769	1,318	5,087	4,222	5,087
Total Capital Expenditure	8,175	1,825	10,000	7,502	9,875

RISK MANAGEMENT IMPLICATIONS

The review of expenditure against the profiled budget is part of the overall financial control process of the Authority. In exceptional circumstances it allows for budget virements to ensure that underspending against budget heads can be utilised to fund expenditure against other priorities. If virements are not made there is a risk that the Authority will miss out on opportunities to improve performance and meet key objectives during the year. The Authority's reserves are at the upper end of their target range and the Authority is able to fund short term fluctuations in activity from them when necessary.

The review of the management accounts is one control measure to mitigate the risk of overspending the Authority's budget for the year.

LEGAL IMPLICATIONS

There are no direct legal implications within this report.

USE OF RESOURCES

There are no use of resources implications within this report

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications arising from this report

EQUALITY IMPLICATIONS

There are no equality implications arising from this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
Appendix 1 – Expenditure compared to budget to 31 January 2016	
List of background documents (not attached):	
Proper Officer:	The Finance Director and Treasurer
Contact Officer:	The Finance Director and Treasurer, Mike Clayton Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 E-mail: mike.clayton@essex-fire.gov.uk

EXPENDITURE COMPARED TO BUDGET TO 31 JANUARY 2016

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	27,663	141	1%	-
On-Call Fire-Fighters	4,381	402	10%	-
Control	1,065	(98)	-8%	-
Support Staff	9,341	(42)	0%	81
Total Employment Costs	42,450	403	1%	81
Training	469	61	15%	31
Employee Support Costs	674	48	8%	50
Travel & Subsistence	441	(136)	-24%	5
Support Costs	1,584	(27)	-2%	86
Property Maintenance	1,577	(189)	-11%	384
Utilities	458	(39)	-8%	1
Rent & Rates	1,297	99	8%	0
Equipment & Supplies	1,147	(48)	-4%	88
Communications	1,172	(17)	-1%	(0)
Information Systems	1,878	(69)	-4%	183
Transport	754	(64)	-8%	49
Premises & Equipment	8,283	(327)	-4%	705
Establishment Expenses	866	(123)	-12%	88
Insurance	461	35	8%	-
Professional Fees & Services	1,649	(85)	-5%	150
Democratic Representation	118	(12)	-9%	-
Agency Services	92	8	9%	67
Other Costs & Services	3,187	(176)	-5%	304
III Health Pension costs	1,695	29	2%	-
Lease & Interest Charges	1,465	(42)	-3%	6
Financing Items	1,465	(42)	-3%	6
Operational income	(4,097)	(370)	10%	0
Contributions to/ (from) General Balance	-	(259)	0%	-
Total Net Financing Requirement	54,567	(770)	-1%	1,182
Revenue Support Grant	(14,325)	-	0%	-
National Non-Domestic Rates	(12,686)	-	0%	-
Council Tax Collection Account	(682)	-	0%	-
Council Tax	(33,268)	-	0%	-
Total Funding	(60,961)	-	0%	-

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

**Audit, Governance & Review
Committee**

AGENDA ITEM

12

MEETING DATE

20 April 2016

REPORT NUMBER

EFA/064/15

SUBJECT

Organisational Performance Report

REPORT BY

Performance Improvement Manager, Tracy King

PRESENTED BY

Performance Improvement Manager, Tracy King

The data and Information in this report is accurate at time of production but can change once incidents in IRS have been through Quality Assurance (QA). QA can only take place after stations have marked an incident as complete.

At the time of production there were 121 Open Incidents in IRS broken down as
Awaiting Completion by Station: 73
Awaiting QA: 48

SUMMARY

To provide Members of the Audit, Governance and Review Committee with an overview of the Service's performance for the period March 2015 to February 2016.

RECOMMENDATIONS

Members of the Audit, Governance and Review Committee are asked to note the contents of the performance report.

Performance to February 2016

The following measures are annual measures and not reported against here

5a Annual reduction in carbon footprint

The following measures continue to be measures under development:

2a Achieve a timely response to incidents (response standard 20:20)




2c Percentage of respondents who were satisfied with the response they received (20:20)

3b Cost per hour of appliance availability. Proposed measures suggested by Mike Clayton to replace 3b are under consideration.

5b Percentage of survey respondents who were aware of the range of work we undertake (20:20)

We have introduced into this report an at a glance performance box which colour codes both performance against month (m) and year to date (ytd) the key to the colour coding is as follows:-



Colour key:

	>10% worse than target
	0-10% worse than target
	0-10% better than target
	>10% better than target
	No data/reported quarterly

Overview of Organisation Performance by Strategic Objective

Objective 1. We will identify the risks to our communities and work in partnership with them to manage the risk, to reduce its likelihood or its impact on our communities.

1a. Number of Incidents attended in Essex

		1a Number of incidents attended in Essex Performance against Month and YTD target
---	---	--

ECFRS attended 1006 incidents in February 2016, an increase on the number recorded over the same month last year (793 - target is to be below previous year's out-turn). The rolling 12-month total stands at 13,721 against a target of 13,246.

Fires have increased by 17% over the last 12 months compared to the 12 months previously, which is an additional 631 fires. Secondary fires contribute the most to this increase, with an additional 466 (29% increase) secondary fires over the

previous 12 months. Primary fires have increased by 224 (11%). Chimney fires have decreased by 64 (52%).

When we compare Essex Fire and Rescue Service Performance to that of other Fire and Rescue Services within our family group (Appendix A) it can be observed that there is a clear trend in the increase of both Primary and Secondary deliberate fires with most family group members and Essex Fire and Rescue Services rate of Primary and secondary fires per 10,000 population is amongst the lowest within the family group and below the family group 4 average rate.

1b. Rate of Accidental Dwelling Fires (ADF)

M	YTD	1b Rate of Accidental Dwelling Fires (ADF) Performance against Month and YTD target
----------	------------	---

ECFRS recorded 92 ADFs in February 2016, higher than the 61 recorded in the same month in 2015 and higher than the target of 67. The rate of ADFs per 10,000 dwellings was 1.2 in February 2016, off track against the target of 0.9 and an increase on the rate recorded in February 2015.

The rolling 12 month rate for ADFs is 11.4 which is worse than the target of 10.2 but an improvement over the 12.3 reported in February 2015.

ADFs have increased by 10% over the last 12 months compared to the previous reporting period (an additional 78 fires over previous years' figures). The majority of these rises have been in the Living Room (24% increase or 11 fires over previous years' figures) and the Kitchen (14% Increase or 63 fires over previous years' figures).

Of those Kitchen Fires the majority of the increase has been down to cooking related incidents (19% increase or 48 additional fires over previous years' figures).

1c. Number of people killed or seriously injured in road traffic collisions

M	YTD	1c Number of people killed or seriously injured in RTCs Performance against Month and YTD target
----------	------------	--

At the time of reporting data has not been provided by ECC for people killed or seriously injured in road traffic collisions from November to February 2016. Essex Police moved to a new system in November, before this data can be inputted into AccMap Essex Highways are carrying out a process of Quality Assurance and have been clearing a paper backlog of incidents which had not been processed into the previous system.

The long-term rolling 12-monthly trend has been that the number of KSI has been increasing towards the end of 2015, being slightly off track against target (99.3%) by October 2015.

1d. Rate of casualties (fatal and non-fatal) resulting from fires per 100,000 population

M	YTD	1f Rate of casualties (fatal and non-fatal) resulting from fires per 100,000 population Performance against Month and YTD target
---	-----	---

ECFRS recorded 1 fire-related fatality in February 2016, along with 4 non-fatal casualties. This equates to 0.3 per 100,000 populations against a target of 0.4. The rolling 12 month figure is 6 Fatalities and 80 non-fatal casualties.

The 12-month rolling rate of casualties is 4.9 per 100,000 populations, which is better than target (5.4) and better than the same period in the previous year (5.7).

	Total Essex workplace risk score Reporting on this indicator is quarterly with commentary due in the Performance Paper for March 2016
--	--

The gap (risk) between known and unknown workplaces (the number in MIS compared to the number in the Gazetteer) has reduced from 40,493 to 35549 and ECFRS is green against target.

Objective 2. We will provide a resilient, timely, safe and effective response when risks become incidents.

2a. Achieve a timely response to incidents

The development of a response standard was an output of the Service's response review. That work is ongoing and until a new standard is agreed, we continue to report on the existing measures of Control call handling and station turnout.

M	YTD	Call to alert in 90 seconds Performance against Month and YTD target
---	-----	---

82% of calls were handled within 90 seconds in February 2016. This is better than the previous year but is below the target of 90%. The YTD figure is 69% were handled within 90 Seconds against a target of 90%.

It must be noted that performance against target reported in May was 33% of calls handled within 90 seconds and 76% in August; the more recent figures demonstrate a continuous steady improvement in performance.

The Control room have been back on the old NX system since 28 March 2015 which has contributed in the improvement of performance.

M	YTD	Wholetime Turnout – Time of station alert to proceeding % within 2 minutes Performance against Month and YTD target
---	-----	--

55% of Turnouts in Wholetime Stations were within 2 minutes during February 2016. This is better than in February 2015 but off track against the 75% target set for that month. The YTD figure is 55% of Wholetime Turnouts against a target of

75% and the trend shows that over the last 12 months the actual figures are slowly decreasing against target.

Whilst the station alert aspect gives a clear indication of the time of alert, the time taken to measure when the appliance is proceeding is derived from the time of the radio call from the appliance to control to confirm that the appliance is on route. There may be other priorities for the Officer in Charge (OiC) in the initial stages of the journey, other radio traffic may prevent the OiC from being able to send the message. Last year one station was asked to explore any correlation between this KPI and the overall time taken to attend. It was established that even though this KPI had dropped.

This indicator will be replaced by a measure of how long it takes the Service to attend an incident from the time of call to the time of arrival. This will give a far better indication of Service performance.

M	YTD	On-Call Turnout – Time of station alert to proceeding % within 6 minutes Performance against Month and YTD target
----------	------------	---

69% of Turnouts in On-Call stations were within 6 minutes during February 2016. This was better than the previous year but off track against the 75% target set for that month.

The YTD figure is 71% of On-Call Turnouts against a target of 75%. The past 6 months has shown the YTD figure static at 71% with the exception of one month where it was 70%.

In November there were 21 On-Call Stations met or exceeded their target.

2b. Rate of Accidents per 100,000 employees

M	YTD	2a Rate of Accidents per 100,000 employees Performance against Month and YTD target
----------	------------	---

There were 122 accidents from March 2015 to February 2016 compared to 150 on the rolling 12 months previous to this, a 23% reduction.

The annual accident rate per 100,000 employees (on a rolling 12 month basis) is 9,736.3 which is better than target of 12,024.4 and better than the same period in the previous year

Objective 3. We will use our resources flexibly, efficiently and effectively, reducing the cost of the Service to match the funding available.

3a Achieve appliance availability targets

M	YTD	3a Achieve appliance availability targets Performance against Month and YTD target
----------	------------	---

90.9% total appliance availability was achieved during February 2016. This continues to show an improvement since August 2015 where total availability was 76.9 %. The figure is just below the target set for the month (94%).

The YTD figure currently sits at 86.4%, below the target of 94%. No data on appliance availability exists for the period 14 February 2015 to 9 June 2015 therefore the YTD rating should be used as a guide only.

3c Reduction in projects running over timescale

3d Reduction in projects running over cost

The new Portfolio Management Office (PMO) has now been in operation for one year. During this year the PMO has worked with the Service to bring the volume of change under control and ensure Senior Management Board has visibility of all change. A separate report detailing the PMO outcomes for this period will be presented alongside this report.

Objective 4. We will ensure our people are involved, engaged and empowered to deliver excellence.

4a Improved staff satisfaction

The findings from the 2015 Make Some Noise Employee Engagement survey undertaken in December 2015 were published with an overall engagement score for ECFRS of 63%. This is a slight decrease from the 2014 results, and remains 15 points lower than the external benchmark, although just seven points lower than other fire and rescue services. This score is measured by the levels of pride, endeavour, care and advocacy our staff feel about working at the Service.

Following the publication of the Cultural Review, we have a range of activities identified under the Independent Review Action Plan which we believe will positively address the issues raised in our Make Some Noise Employee Engagement Survey 2015.

4b The percentage of employees who are satisfied with the training they receive to do their role

The Employee Engagement Survey had the question “I have received the training and development I need to do my job well and safely” which gave a 58% positive response, and is a slight increase on 57% in 2014.

4c. Average days/shifts lost per person to sickness absence per year

M	YTD	4c Average days/shifts lost per person to sickness absence per year Performance against YTD target
----------	------------	---

The average days/shifts lost to sickness absence per person by the end of February 2016 was 9.1. This is higher than the rate recorded for February 2015 and the target of 7.6 days per person.

Since January 2015 there have been 389 Members of staff who have not had any sickness absence, an additional 310 who have had 5 days or less and an additional 154 who have taken less than 10 days. These figures are excluding on-call staff whose sickness reporting is not entered into SAP.

The Chartered Institute of Personnel and Development (CIPD) Annual Absence Management Survey 2015 found that although overall absence levels have risen only marginally compared with last year, public sector absence has increased by almost a day.

Within Public Services the average days lost per employee range between 7.9 days to 10.4 days. The survey also found that the public sector is more likely than the private to rank stress, mental ill-health and musculoskeletal injuries among their top five causes of short- and long-term absence.

The Service is taking a best practice approach to reducing sickness absence which couples effective absence management with a focus on health promotion and employee well-being. Proactively supporting well-being can prevent people from going off sick, or deal with an issue before it becomes a real problem.

The approach includes the new agreed Attendance Management Policy and Procedure which was launched in January 2016 with manager and employee briefings and skills training to run throughout 2016, new monthly reports for Department Heads providing them with real time absence data, the signing of the Mind Blue Light Mental Health Pledge with a positive about mental health event held at Service Headquarters, Personal Wellbeing and Managing Mental Health at Work training, the launch of Trauma Risk Management (TRiM) training from February 2016 and numerous initiatives from the Service Fitness Team concerning exercise, nutrition and general wellbeing.

4d. Percentage of staff who received an appraisal in the past 12 months

M	YTD	4d Percentage of staff who received an appraisal in the past 12 months Performance against YTD target
----------	------------	--

Completion rates for the end of year target review paper and Achievement First objective setting meetings have been monitored centrally. At the end of February 2016 68% of Planning target review papers had been completed.

A full report providing members with a summary of the implementation of the Service's Achievement First Appraisal process to date and an update on the review of the process, agreed as part of the Action Plan responding to the Cultural review, was presented at the Audit, Governance and Review Committee on the 20th January 2016.

This included a recommendation, approved by SMB, on how to improve the quality and quantity of completed appraisals within a framework of performance management. The recommendation was agreed and is being progressed with actions including further Service-wide communications, further training for appraisers and appraisees to support imbedding of the process and a review of the Achievement First paperwork to simplify where possible.

The 2016/17 appraisal year starts on the 1st April 2016.

Objective 6. Our leaders will demonstrate trust and honesty, listening to others to support an open and inclusive culture.

6a Improved satisfaction with leadership within the Service

The Employee Engagement Survey included a section on management effectiveness, including questions such as 'My immediate manager makes time for me', 'I have confidence in the future of ECFRS' and 'I trust the Strategic Management Board (SMB)'. The overall positive response rate was 41%, which has declined by three points compared to 44% in 2014.

RISK MANAGEMENT IMPLICATIONS

The risk of not setting and reviewing its strategy and supporting performance measures is that resources might not be aligned to areas of priority, and that risks, both current and emerging are not responded to.

FINANCIAL IMPLICATIONS

There are no direct financial implications related to this report.

