



OFFICIAL

Abridged Performance Management Report

Audit Committee

Date: 21 April 2023

Agenda Item:

06

Submitted By: Head of Corporate Services

Purpose	To inform members of the Authority's performance against Key Performance Indicators where targets are not being achieved
Recommendations	That members note the report
Summary	The Performance Management and Activity Report which is presented to the Full Authority outlines the Authority's performance against key performance indicators thereby enabling the Authority to measure, monitor and evaluate performance against targets. This report highlights the key performance indicators where targets are not being achieved.

Local Government (Access to information) Act 1972

Exemption Category: None

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Background papers open to inspection: None

Annexes: Abridged Performance Management Report

1 Introduction

- 1.1 The Performance Management and Activity Report, which is presented quarterly to the Full Authority meeting outlines the Authority's performance against key performance indicators thereby enabling the Authority to measure, monitor and evaluate performance against targets. These are detailed in three categories as shown below:
- o Key Performance Indicators
 - o Service Delivery Indicators
 - o Corporate Health Indicators
- 1.2 The Performance Management and Activity Report is monitored quarterly by Management Team and the Full Authority.
- 1.3 A traffic light system is used to provide a clear visual indicator of performance against each specific target and comparison is made with the same period the previous year to indicate whether performance has improved, remained the same or deteriorated.

2 Information

- 2.1 The attached report highlights the key performance indicators where the targets are not being achieved.
- 2.2 Information regarding reasons why performance is not at the required level, together with actions being taken to address this, is provided within the report.

3 Financial Implications

- 3.1 There are no financial implications arising from this report.

4 Legal Implications

- 4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5 Human Resource and Diversity Implications

- 5.1 Measurement against key indicators on human resources and diversity are included in the Performance Management Report.

6 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk))	No
Date EIA Completed	DD/MM/YY
Date EIA Approved	DD/MM/YY

The EIA is available on request from the report author or from diversity.inclusion@westyorksfire.gov.uk

7 Health, Safety and Wellbeing Implications

6.1 There are no health and safety implications associated with this report.

8 Environmental Implications

8.1 There are no environmental implications associated with this report.

9 Your Fire and Rescue Service Priorities

9.1 This report links to all the Your Fire and Rescue Service priorities.

10 Conclusions

10.1 That Members note the report.

Performance Management and Activity Report (Abridged) 2022/23

Period covered: 1 April – 31 December 2022
Date Issued: 21 April 2023



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1. Introduction/Summary

The purpose of this report is to provide information regarding the performance of West Yorkshire Fire and Rescue Service against selected performance indicators for which performance has decreased compared with the same period the previous year.

The first section provides a summary of performance against all performance indicators detailed within the full Performance Management and Activity Report which is presented to Full Authority Committee meetings.

In this report, appropriate and progressive monthly statistics have been utilised to identify trends in performance, with corresponding information regarding the action being taken to address areas of under-performance.

All data, unless specified, is for the reporting period 1 April – 31 December 2022.

A traffic light system has been employed to provide straightforward visual indication of performance against each specific indicator.

If further data is available following the last Performance Management Report presented to the Full Authority, this has been included to show the performance trend.

2. Service Delivery Targets

	Not achieving target (by more than 10%)
	Satisfactory performance (within 10% of target)
	Achieving or exceeding target

	Actual Data (2012/13)	Three Year Average Target (2019/22)	Actual Data to date (2021/22)	Actual Data to date (2022/23)	Performance Against Three Year Average (2022/23)	End of Year Projection (2022/23)
Arson	8723	6383	4458	5524	14.9%	7332
Actual Rescues	821	1621	911	897	-26.6%	1191
Total Activity	30103	24209	19276	21400	17.3%	28404
Dwelling Fires	1492	1144	809	806	-6.5%	1070
Non-Domestic Building Fires	493	406	264	268	-12.4%	356
Prevalence of False Alarms	14714	10558	8670	8968	12.7%	11903
Fire-Related Injuries	282	181	105	101	-25.9%	134
Road Traffic Collisions	874	645	457	449	-7.6%	596
Malicious False Alarms	641	358	305	275	2.0%	365

3. Service Delivery Indicators – Performance compared to previous year

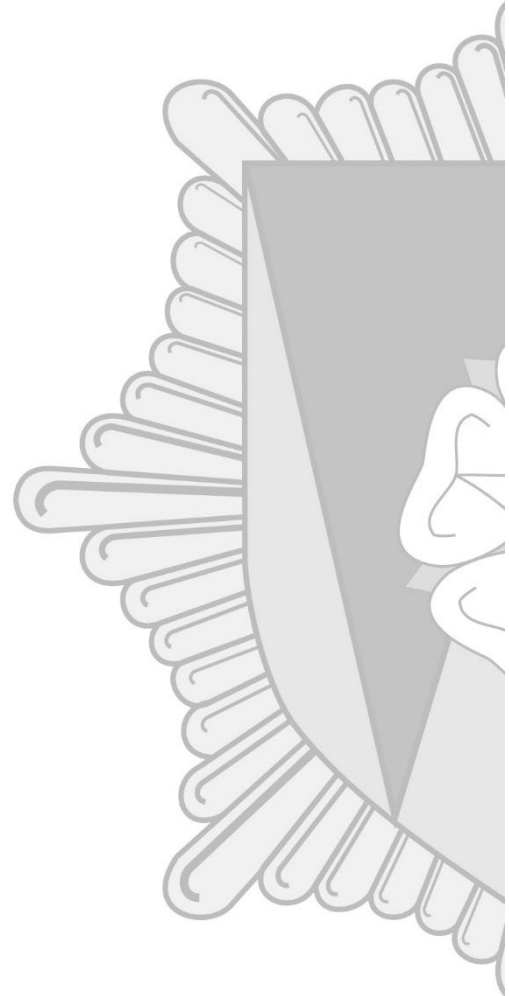
Description	2021-22	2022-23
Accidental Dwelling Fires (per 10,000 dwellings)	6.96	6.84
Number of deaths arising from accidental fires in dwellings (per 100,000 population)	0.26	0.13
Number of Fire-Related Deaths (per 100,000 population) arising from fires other than Accidental Dwelling Fires	0.17	0.13
Number of Injuries arising from accidental fires in dwellings (per 100,000 population)	3.16	2.82
(a) Number of Serious Injuries (per 100,000 population)	0.82	0.35
(b) Number of Slight Injuries (per 100,000 population)	2.34	2.47
The percentage of dwelling fires attended where there was a working smoke alarm which activated	59.7%	57.35%
The percentage of dwelling fires attended where a working smoke alarm was correctly fitted but did not activate	19.16%	20.40%
The percentage of dwelling fires attended where a smoke alarm, because it was faulty or incorrectly sited, did not activate	2.84%	3.09%
The percentage of dwelling fires attended where no smoke alarm was fitted	18.29%	19.16%
Number of calls to malicious false alarms (per 1000 population) – attended	0.13	0.12
False alarms caused by automatic fire detection equipment (per 1000 non-domestic properties)	29.88	30.06
False alarms caused by automatic fire detection equipment (per 1000 domestic properties)	3.44	3.42
Fires in non-domestic premises (per 1000 non-domestic premises)	3.13	3.19
Number of Primary Fires (per 100,000 population)	96.19	102.17
Number of Fire Casualties – excluding Precautionary Checks (per 100,000 population)	4.12	4.25
Arson Incidents – All Deliberate Fires (per 10,000 population)	19.32	23.94
Arson Incidents – Deliberate Primary Fires (per 10,000 population)	3.51	4.11
Arson Incidents – Deliberate Secondary Fires (per 10,000 population)	15.82	19.84

4. Service Delivery Indicators – WYFRS not achieving target.

Description	Cumulative Year to Date Performance												Performance in 2021-
	To 30 Apr	To 31 May	To 30 Jun	To 31 Jul	To 31 Aug	To 30 Sep	To 31 Oct	To 30 Nov	To 31 Dec	To 31 Jan	To 28 Feb	To 31 Mar	
Arson Incidents - Deliberate Primary Fires (per 10,000 population)	0.44 (101)	0.92 (213)	1.33 (307)	1.92 (443)	2.52 (582)	2.90 (668)	3.37 (777)	3.81 (879)	4.11 (948)				3.51 (809)
<p>Comments: This cumulative target will not be met this year, the extreme weather over the summer period led to a significant increase in incidents which fall under this indicator. However, we have worked hard with partners over the last six months and have seen the monthly occurrence of this incident type drop from 137 in Jul / Aug to 69 in December. This is lower when compared to December 2021 - 22.</p>													

Description	Cumulative Year to Date Performance												Performance in 2021-
	To 30 Apr	To 31 May	To 30 Jun	To 31 Jul	To 31 Aug	To 30 Sep	To 31 Oct	To 30 Nov	To 31 Dec	To 31 Jan	To 28 Feb	To 31 Mar	
Arson Incidents - Deliberate Secondary Fires (per 10,000 population)	2.71 (625)	4.92 (1135)	7.75 (1788)	10.84 (2501)	14.84 (3424)	16.90 (3899)	18.15 (4187)	19.17 (4422)	19.84 (4576)				15.82 (3649)
<p>Comments: As with primary deliberate fires, the heatwave over the summer resulted in 1004 additional mobilisations when compared with the same period in 2021 - 22 (Jul / Aug). This has significantly skewed the figures for the rest of the year. We have seen the number of secondary fires come down from a peak of 923 in August to 154 in December. November is traditionally a challenging month for this indicator, however, November 2022 saw a 49% reduction in deliberate secondary fires when compared with the previous year and we have seen strong performance throughout the last quarter of the 2022.</p>													

PREVENTING PROTECTING RESPONDING



West Yorkshire Fire and Rescue Service
Oakroyd Hall
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Service Assurance and Improvement Team Update

Audit Committee

Date: 21 April 2023

Agenda Item:

07

Submitted By: Director of Corporate Services

Purpose	This report submits for information and update of the work of the Service Improvement and Assurance Team since the last report to Committee in 2021
Recommendations	That members note the update.
Summary	This report provides Audit with information regarding the internal and external assurance processes of West Yorkshire Fire and Rescue Service.

Local Government (Access to information) Act 1972

Exemption Category: None

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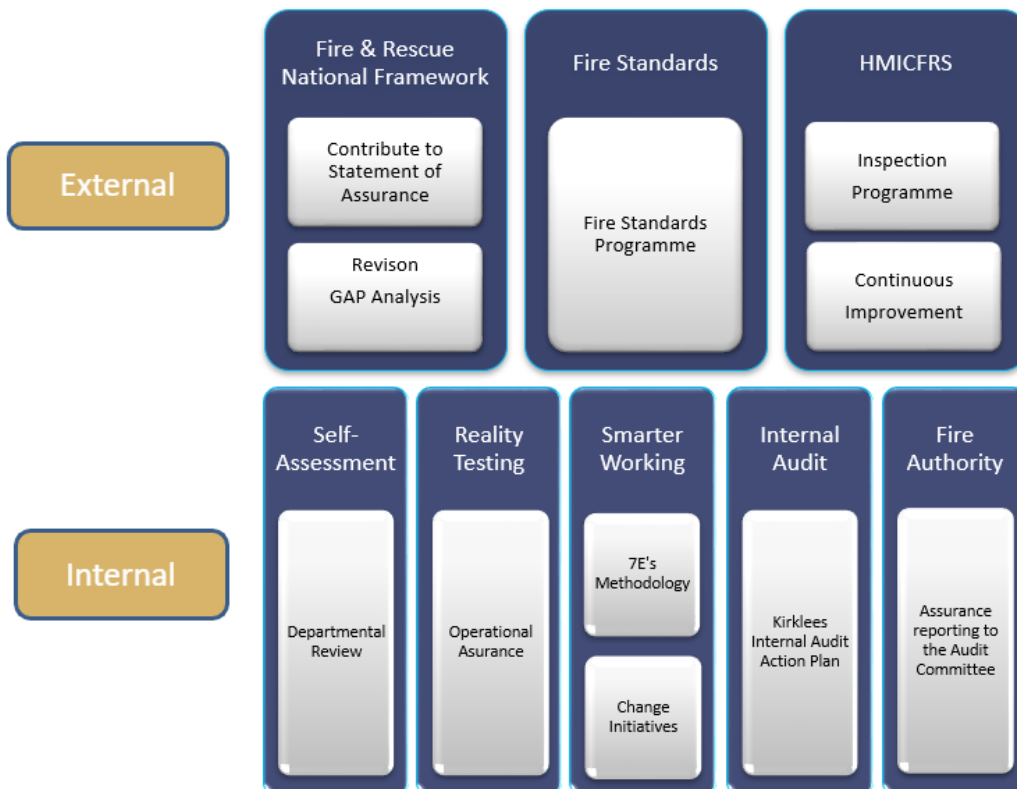
Background papers open to inspection: None

Annexes: Annex A: HMCFRS State of Fire and Rescue 2022/Action plan update
Annex B: Fire Standards Report
Annex C: Reality Testing Evaluation
Annex D: Self-Assessment Reporting 2022/Guidance

1 Introduction

This paper provides an overview of West Yorkshire Fire and Rescue Service's (WYFRS) Assurance process.

WYFRS recognises the importance of the provision of assurance and its responsibilities contained within the National Framework document. A dedicated team, the Service Improvement and Assurance Team (SIAT) provide high level assurance to Management Board and the Fire Authority through the management of the internal and external assurance processes/workstreams below.



2 Information

2.1 HMICFRS

His Majesty's Inspectorate for Constabulary and Fire and Rescue Services (HMICFRS) last inspected WYFRS in October/November 2021 where they judged each of the 3 pillars as 'Good'. They did identify some areas for improvement from this Round 2 inspection which have been captured on a HMICFRS Action Plan that is reviewed and updated with the action owners in quarterly workshops for each of the 3 pillars:-

- Effectiveness
- Efficiency
- People

An update report was taken to the February 2023 Fire Authority meeting (Annex A)

Following the Round 2 inspection cycle, His Majesty's Inspectorate for Constabulary and Fire and Rescue Services (HMICFRS) published their report on

the [State of Fire and Rescue 2022](#) The report shows the national focus areas for Round 3 are likely to be.

- Efficiency.
- Productivity.
- Values and Culture.
- Equality and Diversity.

HMICFRS have taken feedback from a recent consultation and have moved away from inspecting in 'Tranches' of approx. 15 fire and rescue services (FRS's) to smaller batches of around 3 FRS's, this will aid a quicker turnaround of reports to around 24 weeks, compared with the 7 months it took for our report to be published in Round 2.

2.2 Fire Standards

The Fire Standards Board was formed in 2019, their role is to oversee the identification, organisation, development and maintenance of professional standards for fire and rescue services in England.

Below are the Fire Standards that have been published so far:-

1. Emergency Response Driving
2. Code of Ethics
3. Community Risk Management Planning
4. Prevention
5. Fire Protection
6. Operational Competence
7. Operational Preparedness
8. Operational Learning
9. Safeguarding
10. Fire Investigation
11. Data Management
12. Emergency Preparedness and Resilience
13. Leading the Service
14. Leading and developing People
15. Fire Control - Consultation
16. Communications, Engagement and Consultation -Consultation

At WYFRS each fire standard has its own project site, its own project manager and sponsor. A Watch Manager has responsibility for monitoring and supporting the progression of each of the fire standards. An update of each of the fire standards is presented to Management Team every second meeting to monitor progress and address any barriers identified. Annex. B

2.3 Reality Testing

Reality Testing is an in-depth analysis of an incident. It has been introduced to improve organisational learning as a holistic assurance process for all departments, operational and non-operational.