LEGAL IMPLICATIONS

There are no direct legal implications related to this report.

HEALTH AND SAFETY IMPLICATIONS

There are no direct Health and Safety implications related to this report.

EQUALITY IMPLICATIONS

There are no direct equality implications related to this report.

ENVIRONMENTAL IMPLICATIONS

There are no direct environmental implications related to this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper: Secondary Fire Analysis	
List of background documents (not attached):	
Proper Officer:	Tracy King
Contact Officer:	Tracy King, Performance Improvement Manager Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 E-mail: l.stafford-scott@essex-fire.gov.uk

PERFORMANCE IMPROVEMENT FAMILY GROUP 4

PERFORMANCE REPORT

April 2015 - December 2015

Prepared by:



Essex County
Fire & Rescue Service

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Family Group Data Senders

Service	Data Provider	Email address
Avon	Simon Flood	simon.flood@avonfire.gov.uk
Cheshire	Caroline Wathen	caroline.wathen@cheshirefire.gov.uk
Cleveland	Kathryn Coulson	kcoulson@clevelandfire.gov.uk
Derbyshire	Carl Wilton	cwilton@Derbys-Fire.Gov.UK
Essex	Ben Fragola	ben.fragola@essex-fire.gov.uk
Hampshire	Samuel Fairman	Samuel.Fairman@hantsfire.gov.uk
Hereford & Worcester	Neal Palmer	NPalmer@hwfire.org.uk
Hertfordshire	Sarah Rich	Sarah.Rich@hertfordshire.gov.uk
Humberside	Jo Mann	imann@humbersidefire.gov.uk
Kent	Martin Collins	Martin.Collins@kent.fire-uk.org
Lancashire	Martin Falconer	MartinFalconer@lancsfirerescue.org.uk
Leicestershire	Mark Wilkinson	mark.wilkinson@LFRS.org
Lincolnshire	Diane Sharp	Diane.Sharp@lincoln.fire-uk.org
N. Ireland	Hazel Kelly	hazel.kelly@nifrs.org
Nottinghamshire	Dawn White	Dawn.White@notts-fire.gov.uk
South Wales	Jon Carter	i-carter@southwales-fire.gov.uk
Staffordshire	Matthew Whitelock	Matthew.Whitelock@staffordshirefire.gov.uk
Surrey	Chris Ilott	chris.ilott@surreycc.gov.uk

Family Group Population Figures

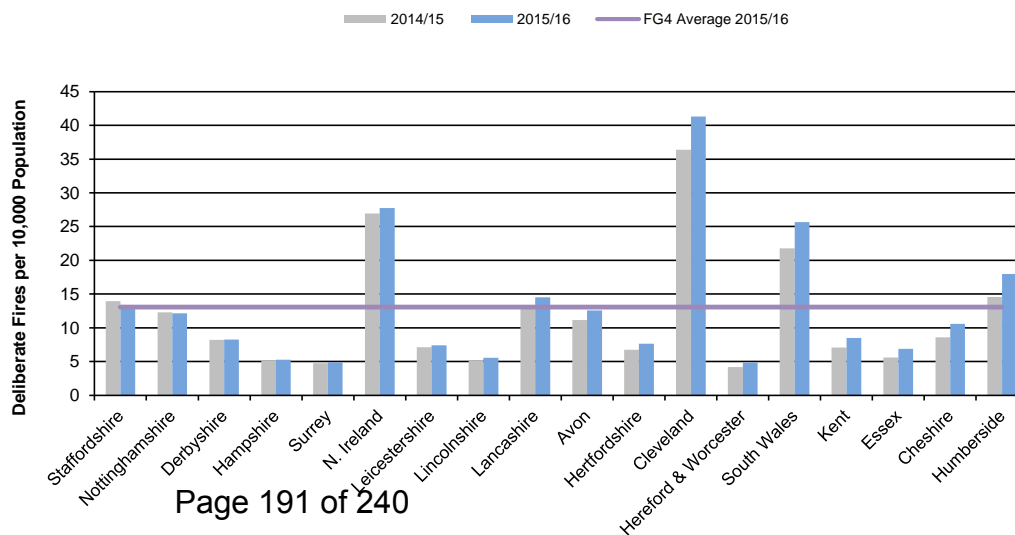
Service	Population	Dwellings	Non-domestic
Avon	1,104,205	465,483	33,666
Cheshire	1,027,709	456,433	33,522
Cleveland	559,745	240,350	15,540
Derbyshire	1,032,267	453,411	32,066
Essex	1,753,052	773,329	50,378
Hampshire	1,800,500	744,099	51,278
Hereford & Worcester	758,255	332,820	144,380
Hertfordshire	1,140,700	468,396	31,335
Humberside	923,876	409,529	30,255
Kent	1,764,617	739,274	53,062
Lancashire	1,471,979	663,200	51,170
Leicestershire	1,032,993	412,306	31,360
Lincolnshire	731,500	323,395	25,502
N. Ireland	1,810,000	703,000	72,500
Nottinghamshire	1,109,563	477,974	31,701
South Wales	1,499,547	662,948	45,727
Staffordshire	1,102,026	445,779	32,032
Surrey	1,135,400	472,200	22,900

NI 33 - Deliberate Fires per 10,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Staffordshire	13.08	18.00	13.96	13.36	-4.30	2.14
Nottinghamshire	12.51	13.12	12.28	12.14	-1.14	-2.96
Derbyshire	8.22	8.92	8.23	8.25	0.24	0.36
Hampshire	5.63	6.46	5.15	5.28	2.52	-6.22
Surrey	4.25	4.76	4.76	4.91	3.15	15.53
N. Ireland	29.01	32.84	26.92	27.77	3.16	-4.27
Leicestershire	7.22	8.64	7.12	7.39	3.79	2.35
Lincolnshire	5.48	5.54	5.15	5.55	7.77	1.28
Lancashire	15.49	18.23	13.30	14.52	9.17	-6.26
Avon	11.74	12.25	11.15	12.56	12.65	6.98
Hertfordshire	6.01	5.90	6.74	7.64	13.35	27.12
Cleveland	24.83	39.73	36.37	41.30	13.56	66.33
Hereford & Worcester	4.06	4.96	4.19	4.85	15.75	19.46
South Wales	20.56	28.24	21.77	25.64	17.78	24.71
Kent	8.27	8.77	7.08	8.52	20.34	3.02
Essex	6.43	5.76	5.61	6.90	22.99	7.31
Cheshire	11.55	13.08	8.59	10.58	23.17	-8.40
Humberside	17.69	20.40	14.56	17.98	23.49	1.64
FG4 Average	11.78	14.20	11.83	13.06	10.40	10.87

	Position in Family Group 3rd Quarter YTD 2015/16	
	2015/16	Position
Hereford & Worcester	4.85	1
Surrey	4.91	2
Hampshire	5.28	3
Lincolnshire	5.55	4
Essex	6.90	5
Leicestershire	7.39	6
Hertfordshire	7.64	7
Derbyshire	8.25	8
Kent	8.52	9
Cheshire	10.58	10
Nottinghamshire	12.14	11
Avon	12.56	12
Staffordshire	13.36	13
Lancashire	14.52	14
Humberside	17.98	15
South Wales	25.64	16
N. Ireland	27.77	17
Cleveland	41.30	18

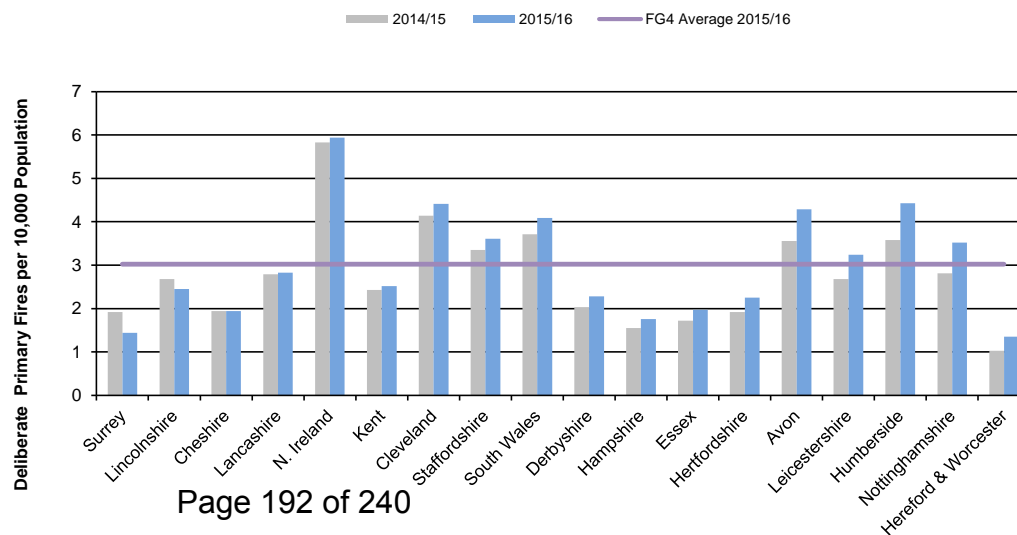


NI 33i - Deliberate Primary Fires per 10,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Surrey	1.64	1.45	1.92	1.44	-25.00	-12.20
Lincolnshire	2.84	2.16	2.68	2.45	-8.58	-13.73
Cheshire	2.60	2.40	1.94	1.94	0.00	-25.38
Lancashire	3.00	2.63	2.79	2.83	1.43	-5.67
N. Ireland	5.70	5.44	5.83	5.94	1.89	4.21
Kent	2.67	2.50	2.43	2.52	3.70	-5.62
Cleveland	3.73	3.82	4.14	4.41	6.52	18.23
Staffordshire	4.14	3.93	3.35	3.61	7.76	-12.80
South Wales	4.41	4.32	3.71	4.09	10.24	-7.26
Derbyshire	2.60	2.58	2.03	2.28	12.32	-12.31
Hampshire	1.55	1.52	1.55	1.76	13.55	13.55
Essex	2.17	1.69	1.72	1.97	14.53	-9.22
Hertfordshire	1.74	1.64	1.92	2.25	17.19	29.31
Avon	4.01	3.43	3.56	4.29	20.51	6.98
Leicestershire	2.63	2.81	2.68	3.24	20.90	23.19
Humberside	4.09	4.22	3.58	4.43	23.74	8.31
Nottinghamshire	3.24	3.06	2.81	3.52	25.27	8.64
Hereford & Worcester	0.95	1.13	1.03	1.35	31.07	42.11
FG4 Average	2.98	2.82	2.76	3.02	9.42	1.34

	Position in Family Group 3rd Quarter YTD 2015/16	
	2015/16	Position
Hereford & Worcester	1.35	1
Surrey	1.44	2
Hampshire	1.76	3
Cheshire	1.94	4
Essex	1.97	5
Hertfordshire	2.25	6
Derbyshire	2.28	7
Lincolnshire	2.45	8
Kent	2.52	9
Lancashire	2.83	10
Leicestershire	3.24	11
Nottinghamshire	3.52	12
Staffordshire	3.61	13
South Wales	4.09	14
Avon	4.29	15
Cleveland	4.41	16
Humberside	4.43	17
N. Ireland	5.94	18

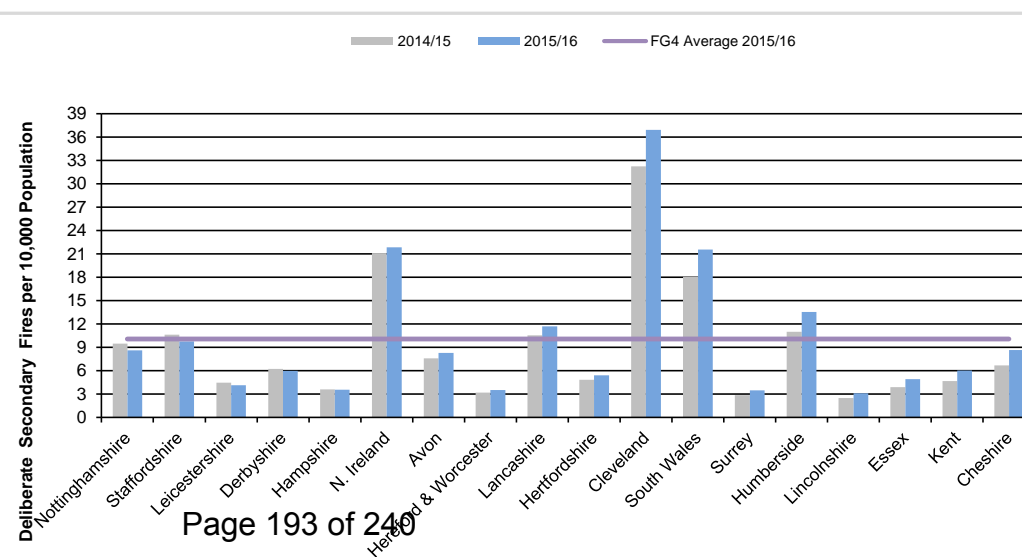


NI 33ii - Deliberate Secondary Fires per 10,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Nottinghamshire	9.26	10.06	9.46	8.62	-8.88	-6.91
Staffordshire	8.95	14.07	10.61	9.75	-8.11	8.94
Leicestershire	4.59	5.84	4.43	4.14	-6.55	-9.80
Derbyshire	5.63	6.35	6.20	5.98	-3.55	6.22
Hampshire	4.08	4.95	3.60	3.53	-1.94	-13.48
N. Ireland	23.30	27.40	21.09	21.83	3.51	-6.31
Avon	7.73	8.82	7.59	8.27	8.96	6.99
Hereford & Worcester	3.11	3.82	3.17	3.51	10.73	12.86
Lancashire	12.49	15.60	10.52	11.68	11.03	-6.49
Hertfordshire	4.28	4.26	4.82	5.39	11.83	25.93
Cleveland	21.10	35.91	32.23	36.89	14.46	74.83
South Wales	16.15	23.92	18.06	21.55	19.32	33.44
Surrey	2.62	3.31	2.84	3.46	21.83	32.06
Humberside	13.59	16.18	10.98	13.55	23.41	-0.29
Lincolnshire	2.64	3.38	2.47	3.10	25.51	17.42
Essex	4.27	4.07	3.88	4.92	26.80	15.22
Kent	5.59	6.27	4.65	6.00	29.03	7.33
Cheshire	8.95	10.67	6.66	8.64	29.73	-3.46
FG4 Average	8.80	11.38	9.07	10.05	10.80	14.20

	Position in Family Group 3rd Quarter YTD 2015/16	
	2015/16	Position
Lincolnshire	3.10	1
Surrey	3.46	2
Hereford & Worcester	3.51	3
Hampshire	3.53	4
Leicestershire	4.14	5
Essex	4.92	6
Hertfordshire	5.39	7
Derbyshire	5.98	8
Kent	6.00	9
Avon	8.27	10
Nottinghamshire	8.62	11
Cheshire	8.64	12
Staffordshire	9.75	13
Lancashire	11.68	14
Humberside	13.55	15
South Wales	21.55	16
N. Ireland	21.83	17
Cleveland	36.89	18

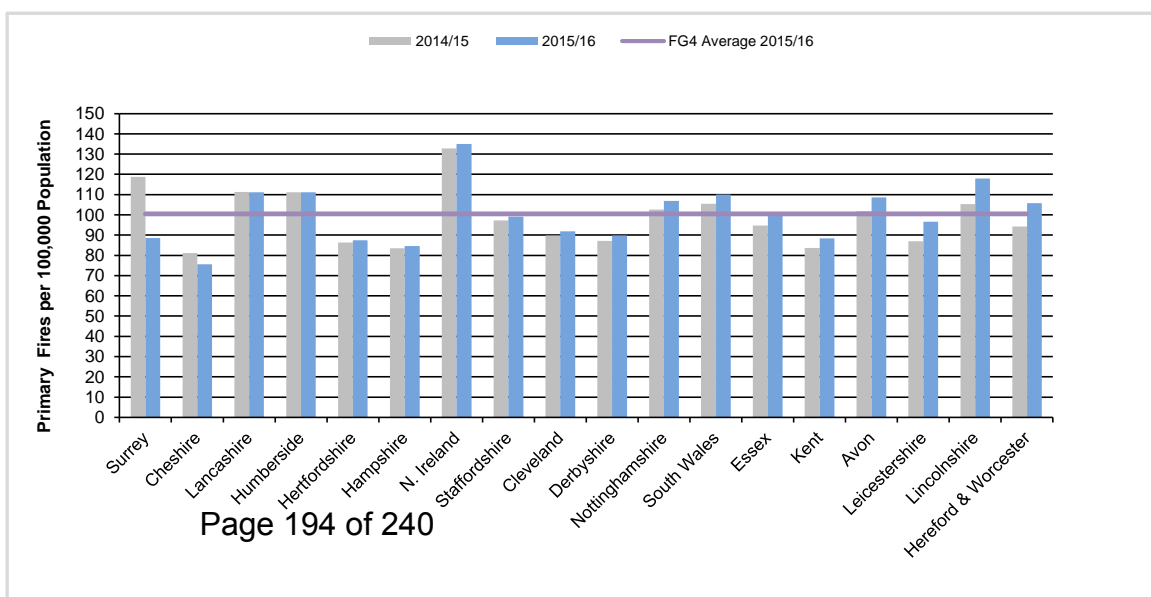


NI 49i - Primary Fires per 100,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Surrey	88.78	93.36	118.72	88.60	-25.37	-0.20
Cheshire	85.72	84.46	81.15	75.51	-6.95	-11.91
Lancashire	115.76	119.09	111.35	111.14	-0.19	-3.99
Humberside	115.71	125.67	111.16	111.16	0.00	-3.93
Hertfordshire	88.10	91.61	86.35	87.40	1.22	-0.79
Hampshire	87.31	84.87	83.42	84.59	1.40	-3.12
N. Ireland	125.19	128.18	132.71	134.97	1.70	7.81
Staffordshire	103.99	101.63	97.28	99.18	1.95	-4.63
Cleveland	83.61	83.79	89.86	91.83	2.19	9.83
Derbyshire	93.48	99.30	87.19	89.80	2.99	-3.94
Nottinghamshire	107.52	112.12	102.56	106.80	4.13	-0.67
South Wales	115.10	113.43	105.43	110.10	4.43	-4.34
Essex	101.77	98.23	94.63	99.65	5.30	-2.08
Kent	83.02	86.65	83.64	88.40	5.69	6.48
Avon	104.87	99.80	101.79	108.58	6.67	3.54
Leicestershire	87.03	85.67	87.03	96.61	11.01	11.01
Lincolnshire	107.45	102.94	105.26	117.98	12.08	9.80
Hereford & Worcester	97.86	105.37	94.16	105.77	12.33	8.08
FG4 Average	99.57	100.90	98.54	100.45	1.94	0.88

Position in Family Group 3rd Quarter YTD 2015/16		
2015/16	Position	
Cheshire	75.51	1
Hampshire	84.59	2
Hertfordshire	87.40	3
Kent	88.40	4
Surrey	88.60	5
Derbyshire	89.80	6
Cleveland	91.83	7
Leicestershire	96.61	8
Staffordshire	99.18	9
Essex	99.65	10
Hereford & Worcester	105.77	11
Nottinghamshire	106.80	12
Avon	108.58	13
South Wales	110.10	14
Lancashire	111.14	15
Humberside	111.16	16
Lincolnshire	117.98	17
N. Ireland	134.97	18

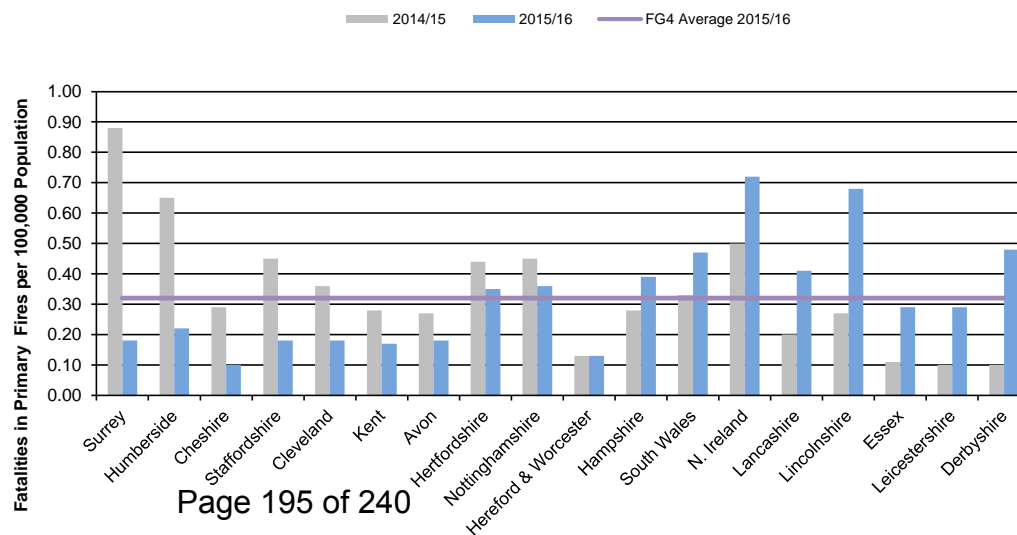


NI 49ii - Fatalities in Primary Fires per 100,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Surrey	0.18	0.26	0.88	0.18	-79.55	0.00
Humberside	0.32	0.32	0.65	0.22	-66.15	-31.25
Cheshire	0.39	0.19	0.29	0.10	-65.52	-74.36
Staffordshire	0.36	0.36	0.45	0.18	-60.00	-50.00
Cleveland	0.18	0.71	0.36	0.18	-50.00	0.00
Kent	0.23	0.51	0.28	0.17	-39.29	-26.09
Avon	0.54	0.18	0.27	0.18	-33.33	-66.67
Hertfordshire	0.18	0.26	0.44	0.35	-20.45	94.44
Nottinghamshire	0.45	0.18	0.45	0.36	-20.00	-20.00
Hereford & Worcester	0.00	0.53	0.13	0.13	0.00	0.00
Hampshire	0.22	0.06	0.28	0.39	39.29	77.27
South Wales	0.40	0.33	0.33	0.47	42.42	17.50
N. Ireland	0.66	0.44	0.50	0.72	44.00	9.09
Lancashire	0.27	0.27	0.20	0.41	105.00	51.85
Lincolnshire	0.68	0.14	0.27	0.68	151.85	0.00
Essex	0.68	0.29	0.11	0.29	163.64	-57.35
Leicestershire	0.10	0.68	0.10	0.29	190.00	190.00
Derbyshire	0.87	0.97	0.10	0.48	380.00	-44.83
FG4 Average	0.37	0.37	0.34	0.32	-5.88	-13.51

Position in Family Group 3rd Quarter YTD 2015/16		
2015/16	Position	
Cheshire	0.10	1
Hereford & Worcester	0.13	2
Kent	0.17	3
Avon	0.18	4
Cleveland	0.18	4
Staffordshire	0.18	4
Surrey	0.18	4
Humberside	0.22	8
Essex	0.29	9
Leicestershire	0.29	9
Hertfordshire	0.35	11
Nottinghamshire	0.36	12
Hampshire	0.39	13
Lancashire	0.41	14
South Wales	0.47	15
Derbyshire	0.48	16
Lincolnshire	0.68	17
N. Ireland	0.72	18

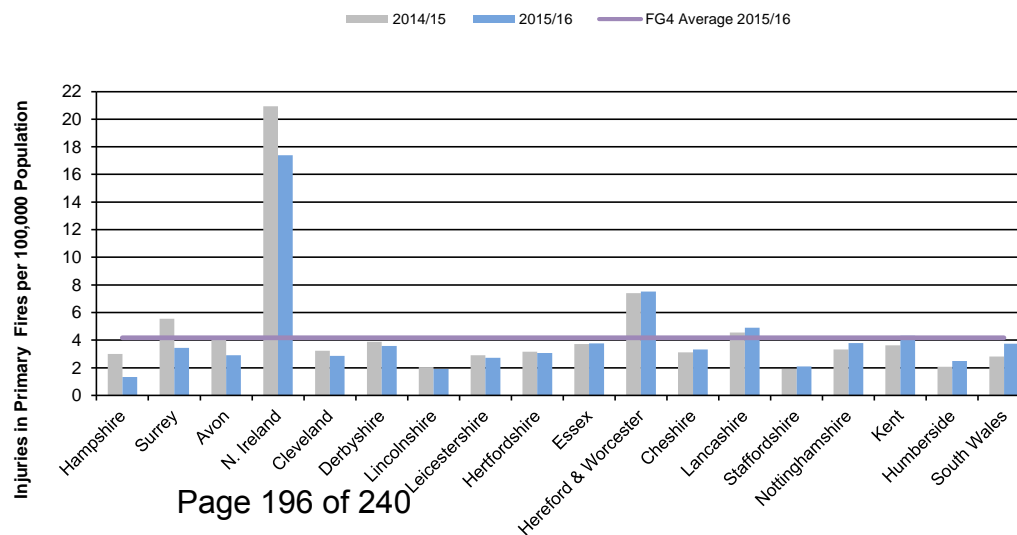


NI 49iii - Injuries in Primary Fires per 100,000 Population

	Improved Performance
	Static Performance
	No Improvement

3rd Quarter YTD Comparison Ranked by 1 Year Change						
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Hampshire	3.55	2.89	3.00	1.33	-55.67	-62.54
Surrey	6.52	4.67	5.55	3.43	-38.20	-47.39
Avon	3.53	4.89	4.17	2.90	-30.46	-17.85
N. Ireland	15.47	19.28	20.94	17.40	-16.91	12.48
Cleveland	2.68	2.14	3.22	2.86	-11.18	6.72
Derbyshire	6.39	5.23	3.87	3.58	-7.49	-43.97
Lincolnshire	1.91	1.64	2.05	1.91	-6.83	0.00
Leicestershire	3.39	2.23	2.90	2.71	-6.55	-20.06
Hertfordshire	3.24	3.59	3.16	3.07	-2.85	-5.25
Essex	3.37	3.94	3.71	3.76	1.35	11.57
Hereford & Worcester	9.10	6.99	7.39	7.52	1.76	-17.36
Cheshire	3.99	3.11	3.11	3.31	6.43	-17.04
Lancashire	3.74	4.21	4.55	4.89	7.47	30.75
Staffordshire	2.09	1.54	1.91	2.09	9.42	0.00
Nottinghamshire	4.60	4.42	3.33	3.79	13.81	-17.61
Kent	4.70	5.21	3.63	4.31	18.73	-8.30
Humberside	4.11	3.57	2.06	2.49	20.87	-39.42
South Wales	2.87	2.80	2.80	3.73	33.21	29.97
FG4 Average	4.74	4.58	4.52	4.17	-7.74	-12.03

Position in Family Group 3rd Quarter YTD 2015/16		
	2015/16	Position
Hampshire	1.33	1
Lincolnshire	1.91	2
Staffordshire	2.09	3
Humberside	2.49	4
Leicestershire	2.71	5
Cleveland	2.86	6
Avon	2.90	7
Hertfordshire	3.07	8
Cheshire	3.31	9
Surrey	3.43	10
Derbyshire	3.58	11
South Wales	3.73	12
Essex	3.76	13
Nottinghamshire	3.79	14
Kent	4.31	15
Lancashire	4.89	16
Hereford & Worcester	7.52	17
N. Ireland	17.40	18

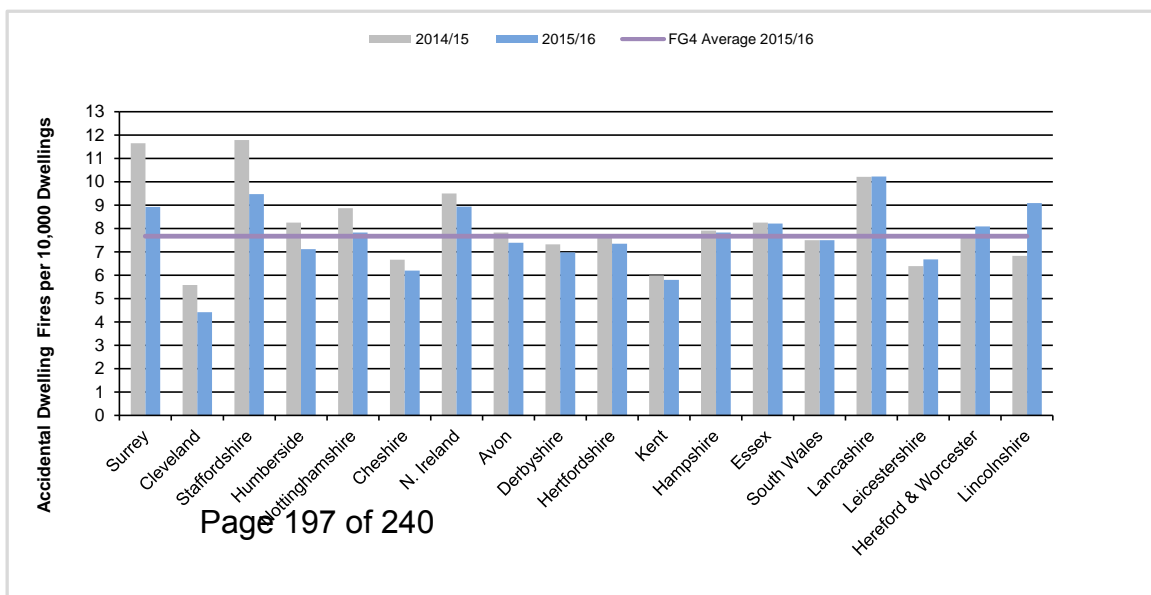


BV 142iii - Accidental Dwelling Fires per 10,000 Dwellings

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Surrey	8.62	8.49	11.65	8.92	-23.43	3.48
Cleveland	4.99	4.16	5.58	4.41	-20.97	-11.62
Staffordshire	12.61	12.65	11.78	9.47	-19.61	-24.90
Humberside	8.99	8.86	8.25	7.11	-13.82	-20.91
Nottinghamshire	9.69	9.73	8.87	7.82	-11.84	-19.30
Cheshire	6.62	6.16	6.66	6.20	-6.91	-6.34
N. Ireland	7.81	7.88	9.50	8.93	-6.00	14.34
Avon	7.28	7.13	7.82	7.39	-5.50	1.51
Derbyshire	7.83	7.76	7.32	6.97	-4.78	-10.98
Hertfordshire	8.63	9.01	7.66	7.34	-4.18	-14.95
Kent	5.46	6.07	5.99	5.80	-3.17	6.23
Hampshire	9.07	8.47	7.90	7.83	-0.89	-13.67
Essex	8.17	7.81	8.25	8.21	-0.48	0.49
South Wales	8.37	7.92	7.50	7.50	0.00	-10.39
Lancashire	11.13	11.52	10.21	10.22	0.10	-8.18
Leicestershire	7.45	6.55	6.38	6.67	4.55	-10.47
Hereford & Worcester	8.26	7.69	7.60	8.08	6.32	-2.18
Lincolnshire	6.56	7.42	6.83	9.09	33.09	38.57
FG4 Average	8.20	8.07	8.10	7.66	-5.43	-6.59