At least 6 Incidents per year are tested, bi-monthly, with a minimum of 1 District and 2 duty systems tested annually. It targets incidents up to 4 pumps, where incident themes are selected with support from contributing stakeholders.

Once an incident has been selected, test data is gathered remotely and by speaking to those stations/watches/control staff involved.

The information gathered is collated, learning identified and reported to Area Managers, who then decide how learning will be shared. These learning actions are added to the HMICFRS Action Plan and monitored via the quarterly pillar workshops.

Governance of the process sits within the two groups below:-

1. The Operations and Training Interface Group.
2. HMICFRS Action Plan Workshops

An evaluation of the first year of Reality Testing has recently been carried out and shared with Management Team which has identified a number of improvements which have been actioned. Annex: C.

2.4 Self-Assessment

The Self-Assessment process asks 27 departments/functions to complete the Self-Assessment Toolkit to rate themselves against specific criteria. The process captures evidence across a range of areas and is designed to be as user friendly as possible: it provides an overview into areas of outstanding and good practice but also highlights areas that may need developing /improving.

The process supports the specialist departments below by capturing returns for their area of responsibility for which the returns are shared:-

- Objectives, Action Plans, Performance Indicators
- Health, Safety and Wellbeing
- Training and Competence
- Financial Compliance/Value for Money
- Staffing and Resourcing
- Smarter Working
- Quality Assurance/Self-Assessment
- Data Protection/Information Governance
- Policies
- Reporting and Monitoring
- Corporate Risk/Business Continuity Plans
- Diversity and Inclusion
- Internal Audit/Review
- External inspection/Audit
- Project Management Office

A copy of the Self-Assessment Guidance documents can be found at Annex: D.

2.5 Smarter Working

Smarter Working promotes a Corporate Lean philosophy to drive and support continuous improvement and embed Smarter Working principles into organisational culture and practice. A Lean Methodology also known as the 7E's is used to assist transformation and change within WYFRS Service Assurance and Project Framework processes and protocols, managing the development of key deliverables using the SMART approach.

Smarter Working supports the Community Risk Management Planning (CRMP) process to identify organisational efficiencies and where possible, encourages the use of WYFRS data to innovate and work smarter.

The Smarter Working Manager works collaboratively and engages with key stakeholders to coach and facilitate individuals and teams to identify and implement improvement opportunities by reducing inefficiencies within a process. Processes are mapped out in detail from end to end to include all steps from initiation to completion. The steps are assessed for their value to the end customer of the process, and this enables the identification of which steps do not add value and/or are unnecessary.

3 Financial Implications

There are no Financial implications arising from this report at the time of submission.

4 Legal Implications

The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

5 Human Resource and Diversity Implications

There are no Human Resources and Diversity implications arising from this report at the time of submission.

6 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk))	Yes / No At the start of every programme/project an EIA is completed
Date EIA Completed	DD/MM/YY
Date EIA Approved	DD/MM/YY

The EIA is available on request from the report author or from diversity.inclusion@westyorksfire.gov.uk

7 Health, Safety and Wellbeing Implications

There are no Health and Safety implications arising from this report at the time of Submission.

8 Environmental Implications

Insert any possible/recognised environmental implications identifying any of the following;

- Fuel efficiency savings
- Co2 reductions
- Power reduction
- Support climate change outcomes e.g. flood or wildfire provisions etc.

9 Your Fire and Rescue Service Priorities/Areas of focus

Promote the health, safety and wellbeing of all our people.

Use HMICFRS inspection and assessment programme as a foundation to implement our improvement action plans to deliver an outstanding service....

Implement the new, approved Fire Standards to ensure the Service is demonstrating its commitment to continuous improvement.

10 Conclusions

Audi Committee are asked to note the assurance processes WYFRS have in place.

Annex: A



West Yorkshire
Fire & Rescue Service

State of Fire and Rescue 2022

WYFRS HMICFRS Action Plan

Presentation for
FA Members

Date
Feb 2023



State of Fire 2022 – Introduction

The Annual Assessment of Fire and Rescue in England 2022 was published on 20th January 2023

It includes the following information:-

- His Majesty's Chief Inspector's assessment
- HMICFRS Inspections
- National Recommendations
- Reports
- Revisits
- About us

His Majesty's Chief Inspector Assessment

- Services and their staff are dedicated to service the public, the 2022 public perceptions survey showed public feel the same way
 - 1,798 respondents 84% said they valued the work that services carry out
 - 82% said they respected people who have a career in the sector
- Challenges for services, additional difficulties caused by tragic incidents such as wildfires and flooding
 - In 2021/22 services attended 15,960 flooding incidents, 7% more than the previous year

His Majesty's Chief Inspector Assessment

Reform is still urgently needed, since 2018 we have identified obstacles that have stood in the way of the sector's progress, as a result we previously issued 6 recommendations to bring about improvements.

Some frustrations with the lack of progress being made with only 2 of the 6 now being complete.

The 4 remaining recommendations are

- The Home Office should precisely determine the role of fire and rescue services, to remove any ambiguity
- The sector should remove unjustifiable variation, including in how they define risk.
- The sector should review how effectively pay and conditions are determined
- The Home Office should invest chief fire officers with operational independence, whether through primary legislation or in some other manner

HMICFRS Inspections

Over the last 3 years inspections have played a crucial role in promoting improvements in the sector:-

- Most services are improving their focus on Fire Protection
- Fire Prevention needs to improve if services are to keep some of society's most vulnerable people safe
- Services are generally responding well to emergency incidents
- The health and safety and well-being of staff continue to be a strength for almost all service
- Resources aren't always being directed to where they are most needed
- Many service need to improve how they promote values and culture
- Most services should do more to improve equality, diversity and inclusion

Learning

- Examined more closely how the sector has responded to the recommendations from the Grenfell Tower Inquiry Phase 1 – second round of inspections focused on the collection of risk information and protection activity surrounding the Building Risk Review.
- Third round of inspections will focus on systems that should now be in place to manage similar incidents.
- Learning from the Manchester Arena Inquiry
- Learning from the LFB enquiry

WYFRS HMICFRS Action Plan – Round 2

- Areas for Improvement identified in our report have been moved onto our HMI Action Plan – owners of actions/timeframes agreed for each action.
- Managed through quarterly workshops for each of the 3 pillars (Effectiveness, Efficiency and People)
- 8 of the 9 areas of improvement identified from round 1 inspection were seen as complete in round 2 (now all closed as completed)
- Kirklees Internal Audit in progress (also audited in 2021)

Effectiveness

<u>R2 1.3</u>	The service should make sure mobile data terminals are reliable and its firefighters have good access to relevant and up-to-date risk information.	30/09/2022	31/03/2025	DT / GS	On Track
<u>R2 1.4</u>	The service should make sure it delivers safe and well visits and follow ups in a timely manner.	30/09/2022	31/10/2022	SD	Complete
<u>R2 1.5</u>	The service should make sure it consistently quality assures its prevention activity, so all staff carry out safe and well visits to an appropriate standard.	30/09/2022		SD	Complete
<u>R2 1.7</u>	The service should assure itself that its risk-based inspection programme prioritises the highest risks and includes proportionate activity to reduce risk.	30/09/2022	15/07/2025	CKE	On Track
<u>R2 1.13</u>	The service should make sure it has an effective system for learning from operational incidents - Debriefs	30/09/2022	31/03/2023	DT	On Track
<u>R1 1.9</u>	Ensure we have effective arrangements for providing specialist protection advice out of hours.	12/02/2020	30/09/2022	CKE	Complete

Efficiency

R2 2.1	The service should have effective measures, targets, and processes in place to support performance management of its key business functions	10/08/2022	30/06/2023	MT	On Track
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People

<u>R2 3.1</u>	The service should make sure that it has effective arrangements in place to support staff following a traumatic incident.	11/08/2022	31/10/2023	MD	On Track
<u>R2 3.2</u>	The service should ensure all staff are appropriately trained and up to date in relation to health and safety.	11/08/2022	30/06/2023	MD	On Track
<u>R2 3.3</u>	The service should make sure it has an effective, accurate and accessible system for recording and monitoring all staff training.	11/08/2022	31/03/2023 31/12/2022	KJ / IS / LM	On Track
<u>R2 3.4</u>	The service should review how effective its policy on bullying, harassment and discrimination is in reducing unacceptable behaviour towards its staff.	11/08/2022	Ongoing	IB	On Track
<u>R2 3.5</u>	The service should assure itself that staff are confident using its feedback mechanisms.	27/09/2022	end of financial year	IB	On Track
<u>R2 3.6</u>	The service should improve all staff understanding and application of the performance (annual) review process.	11/08/2022	30/06/2023	IS	On Track

Questions?



Annex B

Briefing paper for: Management Team

Date of meeting; 21 February 2023

Subject: The Fire Standards

Paper for: Fire Standards Progress Report

Presented by: Martin McCarthy

FIRE
STANDARDS
BOARD

Fire Standards Program Overview

Following a review of the Fire Standards Implementation Board (FSIB) meetings it has been agreed that a regular report presented to Management Team every second meeting would form an effective and time efficient solution to monitoring the progress of the Fire Standards Program.

This update will give a general overview of where progression sits within each Fire Standard. If you require any further information please contact T/WM John Hodson (SIAT) who can give a greater depth of analysis. Fire Standards Project Records are also available to view in full over SharePoint subject to authorisation.

Risks and Issues Overview

- 1) A lack of awareness around Fire Standards can prevent the Fire Standards Program Manager getting regular updates from Project Managers.
- 2) Existing workloads can restrict Project Managers availability for communication. Problem exacerbated by Industrial Action Planning.

Fire Standards Project Updates

Fire Standard	Percentage Progression	Overview Report
ERD Training PM - GM Lee Miller	25%	WC Andy Duncan now in appointment as WC Driver Training. Department to implement new Training Framework prior to August 2023. Meeting planned with Kevin Dellow (NFCC) to advise/support WYFRS around implementation.
Code of Ethics PM - Ian Stone	75%	Current Fire Standard activity underway by Project Manager Ian Stone includes impact assessment work around future projects such as, new station builds – confirm forward facing, future proofed and inclusive.
CRMP PM – SM Adrian Bairstow	25%	SM Adrian Bairstow currently reviewing the CRMP Fire Standard gap analysis and associated Action Plan as part of the continual journey of the Fire Standards process. This review should give a fantastic opportunity to review, evaluation and improve the process of CRMP.

<p>Prevention</p> <p>PM - Sarah Laidlow-Moore</p>	<p>50%</p>	<p>Current Fire Standard activity includes,</p> <p>Future Prevention Strategy currently under review.</p> <p>Training package “ARTICULATE” approved and will be trialled with a look to embed into the department.</p> <p>Planning underway around the roles and responsibility of the future “Community Engagement post”.</p>
<p>Protection</p> <p>PM – Chris Kemp</p>	<p>50%</p>	<p>Interim Risk Based Inspection Program (RBIP) is in place as awaiting National Guidance on what RBIP should look like in future.</p> <p>Out of Hours Policy now in place. Action marked as complete.</p> <p>Review of training completed. Records stored internally within Department Training Files, IQA conducted by Line Management.</p> <p>Quality Assurance by Kirklees Audit Team on-going as of 03/02/2023.</p> <p>Business Fire safety Advisor advertisement open for applications.</p> <p>6 x WC in training to become Fire Safety Inspectors. Covers the succession aspect of the Action Plan.</p>
<p>Ops Competence Ops Preparedness Ops Learning</p>	<p>25%</p>	<p>The Action Plan has been updated to reflect completed tasks.</p> <p>Several other tasks still require completion across all three Ops Response Fire Standards. Implementation of the “Product Pack” will conclude these tasks however, the Product Pack</p>

PM – GM Matt Goodall		is in its embryotic stages and will take time to implement. Progress will be monitored and reviewed at regular intervals.
Safeguarding PM – Rachel McArdle	50%	New safeguarding Policy to be reviewed by Management Board Feb 2023. Level 2 Safeguarding Training in planning stages. Discussions with external training provider currently underway.
Fire Investigation PM – SM Neil Griffiths	75%	Skills For Justice Level 2 Fire Investigation Training Course now live and available to book on Access. Strengthening work around succession planning required. FI Equipment review on-going.
Data Management PM – Kirsty James	75%	Some further work required on the gap analysis to reach completion but progress and engagement from stakeholders up to this point has been good. Information to be transferred to Action Plan as soon as gap analysis is complete.
Emergency Preparedness and Resilience PM – GM Chris Hannah	100%	Gap analysis complete. Compliance reached in all areas. Evidence to be strengthened in next gap analysis review. Will be reviewed quarterly for any future gaps to be identified. All areas of Compliance to be built upon to with aim of becoming outstanding.
Leading the Service	0%	Project Manager to be confirmed.

Leading and Developing People	0%	Project Manager to be confirmed.
Fire Control	N/A	Fire Standard Consultation Survey completed by GM Julie Jowett, WM Joanne Goode and T/WC John Hodson.
Communications, Engagement and Consultation	N/A	Fire Standard currently under consultation – Emma Hollingworth leading.



West Yorkshire
Fire & Rescue Service

West Yorkshire Fire & Rescue Service Reality Testing Annual Report 2022

Revision and Signoff Sheet

Change Record

Date	Author	Version	Comments

Reviewers

Name	Version Approved	Position	Organisation	Date

Distribution

Name	Position	Organisation

Document Properties

Item	Details
Document Title	WYFRS Reality Testing Annual Report
Author	Chris McCabe
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1 Introduction

Following pilot tests in 2021, Reality Testing has gone through its first full year of testing in 2022. The process forms part of the Operational Response element of the Internal Audit, which sits within WYFRS' Operational and Service Assurance Framework. The Service Improvement and Assurance Team (SIAT) deliver the process

Reality Testing is an in-depth review of an incident. It tests our policies and procedures to gauge how effectively they are working. It does this by gathering Organisational learning and instilling a proactive and continuous cycle of improvement to try and achieve the overall aim, and focus, of improving Firefighter safety.

Reality Testing contributes to Operational Assurance by taking a holistic approach and looking at operational effectiveness from the bottom up, rather than focusing on the result. It complements the work of operational assurance on the incident ground but also assures non-operational departments that support operational effectiveness.

The process passed through SOT in February, and five tests took place in 2022, meeting the minimum targets of one test per District and two tests per duty system, outlined in the [Reality Testing Framework](#).

This document will detail:

- A summary of the process delivery and key statistics
- A summary of the learning and good practice
- Post Test Reporting, Transparency, and Feedback
- How the process will evolve and move forward in 2023

2 Summary of the process delivery

As the Reality Testing process is new, there have been frequent engagement meetings and briefings across all levels of the Organisation to raise awareness. Engagement with subject matter experts has been vital to ensure the test is fit for purpose, and continually evolving to reflect our current policies and procedures.

Briefings, especially with operational staff, have been important to highlight that the process is visible and transparent. Tangible evidence of the results is available for all participants to assist engagement.

All learning identified during the testing process is reported to the Area Mangers and Heads of Departments. They are responsible for analysing the results and deciding if actions are required. Reality Testing is also a standing item on the quarterly Operations and Training Interface Group, where the team update the group on new actions, report on trends, and discuss how actions are being addressed. Actions are recorded on the HMICFRS Action Plan Tracker and raised in each quarterly HMICFRS Action Plan Workshop to track progress and capture evidence of improvements.

In 2022, the team was involved in:

- 163 Stakeholder meetings
- 16 Watch Commander Briefings

The five tests were delivered to the following areas:

- 5 Districts, including one District twice
- 6 Control visits, to all watches, including two watches twice.
- 8 Two-two-four stations
- 3 CLM Watch Mangers, mobilised independently of their watches
- 3 Day-Crewed Stations
- 4 On-Call Stations
- 2 Cross border station visits (North and South Yorkshire)

3 Summary of Learning and Good Practice

Across the five tests the following learning was identified:

- 63 learning outcomes
- 5 areas of good practice
- 36 Actions initiated
- 14 completed and closed actions

Actions were initiated in the following areas. (Some cross over two areas)

- Operations - 14 (2 closed)
- Training and Competency – 12 (5 closed)
- Control – 9 (7 closed)
- Incident Command – 3
- Cross Border Working – 2
- Mobilisation – 2 (both closed)
- Incident information & location – 2 (One closed)
- Prevention – 2
- EMS (Equipment testing and recording) - 1
- Occupational Health (Fitness test completion) - 1
- Decontamination procedures – 1 (closed)
- Health and Safety (Seatbelts) – 1
- Estates (external traffic lights) – 1
- ICT (Software licensing) – 1 (closed)

Some trends were consistently repeated across certain areas, such as Competency, the wearing of seatbelts, and EMS recording.

Actions have been addressed via OPIDs, the SAV process, communication in Health and Safety Bulletins, and making existing procedures more robust to improve performance and prevent trends from being repeated. For example, the Occupational Health policy for escalating cases of individuals not completing a fitness test on time.

4 Post-Test Reporting, Transparency, and Feedback

As well as the governance structure ensuring that resulting loops arising from actions are closed, it is important that evidence of improvements are visible, trackable and communicated.

Reports and action trackers do not highlight any individual names involved in testing, except managers responsible for owning actions. This approach along with the transparency has encouraged participants to engage with the process and give the team honest feedback, without any reprisals. Examples of this are seatbelts not being worn in appliances, personal welfare packs not being carried on appliances, and the Post Incident Cleaning Policy not being followed.

An [Action Tracker](#) with both active, and completed actions is accessible on the [Reality Testing](#) tile of [SIAT's](#) Fire Hub page. This is a live tracker, updated after each test and accessible to every person in the Organisation.

Following tests, feedback sessions have been delivered in Districts with District Commanders and ADCs, as well as stations tested. These have been well received. District Commanders and Control Managers have reported that the testing process has been beneficial and improved performance. Operational crews have found the process interesting, engaging, and useful, as well as given them a heightened awareness, and reminder, of the importance of their daily work routines, competency and Prevention work. This has been backed up by surveys returned by participants to SIAT.

5 How the process will evolve and move forward in 2023

To ensure that the testing process evolves, and progress can be measured, the team will introduce improved ways of reporting test findings so that managers and Districts can analyse performance, and measure improvement. This will be achieved through more specific data, considering One View, and taking advantage of the Power BI capability within SIAT.

As the sample size of Reality Testing is small, the team will also consistently review and meet with Departmental Heads to compare data and learning and see how it compares and measures against their data to ensure test findings are reflective of the whole Organisation.

Reality Testing is also part of the recently established Operational Learning Evaluation Board where the team will share, and cross-reference learning identified via the debrief process. This will ensure work is not duplicated, trends can be analysed by both teams as well as also ensuring the learning process is robust and efficient.

Kent and North Yorkshire Fire and Rescue Services are peer-reviewing the Framework and the Reality Testing Process to ensure that it has been independently assessed. Any Feedback will be considered and adapted where appropriate.

In summary, Reality Testing has been a valuable addition to the Organisation's Assurance and Service Improvement process. It has been embraced and supported well by the Management team, as well as by each Department that contributes towards it. Operational and Control staff's contribution and cooperation have also been invaluable to the process.

Annex: D

Annual Self-Assessment Assurance Guidance/Checklist 2023

1 Contents

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1 Introduction

Thank you for taking part in this round of our annual self-assessment activities, included in our Service Assurance Process.

The self-assessment process has been put in place to give us a better view of quality assurance across our departments. It will aid us when completing our Annual Statement of Assurance and demonstrate compliance with the National Framework. The purpose of this document is to provide guidance when completing the self-assessment toolkit.

In order to self-assess your department/function you will be required to complete the Self-Assessment Toolkit and rate yourselves against specific criteria. The form captures evidence across a range of areas and is designed to be as user friendly as possible: it provides an overview into areas of outstanding and good practice but also highlights areas that may need developing/improving. Please list specific evidence that supports your grading.

We have taken onboard feedback and have split the self-assessment toolkit into 4 smaller toolkits containing associated questions and these will be released on a quarterly basis, as shown below: -

Group 1: 13th February – 31st March 2023

- 1.4 Health, Safety & Wellbeing.
- 2.1 Policies, legislation & Guidance.
- 2.4 Diversity and Inclusion
- 1.10 Data Protection.

Group 2: 1 May - 9 June 2023

- 1.1 Objectives.
- 1.2 Action Plans.
- 1.3 Performance Indicators.
- 1.5 Training & Competence
- 1.7 Staffing & Resources.

Group 3: 7 August - 15 September 2023

- 1.8 Smarter Working
- 1.9 Quality Assurance/Self-Assessment.
- 2.2 Reporting & Monitoring.
- 2.3 Corporate Risk Management

Group 4: 27 November 2023 – 5 January 2024

- 1.6 Financial Compliance/Value for Money.
- 3.1 Internal Audit/Review
- 3.2 External Audit/Inspection

Numbering of question sets links to original ordering.

Giving a true, honest answer is fundamental to the success of the self-assessment. Once the assessment is complete your department will work with the Service Improvement and Assurance Team (SIAT), to provide recommendations and guidance on how value can be added. The SIAT will also work with you to look at the specifics behind the ratings and get a clear picture of your department's strengths and areas of development, please select these as you feel appropriate.

We are keen to work with you through this process and welcome your feedback regarding Service Assurance or Self-Assessment processes, in our endeavour to develop and improve.

1.1 Objectives

Does the department have clear objectives?

How Evidenced?	Details
1.1.1 Do you have a defined departmental objectives plan? Where is it stored? Who has access to it?	
1.1.2 Do objectives include dates, person(s) responsible, action required?	
1.1.3 Do objectives focus on time, Cost, quality?	
1.1.4 How do objectives link to the organisation's change of direction?	
1.1.5 How are objectives communicated with the team? How are they recorded?	
1.1.6 How is progress recorded? Where is this evidenced?	
1.1.7 Where applicable are there clear records to show DBS (enhanced or basis) vetting has been carried out every 3 years, in line with the Authority DBS Policy?	

1.2 Action Plan

Does the department have a clear Action Plan?

How Evidenced?	Details
1.2.1 Does the department have a clearly defined action plan? Is it up to date? How/when is it reviewed? Where is it stored?	
1.2.2 How is the action plan linked to relevant individual objectives for the team?	
1.2.3 Does the plan show clearly, how actions will be achieved? Planned completion dates and who is responsible for each action?	
1.2.4 Are actions SMART?	
1.2.5 Do actions link to CRMP? Do individuals and team know what their individual and team actions are?	
1.2.6 How is the action plan communicated to the team?	

1.3 Performance Indicators

Does the department have clearly defined performance indicators?

How Evidenced?	Details
1.3.1 Are departmental performance indicators clearly defined and in place?	
1.3.2 When/how are performance indicators communicated to all the team? Where are they recorded?	
1.3.3 How are performance indicators used to performance manage the team?	
1.3.4 Do you have an up-to-date Service Level Agreement? When was it last reviewed?	

1.4 Health, Safety and Wellbeing

Does the department have effective arrangements to take account of its Health, Safety and Wellbeing responsibilities?

How Evidenced?	Details
1.4.1 How is a culture of health, safety and wellbeing demonstrated within the department?	
1.4.2 How do you demonstrate you follow departmental and organisational policies?	
1.4.3 What was the department's last Health Safety audit score? Have all recommendations been actioned?	
1.4.4 Does the department have risk assessments and safe systems of work in place? How are these monitored and updated?	
1.4.5 Where required: does the department have a nominated person with relevant qualifications i.e. managing safely, NEBOSH who deals with Health and Safety? Where is it recorded?	
1.4.6 How often do wellbeing/support interventions take place? Are staff aware of the wellbeing support which is available to them? Is the annual fire risk assessment (FRM059A) and annual H&S check (9253) up to date? Are quarterly H&S inspections (9456a) being undertaken and recorded?	
1.4.7 If you have hybrid workings, what arrangements do you have in place to keep in touch with your staff and ensure their health, safety & wellbeing whilst working from home?	

1.5 Training and Competence

Does the department ensure that all employees have had suitable and sufficient training to carry out their role?

How Evidenced?	Details
1.5.1 How do you know staff have the required skills, knowledge, training and experience to do their job effectively?	
1.5.2 How do you identify and close any skills gaps / capability gaps in your team?	
1.5.3 Are the Annual Reviews up to date for your team? Where training is identified, is there a plan in place to deliver it?	
1.5.4 How do you identify training needs outside of the annual review process? How do you ensure all records of training / learning are updated?	
1.5.5 Where your team has training / learning with an expiry date or refresher cycle, how do you make sure people are 'in date'? Where is this recorded?	
1.5.6 How do you ensure there is a culture of continuous improvement in the team? How do you evidence this?	
1.5.7 How are current and future needs of the department considered and planned for? How is this evidenced?	
1.5.8 Does succession planning take place in the team? How do you demonstrate this?	
1.5.9 Do you consider how to develop people within the team who display talent potential?	

1.6 Financial Compliance/Value for Money

Does the department have sufficient controls and systems in place to ensure its financial obligations are met?

How Evidenced?	Details
1.6.1 How does the department monitor, track and record budgets?	
1.6.2 How are savings and budget gaps avoided?	
1.6.3 Are accurate records readily available? Do they ensure consistency and transparency?	
1.6.4 Do financial matters consider current regulatory guidance? Are they audited and reported in line with the organisations reporting and Governance arrangements?	
1.6.5 Has the department considered external funding or options for generating income?	
1.6.6 How has the department assured itself that its financial plan is affordable. Does the dept have evidence of delivering savings plans	
1.6.7 How has the dept planned finances to support the sustainable delivery of services in accordance with strategic and statutory priorities.	
1.6.8 How the dept ensured that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning and is relevant to its short and medium-term plans and builds these in	
1.6.9 How does the dept identify and manage risks to financial resilience, e.g., unplanned changes in demand, including challenge of the assumptions underlying its plans.	
1.6.10 How does the dept approach and carry out its annual budget setting process.	

1.6.11 How does the dept evaluate the services it provides to assess performance and identify areas for improvement.	
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1.7 Staffing and Resourcing

Does the department ensure that all employees have had suitable and sufficient training to carry out their role?

How Evidenced?	Details
1.7.1 How does the department monitor staffing and resources?	
1.7.2 Does the department have sufficient skills and capabilities in place to achieve their objectives line with the CRMP?	
1.7.3 How are deficiencies with staffing/resources identified and reported?	
1.7.4 How are any financial impacts from additional staff and resources assessed and processed, considering current organisational policies?	
1.7.5 Is there a process for identifying talent for key posts?	
1.7.6 Does the department have clear succession plans in place?	

1.8 Smarter Working

Does the department engage with Smarter Working?

How Evidenced?	Details
1.8.1 Does the department work efficiently, optimise resources and work actively to reduce waste? (non-value adding activities in the way we operate; time, over processing, bureaucracy, motion)	
1.8.2 Does the department have any process in place to review BAU processes to improve this effectiveness, efficiency and/or team satisfaction?	

1.8.3 Have you actively engaged with the 'Smarter Working' team? Has/Is a review of your departmental processes taken/taking place?	
1.8.4 Does the department work efficiently, optimise resources and make savings?	
1.8.5 Are departmental developments cost effective and take into account the IRMP?	
1.8.6 Do procurement staff have the relevant training and experience?	
1.8.7 Is there a commitment to achieve best value for money at all times? Are there records in place?	

1.9 Quality Assurance/Self-Assessment

Does the department carry out self-assessment and quality assure its own work?

How Evidenced?	Details
1.9.1 How does the department quality assure the work it does?	
1.9.2 How does the department ensure standards are consistently high across all areas?	
1.9.3 Does the department complete a self-assessment on an annual basis (as a minimum)?	
1.9.4 Are opportunities to improve, fed into a departmental action plan?	
1.9.5 How are quality assurance outcomes communicated to the team? Where are they recorded?	
1.9.6 Are links to departmental objectives and organisational CRMP clear? How are they demonstrated?	
1.9.7 Are records of achievements and further continuous improvement clear and accessible?	

1.9.8 Are areas of improvement implemented and good practice shared?	
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1.10 Data Protection/Information Governance

Does the department hold personal or sensitive data? Does the department comply with Data Protection?

How Evidenced?	Details
1.10.1 Is there a nominated officer responsible for maintaining the Information Asset Register, and the Data Flow Mapping Document? (State job title of the responsible officer). Please provide the dates when the registers were reviewed. These should be done on a quarterly basis.	
1.10.2 Does your department hold personal or sensitive data?	
1.10.3 What security measures are in place to protect personal or sensitive data? (i.e. all manual records are locked away, for data held electronically, access permission checks are undertaken regularly to ensure access permissions are correct and information is shared on a need-to-know basis only).	
1.10.4 Do staff follow a clear desk policy? Make sure the following are taken into consideration when making the assessment: - <ul style="list-style-type: none"> • Sensitive and personal data is appropriately secured, and not left where it can be viewed by any unauthorised individuals. • All computer systems are locked, whenever personnel are away from their desks. 	



<ul style="list-style-type: none">• Passwords must not be on open display or left in areas where they can be accessed by unauthorised individuals.	
1.10.5 Are computer screens secure from unauthorised individuals? i.e.. arranged in a manner that ensures no viewing by unauthorised individuals, i.e. they should be facing away from areas that would allow their viewing by members of the public.	
1.10.6 Are private spaces available for confidential meetings, and private conversations?	
1.10.7 How is confidential information disposed of?	
1.10.8 Are there clear privacy notices in place where personal data is collected? Please state which these are. Are these reviewed annually?	
1.10.9 Are records given a retention period? Are checks carried out to ensure if records are being retained in accordance with their retention period?	
1.10.10 Are staff using appropriate methods of email communication when sending sensitive or personal data externally?	
1.10.11 Is access to your office restricted through key code access? (If so, when was it last changed? This should be done when staff leave the department or the organisation).	