	Position in Family Group 3rd Quarter YTD 2015/16	
	2015/16	Position
Cleveland	4.41	1
Kent	5.80	2
Cheshire	6.20	3
Leicestershire	6.67	4
Derbyshire	6.97	5
Humberside	7.11	6
Hertfordshire	7.34	7
Avon	7.39	8
South Wales	7.50	9
Nottinghamshire	7.82	10
Hampshire	7.83	11
Hereford & Worcester	8.08	12
Essex	8.21	13
Surrey	8.92	14
N. Ireland	8.93	15
Lincolnshire	9.09	16
Staffordshire	9.47	17
Lancashire	10.22	18

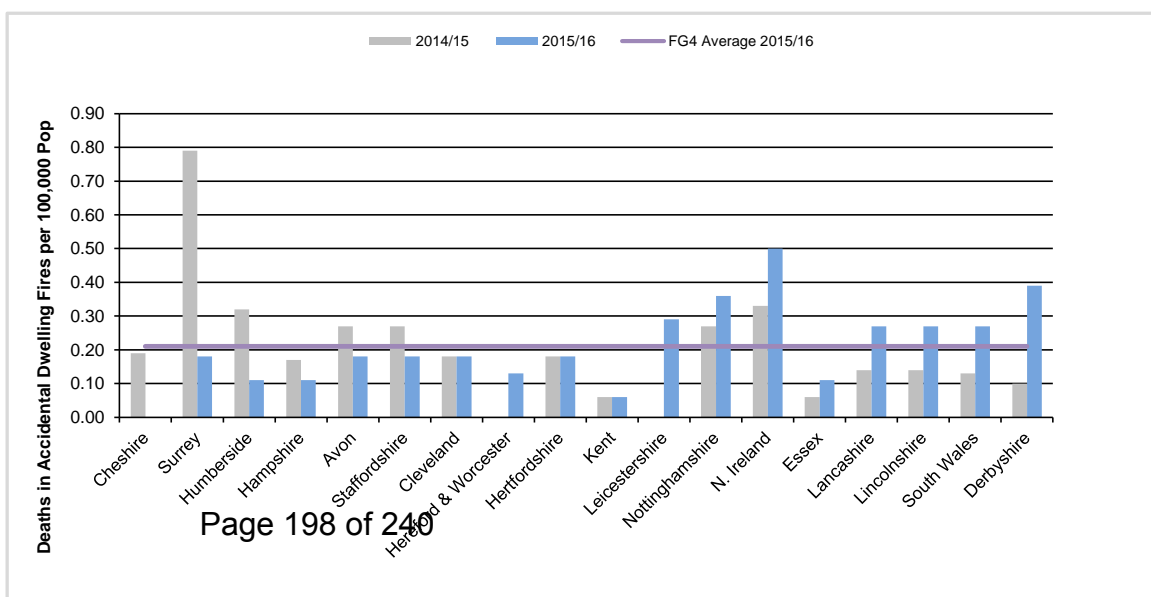


BV 143i - Deaths in Accidental Dwelling Fires per 100,000 Population

	Improved Performance
	Static Performance
	No Improvement

3rd Quarter YTD Comparison Ranked by 1 Year Change						
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Cheshire	0.29	0.10	0.19	0.00	-100.00	-100.00
Surrey	0.09	0.09	0.79	0.18	-77.22	100.00
Humberside	0.22	0.32	0.32	0.11	-65.63	-50.00
Hampshire	0.11	0.00	0.17	0.11	-35.29	0.00
Avon	0.36	0.18	0.27	0.18	-33.33	-50.00
Staffordshire	0.27	0.27	0.27	0.18	-33.33	-33.33
Cleveland	0.00	0.54	0.18	0.18	0.00	0.00
Hereford & Worcester	0.00	0.40	0.00	0.13	0.00	0.00
Hertfordshire	0.09	0.00	0.18	0.18	0.00	100.00
Kent	0.11	0.06	0.06	0.06	0.00	-45.45
Leicestershire	0.10	0.19	0.00	0.29	0.00	190.00
Nottinghamshire	0.27	0.18	0.27	0.36	33.33	33.33
N. Ireland	0.44	0.33	0.33	0.50	51.52	13.64
Essex	0.51	0.11	0.06	0.11	83.33	-78.43
Lancashire	0.27	0.20	0.14	0.27	92.86	0.00
Lincolnshire	0.41	0.14	0.14	0.27	92.86	-34.15
South Wales	0.13	0.27	0.13	0.27	107.69	107.69
Derbyshire	0.10	0.58	0.10	0.39	290.00	290.00
FG4 Average	0.21	0.22	0.20	0.21	5.00	0.00

Position in Family Group 3rd Quarter YTD 2015/16		
	2015/16	Position
Cheshire	0.00	1
Kent	0.06	2
Essex	0.11	3
Hampshire	0.11	3
Humberside	0.11	3
Hereford & Worcester	0.13	6
Avon	0.18	7
Cleveland	0.18	7
Hertfordshire	0.18	7
Staffordshire	0.18	7
Surrey	0.18	7
Lancashire	0.27	12
Lincolnshire	0.27	12
South Wales	0.27	12
Leicestershire	0.29	15
Nottinghamshire	0.36	16
Derbyshire	0.39	17
N. Ireland	0.50	18

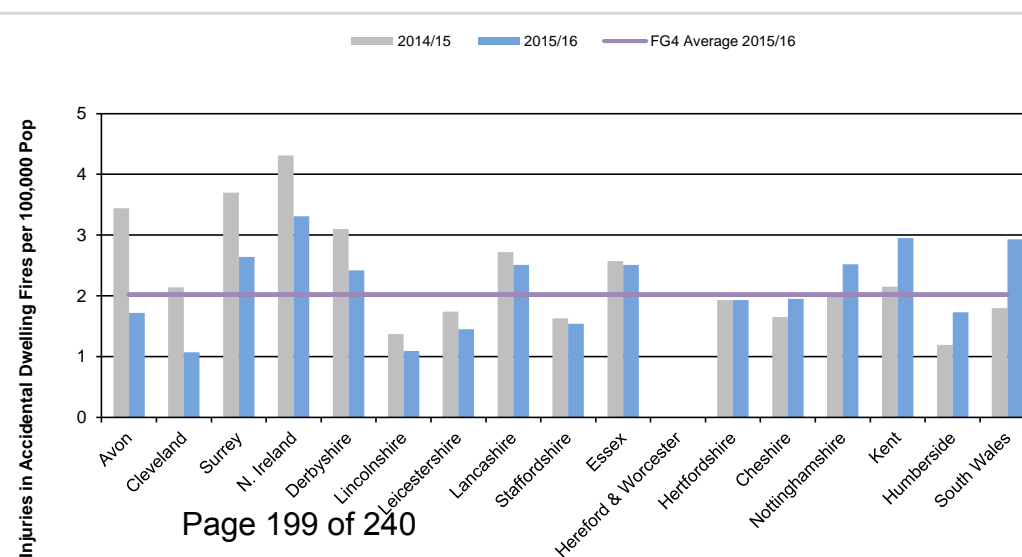


BV 143ii - Injuries in Accidental Dwelling Fires per 100,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Avon	2.54	3.35	3.44	1.72	-50.00	-32.28
Cleveland	1.61	1.25	2.14	1.07	-50.00	-33.54
Surrey	4.67	2.82	3.70	2.64	-28.65	-43.47
N. Ireland	-	-	4.31	3.31	-23.20	-
Derbyshire	6.01	4.26	3.10	2.42	-21.94	-59.73
Lincolnshire	0.96	1.09	1.37	1.09	-20.44	13.54
Leicestershire	2.52	1.36	1.74	1.45	-16.67	-42.46
Lancashire	2.24	3.06	2.72	2.51	-7.72	12.05
Staffordshire	1.18	1.36	1.63	1.54	-5.52	30.51
Essex	2.51	2.80	2.57	2.51	-2.33	0.00
Hereford & Worcester	0.13	0.40	0.00	0.00	0.00	-100.00
Hertfordshire	2.45	2.45	1.93	1.93	0.00	-21.22
Cheshire	2.92	2.14	1.65	1.95	18.18	-33.22
Nottinghamshire	2.97	3.15	1.98	2.52	27.27	-15.15
Kent	2.72	2.95	2.15	2.95	37.21	8.46
Humberside	2.49	2.27	1.19	1.73	45.38	-30.52
South Wales	2.00	2.13	1.80	2.93	62.78	46.50
Hampshire	-	-	-	-	-	-
FG4 Average	2.50	2.30	2.20	2.02	-8.18	-19.20

	Position in Family Group 3rd Quarter YTD 2015/16	
	2015/16	Position
Hereford & Worcester	0.00	1
Cleveland	1.07	2
Lincolnshire	1.09	3
Leicestershire	1.45	4
Staffordshire	1.54	5
Avon	1.72	6
Humberside	1.73	7
Hertfordshire	1.93	8
Cheshire	1.95	9
Derbyshire	2.42	10
Essex	2.51	11
Lancashire	2.51	11
Nottinghamshire	2.52	13
Surrey	2.64	14
South Wales	2.93	15
Kent	2.95	16
N. Ireland	3.31	17
Hampshire	-	-

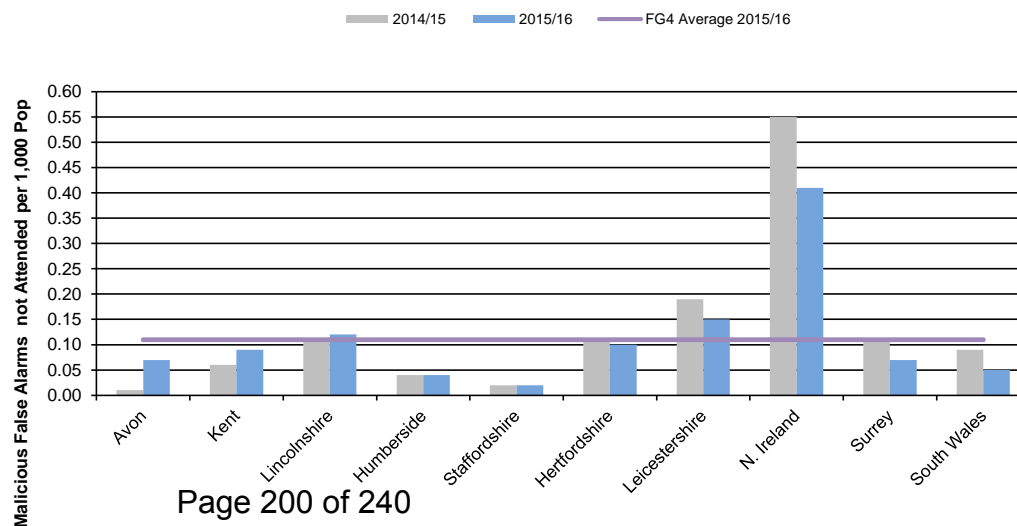


BV 146i Malicious False Alarms not Attended per 1,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Avon	0.01	0.01	0.01	0.07	600.00	600.00
Kent	0.08	0.08	0.06	0.09	50.00	12.50
Lincolnshire	0.15	0.09	0.11	0.12	9.09	-20.00
Humberside	0.08	0.05	0.04	0.04	0.00	-50.00
Staffordshire	0.05	0.19	0.02	0.02	0.00	-60.00
Hertfordshire	0.16	0.13	0.11	0.10	-9.09	-37.50
Leicestershire	0.24	0.18	0.19	0.15	-21.05	-37.50
N. Ireland	0.62	0.62	0.55	0.41	-25.45	-33.87
Surrey	0.12	0.14	0.11	0.07	-36.36	-41.67
South Wales	0.71	0.08	0.09	0.05	-44.44	-92.96
Cheshire	-	-	-	-	-	-
Cleveland	-	-	-	-	-	-
Derbyshire	-	-	-	-	-	-
Essex	-	-	-	-	-	-
Hampshire	-	-	-	-	-	-
Hereford & Worcester	-	-	-	-	-	-
Lancashire	-	-	-	-	-	-
Nottinghamshire	-	-	-	-	-	-
FG4 Average	0.22	0.16	0.13	0.11	-15.38	-50.00

Position in Family Group 3rd Quarter YTD 2015/16		
	2015/16	Position
N. Ireland	0.41	1
Leicestershire	0.15	2
Lincolnshire	0.12	3
Hertfordshire	0.10	4
Kent	0.09	5
Avon	0.07	6
Surrey	0.07	6
South Wales	0.05	8
Humberside	0.04	9
Staffordshire	0.02	10
Cheshire	-	-
Cleveland	-	-
Derbyshire	-	-
Essex	-	-
Hampshire	-	-
Hereford & Worcester	-	-
Lancashire	-	-
Nottinghamshire	-	-

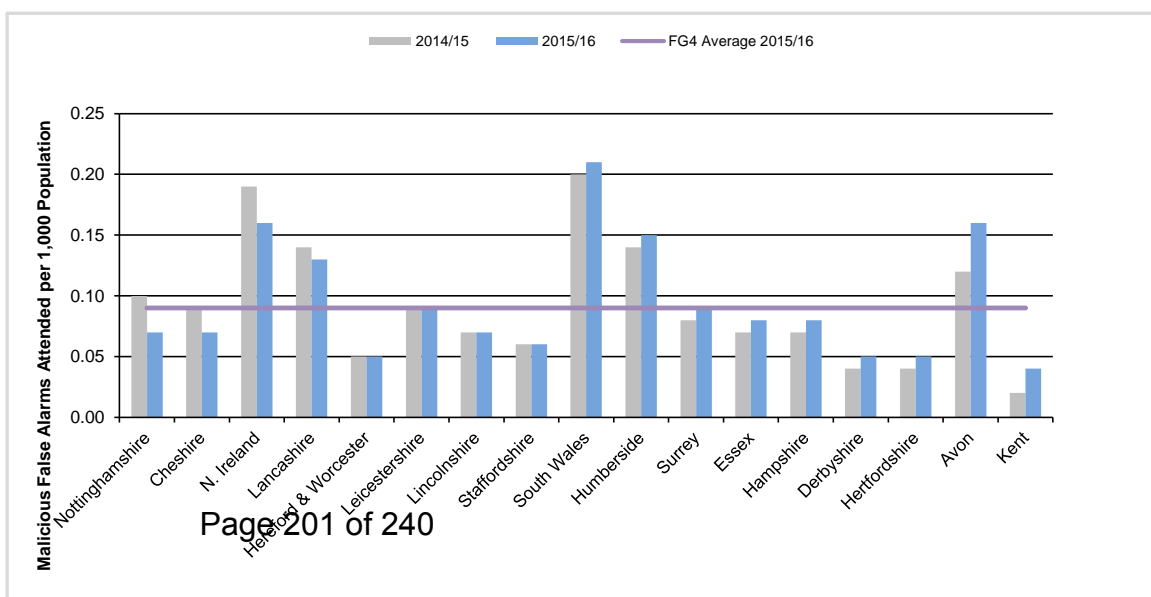


BV 146ii Malicious False Alarms Attended per 1,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Nottinghamshire	0.15	0.09	0.10	0.07	-30.00	-53.33
Cheshire	0.06	0.08	0.09	0.07	-22.22	16.67
N. Ireland	0.23	0.21	0.19	0.16	-15.79	-30.43
Lancashire	0.19	0.15	0.14	0.13	-7.14	-31.58
Hereford & Worcester	0.04	0.05	0.05	0.05	0.00	25.00
Leicestershire	0.13	0.12	0.09	0.09	0.00	-30.77
Lincolnshire	0.06	0.05	0.07	0.07	0.00	16.67
Staffordshire	0.18	0.05	0.06	0.06	0.00	-66.67
South Wales	0.21	0.21	0.20	0.21	5.00	0.00
Humberside	0.19	0.16	0.14	0.15	7.14	-21.05
Surrey	0.12	0.07	0.08	0.09	12.50	-25.00
Essex	0.11	0.08	0.07	0.08	14.29	-27.27
Hampshire	0.09	0.08	0.07	0.08	14.29	-11.11
Derbyshire	0.08	0.06	0.04	0.05	25.00	-37.50
Hertfordshire	0.07	0.05	0.04	0.05	25.00	-28.57
Avon	0.11	0.18	0.12	0.16	33.33	45.45
Kent	0.07	0.05	0.02	0.04	100.00	-42.86
Cleveland	-	-	-	-	-	-
FG4 Average	0.12	0.10	0.09	0.09	0.00	-25.00