1.10.12 Do you share data on a regular basis with partner agencies? If so, is there an information sharing agreement in place? Please state what information sharing agreements are in place.	
1.10.13 Is any personal or sensitive data taken outside of the organisation? (If so, what control measures are in place to protect the data? i.e.. all electronic data is encrypted, any manual records are never left unattended).	
1.10.14 If manual records containing personal or sensitive data are removed from the premises or shared within the organisation, what audit trail is maintained?	
1.10.15 Have all staff completed their data security training?	
1.10.16 Are staff within your department aware of how to report a data breach?	
1.10.17 Are issues relating to Data Protection communicated and discussed within your teams? (i.e. Data Protection forms, a standing agenda item for team meetings, feedback provided by Information Champions from Information Management Group meetings, Staff keeping up to date regarding issues relating to Data Protection by reading Burning Issues)	
1.10.18 Does your department have a data processing agreement / contract where applicable i.e. where the department shares staff or service user data with an external organisation, you need to ensure that an agreement is in place with	

<p>the third parties who have access to the data for which WYFRS is responsible for, as a Data Controller. It is important that adequate Data Protection and Confidentiality Terms and Conditions are in place to ensure protection of the data, and compliance with the Data Protection Act 2018. i.e., Kirklees Council, virtual college, Grant agreements.</p>	
<p>1.10.19 Do you carry out a Data Protection Impact Assessment before you begin any type of processing that is “likely to result in a high risk”?</p>	<p>This means that although you have not yet assessed the actual level of risk, you need to screen for factors that point to the potential for a widespread or serious impact on individuals, for example:</p> <ul style="list-style-type: none"> • Use of innovative technology • use profiling or special category data to decide on access to services • profile individuals on a large scale • process biometric data • process genetic data • match data or combine datasets from different sources • collect personal data from a source other than the individual without providing them with a privacy notice • track individuals’ location or behaviour • profile children or target marketing or online services at them; or • process data that might endanger the individual’s physical health or safety in the event of a security breach.

2.1 Policies, Legislation & Guidance

Does the department comply with organisational policy and consider legislation and guidance?

Service AssuranceSelf-AssessmentSIATGuidance/Checklist/Accessibilityv3/April23

How Evidenced?	Details
2.1.1 How does the department ensure it meets all statutory provision, legislation and guidance relevant?	
2.1.2 Are dept. policies clear, up to date and easy to access for all staff? (<i>Audit of all dept policies to be carried out in line with Office 365 doc dump</i>)	
2.1.3 When do reviews of policies take place? Are policies current and up to date? Do they link to strategies and CRMP?	
2.1.4 Are the team and individuals aware of their responsibilities for departmental and organisational policies?	
2.1.5 How are new/changes to existing policies identified, implemented and communicated to the team?	
2.1.6 Is non-compliance identified and challenged? Is there evidence of this?	
2.1.7 How is training/support around policy, for individuals and the team identified? Where is it recorded?	
2.1.8 Are staff and stakeholders consulted when updates/changes are made?	

2.2 Reporting and Monitoring

Does the department have comprehensive procedures in place for reporting and monitoring its work?

How Evidenced?	Details
2.2.1 Does reporting (MB/MT/Authority/ Audit/HS&W) take place in line with organisation's requirements and timeframes?	
2.2.2 Are reports completed in line with current organisational policies and procedures?	

2.2.3 How and when are reports shared and communicated with the team?	
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2.3 Corporate Risk/Business Continuity Plans

How well does your department manage risk and maintain a Business Continuity Plan?

How Evidenced?	Details
2.3.1 Are you responsible for any corporate risks listed on the Corporate Risk Register? If so, please list them	
2.3.2 How do you check the elements of the risks are current, valid and effective? How are control measures proven as effective including any training?	
2.3.3 Please give date of last BCP review and how many times has it been reviewed in last 12 months?	
2.3.4 Please give dates of all testing and exercising records completed in last 12 months.	
2.3.5 Have all staff completed the BC training relevant to their role (sample to be taken)? Are all the team aware of their responsibilities relevant to their role within the district/department BCP?	
2.3.6 Have you completed any staff inductions in the last 12 months, as this include BC (ask for names and dates)?	
2.3.7 Are effective contingencies in place to address a lack of key resources during a disruptive event eg: <ul style="list-style-type: none"> • people • premises • technology • communications • information/data/ documents • vehicles • equipment • supplies and suppliers 	

How do you ensure they implemented/can be implemented at short notice, and will they be effective?	
2.3.8 How do you raise awareness of updates, developments/learning with you team? eg: <ul style="list-style-type: none"> • Attend BCP Group meetings • Debrief Reports • Standard item on dept meeting agendas 	
2.3.9 Has your district/department had any BC disruptive events or near misses in the past 12 months?	

2.4 Diversity and Inclusion

Are the departmental policies and practices subject to the appropriate requirements within the Diversity and Inclusion strategy?

How Evidenced?	Details
2.4.1 Are practices in place for staff members with a protected characteristic in line with the Equality Act 2010 and Public Sector Equality Duty?	Do you promote the policies, procedures and campaigns that support staff with protected characteristics? Do your staff know where to go for guidance and support? What processes do you have in place to encourage staff to come forward for support? Aside from following policy and procedure, are you doing anything additional to support staff with a protected characteristic?
2.4.2 Are inappropriate comments and behaviours addressed following the Dignity, Respect and Integrity Policy and guidance?	Are staff encouraged to come forward with concerns and how are they addressed? Are staff aware of and signposted to the Dignity, Respect and Integrity Policy? Have managers read through the guidance documents and do they put this into practice? Are staff aware of Say So – the anonymous reporting tool, and are they encouraged to use it?
2.4.3 Are reasonable adjustments identified, actioned and reviewed in line with Reasonable Adjustment Policy and Guidance?	Are staff aware of the definition of disability and are they encouraged to share this with their managers? Are staff encouraged to complete the Quickscreen screening tool that identifies traits of neurodiversity? Are reasonable adjustments discussed, reviewed and shared for each individual requiring a Reasonable Adjustment Plan (RAP). Are staff aware of Access to Work and the support available?

<p>2.4.4 Are facilities in place for all gender identities (including gender neutral) and are they fit for purpose? If not has this been raised with Property or D&I team?</p>	<p>Have you reviewed your location to ensure that gender neutral facilities can be offered? Are the facilities identified suitable and are staff compliant in keeping them usable? Are staff aware of and comfortable with gender appropriate language, pronouns and provision?</p>
<p>2.4.5 Are processes and practices in place for the following:</p> <ul style="list-style-type: none"> • Religion, Belief and Cultural Needs Policy. • Trans in the Workplace Policy. • Third Party Harassment Policy. 	<p>Are the policies reviewed regularly by managers and staff to ensure they are aware of the requirements and are proactive in putting provisions in place? How are the requirements of the policies communicated to teams and what practices are in place to promote inclusion?</p>
<p>2.4.6 Is the D&I training programme promoted and attended by team members? Are they encouraged to attend and engage in events and campaigns?</p>	<p>How is the training programme communicated to staff? How do you facilitate attendance at training or events? How do you encourage and facilitate attendance at staff network meetings and events?</p>
<p>2.4.7 Are departmental policies and practices subject to appropriate Equality Impact Assessments (EIA)?</p>	<p>As before</p>
<p>2.4.8 Are EIAs carried out in line with any changes to or new process, practice or as part of a project?</p>	<p>As before</p>
<p>2.4.9 Are EIAs subject to review as part of management processes?</p>	<p>As before</p>
<p>2.4.10 Has EIA training taken place for the relevant individuals in the team and is refresher training monitored and planned?</p>	<p>As before</p>
<p>2.4.11 Are staff aware of positive action and do managers and leaders in the team understand how it might add value and promote this within their teams?</p>	<p>Have you discussed the definition of positive action and do staff understand what it means? How do you address negative comments or misunderstanding of positive action? How do you ensure that staff promote the positive action initiatives? How do your staff get involved with the recruitment activities that promote positive action?</p>
<p>2.4.12 How is the Anti-racism toolkit promoted to the team?</p>	<p>As before</p>
<p>2.4.13 Does the department create content in line with the</p>	<p>Do staff understand the need for accessible content and why we produce it? Are staff aware of the ACT SharePoint site and do they access the policy and</p>

Accessibility Policy and guidelines?	guidance materials? Do staff produce content within the policy requirements and do they use the accessibility checker to ensure compliance?
2.4.14 Is the Departmental Content Review for accessible content monitored annually?	Is the content review document updated regularly? Are new shared documents added to the content review after creation or removed when obsolete?
2.4.15 Are current staff and new starters signposted to the Accessible Content Toolkit?	How do you communicate to new starters that the content they are responsible for should follow accessibility guidelines?

3.1 Internal Audit/Review

Internal Review/Audit (Kirklees/SIAT)

How Evidenced?	Details
3.1.1 Are records of internal audit/inspection in place? Are they easy to access? Where are they saved?	
3.1.2 Have actions from internal audit/review been fed into the departmental action plan?	
3.1.3 Are actions monitored, reviewed and updated regularly?	

3.2 External inspection/audit

External Audit/Inspectorate

How Evidenced?	Details
3.2.1 Are records of external audit/inspection in place? Are they easy to access? Where are they saved?	
3.2.2 Have actions and best practice been identified within the audit/Inspection?	
3.2.3 Have actions been incorporated into the current departmental action plan?	
3.2.4 Are staff being aware of updates to action plans?	

3.3 Project Management Framework

External Audit/Inspectorate

How Evidenced?	Details
3.3.1 Does the department engage with the PMO (Portfolio Management Office) for advice, guidance, support, training?	
3.3.2 Is the department aware of the WYFRS Project Management framework? If yes, is the Project Framework utilised to plan, monitor, and deliver departmental projects?	
3.3.3 Is the Project Plan on a Page used to gain approval for projects/change initiatives?	
3.3.4 Is their evidence to demonstrate how projects are aligned to strategic priorities?	
3.3.5 Is information captured on what benefits the project(s) will deliver?	

Comments:

4.1 Action Plan

Date	Area to Action/Task	Target Date	Person Responsible



OFFICIAL

Accounting Policies

Audit Committee

Date: 21 April 2023

Agenda Item:

08

Submitted By: Chief Finance and Procurement Officer

Purpose	To present the accounting policies that will be applied in the preparation and presentation of the Statement of Accounts 2022/23.
Recommendations	That members note the report
Summary	It is considered good practice for the Audit Committee to review the proposed accounting policies to be used in the preparation of the Authority's Statement of Accounts.

Local Government (Access to information) Act 1972

Exemption Category: Nil

Contact Officer: Emma Ayton, Senior Finance Manager
emma.ayton@westyorkshire.gov.uk

Background papers open to inspection: Nil

Annexes: Accounting Policies

Introduction

- 1.1 The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023.
- 1.2 The Authority is required to prepare an annual Statement of the Financial Accounts as per the Accounts and Audit Regulations 2015. These regulations require the Financial Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in 2022/23 and the Service Reporting Code of Practice 2022/23 supported by International Financial Reporting Standards (IFRS).
- 1.3 In March 2021, The Accounts and Audit (Amendment) Regulations 2021 came in force. This amended the requirements about when accounts must be made available for public inspection for the 2020/21 and 2021/22 accounts, and provided that the period for the exercise of public rights needed to commence on or before the first working day in August in the following financial year. These deadlines were extended for two years to reflect the extraordinary pressures affecting the local audit market, including any lasting impact relating to the COVID-19 pandemic, whilst also making sure that local transparency was not compromised during this challenging period.
- 1.4 These revised regulations were in place for two years only, meaning that the Draft Statement of Accounts 2022/23 must be made available for public inspection by the 31st May 2023.
- 1.5 The Department for Levelling Up, Housing and Local Government (DLUHC) launched a consultation for views as to whether the publication of the Draft Statement of Accounts is once again extended from the 31st of May 2023 to the 31st of July 2023. This consultation closed on the 2nd of March and following a review of the responses to the consultation, DLUHC have confirmed that the publication of the draft Statement of Accounts will be the 31st of May 2023.

Information

- 2.1 Accounting policies are defined by the Code as "the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements".
- 2.2 As a starting point in selecting its accounting policies, the Authority uses the example policies set out in the CIPFA Code of Practice guidance notes. However, the policies are then tailored to meet the Authority's own needs and circumstances. The policies settled upon should cover all material transactions and balances (e.g. revenue recognition, non-current assets and retirement benefits) and should be followed in practice.
- 2.3 Policies do not need to be disclosed in respect of immaterial transactions or balances, or where they are not applicable to the Authority. The policies are reviewed and, if necessary, updated annually to reflect changes to the Code, accounting standards or statutory guidance.
- 2.4 For 2022/23 there have been no material changes to the set of accounting policies included within the 2021/22 Statement of Accounts.

2.5 The changes to IFRS16, the accounting standard applicable to leases, has been postponed for a further year to the 1st of April 2024. In summary, the change to this accounting standard will require the authority to capitalise the lease cost of vehicles rather than treat them as a revenue cost.

2.6 The policies which will be followed in the preparation of the 2022/23 Statement of Accounts are set out in Appendix A.

3 Financial Implications

3.1 There are no financial implications associated with this report.

4 Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5 Human Resource and Diversity Implications

5.1 There are no human resource and diversity implications associated with this report.

6 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk))	No
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7 Health, Safety and Wellbeing Implications

7.1 There are no health, safety and wellbeing implications associated with this report.

8 Environmental Implications

8.1 There are no environmental implications associated with this report

9 Your Fire and Rescue Service Priorities

9.1 This report links to all the Service's priorities as detailed in the "Your Fire and Rescue Service" document.

10 Conclusions

10.1 In accordance with good accounting practice, it is recommended that Members approve the accounting policies that will be used during the preparation and production of the 2022/23 Statement of Accounts.

Note 1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year end of 31st March 2023.

The Authority is required to prepare an annual Statement of the Financial Accounts as per the Accounts and Audit Regulations 2015. These regulations require the Financial Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in 2022/23 and the Service Reporting Code of Practice 2022/23. Supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The following accounting concepts have been applied and policies adopted in preparing the financial accounts:

Fundamental Accounting Concepts

The financial statements, other than cash flow information, are prepared on an accruals basis. This means that revenue and capital expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received.

Consistent accounting policies have been applied both within the year and between years unless otherwise identified.

The accounts have been prepared on a going concern basis, that is on the assumption that the Authority will continue to be in operational existence for the foreseeable future. The Chief Finance and Procurement Officer is unaware of any material uncertainties relating to the Authority's ability to continue as a going concern.

The concept of materiality has been utilised such that insignificant items and fluctuations under an acceptable level of tolerance are permitted, provided in aggregate they would not affect the interpretation of the accounts.

Where specific legislative requirements and accounting principles conflict, legislative requirements are applied.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received in accordance with section 2.7 of IFRS15. In particular:

- Revenue from the provision of services is recognised when the Authority can measure reliably the completion of the transaction.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including the services from employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowing is accounted for respectively as income and expenditure on the basis of the effective interest rate for

the relevant financial instrument, rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of more than 24 hours. The Authority has deposits in financial institutions that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Exceptional Items

Any exceptional items are included in the cost of service to which they relate or on the face of the Comprehensive Income and Expenditure Statement, if such a degree of prominence is necessary to give a fair presentation of the accounts. Details of such items are given in the notes to the accounts.