Position in Family Group 3rd Quarter YTD 2015/16		
	2015/16	Position
Kent	0.04	1
Derbyshire	0.05	2
Hereford & Worcester	0.05	2
Hertfordshire	0.05	2
Staffordshire	0.06	5
Cheshire	0.07	6
Lincolnshire	0.07	6
Nottinghamshire	0.07	6
Essex	0.08	9
Hampshire	0.08	9
Leicestershire	0.09	11
Surrey	0.09	11
Lancashire	0.13	13
Humberside	0.15	14
Avon	0.16	15
N. Ireland	0.16	15
South Wales	0.21	17
Cleveland	-	-

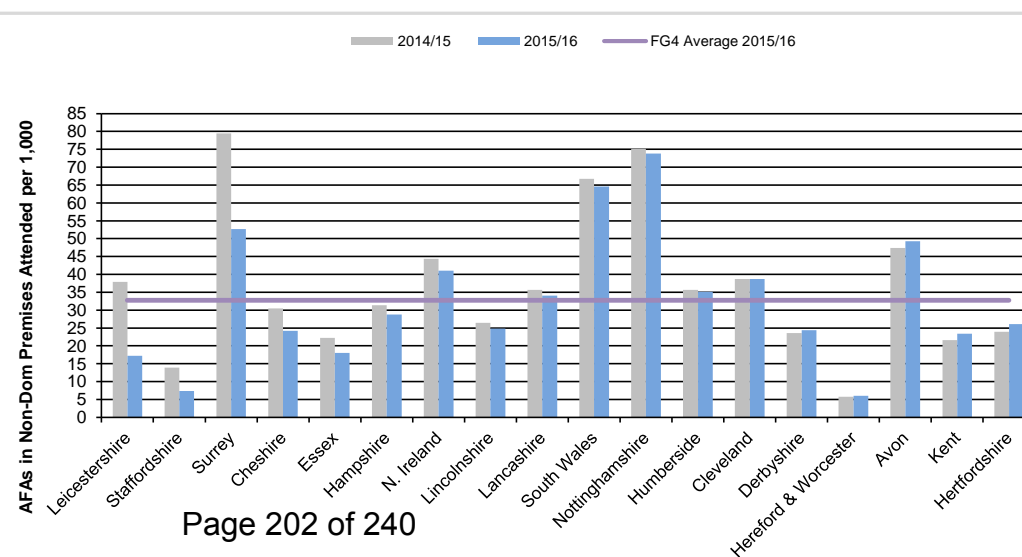


BV 149i - AFAs in Non Domestic Premises Attended per 1,000 Non Domestic Premises

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Leicestershire	45.54	42.60	37.88	17.25	-54.46	-62.12
Staffordshire	29.72	26.97	13.89	7.40	-46.72	-75.10
Surrey	64.63	59.65	79.43	52.71	-33.64	-18.44
Cheshire	38.72	36.10	30.46	24.19	-20.58	-37.53
Essex	25.94	22.59	22.23	18.06	-18.76	-30.38
Hampshire	32.53	32.68	31.40	28.76	-8.41	-11.59
N. Ireland	49.28	45.59	44.32	41.01	-7.47	-16.78
Lincolnshire	22.86	22.31	26.43	24.86	-5.94	8.75
Lancashire	38.83	33.01	35.63	34.08	-4.35	-12.23
South Wales	67.18	64.01	66.74	64.62	-3.18	-3.81
Nottinghamshire	78.01	74.79	75.17	73.85	-1.76	-5.33
Humberside	38.70	35.80	35.63	35.10	-1.49	-9.30
Cleveland	47.81	49.74	38.67	38.74	0.18	-18.97
Derbyshire	30.19	22.73	23.55	24.39	3.57	-19.21
Hereford & Worcester	6.76	6.74	5.77	6.00	3.99	-11.24
Avon	51.48	48.18	47.38	49.28	4.01	-4.27
Kent	44.65	24.69	21.65	23.39	8.04	-47.61
Hertfordshire	34.91	34.82	23.97	26.10	8.89	-25.24
FG4 Average	41.54	37.94	36.68	32.77	-10.66	-21.11

Position in Family Group 3rd Quarter YTD 2015/16		
2015/16	Position	
Hereford & Worcester	6.00	1
Staffordshire	7.40	2
Leicestershire	17.25	3
Essex	18.06	4
Kent	23.39	5
Cheshire	24.19	6
Derbyshire	24.39	7
Lincolnshire	24.86	8
Hertfordshire	26.10	9
Hampshire	28.76	10
Lancashire	34.08	11
Humberside	35.10	12
Cleveland	38.74	13
N. Ireland	41.01	14
Avon	49.28	15
Surrey	52.71	16
South Wales	64.62	17
Nottinghamshire	73.85	18

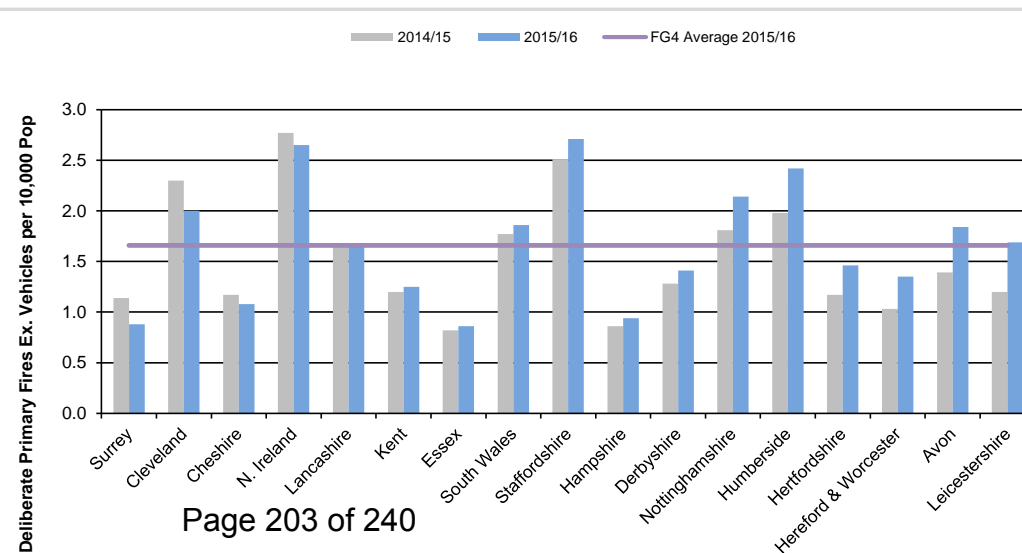


BV 206i - Deliberate Primary Fires Excluding Vehicles per 10,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Surrey	0.99	1.00	1.14	0.88	-22.81	-11.11
Cleveland	1.79	2.18	2.30	2.00	-13.04	11.73
Cheshire	1.22	1.23	1.17	1.08	-7.69	-11.48
N. Ireland	2.90	2.51	2.77	2.65	-4.33	-8.62
Lancashire	1.85	1.61	1.67	1.67	0.00	-9.73
Kent	1.30	1.28	1.20	1.25	4.17	-3.85
Essex	1.16	0.91	0.82	0.86	4.88	-25.86
South Wales	2.21	2.35	1.77	1.86	5.08	-15.84
Staffordshire	2.92	2.81	2.51	2.71	7.97	-7.19
Hampshire	0.83	0.76	0.86	0.94	9.30	13.25
Derbyshire	1.57	1.64	1.28	1.41	10.16	-10.19
Nottinghamshire	1.72	1.83	1.81	2.14	18.23	24.42
Humberside	2.42	2.50	1.98	2.42	22.22	0.00
Hertfordshire	1.17	1.10	1.17	1.46	24.79	24.79
Hereford & Worcester	0.95	1.13	1.03	1.35	31.07	42.11
Avon	1.62	1.58	1.39	1.84	32.37	13.58
Leicestershire	1.45	1.31	1.20	1.69	40.83	16.55
Lincolnshire	-	-	-	-	-	-
FG4 Average	1.65	1.63	1.53	1.66	8.50	0.61

Position in Family Group 3rd Quarter YTD 2015/16		
2015/16	Position	
Essex	0.86	1
Surrey	0.88	2
Hampshire	0.94	3
Cheshire	1.08	4
Kent	1.25	5
Hereford & Worcester	1.35	6
Derbyshire	1.41	7
Hertfordshire	1.46	8
Lancashire	1.67	9
Leicestershire	1.69	10
Avon	1.84	11
South Wales	1.86	12
Cleveland	2.00	13
Nottinghamshire	2.14	14
Humberside	2.42	15
N. Ireland	2.65	16
Staffordshire	2.71	17
Lincolnshire	-	-

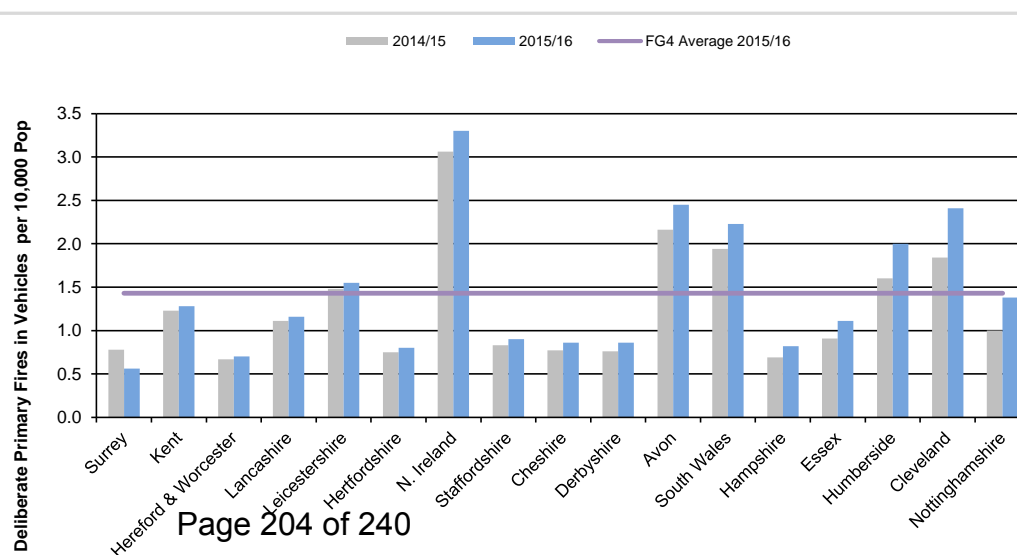


BV 206ii - Deliberate Primary Fires in Vehicles per 10,000 Population

	Improved Performance
	Static Performance
	No Improvement

3rd Quarter YTD Comparison Ranked by 1 Year Change						
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Surrey	0.65	0.46	0.78	0.56	-28.21	-13.85
Kent	1.38	1.22	1.23	1.28	4.07	-7.25
Hereford & Worcester	0.83	0.51	0.67	0.70	4.48	-15.66
Lancashire	1.15	1.02	1.11	1.16	4.50	0.87
Leicestershire	1.18	1.50	1.48	1.55	4.73	31.36
Hertfordshire	0.56	0.54	0.75	0.80	6.67	42.86
N. Ireland	2.80	2.92	3.06	3.30	7.84	17.86
Staffordshire	1.22	1.12	0.83	0.90	8.43	-26.23
Cheshire	1.38	1.18	0.77	0.86	11.69	-37.68
Derbyshire	1.03	0.94	0.76	0.86	13.16	-16.50
Avon	2.39	1.86	2.16	2.45	13.43	2.51
South Wales	2.19	1.97	1.94	2.23	14.95	1.83
Hampshire	0.72	0.76	0.69	0.82	18.84	13.89
Essex	1.00	0.78	0.91	1.11	21.98	11.00
Humberside	1.67	1.72	1.60	2.00	25.00	19.76
Cleveland	1.95	1.64	1.84	2.41	30.98	23.59
Nottinghamshire	1.52	1.23	1.00	1.38	38.00	-9.21
Lincolnshire	-	-	-	-	-	-
FG4 Average	1.39	1.26	1.27	1.43	12.60	2.88

Position in Family Group 3rd Quarter YTD 2015/16		
	2015/16	Position
Surrey	0.56	1
Hereford & Worcester	0.70	2
Hertfordshire	0.80	3
Hampshire	0.82	4
Cheshire	0.86	5
Derbyshire	0.86	5
Staffordshire	0.90	7
Essex	1.11	8
Lancashire	1.16	9
Kent	1.28	10
Nottinghamshire	1.38	11
Leicestershire	1.55	12
Humberside	2.00	13
South Wales	2.23	14
Cleveland	2.41	15
Avon	2.45	16
N. Ireland	3.30	17
Lincolnshire	-	-

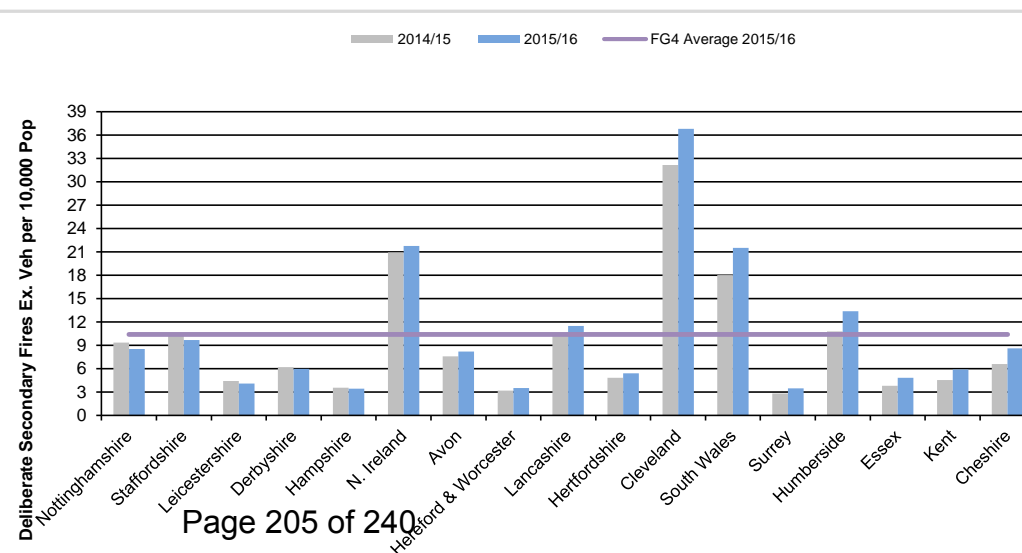


BV 206iii - Deliberate Secondary Fires Excluding Vehicles per 10,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Nottinghamshire	9.17	9.96	9.35	8.50	-9.09	-7.31
Staffordshire	8.93	13.99	10.51	9.68	-7.90	8.40
Leicestershire	4.57	5.82	4.39	4.10	-6.61	-10.28
Derbyshire	5.60	6.33	6.19	5.95	-3.88	6.25
Hampshire	4.04	4.89	3.53	3.44	-2.55	-14.85
N. Ireland	23.12	27.28	20.94	21.76	3.92	-5.88
Avon	7.67	8.78	7.56	8.19	8.33	6.78
Hereford & Worcester	3.11	3.82	3.17	3.51	10.73	12.86
Lancashire	12.31	15.41	10.35	11.48	10.92	-6.74
Hertfordshire	4.28	4.26	4.82	5.39	11.83	25.93
Cleveland	21.08	35.80	32.16	36.78	14.37	74.48
South Wales	16.06	23.85	17.99	21.48	19.40	33.75
Surrey	2.60	3.29	2.82	3.45	22.34	32.69
Humberside	13.38	15.91	10.77	13.37	24.14	-0.07
Essex	4.14	4.00	3.81	4.81	26.25	16.18
Kent	5.50	6.15	4.54	5.88	29.52	6.91
Cheshire	8.92	10.64	6.58	8.59	30.55	-3.70
Lincolnshire	-	-	-	-	-	-
FG4 Average	9.09	11.78	9.38	10.37	10.55	14.08

	Position in Family Group 3rd Quarter YTD 2015/16	
	2015/16	Position
Hampshire	3.44	1
Surrey	3.45	2
Hereford & Worcester	3.51	3
Leicestershire	4.10	4
Essex	4.81	5
Hertfordshire	5.39	6
Kent	5.88	7
Derbyshire	5.95	8
Avon	8.19	9
Nottinghamshire	8.50	10
Cheshire	8.59	11
Staffordshire	9.68	12
Lancashire	11.48	13
Humberside	13.37	14
South Wales	21.48	15
N. Ireland	21.76	16
Cleveland	36.78	17
Lincolnshire	-	-

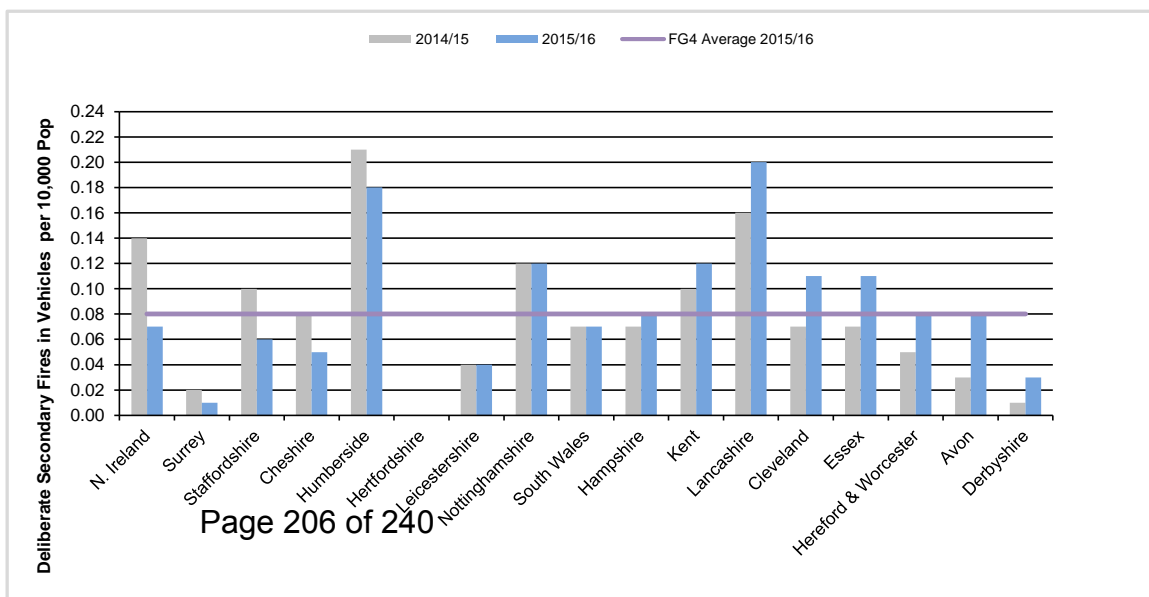


BV 206iv - Deliberate Secondary Fires in Vehicles per 10,000 Population

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
N. Ireland	0.19	0.13	0.14	0.07	-50.00	-63.16
Surrey	0.02	0.02	0.02	0.01	-50.00	-50.00
Staffordshire	0.02	0.08	0.10	0.06	-40.00	200.00
Cheshire	0.03	0.04	0.08	0.05	-37.50	66.67
Humberside	0.22	0.27	0.21	0.18	-14.29	-18.18
Hertfordshire	0.00	0.00	0.00	0.00	0.00	0.00
Leicestershire	0.02	0.02	0.04	0.04	0.00	100.00
Nottinghamshire	0.09	0.10	0.12	0.12	0.00	33.33
South Wales	0.09	0.07	0.07	0.07	0.00	-22.22
Hampshire	0.04	0.06	0.07	0.08	14.29	100.00
Kent	0.09	0.11	0.10	0.12	20.00	33.33
Lancashire	0.18	0.20	0.16	0.20	25.00	11.11
Cleveland	0.02	0.11	0.07	0.11	57.14	450.00
Essex	0.13	0.07	0.07	0.11	57.14	-15.38
Hereford & Worcester	0.01	0.05	0.05	0.08	60.00	700.00
Avon	0.05	0.05	0.03	0.08	166.67	60.00
Derbyshire	0.03	0.02	0.01	0.03	200.00	0.00
Lincolnshire	-	-	-	-	-	-
FG4 Average	0.07	0.08	0.08	0.08	0.00	14.29

	Position in Family Group 3rd Quarter YTD 2015/16	
	2015/16	Position
Hertfordshire	0.00	1
Surrey	0.01	2
Derbyshire	0.03	3
Leicestershire	0.04	4
Cheshire	0.05	5
Staffordshire	0.06	6
N. Ireland	0.07	7
South Wales	0.07	7
Avon	0.08	9
Hampshire	0.08	9
Hereford & Worcester	0.08	9
Cleveland	0.11	12
Essex	0.11	12
Kent	0.12	14
Nottinghamshire	0.12	14
Humberside	0.18	16
Lancashire	0.20	17
Lincolnshire	-	-

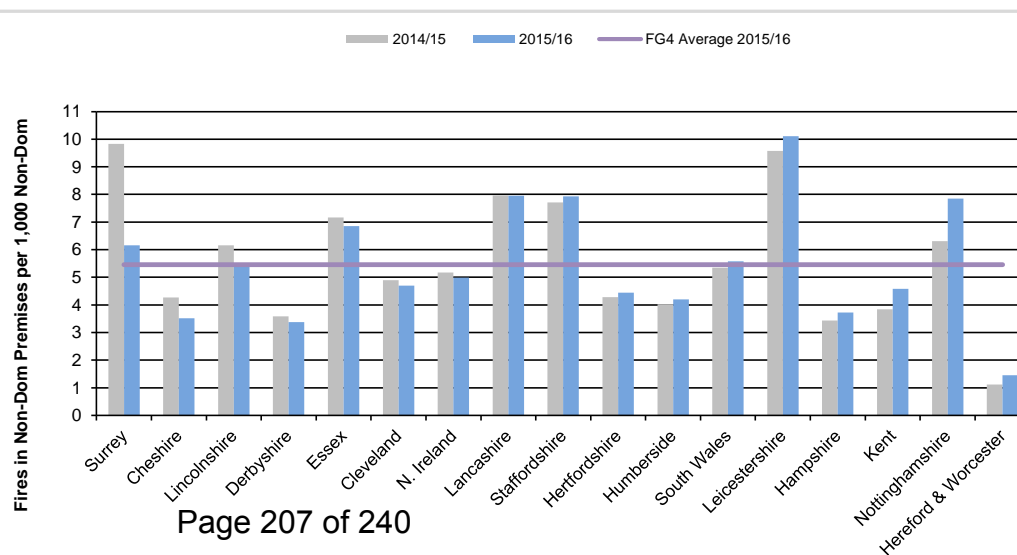


BV 207 - Fires in Non-Domestic Premises per 1,000 Non-Domestic Premises

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Surrey	6.46	7.16	9.83	6.16	-37.33	-4.64
Cheshire	3.73	4.24	4.27	3.52	-17.56	-5.63
Lincolnshire	6.12	5.18	6.16	5.49	-10.88	-10.29
Derbyshire	3.65	3.80	3.59	3.37	-6.13	-7.67
Essex	7.40	7.96	7.17	6.85	-4.46	-7.43
Cleveland	4.89	4.38	4.89	4.70	-3.89	-3.89
N. Ireland	4.81	4.90	5.17	4.99	-3.48	3.74
Lancashire	7.52	8.42	7.97	7.95	-0.25	5.72
Staffordshire	7.02	6.99	7.71	7.93	2.85	12.96
Hertfordshire	5.04	4.79	4.28	4.44	3.74	-11.90
Humberside	4.10	4.76	4.03	4.20	4.22	2.44
South Wales	5.99	5.40	5.34	5.58	4.49	-6.84
Leicestershire	11.00	10.01	9.57	10.11	5.64	-8.09
Hampshire	4.33	3.57	3.43	3.72	8.45	-14.09
Kent	3.84	4.35	3.84	4.58	19.27	19.27
Nottinghamshire	5.46	6.91	6.31	7.85	24.41	43.77
Hereford & Worcester	1.19	1.41	1.12	1.45	29.46	21.85
Avon	-	-	-	-	-	-
FG4 Average	5.44	5.54	5.57	5.46	-1.97	0.37

	Position in Family Group 3rd Quarter YTD 2015/16	
	2015/16	Position
Hereford & Worcester	1.45	1
Derbyshire	3.37	2
Cheshire	3.52	3
Hampshire	3.72	4
Humberside	4.20	5
Hertfordshire	4.44	6
Kent	4.58	7
Cleveland	4.70	8
N. Ireland	4.99	9
Lincolnshire	5.49	10
South Wales	5.58	11
Surrey	6.16	12
Essex	6.85	13
Nottinghamshire	7.85	14
Staffordshire	7.93	15
Lancashire	7.95	16
Leicestershire	10.11	17
Avon	-	-

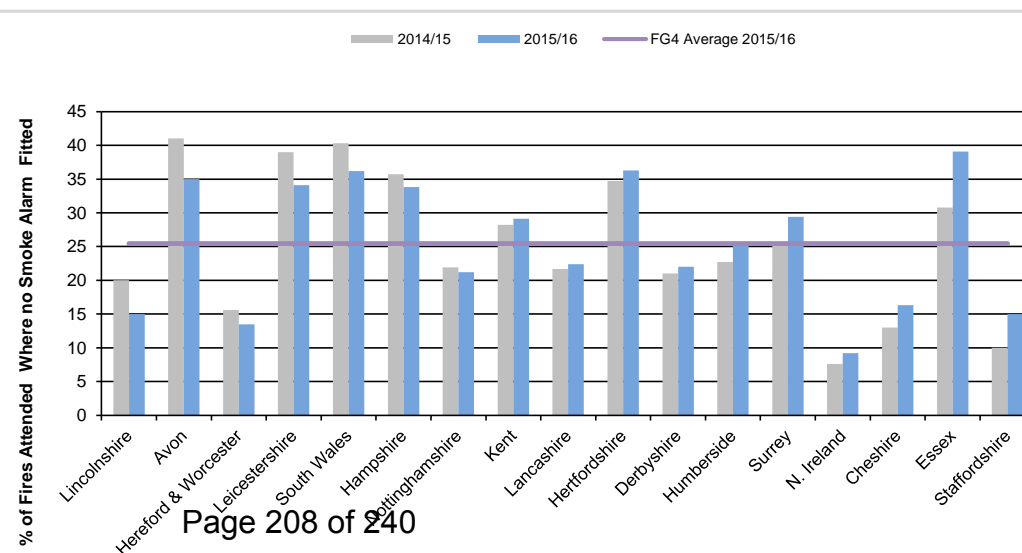


BV 209iii - % of Fires Attended in Dwellings Where no Smoke Alarm Was Fitted

	Improved Performance
	Static Performance
	No Improvement

	3rd Quarter YTD Comparison Ranked by 1 Year Change					
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Lincolnshire	19.70	22.80	20.00	15.00	-25.00	-23.86
Avon	43.00	43.00	41.00	35.00	-14.63	-18.60
Hereford & Worcester	16.60	16.80	15.60	13.50	-13.46	-18.67
Leicestershire	41.10	40.90	39.00	34.10	-12.56	-17.03
South Wales	39.50	36.80	40.30	36.20	-10.17	-8.35
Hampshire	30.70	35.70	35.70	33.80	-5.32	10.10
Nottinghamshire	24.60	23.00	21.90	21.20	-3.20	-13.82
Kent	27.50	26.90	28.20	29.10	3.19	5.82
Lancashire	22.50	22.40	21.70	22.40	3.23	-0.44
Hertfordshire	-	41.00	34.70	36.30	4.61	-
Derbyshire	24.00	22.00	21.00	22.00	4.76	-8.33
Humberside	21.40	25.00	22.70	25.40	11.89	18.69
Surrey	24.50	20.80	25.60	29.40	14.84	20.00
N. Ireland	8.10	9.00	7.60	9.20	21.05	13.58
Cheshire	16.40	14.20	13.00	16.30	25.38	-0.61
Essex	34.50	33.70	30.80	39.10	26.95	13.33
Staffordshire	11.00	10.00	10.00	15.00	50.00	36.36
Cleveland	-	-	-	-	-	-
FG4 Average	25.32	26.12	25.22	25.47	0.99	0.59

Position in Family Group 3rd Quarter YTD 2015/16		
2015/16	Position	
N. Ireland	9.20	1
Hereford & Worcester	13.50	2
Lincolnshire	15.00	3
Staffordshire	15.00	3
Cheshire	16.30	5
Nottinghamshire	21.20	6
Derbyshire	22.00	7
Lancashire	22.40	8
Humberside	25.40	9
Kent	29.10	10
Surrey	29.40	11
Hampshire	33.80	12
Leicestershire	34.10	13
Avon	35.00	14
South Wales	36.20	15
Hertfordshire	36.30	16
Essex	39.10	17
Cleveland	-	-

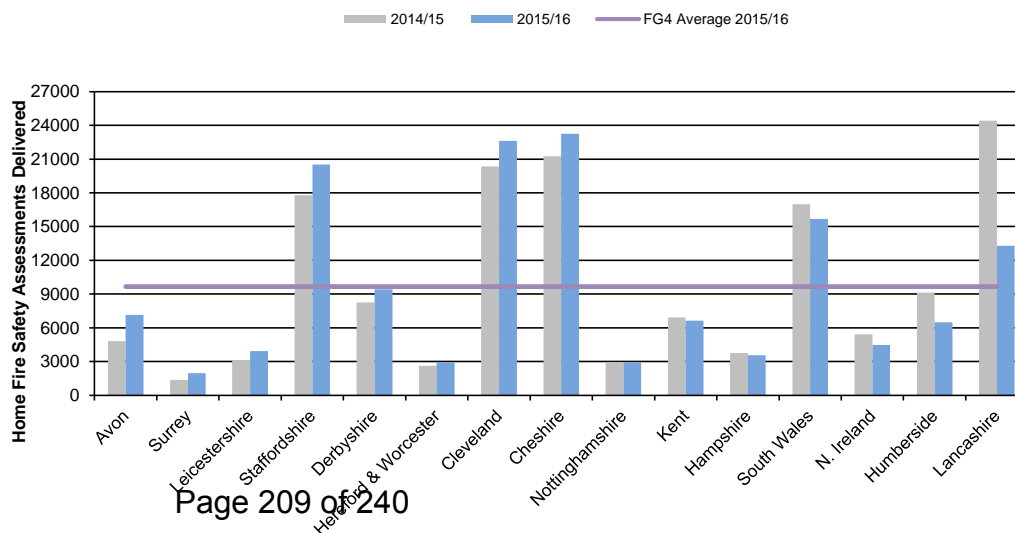


Home Fire Safety Assessments Delivered

	Improved Performance
	Static Performance
	No Improvement

3rd Quarter YTD Comparison Ranked by 1 Year Change						
	2012/13	2013/14	2014/15	2015/16	% +/- 1yr	% +/- 3yr
Avon	5,042	4,834	4,815	7,146	48.41	41.73
Surrey	2,648	2,175	1,360	1,982	45.74	-25.15
Leicestershire	3,080	3,552	3,143	3,947	25.58	28.15
Staffordshire	22,018	21,343	17,774	20,519	15.44	-6.81
Derbyshire	10,215	9,780	8,253	9,418	14.12	-7.80
Hereford & Worcester	3,461	2,995	2,636	2,942	11.61	-15.00
Cleveland	17,617	18,535	20,340	22,635	11.28	28.48
Cheshire	19,067	21,299	21,248	23,240	9.38	21.89
Nottinghamshire	2,806	3,226	2,954	2,936	-0.61	4.63
Kent	8,465	7,896	6,915	6,626	-4.18	-21.72
Hampshire	8,053	5,043	3,776	3,567	-5.53	-55.71
South Wales	15,726	16,600	16,976	15,688	-7.59	-0.24
N. Ireland	5,797	6,401	5,417	4,462	-17.63	-23.03
Humberside	6,528	7,849	9,134	6,494	-28.90	-0.52
Lancashire	34,482	31,455	24,406	13,296	-45.52	-61.44
Essex	-	-	-	-	-	-
Hertfordshire	-	5,022	5,906	-	-	-
Lincolnshire	-	-	-	-	-	-
FG4 Average	11,000	10,500	9,691	9,660	-0.32	-12.18