Prior Period Adjustments

Prior year adjustments may arise from changes in accounting policies or from the correction of a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Material errors that are identified in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Front line services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the loss can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, which is calculated by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are replaced by a contribution in the General Fund Balance of Minimum Revenue Provision, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Employee Benefits

Benefits payable during employment

Short term benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements, accrued flexi time and time in lieu earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the deficit on the provision of services but then removed from the account, matched by a corresponding adjustment to the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Accounting for retirement benefits is carried out in line with International Accounting Standard 19 (IAS19). IAS19 requires an Authority to see beyond its commitment to pay contributions to pension funds and to determine the full longer-term effect that the award of retirement benefits in any year has had on the Authority's financial position. Inclusion of the attributable share of the fund assets and liabilities does not mean that legal title or obligation has passed to the employer, instead it represents the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit via reduced contributions from a surplus in the scheme.

IAS19 only applies to defined benefit schemes that are those where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits.

The Authority participates in the following retirement schemes:

- 2015 Firefighters' Pension Scheme.
- Firefighters' Compensation Scheme (FCS).
- The Local Government Pension Scheme (LGPS).

The Government introduced a new pension scheme on the 1st April 2015, the 2015 firefighters Pension Scheme. Members of the 1992, 2006 and Retained Modified Schemes were transferred to the 2015 scheme with no protection, tapered protection or had full protection in the existing schemes. From 1st April 2022 all Firefighters in active service transferred to the 2015 Firefighters Pension Scheme.

Firefighters' Compensation Scheme

Under the Firefighters' Compensation Scheme injury awards are payable to those Firefighters who have sustained a qualifying injury in the exercise of their duties as a firefighter which are paid from the Authority's revenue account.

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefit scheme

- The liabilities of the LGPS attributable to the Authority are included in the Balance Sheet on an actuarial basis using an assessment of the future payments that will be made in relation to retirement benefits.
- Earned to date by employees based on assumptions about mortality rates, employee turnover rates and projections of expected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate determined in the actuaries' assumptions.
- The assets of the LGPS attributable to the Authority are included in the Balance Sheet at their fair value.

The change in the net pension's liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service to which the employee worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period considering any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined liability (asset) which is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of

benefits to employees – debited or credited to the deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the LGPS – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirements benefits on the basis of cash flows rather than as benefits earned by employees.

The 2022/23 Code (and IAS 19 Employee Benefits Revised) requires that administration costs directly related to the management of plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the defined benefit obligations, are recognised as a reduction in the return on plan assets and recorded in Other Comprehensive Income and Expenditure.

The 2022/23 Code does not prescribe a specific accounting treatment for administration costs that are not deducted from the return on plan assets. The accounting treatment adopted by West Yorkshire Pension Fund is to deduct administration costs from the cost of services.

Discretionary Benefits

The Authority also has the restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Pension Fund

The Authority maintains a Firefighters’ Pensions Fund from which pension payments are made and into which all contributions (employees and employer’s) are received. The annual deficit is topped up as necessary by specific government grant.

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect such events.

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the re-purchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading losses over the life of the replacement loan and gains over a similar period up to a maximum of ten years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

There are two main classes of financial assets measured within the Authority at:

- Amortised cost and;
- Fair value through profit and loss

The Authority holds investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Authority's financial assets are therefore classified at amortised

cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

The Authority made the irrevocable election to designate changes in equity investments in other comprehensive income as permitted under IFRS. The Authority does not currently hold any equity investments.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Authority recognises expected credit losses on all its financial assets held at amortised cost over the lifetime of the asset.

Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair Value Measurement of Financial Assets

The fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Authority's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.

- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement

Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31st March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government Grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, if not, future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it is applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Intangible Assets

Expenditure on the acquisition of intangible assets is capitalised, brought onto the Balance Sheet at cost and amortised over the period benefit is received. Software licences that are purchased by access to a web portal rather than the software being installed on a Fire Authority IT device are charged as an expense to the revenue account.

Estimated lives for new intangible assets are 5 years and are amortised on a straight-line basis.

Intangible assets are amortised on their current net book value and it is assumed that residual value is insignificant or nil. Intangible assets are reviewed annually for impairment. All services are charged with a provision for amortisation and, where required, any related impairment loss, for all intangible assets used in the provision of the service.

Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Leases

Finance Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee.

Leases that do not meet the definition of finance leases are accounted for as operating leases. The Authority had no finance leases in 2022/23.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leased property, plant or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does match the pattern of payments.

The Authority leases no assets to other organisations.

Overheads and Support Services

The cost of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and performance.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services or for administering services and are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

The cost of enhancement work to existing assets is added to the appropriate fixed asset balance where the enhancement increases either the value or life of the asset. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits is charged as an expense when it is incurred.

The Authority has a de-minimis level of £10,000 whereby expenditure on individual capital schemes below this limit are charged to revenue expenditure.

Measurement

Assets are initially measured at cost comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are carried in the Balance Sheet using the following measurement bases:

Land and Buildings

- Operational Assets – including all fire stations, the Service Delivery Centre and buildings at Fire Service Head Quarters - depreciated replacement cost

Vehicles, Plant and Equipment

- Non-property assets with short useful lives and/or low values – depreciated historical cost.
- Fire Appliances – due to their specialist nature these are valued at depreciated historical cost.

Assets Under Construction (AUC) - historical cost.

Surplus Assets – market value

Assets Held for Sale – market value

The Authority formally values 20% of its assets each year via an external valuations team. For the remaining 80% that are not formally re-valued in year a desktop exercise is undertaken to assess their current value by the Authority's external valuer. This is determined and set out within the letter of engagement between the Authority and external valuer.

Valuations are also carried out when there is a major natural disaster and/or there are major refurbishments.

Increases in value of Property, Plant and Equipment are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated in the Capital Adjustment Account.

Impairment

Assets are assessed at the end of each financial year as to whether there is any indication that an asset may be impaired.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where identified, the impairment losses are accounted for by:

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for all fixed assets with a determinable finite life except for freehold land and assets under construction. Assets are depreciated on a straight-line basis from 1st of October in year of acquisition. Buildings and motor vehicles are depreciated from the date they became operational. Estimated lives for new assets can vary but are generally as follows:

Land and Buildings:

- New Buildings and Refurbishments 21-50 years

Vehicles, Plant and Equipment:

- Fire Appliances 15 years
- Operational Equipment 5-13 years
- Fixtures and Fittings 10 years
- Computer Equipment 5 years

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

For those assets where the cost of the component parts is significant, they are depreciated separately from the rest of the asset. The Authority has a £500,000 de-minimis level on the net book value which means that if the carrying value of the asset is lower than this de Minimis the asset is not componentised. For those assets that are assessed for componentisation each component must represent 25% of the total cost of the asset or the depreciation charges must be significant to the charge if componentisation was not used. The

componentisation of an asset is also reviewed if the asset has significant enhancement expenditure during the year, is purchased/built from new and during the formal 5 yearly property valuations.

The asset life of any component will not exceed the timeframe set out underestimated asset lives and therefore not one component of an asset will ever be recognised as having an estimated life of greater than 50 years.

Disposals and Non-Current Assets Held for Sale

Once Management has made the decision that an asset has become surplus to requirements and it is being actively marketed for sale it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Amounts received under £10,000 are categorised as revenue receipts.

The written off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

There is a formal disposal process in place that departments complete when assets are disposed of to ensure that the asset register is complete.

Unusual or Material Charges or Credits in the Accounts

These are items that due to their nature and/or value require separate disclosure. Details of unusual or material charges or credits in the Accounts for 2022/23 are shown in the notes to the main financial statements.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the Balance Sheet.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Reserves

These are amounts set aside for purposes falling outside the definition of provisions. Reserves are created by transferring amounts out of the General Fund Balance. The General Fund Balance can be used to meet both capital and revenue expenditure, and a minimum level must be maintained for risk management purposes. For the Authority this is £5m. The Authority has a number of earmarked reserves which are held for identified specific expenditure in the future as well as earmarked reserves which have been established for other purposes. These are reviewed annually and those no longer required are transferred to the General Fund Balance.

The balances on the following reserves: Capital Adjustment Account, the Financial Instruments Adjustment Account, the Revaluation Reserve, the Pension Reserve, and the Collection Fund Adjustment Account cannot be used for future expenditure.

Revenue Expenditure Funded from Capital under Statute

This represents expenditure which may properly be capitalised under statutory provisions, but which does not represent fixed assets. The expenditure is written off to revenue in the year it is incurred, and an adjustment is made on the statement of General Fund Balance for the same amount so that there is no impact on Council Tax. The Authority uses this approach for the installation of smoke and carbon monoxide alarms within premises.

Value Added Tax

VAT is included in the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure as appropriate. VAT receivable is excluded from income.

Council Tax and Business Rates Income

Billing Authorities in England are currently required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and the Business Rates Retention Scheme. In its capacity as a billing Authority, an Authority acts as an agent - it collects and distributes Council Tax and Business rates income on behalf of itself and other major preceptors such as the Fire Authority.

Council Tax and Business rates income collected by billing authorities is credited to their Collection Fund and represents accrued income for the year. Regulations determine when this income should be released from the Collection Fund and transferred to the General Fund of the billing Authority and other major preceptors (which in turn is credited to their General Funds). The amount credited under these regulations is the Authority's precept and income from the Business Rates Retention Scheme for the year, plus the Authority's share of the surplus or deficit on the collection fund for the previous year.

The income which must be included in the Comprehensive Income and Expenditure statement is the accrued income for the year and not the actual income received in the year. Any difference between these figures is charged to the Collection Fund Adjustment Account which is held on the Balance Sheet and is included in the Movement in Reserves Statement. This ensures that the difference between the accrued income and the actual income received does not impact on the General Fund.

Since the collecting Authority is collecting income on behalf of the Fire Authority, then the Fire Authority must also share in any surplus or deficit on collection.

The Authority therefore makes provision for the following items in its Balance Sheet at the financial year end:

- Debtors for the Authority's share of Council Tax and Business rates Retention arrears at 31st March 2023
- Provision for impairments of debtors in relation to Council Tax and Business rates retention arrears as at 31st March 2023
- Income in advance from Council Tax and Business rate payers who have paid their bills early.
- Creditor provision where the billing authorities have over-collected Council Tax and Business rates income in year compared to the value of amounts actually paid over to the Authority.
- Creditor provision for appeals by Business rate payers who disagree with the valuation of their premises for Business rates purposes.

The relationship with each billing Authority is held within the Balance Sheet as a net debtor or creditor to the Authority.



OFFICIAL

Risk Management Strategy Group Update

Audit Committee

Date: 21 April 2023

Agenda Item:

9

Submitted By: Director of Corporate Services

Purpose	To report risk management activity and developments reported to Risk Management Strategy Group (RMSG) in March 2023 and highlight any future risks or risk related areas.
Recommendations	That the Audit Committee note the report.
Summary	The overall responsibility of the RMSG is to maintain the Authority's risk management capabilities and to develop strategies to effectively manage new and existing risks. The RMSG meet on a quarterly basis and the group is chaired by the Deputy Chief Fire Officer/Director of Service Delivery. The RMSG is one element that supports the Authority's Code of Corporate Governance in terms of risk management and internal control.

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: John Tideswell, Risk Management Officer
Corporate Services
01274 682311 ext 670729
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Background papers open to inspection: Risk Management Strategy and Policy

Annexes: None

1 Introduction

- 1.1 The Authority's Risk Management Strategy and Policy provides a clear and defined strategy to enable risk management objectives to be met.
- 1.2 The Risk Management Strategy Group (RMSG) has the responsibility of maintaining the Authority's risk management capabilities and developing strategies to effectively manage new and existing risks. The group meet every three months at which time a summary of risk reviews that have occurred in the past three months is provided by each risk owner.
- 1.3 The group is also responsible for sharing and promoting experience of risk management and strategies across the Authority.

2 Information

2.1 The Risk Management Strategy Group last met in March 2023. The Audit Manager from Kirklees Council attends RMSG meetings and provides an update on recent internal audit activity.

2.2 Below is a summary of key areas:

- Between the December 2022 and March 2023 RMSG meetings, 13 risks have been reviewed by their respective owners.
- Risk INDA1.S 'Industrial dispute resulting in reduced levels of service and effect on reputation' has reduced from a score of 20 to 16 due to the recent FBU ballot to accept the revised pay offer.
- Risk HRVR1.S 'Failure or significant delay in responding to requests and referrals for prevention home visits that have been assessed as high risk' has reduced from a risk score of 12 to 9, due to the risk being managed effectively.

2.3 There are currently 44 risks split between the following categories. The table below shows movement over the past 12 months.

Risk Factor Score	June 2022	September 2022	December 2022	March 2023
Very High (15-25)	7	8	8	8
High (9-14)	20	19	19	19
Medium (4-8)	24	16	16	16
Low (1-3)	3	1	1	1
Total number of risks	54	44	44	44

The 8 'very high' risks are:

LRGG1.S - Loss or reduction in government grant.

WAFL1.S - Wide area flooding and swift water rescue.

ECON1.S - Impact on the Authority of the national and international economic downturn.

INDA1.S - Industrial dispute resulting in reduced levels of service and effect on reputation.

MTAE1.S - Responding to a marauding terrorist attack event.

PAY1.S - Pay increases in excess of the amount included in contingencies.

CYBS1.S - A digital attack or an unauthorised attempt to access WYFRS systems that impacts on the integrity, confidentiality, or availability of systems and / or the information within them.

PRMS1.S - Failure to provide an effective commercial premises risk management system for operational response, which could have a significant impact on fire fighter safety, operational effectiveness and organisational reputation.

3 Financial Implications

3.1 There are no significant financial implications associated with this report.

4 Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5 Human Resource and Diversity Implications

5.1 There are no significant human resources and diversity implications associated with this report.

6 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorkfire.gov.uk))	Yes/ No
Date EIA Completed	DD/MM/YY
Date EIA Approved	DD/MM/YY

The EIA is available on request from the report author or from diversity.inclusion@westyorkfire.gov.uk

7 Health, Safety and Wellbeing Implications

7.1 There are no significant health and safety/wellbeing implications associated with this report.

8 Environmental Implications

8.1 There are no significant environmental implications associated with this report.

9 Your Fire and Rescue Service Priorities

9.1 This report supports the following priorities which have been identified in the 'Your Fire & Rescue Service 2022-2025' plan.

- Plan and deploy our resources based on risk
- Improve the safety & effectiveness of our firefighters

10 Conclusions

10.1 That the Audit Committee note the report.



OFFICIAL

External Quality Assessment of Conformance to the Public Sector Internal Audit Standards

Audit Committee

Date: 21 April 2023

Agenda Item:

10

Submitted By: Chief Finance and Procurement Officer

Purpose

To report on the external quality assessment of conformance to the Public Sector Internal Audit Standards.

Recommendations

Members are asked to note the attached report and action plan and for the outcome to be reflected in the Authority's Annual Governance Statement.