Position in Family Group 3rd Quarter YTD 2015/16		
	2015/16	Position
Cheshire	23,240	1
Cleveland	22,635	2
Staffordshire	20,519	3
South Wales	15,688	4
Lancashire	13,296	5
Derbyshire	9,418	6
Avon	7,146	7
Kent	6,626	8
Humberside	6,494	9
N. Ireland	4,462	10
Leicestershire	3,947	11
Hampshire	3,567	12
Hereford & Worcester	2,942	13
Nottinghamshire	2,936	14
Surrey	1,982	15
Essex	-	-
Hertfordshire	-	-
Lincolnshire	-	-



Appendix A - 3rd Quarter YTD April - December 2012/13 Family Group Actuals

	Avon	Cheshire	Cleveland	Derbyshire	Essex	Hampshire	Hereford & Worcester	Hertfordshire	Humberside
Indicator									
NI33	1,296	1,187	1,390	849	1,128	1,014	308	686	1,634
NI33i	443	267	209	268	380	279	72	198	378
NI33ii	853	920	1,181	581	748	735	236	488	1,256
NI49i	1,158	881	468	965	1,784	1,572	742	1,005	1,069
NI49ii	6	4	1	9	12	4	0	2	3
NI49iii	39	41	15	66	59	64	69	37	38
142iii	339	302	120	355	632	675	275	404	368
143i	4	3	0	1	9	2	0	1	2
143ii	28	30	9	62	44	-	1	28	23
146i	14	-	-	-	-	-	-	181	74
146ii	125	62	-	87	196	156	31	79	173
149i Attended	1,733	1,298	743	968	1,307	1,668	976	1,094	1,171
206i	179	125	100	162	204	149	72	134	224
206ii	264	142	109	106	176	130	63	64	154
206iii	847	917	1,180	578	725	728	236	488	1,236
206iv	6	3	1	3	23	7	1	0	20
207	-	125	76	117	373	222	172	158	124
209iii	43.0	16.4	-	24.0	34.5	30.7	16.6	-	21.4
HFSVs	5,042	19,067	17,617	10,215	-	8,053	3,461	-	6,528

	Kent	Lancashire	Leicestershire	Lincolnshire	N. Ireland	Nottinghamshire	South Wales	Staffordshire	Surrey	FG4 Average
Indicator										
NI33	1,459	2,280	746	401	5,250	1,388	3,083	1,442	483	1445.8
NI33i	472	442	272	208	1,032	360	661	456	186	365.7
NI33ii	987	1,838	474	193	4,218	1,028	2,422	986	297	1080.1
NI49i	1,465	1,704	899	786	2,266	1,193	1,726	1,146	1,008	1213.2
NI49ii	4	4	1	5	12	5	6	4	2	4.7
NI49iii	83	55	35	14	280	51	43	23	74	60.3
142iii	404	738	307	212	549	463	555	562	407	425.9
143i	2	4	1	3	8	3	2	3	1	2.7
143ii	48	33	26	7	-	33	30	13	53	29.3
146i	147	-	249	111	1,127	-	1,070	53	133	315.9
146ii	129	275	138	44	412	171	321	197	135	160.6
149i Attended	2,369	1,987	1,428	583	3,573	2,473	3,072	952	1,480	1604.2
206i	229	273	150	-	525	191	332	322	112	204.9
206ii	243	169	122	-	507	169	329	134	74	173.8
206iii	971	1,812	472	-	4,184	1,018	2,409	984	295	1122.4
206iv	16	26	2	-	34	10	13	2	2	9.9
207	204	385	345	156	349	173	274	225	148	213.3
209iii	27.5	22.5	41.1	19.7	8.1	24.6	39.5	11.0	24.5	25.3
HFSVs	8,465	34,482	3,080	-	5,797	2,806	15,726	22,018	2,648	11000.3

Appendix B - 3rd Quarter YTD April - December 2013/14 Family Group Actuals

	Avon	Cheshire	Cleveland	Derbyshire	Essex	Hampshire	Hereford & Worcester	Hertfordshire	Humberside
Indicator									
NI33	1,353	1,344	2,224	921	1,010	1,164	376	673	1,885
NI33i	379	247	214	266	297	273	86	187	390
NI33ii	974	1,097	2,010	655	713	891	290	486	1,495
NI49i	1,102	868	469	1,025	1,722	1,528	799	1,045	1,161
NI49ii	2	2	4	10	5	1	4	3	3
NI49iii	54	32	12	54	69	52	53	41	33
142iii	332	281	100	352	604	630	256	422	363
143i	2	1	3	6	2	0	3	0	3
143ii	37	22	7	44	49	-	3	28	21
146i	7	-	-	-	-	-	-	149	45
146ii	199	87	-	62	140	137	37	60	145
149i Attended	1,622	1,210	773	729	1,138	1,676	973	1,091	1,083
206i	174	126	122	169	160	137	86	125	231
206ii	205	121	92	97	137	136	39	62	159
206iii	969	1,093	2,004	653	701	880	290	486	1,470
206iv	5	4	6	2	12	11	4	0	25
207	-	142	68	122	401	183	203	150	144
209iii	43.0	14.2	-	22.0	33.7	35.7	16.8	41.0	25.0
HFSVs	4,834	21,299	18,535	9,780	-	5,043	2,995	5,022	7,849

	Kent	Lancashire	Leicestershire	Lincolnshire	N. Ireland	Nottinghamshire	South Wales	Staffordshire	Surrey	FG4 Average
Indicator										
NI33	1,547	2,684	893	405	5,944	1,456	4,235	1,984	541	1702.2
NI33i	441	387	290	158	984	340	648	433	165	343.6
NI33ii	1,106	2,297	603	247	4,960	1,116	3,587	1,551	376	1358.6
NI49i	1,529	1,753	885	753	2,320	1,244	1,701	1,120	1,060	1226.9
NI49ii	9	4	7	1	8	2	5	4	3	4.3
NI49iii	92	62	23	12	349	49	42	17	53	61.1
142iii	449	764	270	240	554	465	525	564	401	420.7
143i	1	3	2	1	6	2	4	3	1	2.4
143ii	52	45	14	8	-	35	32	15	32	27.8
146i	137	-	187	67	1,125	-	113	211	155	219.6
146ii	90	226	119	40	387	104	315	57	83	134.6
149i Attended	1,310	1,689	1,336	569	3,305	2,371	2,927	864	1,366	1446.2
206i	225	237	135	-	455	203	353	310	113	197.7
206ii	216	150	155	-	529	137	295	123	52	159.1
206iii	1,086	2,268	601	-	4,937	1,105	3,577	1,542	374	1413.9
206iv	20	29	2	-	23	11	10	9	2	10.3
207	231	431	314	132	355	219	247	224	164	219.4
209iii	26.9	22.4	40.9	22.8	9.0	23.0	36.8	10.0	20.8	26.1
HFSVs	7,896	31,455	3,552	-	6,401	3,226	16,600	21,343	2,175	10500.3

Appendix C - 3rd Quarter YTD April - December 2014/15 Family Group Actuals

	Avon	Cheshire	Cleveland	Derbyshire	Essex	Hampshire	Hereford & Worcester	Hertfordshire	Humberside
Indicator									
NI33	1,231	883	2,036	850	983	928	318	769	1,345
NI33i	393	199	232	210	302	279	78	219	331
NI33ii	838	684	1,804	640	681	649	240	550	1,014
NI49i	1,124	834	503	900	1,659	1,502	714	985	1,027
NI49ii	3	3	2	1	2	5	1	5	6
NI49iii	46	32	18	40	65	54	56	36	19
142iii	364	304	134	332	638	588	253	359	338
143i	3	2	1	1	1	3	0	2	3
143ii	38	17	12	32	45	-	0	22	11
146i	10	-	-	-	-	-	-	130	39
146ii	135	93	-	45	128	129	40	50	130
149i Attended	1,595	1,021	601	755	1,120	1,610	833	751	1,078
206i	154	120	129	132	143	155	78	134	183
206ii	239	79	103	78	159	124	51	85	148
206iii	835	676	1,800	639	668	636	240	550	995
206iv	3	8	4	1	13	13	4	0	19
207	-	143	76	115	361	176	162	134	122
209iii	41.0	13.0	-	21.0	30.8	35.7	15.6	34.7	22.7
HFSVs	4,815	21,248	20,340	8,253	-	3,776	2,636	5,906	9,134

	Kent	Lancashire	Leicestershire	Lincolnshire	N. Ireland	Nottinghamshire	South Wales	Staffordshire	Surrey	FG4 Average
Indicator										
NI33	1,249	1,958	735	377	4,873	1,362	3,265	1,538	540	1402.2
NI33i	429	410	277	196	1,056	312	557	369	218	337.1
NI33ii	820	1,548	458	181	3,817	1,050	2,708	1,169	322	1065.2
NI49i	1,476	1,639	899	770	2,402	1,138	1,581	1,072	1,348	1198.5
NI49ii	5	3	1	2	9	5	5	5	10	4.1
NI49iii	64	67	30	15	379	37	42	21	63	60.2
142iii	443	677	263	221	668	424	497	525	550	421.0
143i	1	2	0	1	6	3	2	3	9	2.4
143ii	38	40	18	10	78	22	27	18	42	27.6
146i	112	-	198	84	1,004	-	138	19	121	185.5
146ii	39	201	88	52	343	107	305	70	96	120.6
149i Attended	1,149	1,823	1,188	674	3,213	2,383	3,052	445	1,819	1395.0
206i	212	246	124	-	502	201	266	277	130	187.4
206ii	217	164	153	-	554	111	291	92	88	160.9
206iii	802	1,524	454	-	3,791	1,037	2,698	1,158	320	1107.2
206iv	18	24	4	-	26	13	10	11	2	10.2
207	204	408	300	157	375	200	244	247	225	214.6
209iii	28.2	21.7	39.0	20.0	7.6	21.9	40.3	10.0	25.6	25.2
HFSVs	6,915	24,406	3,143	-	5,417	2,954	16,976	17,774	1,360	9690.8

Appendix D - 3rd Quarter YTD April - December 2015/16 Family Group Actuals

	Avon	Cheshire	Cleveland	Derbyshire	Essex	Hampshire	Hereford & Worcester	Hertfordshire	Humberside
Indicator									
NI33	1,387	1,087	2,312	852	1,209	951	368	872	1,661
NI33i	474	199	247	235	346	316	102	257	409
NI33ii	913	888	2,065	617	863	635	266	615	1,252
NI49i	1,199	776	514	927	1,747	1,523	802	997	1,027
NI49ii	2	1	1	5	5	7	1	4	2
NI49iii	32	34	16	37	66	24	57	35	23
142iii	344	283	106	316	635	583	269	344	291
143i	2	0	1	4	2	2	1	2	1
143ii	19	20	6	25	44	-	0	22	16
146i	77	-	-	-	-	-	-	119	33
146ii	173	72	-	53	141	149	36	54	143
149i Attended	1,659	811	602	782	910	1,475	867	818	1,062
206i	203	111	112	146	151	169	102	166	224
206ii	271	88	135	89	195	147	53	91	185
206iii	904	883	2,059	614	843	620	266	615	1,235
206iv	9	5	6	3	20	15	6	0	17
207	-	118	73	108	345	191	209	139	127
209iii	35.0	16.3	-	22.0	39.1	33.8	13.5	36.3	25.4
HFSVs	7,146	23,240	22,635	9,418	-	3,567	2,942	-	6,494

	Kent	Lancashire	Leicestershire	Lincolnshire	N. Ireland	Nottinghamshire	South Wales	Staffordshire	Surrey	FG4 Average
Indicator										
NI33	1,503	2,137	763	406	5,027	1,347	3,845	1,472	557	1542.0
NI33i	445	417	335	179	1,076	391	614	398	164	366.9
NI33ii	1,058	1,720	428	227	3,951	956	3,231	1,074	393	1175.1
NI49i	1,560	1,636	998	863	2,443	1,185	1,651	1,093	1,006	1219.3
NI49ii	3	6	3	5	13	4	7	2	2	4.1
NI49iii	76	72	28	14	315	42	56	23	39	54.9
142iii	429	678	275	294	628	374	497	422	421	399.4
143i	1	4	3	2	9	4	4	2	2	2.6
143ii	52	37	15	8	60	28	44	17	30	26.1
146i	167	-	152	88	738	-	81	26	85	156.6
146ii	73	196	98	54	293	77	308	65	98	122.5
149i Attended	1,241	1,744	541	634	2,973	2,341	2,955	237	1,207	1269.9
206i	220	246	175	-	479	238	279	299	100	201.2
206ii	225	171	160	-	597	153	335	99	64	179.9
206iii	1,037	1,690	424	-	3,938	943	3,221	1,067	392	1220.6
206iv	21	30	4	-	13	13	10	7	1	10.6
207	243	407	317	140	362	249	255	254	141	216.4
209iii	29.1	22.4	34.1	15.0	9.2	21.2	36.2	15.0	29.4	25.5
HFSVs	6,626	13,296	3,947	-	4,462	2,936	15,688	20,519	1,982	9659.9

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

**Audit, Governance &
Review Committee**

AGENDA ITEM

13

MEETING DATE

20 April 2016

REPORT NUMBER

EFA/065/16

SUBJECT

National Fraud Initiative

REPORT BY

The Finance Director & Treasurer, Mike Clayton

PRESENTED BY

The Finance Director & Treasurer, Mike Clayton

SUMMARY

The purpose of this paper is to brief members on the results of the Audit Commission's National Fraud Initiative data matching exercise 2014-15.

RECOMMENDATIONS

Members of the Audit Governance and Review Committee are asked to note the contents of the report.

BACKGROUND

The National Fraud Initiative is an exercise that matches electronic data within and between public sector bodies to prevent and detect fraud.

This Authority is required by law to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds, in order to prevent and detect fraud. In this context the matches are based on data submitted to the National Fraud Initiative by the Authority every two years.

Data matching involves comparing computer records held by one body against other computer records held by the same or another body to see how far they match. This is usually personal information. Computerised data matching allows potentially fraudulent claims and payments to be identified. Where a match is found it indicates that there is an inconsistency which requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out.