Summary

Local authority internal audit is required to be provided in accordance with a set of arrangements called the Public Sector Internal Audit Standards (PSIAS). These are a local authority interpretation, by CIPFA, of the international internal audit standards promoted by the Institute of Internal Auditors

An obligation of these Standards is that every 5 years the Head of Audit must arrange an external review of the operation to support their own annual self-assessment and determine if the requirements of the Standards and Code of Ethics are being met.

This review of Kirklees Internal Audit was undertaken by the Head of Internal Audit at Doncaster City Council under a regional peer review arrangement.

Local Government (Access to information) Act 1972

Exemption Category: Nil

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Background papers open to inspection: Nil

Annexes: Public Sector Internal Audit Standards report of Kirklees Council Internal Audit.

1 Introduction

- 1.1 Local authority internal audit is required to be provided in accordance with a set of arrangements called the Public Sector Internal Audit Standards (PSIAS). These are a local authority interpretation, by CIPFA, of the international internal audit standards promoted by the Institute of Internal Auditors.
- 1.2 An obligation of these Standards is that every 5 years the Head of Audit must arrange an external review of the operation to support their own annual self-assessment and determine if the requirements of the Standards and Code of Ethics are being met.
- 1.3 An opinion using one of three degrees of conformance, Generally, Partially or No, is then reached. The first quinquennial review of Kirklees in 2018 by the Head of Audit at Wakefield MDC concluded with a Generally Conforms opinion.
- 1.4 The review must be carried out by an appropriately skilled, experienced, and competent person. There are two general approaches- the use of a contractor, and the use of peer review. It was agreed previously that Kirklees Council would join regional peer review arrangements, and through a group of peers, the Head of Internal Audit at Doncaster City Council, Mr Peter Jackson, was appointed to carry out the review. Mr Jackson is a CIPFA member with many years' experience of internal audit at a senior management level.

2 Information

- 2.1 Mr Jackson and one of his senior colleagues carried out a desk top review of key documents, held interviews with the Chief Finance & Procurement Officer as well as various council role holders and members of the audit team and reviewed work against the Standards during the autumn of 2022.
- 2.2 Since the Council performs internal audit work for more than one client, not all the findings and actions arising were applicable to each one. The findings and actions applicable to West Yorkshire Fire and Rescue are highlighted in yellow in the attached report.
- 2.3 The report concludes that Kirklees Internal Audit Team "*Generally Conforms*" with the PSIAS & Code of Ethics (being the highest degree of conformance).
- 2.4 The report has been agreed by the Head of Audit at Kirklees Council and it is considered that the report is thorough and helpful and identifies some areas for further improvement. An action plan has been agreed which will be implemented and reported to Audit Committee during the course of the year.

3 Financial Implications

3.1 There are no financial implications associated with this report.

4 Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5 Human Resource and Diversity Implications

5.1 There are no human resource and diversity implications associated with this report

6 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk))	Yes / No
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7 Health, Safety and Wellbeing Implications

7.1 There are no health, safety and wellbeing implications associated with this report.

8 Environmental Implications

8.1 There are no environmental implications associated with this report.

9 Your Fire and Rescue Service Priorities

9.1 The provision of internal audit underpins all the fire and rescue service priorities.

10 Conclusions

10.1 A peer assessment was carried out by Doncaster City Council as to the compliance of Kirklees Internal Audit with the Public Sector Internal Audit Standards (PSIA). The report concludes that Kirklees Internal Audit Team "*Generally Conforms*" with the PSIAS & Code of Ethics (being the highest degree of conformance).

External Quality Assessment of Conformance to the Public Sector Internal Audit Standards

Kirklees Council
December 2022

Peter Jackson

Head of Internal Audit

Julie Lyon

Principal Auditor

City of Doncaster Council

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1. Introduction

- 1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1st April 2013, (revised in 2016 and 2017). All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, external quality assessments, or a combination of both methods. However, the standards state that an external reviewer must undertake a full assessment or validate the internal audit service's own self-assessment at least once in a five-year period.
- 1.2 **Kirklees's self assessment concluded that the service "Generally Conforms" which is the highest level of assessments. This external review validates this assessment.**
- 1.3 The Heads of Internal Audit from four councils within South and West Yorkshire established a 'peer-review' process that is managed and operated by the constituent councils. The peer review process addresses the requirement of an external quality assessment by 'self-assessment with independent external validation', and this report presents the summary findings of the review carried out on Kirklees Council's Internal Audit by the Head of Internal Audit of Doncaster Council.
- 1.4 The assessor, Peter Jackson is a qualified FCCA (Fellow of the Chartered Certified Accountants) and has over thirty years' experience within internal and external audit including performing the role of Chief Audit Executive (Head of Internal Audit) within local government for five years. He has been supported by Julie Lyon, Principal Auditor at Doncaster Council who also has previous experience of external quality assessments.
- 1.5 Kirklees Internal Audit has been operating under PSIAS since its launch in 2013 and this is the second external quality assessment that they have commissioned, the previous one being in 2018, which similarly concluded with a *Generally Conforms* opinion

2. Background

- 2.1 Kirklees Internal Audit provides audit services to Kirklees Council, West Yorkshire Fire & Rescue Service (WYFRS) and Kirklees Active Leisure (KAL). It is noted that KAL is not part of PSIAS and therefore has not been reviewed as part of this work. Although presented to Kirklees Council's Corporate Governance and Audit Committee (CGAC), this report also provides assurance to the WYFRS Management Board and Audit

Committee that Kirklees Council Internal Audit is professionally capable and competent to meet their internal audit needs.

- 2.2 The service is managed by Martin Dearnley, Head of Internal Audit (Head of Risk) who has 2 Internal Audit Managers, Simon Straker and Phil Taylor. All have extensive knowledge and experience around Internal Audit within Kirklees Council. There are a further 8 employees (6 fte) members of the team, most of whom are highly experienced within internal audit. Whilst there have been some staff moving out of the team, their replacements are settling in well and are well supported in their new roles. Since April 2022, the Corporate Counter Fraud Team of 4 employees (3 fte) are now part of the Internal Audit Service and their role continues to develop.

The service delivers around 1,800 productive days, These are deployed as follows

KMC planned work	1020
KMC other audit activity (queries etc)	120
KMC Fraud	450
West Yorkshire Fire	160
Other clients	50

KMC internal audit

- 2.3 From an operational perspective the Head of Internal Audit (Head of Risk) is line managed by the Service Director of Legal, Governance and Commissioning who holds the statutory role of the Monitoring Officer. He also reports to the Chief Executive and the Service Director for Finance (Chief Financial & S151 Officer) and to the Executive Leadership Team and Corporate Governance and Audit Committee. These two bodies fulfil the roles of 'senior management' and 'the board' as defined by the PSIAS. He also has direct access to the Council's Chief Executive and the Section 151 Officer and the Chair of the Corporate Governance & Audit Committee. For West Yorkshire Fire and Rescue Service, the reporting lines are to the Audit Committee and the Chief Finance & Procurement (S151) Officer.
- 2.4 The Head of Risk also undertakes other roles covering line management of Risk Management, Insurance and Corporate Standards (Complaints) and provides input into certain procurement functions and corporate projects across the Authority. His independence is maintained through arrangements clearly set out in the Internal Audit Charter and Strategy. These are essentially for Internal Audit Managers to report directly to the Service Director Legal, Governance & Commissioning. This arrangement helps

maintain independence and avoids any conflicts of interest but there are further considerations associated with these arrangements around capacity and succession planning and further commentary is detailed within the report.

- 2.5 The service uses an in-house package of electronic working papers to document audit assignments and for the management of the section which are considered fit for purpose and work well for the team.

3. Validation Process

- 3.1 The self-assessment validation comprised a combination of a review of evidence provided by the service; a review of a sample of five completed internal audits, attendance at the November meeting of the Corporate Governance and Audit Committee and a series of interviews with key stakeholders from the Council and WYFRS using MS Teams.
- 3.2 Kirklees Council's Internal Audit provided a comprehensive range of documents that they used as evidence to support the validation of their self-assessment, including the:
- Self-assessment against the standards
 - 2021/22 Annual Report of the HIA
 - Internal Audit Annual Plan 2022/23
 - Internal Audit Strategy and Charter 2021/22
 - Progress and other reports to the Audit Committee
 - Audit procedures
 - Quality Assurance and Improvement Plan
 - A range of documents relating to the team structure and team members
 - Fraud Strategy – and Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy enabling the Council to respond to the risks of fraud, corruption and Bribery
 - Scopes and reports for five completed audits (4 for the Council and 1 for WYFRS)
- 3.3 In addition, key documentation for the five audits were shared online, as were the processes for planning, risk assessment and other areas including for WYFRS.
- 3.4 The validation process was carried out during October – December 2022. The feedback from all interviewees was positive.
- 3.5 The guidance gives a scale of three ratings, 'generally conforms,' 'partially conforms' and 'does not conform'. 'Generally Conforms' is the top rating and means that the relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the Standards in all material respects. 'Partially Conforms' means that the activity is making good-faith efforts to comply with the requirements but falls short of achieving some major objectives. This will represent significant opportunities for improvement. 'Does Not Conform' means that the activity is not aware of or is not making good-faith efforts to comply with the Standards, or is failing to achieve many of them. This will have a significant impact on the activity's effectiveness and represent significant opportunities for improvement.

- 3.6 The opinion from this review is that the Kirklees Internal Audit Service's self-assessment is accurate and they Generally Conform to the PSIAS which is the highest level of assessment under the Standards.
- 3.7 This opinion provides assurance to Senior Management and those responsible for governance (the Corporate Governance and Audit Committee) at both Kirklees Metropolitan Borough Council and West Yorkshire Fire and Rescue Service and enables them to have confidence in the standard of internal audit provided by the service.
- 3.8 A small number of improvement opportunities and areas for development have been identified through our review and are raised at Appendix A for consideration.

4. Summary Feedback

The Team

- 4.1 The Head of Internal Audit, Martin Dearnley is highly regarded across the council for his wealth of knowledge and experience accumulated over his lifetimes work to the council. There are no concerns over his independence as noted above. His capacity in delivering the wider roles is managed and sufficient internal audit management capacity is well delivered and supported by the two Internal Audit Managers. Other members of the team are either very experienced in their roles or are developing well. Their job titles should be reviewed to ensure they convey the nature of the work they deliver. These newer members of the team need to maintain their development and the service needs to maintain sufficient capacity to discharge its responsibilities and add value to the organisation. It also needs to be able to evolve for the future delivery of Internal Audit and the skill sets this will require.

Customer / Stakeholder Feedback

- 4.2 All feedback was positive and the team clearly deliver a valued service to its customers. All key stakeholders were happy with the responsiveness of the service and specifically the wider support and advice provided by the Head of Audit (Risk). This positive feedback was also echoed by the West Yorkshire Fire and Rescue Service.

Corporate Governance and Audit Committee

4.5 This committee functions well and discharges its responsibilities as set out in its terms of reference. The Chair whilst relatively new to the role chairs the meetings well and is developing in the role. She understands the importance of the committee operating in an apolitical manner. The committee recently approved the recruitment of an Independent Member and this appointment should strengthen the committee and help it develop. It was noted that the majority of information around the work of the Internal Audit team in its quarterly Progress Report was held in the private session of the meeting which the public are not allowed to attend. It is felt that this position should be reviewed to strike an accepted balance between openness and transparency and need to maintain confidentiality and not expose the council to abuse of systems and controls through putting inappropriate information into the public domain.

5. Findings

Public Sector Internal Audit Standards are broken down into the following areas and this assessment has reviewed Kirklees Internal Audit Service against each.

5.1. Overarching Material

5.2. Attribute Standards

5.3. Performance Standards

5.1 Overarching Material

5.1.1 Mission Statement and Definition of Internal Audit

There is a Charter and Strategy which contains the definition of Internal Audit but it should have the mission statement added to it and there may be benefits in separating which aspects are within the Charter and which sit within the Strategy.

5.1.2 Core Principles for the Professional Practice of Internal Auditing

It is clear that the Core Principles are embedded in the practices of Kirklees Internal Audit and that it is a competent and professional service that conforms to all ten elements of the Core Principles and that it is valued by its customers and stakeholders.

5.1.3 Code of Ethics

It is clear that Kirklees Internal Audit demonstrates integrity, objectivity, confidentiality and competency and have regard to the seven principles of public life as required by PSIAS. All employees sign a corporate declaration of interest and gifts and hospitality but these arrangements could be strengthened through a separate ethics declaration.

The requirements of the Standards for Overarching Material are met with minor recommendations made to further strengthen arrangements in this area.

5.2 Attribute Standards

5.2.1 Attribute Standard 1000 – Purpose, Authority and Responsibility

Kirklees Internal Audit has a Charter and Strategy that clearly defines the purpose, authority and responsibility of the service in line with the standard.

5.2.2 Attribute Standard 1100 – Independence and Objectivity

The Service reports in its own name and directly to the Corporate Governance & Audit Committee

The Head of Internal Audit reports directly to the Chief Executive and the Service Director for Finance (Chief Financial & S151 Officer) and to the Executive Leadership Team and Corporate Governance and Audit Committee. From an operational perspective, the Head of Internal Audit (Head of Risk) is line managed by the Director of Legal, Governance and Commissioning who holds the statutory role of the Monitoring Officer.

The Head of Risk also undertakes other roles covering Risk Management, Insurance and Corporate Standards (Complaints) and provides input into certain procurement function and corporate projects across the Authority. His independence is maintained through arrangements clearly set out in the Internal Audit Charter and Strategy.

5.2.3 Attribute Standard 1200 – Proficiency and Due Professional Care

Kirklees Internal Audit has a professional and experienced team and newer members of the team are developing well. The Head of Internal Audit holds a CCAB qualification. Management do need to ensure the team are sufficiently skilled for future needs and have sufficient capacity to deliver the service.

5.2.4 Attribute Standard 1300 – Quality Assurance and Improvement Programme (QAIP)

The standards require that a QAIP is developed which covers all aspects of the activity and enables conformance with the standards to be evaluated. The team is highly experienced, especially at management level. Inherently therefore the service operates to a very proficient standard. A QAIP is in place and this was reported within the Annual Report of the Head of Internal Audit. The service completed a PSIAS Local Government Application Note checklist prior to this review which did not identify any problematic areas.

The requirements for Attribute Standards are met with minor recommendations made to further strengthen arrangements in this area.

5.4. Performance Standards

5.4.1 Performance Standard 2000 – Managing the Internal Audit Activity

A risk based plan is produced which is reviewed and approved by Senior Management and Corporate Governance and Audit Committee and any changes to it are reported to that committee.

Every assignment is reviewed by experienced managers and plan progress and other performance information are also reported to CGAC.

5.4.2. Performance Standard 2100 – Nature of Work

Kirklees Internal Audit has a well-established in-house package of electronic working papers to document audit assignments.

As part of this assessment, five completed audit assignments were selected for review. They all conformed to the standard and the Service's own methodology.

5.4.3 Performance Standard 2200 – Engagement Planning

A performance and control sheet including the scope of work is completed for each audit assignment which is reviewed and agreed with the client. Annual planning ensures that resource allocation matches the nature, complexity and time constraints for each audit. The two managers meet regularly to monitor and review plan progress making any changes as necessary.

5.4.4 Performance Standard 2300 – Performing the Engagement

All audit work is completed using the in-house package of electronic working papers. All work undertaken is suitably reviewed

5.4.5 Performance Standard 2400 – Communicating Results

The communication of the results of audit assignments is via draft and final reports agreed with the customer and these arrangements and the format and content of the reports are in accordance with the standards.

5.4.6 Performance Standard 2500 – Monitoring Progress

There are well established arrangements for monitoring progress with management actions relating to audit findings. There are opportunities to ensure the full value of audit work is attained through considering possible changes to follow up arrangements and to ensure an escalation process for cases where significant agreed actions have not been

effectively implemented by management. This escalation process can also involve the Corporate Governance and Audit Committee

5.4.7 Performance Standard 2600 – Communicating the Acceptance of Risk

The service has appropriate processes in place to deal with communicating and challenging the acceptance of risks. There have been no instances where management has accepted a level of risk that may be unacceptable to the organisation.

The requirements for Performance Standards are met with minor recommendations made to further strengthen arrangements in this area.

6. Acknowledgement

- 6.1. We would like to thank all involved for their assistance during this review, in particular those in the audit team who provided me with information and explanations, and those listed below as interviewees

7. Interviewees

Councillor Yusra Hussain, Chair of the Corporate Governance and Audit Committee

Jo-Anne Sanders, Service Director Learning & Early Support

Eamonn Croston, Service Director Finance (S151 Officer)

Julie Muscroft, Service Director Governance & Commissioning (Monitoring Officer)

Alison Wood, West Yorkshire Fire & Rescue

Stephen Nixon, Grant Thornton

Improvement Areas / Development Opportunities - Action Plan

Ref	Finding	Recommendation	Management Response / Action	Timescale
1	<p>Audit Charter and Strategy</p> <p>The service has an Audit Charter and Strategy that contains the majority of information expected within the standards. It does not, however, contain the Mission of Internal Audit which would help give context to the work of the team including some of the wider support given to the Council. It is also felt that to separate the Charter from the Strategy would help the reader understand both elements a little clearer.</p>	<p>It is recommended that the Charter be separated from the Strategy and that the Mission of Internal Audit be included within the document</p>	<p>Agreed; we will look to redraft the version during the next 3 months, and ask the Corporate Governance & Audit Committee to consider and approve a revised document as a part of the 2023/24 audit planning process</p>	<p>Approval at CGAC April 2023 and WYFRS next meeting thereafter.</p>
2	<p>Audit Team related issues</p> <p>The Head of Audit (Risk) also undertakes other roles covering Risk Management, Insurance and Corporate Standards (Complaints) and provides input into certain procurement function and corporate projects across the Authority. His independence is maintained through arrangements clearly set out in the Internal Audit Charter and Strategy. These arrangements helps maintain independence and avoid any conflicts of interest</p>	<p>a) Ensure the authority makes plans to cover the wider roles and responsibilities provided by the Head of Audit (Risk)</p>	<p>a) The Directors-Legal Governance & Monitoring and Finance, acknowledge this and are considering arrangements re succession planning</p>	<p>At the appropriate times (which cannot currently be defined)</p>

Ref	Finding	Recommendation	Management Response / Action	Timescale
	<p>but there are further considerations associated with these arrangements around capacity and succession planning.</p> <p>The Head of Audit (Risk) is contracted to work for three and a half days a week and deliver the management of the Audit Team and the wider roles and responsibilities set out in the report.</p> <p>It is clear the current management arrangements within the team work well and these additional roles do not impair upon Internal Audit function or delivery</p> <p>However, succession planning is considered a critical consideration for the service and wider elements of the role delivered by the Head of Audit (Risk). It was confirmed during the audit that this issue was being actively considered and planned for.</p> <p>Discussion was also held over the amount of School audit coverage, which, whilst valued by the Service Director Learning and Early Support, represents a significant amount of resource in this area. The majority of school audit opinions are substantial assurance, suggesting the level of coverage is disproportionate to risk and that best value may not be obtained out of the team's limited resources.</p>	<p>b) Ensure the team maintain sufficient capacity to discharge its responsibilities and add value to the organisation. It also needs to be able to evolve for the future delivery of Internal Audit and the skill sets this will require.</p> <p>c) Consider the strategy for delivering assurance over Kirklees' schools and if there may be different ways of gaining this e.g. through thematic based audits, promoting lessons learned from audits undertaken etc.</p> <p>d) The ongoing development of the newer members of the team should be maintained</p> <p>e) Review the job titles of Audit Staff below Audit Manager level to ensure their role in the authority and the nature of the work they deliver is understood.</p>	<p>b) Agreed; this depends on maintaining a capacity of competent, and appropriately skilled team members, through internal promotion and external recruitment as opportunities arise.</p> <p>c) As a principle accepted, although this depends on both the audit resourcing capacity, and the expectations from those within the wider organisation. Will subject to review discussion.</p> <p>d) Agreed</p> <p>e) Agreed. Whilst there are advantages of maintaining alignment with other finance posts</p>	<p>Ongoing/ from point of any future approved recruitment</p> <p>Discussion by April 2023</p> <p>May 2023 staff appraisals, and ongoing</p> <p>At time of next recruitment.</p>

Ref	Finding	Recommendation	Management Response / Action	Timescale
	<p>A further observation was the job titles of audit staff below Audit Manager level; they hold job titles of “Senior Finance Officer”, “Finance Officer” and “Assistant Finance Officer”. These are historical job titles helping alignment with Accountancy / Finance staff. However, this does not reflect their role or much wider responsibility for risk, governance and control across the organisation as opposed to the historic internal financial control remit. It also does not reflect their status and rights of access to information and documentation and could result in prospective applicants for vacancies being put off / missing the job adverts.</p> <p>There are no concerns about the independence of the Head of Internal Audit; however, his performance review is not referred to the Chief Executive or Chair of the Audit Committee, in accordance with the public sector interpretation within PSIAS as a measure to help maintain the Head of Audit’s independence.</p> <p>This measure is not considered to be helpful in supporting Kirklees’ Head of Audit’s (Risk) independence and the arrangements in place are considered sufficient to do this already.</p>		<p>for career and grading reasons, the titles will be made more distinct, and the role profiles amended to emphasise the key expectations go beyond those of finance for many post holders. Will do this for new recruits and if possible for existing post holders</p>	

Ref	Finding	Recommendation	Management Response / Action	Timescale
	<p>The Counter Fraud Team</p> <p>The Counter fraud team was transferred into Internal Audit at the start of the 2022/23 year and the work of this team has continued to be assessed. Cabinet is expected to approve a revised counter fraud strategy in early 2023 and this provides the opportunity to further develop the counter fraud team to align with the revised strategy.</p>	<p>Continue further developing the Counter Fraud team to align with the revised counter fraud strategy</p>	<p>Agreed; changes depend on developing skills and capacity</p>	<p>From time of approval of new Strategy, and then ongoing</p>
	<p>Code of Ethics</p> <p>All Audit staff complete the corporate declaration of interests and gifts and hospitality that is done by all employees of Kirklees Council. The standards are very clear on conducts and behaviours of internal auditors which are not fully covered by the corporate declarations.</p>	<p>All audit staff could complete a separate ethics declaration covering all aspects highlighted in the Standards.</p>	<p>Agreed. Can ask staff to update these declarations annually too</p>	<p>April 2023, and annually thereafter</p>
	<p>Corporate Governance and Audit Committee</p> <p>This committee functions well and discharges its responsibilities as set out in its terms of reference. The Chair whilst relatively new to the role chairs the meetings well and is developing in the role. She understands the importance of the committee operating in an apolitical manner. The committee approved the creation of an Independent Member role and this appointment should help the committee develop and enhance the skills,</p>	<p>a) Progress the appointment of the Independent Member - this will provide further support to the operation of the committee, in particular in maintaining its apolitical conduct. The independent member will also likely enhance the skills, knowledge and experience</p>	<p>a) This is to be progressed during January 2023. If a recruitment takes place it is hoped the post holder can take up duties at the end of this financial year.</p>	<p>March 2023</p>

Ref	Finding	Recommendation	Management Response / Action	Timescale
	<p>knowledge and experience collectively held within the committee</p> <p>It was noted that the majority of information around the work of the Internal Audit team in its Progress Report was held in the private session of the meeting which the public are not allowed to attend. This is to not expose the council to abuse of systems and controls thought putting inappropriate information into the public domain.</p> <p>The Annual Report of the Head of Internal Audit provides an opinion over Kirklees risk, governance and control arrangements as does the Annual report for West Yorkshire Fire and Risk Service. Current guidance however states the opinion should have separate explanations over all three areas</p>	<p>collectively held within the committee.</p> <p>b) Review the level of information reported in the private session of the committee around the work of the internal audit team to strike an accepted balance between openness and transparency and need to maintain confidentiality and not expose the council to abuse of systems and controls through putting inappropriate information into the public domain.</p> <p>c) The Annual Report of the Head of Internal Audit for 2022/23 should provide separate opinions over risk, governance and control arrangements in line with CIPFA guidance</p>	<p>b) The CGAC will be asked to consider this alongside some amended reporting formats which might help with achieving a slightly amended balance between openness and the need for confidentiality</p> <p>c) Agreed; this will be changed in the Head of Internal Audit annual report for the year 2022/23 (& thereafter)</p>	<p>April 2023 And July 2023</p> <p>April 2023</p>

Ref	Finding	Recommendation	Management Response / Action	Timescale
	<p>Action tracking and reporting</p> <p>Follow up audits are routinely undertaken when a “No or limited Assurance” opinion is given for an audit. These are generally between 6-12 months after the agreement of the final report to ensure the agreed actions will have been implemented.</p> <p>There are also further checks occasionally carried out on actions from other audits by asking management to confirm the implementation of these actions.</p> <p>As an overall position regarding overdue management actions is not known, such information cannot be reported and this presents a risk of problems within particular areas not being identified and management not being called to account for their actions / inactions. It also loses the value of the audit work carried out in those areas.</p>	<p>The arrangements for checking the implementation of agreed management actions arising from audit findings should be reviewed to ensure best value is obtained from audit work carried out and that management are held to account when significant actions are not implemented within timescales they provided.</p>	<p>Agreed. We will explore the opportunities for strengthening follow up arrangements for all audit work and ensure that this is systematically reported to the Corporate governance & Audi Committee. (although it is important that this process does not detract too much from delivery of the initial audit work)</p>	<p>July 2023</p>



OFFICIAL

Internal Audit Quarterly Report

Audit Committee

Date: 21 April 2023

Agenda Item:

11

Submitted By: Chief Finance and Procurement Officer

Purpose	To present the Internal Audit Report for January to March 2023
Recommendations	That members note the report
Summary	This report provides a summary of the audit activity for the period January to March 2023 and to report the findings to the Committee

Local Government (Access to information) Act 1972

Exemption Category: Nil

Contact Officer: Simon Straker
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01484 221000

Background papers open to inspection: Internal Audit Reports

Annexes: Internal Audit Quarterly Report

1 Introduction

This Committee has the responsibility for monitoring the work of internal audit. In order to facilitate this, Internal Audit provide a quarterly report of its progress which includes a summary of the work completed and an assessment of the level of assurance provided by the systems examined. This report covers the period from January to March 2023.

On completion of each audit the Auditors provide an assessment of the level of assurance that the control systems in place provide. There are four rankings as detailed below:-

Substantial assurance
Adequate assurance
Limited assurance
No assurance

This report includes a detailed explanation of action which has been taken on any audits which are ranked as providing either limited assurance or no assurance.

2 Information

In the period January to March, two audits have been completed both receiving substantial assurance and the participation in the National Fraud Initiative identified no issues and received substantial assurance. In 2022/23, ten of the fourteen planned audits have been completed, three are currently in progress and one is in draft format with management.

3 Financial Implications

There are no financial implications associated with this report

4 Legal Implications

The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5 Human Resource and Diversity Implications

There are no human resource or diversity implications with this report.

6 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? ([EIA guidance and form 2020 form.docx \(westyorksfire.gov.uk\)](#))

No

7 Health, Safety and Wellbeing Implications

There are no health, safety or wellbeing implications with this report.

8 Environmental Implications

There are no environmental implications with this report.

9 Your Fire and Rescue Service Priorities

The provision of internal audit underpins all the fire and rescue service priorities.

10 Conclusions

That members note the internal quarterly review report.



INTERNAL AUDIT QUARTERLY REPORT

2022/23

January to March 2023

Simon Straker: Audit Manager

ABOUT THIS REPORT

This report contains information about the work of the Authority's Internal Audit provided by Kirklees Council. The 2022/23 Audit Plan was approved by this Committee at the start of the year covering a variety of areas enabling an annual opinion to be formed on the Authority's governance, risk management and internal control arrangements.

For ease of reference the audits are categorised as follows:

1. Summary
2. Major and Special Investigations
3. Key Financial Systems
4. Other Financial Systems & Risks
5. Locations and Departments
6. Business Risks & Controls
7. Follow Up Audits
8. Recommendation Implementation
9. Advice, Consultancy & Other Work
10. Audit Plan Delivery

Investigation summaries may be included as a separate appendix depending upon the findings.

When reports have been agreed and finalised with the Director concerned and an Action Plan drawn up to implement any improvements, the findings are shown in the text. Incomplete audits are shown as Work in Progress together with the status reached: these will be reported in detail in a subsequent report once finalised.

Good practice suggests that the Authority's management and the Audit Committee should receive an audit opinion reached at the time of an audit based upon the management of risk concerning the activity and the operation of financial and other controls. At the first meeting of the Audit Committee, Members resolved to adopt an arrangement relating to the level of assurance that each audit provides.

As agreed with the Audit Committee, the report has been expanded to include details of the key recommendations applicable to each audit that does not result in a formal follow up visit and the action taken by management regarding their implementation. The final section of the report concerns Audit Plan delivery.

It is the practice of Internal Audit to undertake follow up audits to ensure that agreed actions have been undertaken. Any audits that produce less than "adequate assurance" will be followed up, together with a sample of the remainder and a new opinion will be expressed about the level of assurance that can be derived from action taken by management to address the weaknesses identified.

1. **SUMMARY**

This report contains details of work completed during the final quarter of 2022/23 covering the Plan approved by the Committee.

Ten of the fourteen planned audits have been completed at the time of writing this report a further one is at draft stage being discussed with management and the remaining three should be also complete by the time of the meeting, enabling a verbal update on outcome.

Each audit so far has produced a positive assurance opinion, albeit that several recommendations have been agreed to strengthen the control environment.

2. **SPECIAL INVESTIGATIONS & REVIEWS**

None during this time.

3. **KEY FINANCIAL SYSTEMS & RISKS**

None during this time.

4. **OTHER FINANCIAL SYSTEMS & RISKS**

System	Findings	Audit Opinion
Chief Finance & Procurement Officer		
Overtime	Payments made reflected Grey Book Conditions of Service and a fair and equitable allocation methodology operated by the Employee Resource Team. The reasons for significant budget overspends and management actions that have arisen during the pandemic and continued thereafter have been reported to the Finance & Resources Committee accordingly.	Substantial Assurance

Leased Car Scheme	Audit in Progress	
Asset Disposal	Audit in Progress	

5. LOCATION & DEPARTMENT AUDITS

None during this period.