The findings are shown in the table below.

FINDINGS

Description of match	Total Matches	Findings
Pensions Payroll to Department of Work and Pensions records	4	Timing differences between death and closing pensions records. Final payment dates confirmed with Pensions Department for all 4 matches
Pensions to Payroll	24	An Exercise was carried out with HR/Pensions to confirm that there were no cases where abatement would apply.
Pensions payroll to Injury Benefits	51	Pensions department carry out an annual review which includes the requirement for pension recipients to sign declaration
Payroll to Payroll	69	These mainly comprise on call firefighters with known secondary employment. Other matches covered by declarations/ HR department aware
Payroll to UK Visas	7	Individuals no longer employed by the Authority, no further action required.
Payroll to Creditors	2	Valid reasons for payment in each case
Payroll to Creditors	2	Transactions valid HR & Procurement departments aware
Duplicate creditors by creditor name	33	In each case this relates to different parts of the same company or local authority, for separate goods or services.
Duplicate creditors by address detail	37	Matches verified, different parts of same business or sharing same address, a few name changes
Duplicate creditors by bank account number	8	Each case checked and verified as valid
Duplicate records by reference, amount and creditor reference	18	Regular fixed monthly payments re franking machine, on call pensions and MOT top ups
Duplicate records by amount and creditor reference	329	These include payments for, monthly instalments, equal parts, annual lease, weekly contract, advertising rent & subscriptions.
VAT overpaid	8	Relating to recoveries of VAT only from insurers and solicitors
Multiple Occurrence report	3	Multiple payroll matches, 2 members, 1 Retained Firefighter
Total	595	

In total the exercise produced 595 matches which have been followed up and investigated. There were no other matters identified requiring any further investigation or any recoveries required

RISK MANAGEMENT, LEGAL, FINANCIAL, ENVIRONMENTAL & EQUALITY IMPLICATIONS

There are no risk management, legal, financial, environmental or equality implications from this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
Proper Officer:	Mike Clayton
Contact Officer:	The Finance Director and Treasurer Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 mike.clayton@essex-fire.gov.uk :

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

AGENDA ITEM

**Audit, Governance & Review
Committee**

14

MEETING DATE

REPORT NUMBER

20 April 2016

EFA/066/16

SUBJECT

Portfolio Management Office Progress Reporting

REPORT BY

Tracy King – Performance Improvement Manager

PRESENTED BY

Mike Clayton – Finance Director & Treasurer

SUMMARY

The purpose of this report is to provide assurance to Members on the arrangements for monitoring and reporting the benefits from projects and programmes. The administration of these arrangements is through the Service's Portfolio Management Office. This report also completes the action to develop a report on benefits realisation in the Independent Review Action Plan.

RECOMMENDATIONS

Members of the Audit, Governance and Review Committee are asked to note the contents of the Portfolio Management Office Progress Report.

BACKGROUND

One of the recommendations in the Independent Review was:

Review of existing management and delivery mechanisms to provide implementation ability with clear oversight of progress in implementing change and most importantly, embedding change.

One of the actions in response to this was that the Portfolio Management Office was to be used to monitor the progress on all programmes and projects on a monthly basis and report progress. A separate report on benefits realisation and post project implementation reviews will be developed.

This report gives an overview on the number of Projects and Programmes that have successfully closed during 2015/16 and an overview of the Benefits Realisation Reporting for each of these. The report also gives an indication of the number of live change items

that are on-going within the organisation and the total amount of cashable benefits that should be realised by delivering this change.

PROJECTS AND PROGRAMMES CLOSED IN 2015/16

In addition to cashable benefits, non-cashable benefits may also result from a project or a programme. Internal non-cashable benefits are generally savings in time or processes that do not directly result in a cashable saving. External non-cashable benefits are generally improvements to outcomes that the Authority is trying to achieve, such as increases in smoke alarm ownership or incident response times.

The table below summarises the outcomes for those project and programmes that completed in 2015/16:

Change Title	Benefits Realisation Plan	Cashable Benefits	Internal Non-Cashable Benefits	External Non-Cashable Benefits
Programmes				
Fleet and Equipment Transformation	Yes	Yes	Yes	Yes
Workforce Transformation	Yes	Yes	Yes	No
Kelvedon Park – Phase II	Yes	Yes	Yes	No
Projects				
SAP Development	No	No	No	No
Animal Rescue Unit used as off road water bowser	Yes	No	Yes	No
National Incident Type List	Yes	No	Yes	No
Rescues from Height	Yes	No	Yes	No
Review of Incident Command Structure Policy	Yes	No	Yes	No
Solar Panels Project	Yes	Yes	No	No
Heavy Rescue Pump	Yes	No	Yes	No
Concerto – Property Services Helpdesk System	Yes	Yes	Yes	No
Buzby	Yes	Yes	Yes	No

LIVE CHANGE AS AT 31 MARCH 2016

Reviews with departmental managers have been used to ensure that the overall scale of change within the Authority is reduced, and that there is clear focus on the higher priority areas, such as the 2020 Programme.

At the 31 March 2016 there were the following:

3 live Programmes; and
26 live Projects.

The total amount of cashable benefits that are expected on completion of all current live Programmes and Projects is £28.8m over a 15 year time period and average of £1.9m of savings per annum.

RISK MANAGEMENT IMPLICATIONS

The Independent Review highlighted the need to bring the scale of change within the Authority under control. A significant amount of work has been undertaken to review the changes already in progress, to bring some to a conclusion and identify the benefits realisation plans, and to defer or suspend others.

A structured approach to project and programme documentation has been adopted and a gated approval process to ensure that the scale of change remains manageable. In addition there is a significantly greater degree of cross-departmental visibility of projects and pinch points for resources, such as ICT skills are identified and managed. This approach has helped to mitigate the risks and issues identified in the independent review.

Within projects and programmes a documented approach to risk management has been adopted.

FINANCIAL IMPLICATIONS

These are set out in the report.

OTHER IMPLICATIONS

There are no legal, equality, or environmental implications from this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
List of background documents (not attached):	
Proper Officer:	Performance Improvement Manager
Contact Officer:	Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 E-mail: tracy.king@essex-fire.gov.uk

Essex Fire Authority

Year ending 31 March 2016

Audit Plan

31 March 2016

Ernst & Young LLP



Building a better
working world

Audit, Governance and Review Committee
Essex Fire Authority
ECFRS Headquarters
Kelvedon Park
Rivenhall Witham
Essex CM8 3HB

31 March 2016

Dear Members

Audit Plan 2015-16

We are pleased to attach our Audit Plan, which sets out how we intend to carry out our responsibilities as auditor.

Its purpose is to provide the Audit, Governance and Review Committee with a basis to review our proposed audit approach and scope for the 2015-16 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 which drive the development of an effective audit for the Authority, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this plan with you at the 20 April 2016 Audit, Governance and Review Committee and to understand whether there are other matters which you consider may influence our audit.

Yours sincerely

Kevin Suter
Executive Director
For and behalf of Ernst & Young LLP
Enc

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies 2015-16". It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk).

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 from 1 April 2015' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit, Governance and Review Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

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

1. Overview

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

- ▶ Our audit opinion on whether the financial statements of Essex Fire Authority give a true and fair view of the financial position as at 31 March 2016 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.

2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Authority, identified through our knowledge of the Authority's operations and discussion to date with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)

Our audit approach

Risk of fraud in revenue recognition

Under ISA (UK and Ireland) 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.

In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

For fire authorities, the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of fraud in revenue recognition.

Our approach will focus on:

- ▶ reviewing and testing revenue and expenditure recognition policies;
- ▶ reviewing and testing revenue cut-off at the period end date; and
- ▶ reviewing capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

Risk of management override

As identified in ISA (UK and Ireland) 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.

Our approach will focus on:

- ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ reviewing accounting estimates for evidence of management bias; and
- ▶ evaluating the business rationale for significant unusual transactions.

Milne v Government Actuaries Department (GAD)

Following the determination of the case of Milne v GAD in May 2015 by the Pensions Ombudsman, Essex Fire Authority is required to make payments to those individuals affected by the judgement.

This case centred on whether GAD had a proactive responsibility to review the commutation factors used in the calculation of the lump sum payments made to pensioners when they opt to take an increased amount of their pension benefit in that form.

The total value of payments which are due to be paid before 31 March 2016 is expected to be material. The payments are expected to be funded by the Department for Communities and Local Government (DCLG) through the top up grant. Therefore there will

Our approach will focus on:

- ▶ testing a sample of payments made to affected individuals during 2015-16; and
- ▶ reviewing the accounting treatment and associated disclosures within the Authority's statement of accounts as well as in the Firefighters' Pension Fund Account.

be no overall impact on the financial position of the Authority. The accounting arrangements for these payments have not yet however been determined.

2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls 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 any identified risks of fraud, and,
- ▶ Performing mandatory procedures regardless of specifically identified risks.

3. Value for money risks

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.

For 2015-16 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.

Our risk assessment therefore considers 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 following significant VFM risk which we view as relevant to our value for money conclusion

Significant value for money risks

Our audit approach

Sustainable resource deployment: Achievement of savings needed over the medium term

The Authority faces significant financial challenges and has identified that they will face a £8 million reduction in revenue support grant over the spending review period to 2019-20.

Given the scale of the savings needed, there is a risk that savings plans to bridge this gap are not robust and/or achievable.

The Authority has recognised this challenge as part of its options for

Our approach will focus on:

- ▶ The robustness of any assumptions used in the 2016-17 annual budget.
- ▶ The Authority's progress in identifying sources of savings and efficiencies to meet the pressures of future reductions in funding.
- ▶ The adequacy of future levels of reserves.
- ▶ The Authority's arrangements for longer term financial planning, taking into account any relevant information from progress of Programme 2020.

Reviewing the options for consideration and

change, through Programme 2020.

the decisions taken, which support the Service as it seeks to deliver significant organisational change and transformation.

Informed decision-making: Progress on the delivery of the work programme required to improve the culture within ECFRS

The report of the Independent Cultural Review of Essex County Fire and Rescue Service, received by the Authority on 2nd September 2015, made 35 recommendations to improve the culture in the organisation.

A number of other resolutions were also agreed by the Authority.

Failure to effectively address the issues identified within the Independent Review of Culture present significant risks to the Service and the Authority, not least, as the report suggests, that without significant change employees and communities may be at risk.

Our approach will focus on:

- ▶ The Authority's progress on the implementation of the recommendations and resolutions required to improve the culture within ECFRS.
- ▶ Monitoring arrangements and reporting progress to members of the Strategic Management Board and Members of Essex Fire Authority.
- ▶ Reviewing the integration of the Authority's response with Programme 2020.

We will keep our risk assessment under review throughout our audit, and communicate to the Audit, Governance and Review Committee any revisions and any additional local risk-based work we may need to undertake as a result.

4. Our audit process and strategy

4.1 Objective and scope of our audit

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 of the Authority under International Standards on Auditing (UK and Ireland).

We report to you by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also review and report to the NAO on the Group's Whole of Government Accounts return to the extent and in the form they require.

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.

4.2 Audit process overview

Our audit involves:

- ▶ Walking through the material financial systems, and assessing the design and implementation of key internal controls;
- ▶ Reviewing internal audit plans and the results of work undertaken; and
- ▶ Reliance on the work of experts in relation to areas such as pensions and valuations.

Processes

Our initial assessment of the key processes has identified the following areas where we plan to rely on key controls:

- Payroll; and
- Pensions.

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.

Internal audit

We will review internal audit plans and the results of their work. We will seek to rely on internal audit's work in the same key processes where we expect to take a controls based approach.

Use of specialists

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
Pensions	EY pensions team and PWC; Essex Fire Authority's actuary: Barnett Waddingham.
Property, Plant and Equipment	Essex Fire Authority's valuers: Lambert Smith Hampton.

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 environment 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 expert 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.

4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks (section 2) and value for money risks (section 3), we must 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;

- ▶ 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.

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

4.4 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the financial statements of the Authority is £2.223 million based on 2% of gross expenditure. We will communicate uncorrected audit misstatements greater than £111,000 to you.

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 the circumstances that might ultimately influence our judgement. 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 financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

4.5 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant 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 NAO Code. The indicative fee scale for the audit of Authority is £35,625.

4.6 Your audit team

We are making a number of changes to our audit team this year as a result of staffing movements. Kevin Suter, Executive Director, will be taking over from Debbie Hanson as the executive in charge of the audit. Kevin is supported by Martina Lee, Manager, who is responsible for the day-to-day direction of audit work and is the key point of contact for the Section 151 Officer. Banita Ludhor will take over from Kal Rai as the lead executive on the audit.

4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Authority through the Audit, Governance and Review Committee's cycle in 2015-16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit, Governance and Review Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Authority and external stakeholders, including members of the public.

Audit phase	Timetable	Audit, Governance and Review Committee timetable	Deliverables
High level planning	April 2015		Audit Fee Letter
Risk assessment and setting of scopes	April 2016	20 April 2016	Audit Plan
Testing routine processes and controls	April 2016		Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements and, overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October 2016	January 2017	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 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 on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during 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	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between 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. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, 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 we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, 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 contracted services, and details of any written proposal to provide non-audit services.

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 are disclosed and analysed in appropriate categories.

5.2 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 any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; 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 the Authority.

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 the Authority has approved and that are in compliance with PSAA Terms of Appointment.

At the time of writing, the Authority has not commissioned any non-audit services from EY for 2015-16.

Therefore, 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 the Authority. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 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 other 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 your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

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

Other threats

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

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

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Kevin Suter, Executive Director and the audit engagement team have not been compromised.

5.3 Other required communications

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 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 ended June 2015 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015-16 £	Scale fee 2015-16 £	Outturn fee 2014-15 £	Explanation
Opinion Audit and VFM Conclusion	35,625	35,625	47,500	The reduction of 25% in audit fees between 2014-15 and 2015-16 represents the outcome of the Audit Commission's tendering exercise in March 2014.
Total Audit Fee – Code work	35,625	35,625	47,500	

All fees exclude VAT.

* A fee scale fee variation increase is subject to approval by the PSAA.

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ We can rely on the work of internal audit as planned;
- ▶ 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 Section 151 Officer 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.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit, Governance and Review Committee. These are detailed here:

Required communication	Reference
Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.	► Audit Plan
Significant findings from the audit <ul style="list-style-type: none"> ► Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ► Significant difficulties, if any, encountered during the audit ► Significant matters, if any, arising from the audit that were discussed with management ► Written representations that we are seeking ► Expected modifications to the audit report ► Other matters if any, significant to the oversight of the financial reporting process 	► Report to those charged with governance
Misstatements <ul style="list-style-type: none"> ► Uncorrected misstatements and their effect on our audit opinion ► The effect of uncorrected misstatements related to prior periods ► A request that any uncorrected misstatement be corrected ► In writing, corrected misstatements that are significant 	► Report to those charged with governance
Fraud <ul style="list-style-type: none"> ► Enquiries of the Audit, Governance and Review Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ► Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ► A discussion of any other matters related to fraud 	► Report to those charged with governance
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> ► Non-disclosure by management ► Inappropriate authorisation and approval of transactions ► Disagreement over disclosures ► Non-compliance with laws and regulations ► Difficulty in identifying the party that ultimately controls the entity 	► Report to those charged with governance
External confirmations <ul style="list-style-type: none"> ► Management's refusal for us to request confirmations ► Inability to obtain relevant and reliable audit evidence from other procedures 	► Report to those charged with governance
Consideration of laws and regulations <ul style="list-style-type: none"> ► 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 ► Enquiry of the Audit, Governance and Review 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, Governance and Review Committee may be aware of 	► Report to those charged with governance

Required communication	Reference
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance ▶ Annual Audit Letter if considered necessary

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