6. BUSINESS RISK AUDITS

This category of audits reflects the Audit Strategy to incorporate coverage of the controls and management actions to respond to the key risks to the Authority’s objectives as codified in the Corporate Risk Matrix.

Risk	Findings	Audit Opinion
Chief Finance & Procurement Officer		
National Fraud Initiative 2022/23	No key issues arising.	Substantial Assurance

Director of Corporate Services		
Corporate Governance	Draft Report with Management	
Director of Service Delivery		
Negligent Fire Safety Work Risk	As identified in the Corporate Risk Matrix, training is the key preventative control and the audit confirmed there is a robust framework in place that provided the Training Manager with effective oversight to ensure that all training was completed and recorded, from the Initial Professional Development for the new trainees, to the requirements included in the Competency Framework for more senior staff.	Substantial Assurance
Cyber Risk	Audit in Progress	

7. FOLLOW UP AUDITS

Any audits that result in a less than adequate assurance opinion are followed up usually within six months, depending upon the timescale for implementing the agreed recommendations. Additionally, a sample of other audits is followed up periodically too.

None during this period.

8. REVIEW OF KEY RECOMMENDATIONS & EXTENSIONS OF TIME TO IMPLEMENT

No key recommendations were outstanding, nor implementation times extended during this period.

9. ADVICE, CONSULTANCY & OTHER WORK

Internal Audit has been commissioned to provide assurance, oversight and challenge to the FSHQ Programme Board. Terms of reference has been agreed to review progress at each of the key milestones on a rolling basis to enable any timely remediation, particularly with external contractors. This role is being performed through participation in the Finance Board that meets on a monthly basis, chaired by the Chief Finance & Procurement Officer.

10. AUDIT PLAN 2022/23 DELIVERY

Performance Indicators		21/22 Actual	22/23 Target	22/23 Actual
Audits completed within the planned time allowance		80%	90%	80%
Draft reports issued within 10 days of fieldwork completion		90%	90%	90%
Client satisfaction in post audit questionnaires		90%	90%	n/a
Chargeable audit days			160 + 20 b/f	174
QA compliance sample checks – percentage pass		100	100	100
Planned Audits Completed		13	14	10
Planned Audits in Progress				4
Planned Audit Deferred				0
Planned Audits Postponed				0
Unplanned Work Completed				0
Unplanned Work in Progress				0



OFFICIAL

Internal Audit Annual Report 2022/23

Audit Committee

Date: 21 April 2023

Agenda Item:

12

Submitted By: Chief Finance and Procurement Officer

Purpose

To review the effectiveness of the Authority's system of internal audit and control and the Audit Charter & Strategy.

To note the audit opinion on governance and risk management arrangements and the internal control environment during 2022/23.

To approve the Audit Plan for 2023/24

Local Government (Access to information) Act 1972

Exemption Category: Nil

Contact Officer: Simon Straker
Simon.straker@kirklees.gov.uk
01484 221000

Background papers open to inspection: Annual Report of Internal Audit 2021/22
Annual Governance Statement 2021/22
Corporate Risk Matrix
Internal Audit Plan 2022/23
Quarterly Reports of Internal Audit 2022/23
Audit Charter & Strategy

Annexes: Appendix 1 Audit Charter and Strategy
Appendix 2 Summary of Audit Coverage
Appendix 3 Internal Audit Plan 2023/24

Recommendations Members endorse the Chief Finance & Procurement Officer's conclusion as to the effectiveness of the system of internal audit and control and re-approve the Audit Charter & Strategy for 2023/24.

Members note the audit opinion on governance, risk management arrangements and the internal control environment in 2022/23, thereby providing assurance to the compilation process for the Draft Annual Governance Statement.

Members approve the Audit Plan for 2023/24 as endorsed by Management Board.

Summary The Chief Finance & Procurement Officer concludes the Authority's systems of internal audit are effective.

This report concludes that the Authority's governance, risk management arrangements and internal control environment were effective and robust during the financial year to 31 March 2023.

1 Introduction

- 1.1 The Authority is required (by the Accounts & Audit Regulations 2015) to undertake an annual review of the effectiveness of its system of internal control which
- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - ensure that the financial and operational management of the Authority is effective; and
 - incorporates effective arrangements for the management of risk
- and includes undertaking an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards (PSIAS) and Code of Ethics.
- 1.2 The annual self-assessment has confirmed that the matters arising last year have been actioned and the overall level of compliance has continued to be maintained.
- 1.3 Moreover, an external assessment of compliance with the PSIAS and Code of Ethics concluded that Internal Audit “Generally Conforms”, being the highest of three opinions possible.
- 1.4 Coupled with the analysis of the performance of the internal audit function against its performance indicators and quality assurance process and delivery of the 2022/23 Audit Plan, the Chief Finance & Procurement Officer has used this data in formulating her assessment of the Authority’s system of internal audit to conclude the degree of reliance can be placed on its work and opinion on the internal control environment.
- 1.4 In accordance with best practice the annual review of the Audit Charter and Strategy has been conducted without the need for further amendment.
- 1.5 This report then provides an opinion on the adequacy and effectiveness of the Authority's governance, risk management system and internal control environment during the year, particularly in support of the Draft Annual Governance Statement that accompanies the Annual Accounts.

The opinion is drawn from the matters included in the Quarterly Reports to the Committee during the year on the audit opinions reached on the level of assurance concerning each risk, system or process controls examined.

2 Information

Effectiveness of the System of Internal Audit

- 2.1 Ten of the planned fourteen audits have been concluded at the time of writing of this report with the remainder expected to be concluded by the time of the meeting.
- 2.2 This body of evidence is more than sufficient to provide a meaningful opinion on the overall internal control, governance and risk management framework as work has returned to a more normal pattern post pandemic.
- 2.3 The Internal Audit function is included in the Financial Services Service Level Agreement with Kirklees Council. The most recent benchmarking information from CIPFA, albeit increasingly dated, showed internal audit operations have been at approximately the lower

quartile of costs (based on £m gross expenditure) compared with Metropolitan and Unitary authorities.

2.4 Annual self-assessment of compliance with the PSIAS coupled with external assessment has confirmed an appropriate level of compliance has been maintained.

2.5 As referred to above, the Audit Charter & Strategy (see Appendix 1) has been reviewed to ensure it continues to meet the needs of the Authority. The review has confirmed that overall it remains fit for purpose. As agreed by Members and the Management Board, the audit strategy has been refocused with a greater emphasis on aspects of the internal control environment and governance, being satisfied as to the consistent positive assurance on the management of risks in the Corporate Matrix. This conclusion is further reflected in the Draft 2023/24 Plan attached. Members are asked to re-approve the document accordingly.

2.6 A summary of the performance of Internal Audit in delivering the 2022/23 Plan as reported to the Audit Committee during the year is shown below:

2.7

Performance Indicators	22/23 Target	22/23 Actual
Audits completed within the planned time allowance	80%	80%
Draft reports issued within 10 days of fieldwork completion	90%	90%
Client satisfaction in returned post audit questionnaires	90%	n/a
Chargeable audit days (cumulative)	160 + 20 b/fwd	174
QA compliance sample checks – pass rate	90%	100
Planned Audits Completed	13	10
Planned Audits in Progress		4
Planned Audits Postponed		0
Planned audit deferred by Management		0
Unplanned Audits Completed		0

2.8 A summary of plan delivery itself is shown as appendix 2, together with the opinion reached for each audit completed.

2.9 The positive working relationship with Deloitte in their final year as external auditors has continued, and it is hoped this will continue with their successors, Grant Thornton, especially as they fulfil this role already for Kirklees Council which provides the key financial systems to the Authority, in order to maximise the use of audit resources and ensure our mutual roles are fulfilled effectively.

2.10 Members may wish to endorse the positive opinion on the effectiveness of the system of internal audit and control reached by the Chief Finance & Procurement Officer.

3. Operational Information

- 3.1 The scope of activity is established by the Financial Procedure Rules, the Audit Charter & Strategy and statements of operating practice.
- 3.2 In line with the Audit Strategy, assurance about the governance, risk management and internal control environment is obtained by the maintenance and delivery of a risk based audit plan approved by Members. Planned work targeted areas of significant risk and where most value could be added, particularly on wider business and governance controls. Areas of significant risk are determined by the Authority through its risk management process and in particular the Corporate Risk Matrix.
- 3.3 Each audit concludes with an opinion about the level of assurance derived on the adequacy and effectiveness of the system, process or location concerned at the time of the audit, based upon the management of risk and the adequacy and operation of financial and other controls. The approach involves the follow up of any activities about which less than "Adequate Assurance" is given, as a means of seeking to ensure that the work carried out by Internal Audit maximises the chances of improving the Authority's control environment.
- 3.5 The Audit Committee has previously agreed definitions of the different levels of assurance given and how these are derived from audit recommendations. Implementation of the agreed recommendations by management should provide for a satisfactory degree of control in all cases.
- 3.6 The outcome of individual audits is summarised quarterly and reported to the Audit Committee for consideration. These reports also include action taken by management regarding the implementation of any agreed key recommendations.

4. Summary of Audit Outcomes in 2021/22

- 4.1 The agreed Audit Plan for 2022/23 included 160 days of planned work in the following main areas:
- financial system and process audits,
 - main business and governance risks and controls,
 - follow up audits, and
 - ongoing project assurance to the Emergency Services Mobile Communication and Headquarters Finance Project Boards

Liaison with the Chief Finance & Procurement Officer throughout the year ensures that internal audit work undertaken continues to focus on the high-risk areas and is reflective of any new developments or particular areas of concern so as to ensure the most appropriate use of internal audit resources.

Appendix 2 provides a summary of the audits undertaken and status reached.

- 4.2 At the time of writing 10 of 14 planned audits had been completed with the remainder expected to be concluded by the time of the Meeting enabling a verbal update. Each planned audit performed during the year concluded with a positive Assurance opinion.
- 4.3 The Authority's risk management arrangements have been considered in individual pieces of audit work, whereby management activity to address particular business risks, as recorded on the Corporate Risk Matrix, has been assessed. These audits all concluded

with positive assurance opinions and conclusions that management controls to address the key risks to the Authority were robust and operating effectively. Where appropriate, management has agreed recommendations to further enhance the control environment.

- 4.4 In accordance with our commitment to provide help, assistance and add value, questions and issues raised by managers have been resolved, particularly in relation to advice/approval for authorisation of contracting matters, and to evaluation of potential suppliers. In addition, the Audit Plan is designed to be sufficiently flexible to accommodate any ad hoc requests for audit reviews.

5. Internal Audit in 2023/24 and beyond

- 5.1 Internal Audit will continue to strive to reliably achieve planned audit work and to address Authority priorities and activities that will add value for the organisation, particularly supporting the roll out of revised procurement arrangements.
- 5.2 We will ensure the agreed points in the PSIAS External Assessment Action Plan are implemented to ensure ongoing compliance is achieved.
- 5.3 We will continue to review the probity of the Authority as well as its' key organisational and business controls encompassed in the revised Audit Strategy to focus on areas of highest risk and thus to contribute to the level of assurance required by the Chief Fire Officer / Chief Executive, Chair of the Authority and Chief Finance & Procurement Officer in order to complete the Annual Governance Statement.
- 5.4 Both the Chief Finance & Procurement Officer and Management Board have agreed the 2023/24 Draft Plan, the summary of which forms Appendix 3 for approval.

6 Financial Implications

- 6.1 The internal audit service is provided by Kirklees Council through a Service Level Agreement at a cost of £48,734 in 2022/23 which is provision for 160 days of audit work.

7 Legal Implications

- 7.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

8 Human Resource and Diversity Implications

- 8.1 There are no human resource and diversity implications associated with this report.

9 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk))	Yes / No
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10 Health, Safety and Wellbeing Implications

10.1 There are no health, safety and wellbeing implications associated with this report.

11 Environmental Implications

11.1 There are no environmental implications associated with this report.

12 Your Fire and Rescue Service Priorities

12.1 Effective internal audit underpins all the Service's priorities as detailed in the "Your Fire and Rescue Service" document.

13 Conclusions

13.1 This report has summarised the main activities of Internal Audit during 2022/23, detailed information on which has been provided to this Committee during the year.

13.2 Audit work during the year and the external assessment of PSIAS compliance provided sufficient evidence to demonstrate that overall the system of internal audit is effective and has been undertaken in compliance with the PSIAS.

13.3 A review of the Authority's framework of governance, risk management and control, and business systems controls, has provided sufficient evidence and assurance that overall each is robust and effective and that in the small number of occasions where it has been necessary, management have taken/agreed appropriate action to address weaknesses.

13.4 Overall, the Authority has a sound control environment, and no matters are brought to the attention of management as worthy of consideration for inclusion in the Annual Governance Statement for 2022/23 as a Significant Governance Issue.



West Yorkshire Fire & Rescue Authority

**INTERNAL AUDIT CHARTER &
STRATEGY**

1. Introduction

The Public Sector Internal Audit Standards (PSIAS) and Code of Ethics are mandatory guidance which state the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audit's performance. These standards in local authorities are supplemented by additional guidance from CIPFA that has regulatory authority in this respect for local government in the UK.

The PSIAS require that there is a formal Internal Audit Charter defining its purpose, authority and responsibilities, which must be consistent with its definition of internal audit, code of ethics and professional standards.

The Authority is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit advises the Authority on whether effective and efficient arrangements exist, cumulating in the annual Internal Audit opinion, which informs the Annual Governance Statement. Optimum benefit to the Authority arises when Internal Audit work in partnership with management to improve the control environment and assist in achieving objectives.

2. The Purpose of the Charter

The purpose of this Charter is to set out the nature, objectives, outcomes and responsibility of the Internal Audit function.

3. Definition of Internal Audit

The PSIAS definition of Internal Audit is:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

This definition goes beyond basic compliance by, where appropriate, evaluating and improving the effectiveness of risk, control and governance arrangements.

4. Accountability and Reporting Lines

Internal Audit will report to the Audit Committee

- Quarterly on each piece of work completed in the period, the opinion arising from that work and performance of internal audit (achievement of the annual audit plan, issuing reports on time, completing work within time allocated, client satisfaction and quality assessment).
- Annually on the overall achievement and assessment of the Authority's internal audit work programme, including an opinion on the assurance arrangements, and on the overall risk

environment and the overall planned work on assurance in the forthcoming year, plus any investigative and consultancy tasks. This will include an assessment on the availability of resources, and any impact this may have on the ability to assess the control environment.

- As necessary on any matter impacting on the overall integrity of the Authority's control environment, where any significant risk or threat to the organisation identified through audit assurance work has not been adequately addressed by management, or on any operational matter that seriously impacts on the delivery or resourcing of the internal audit function.

Internal Audit reports to all levels of management, with reporting of detailed operational work usually being to Directors. All Directors and the Chief Executive receive the full Authority wide summary of activity.

Operationally Internal Audit report to the Chief Finance & Procurement Officer but has the right to communicate directly with the Chief Fire Officer / Chief Executive as necessary, for example in relation to audit work on activities for which the Chief Finance & Procurement is responsible and ultimately with the Chair of the Audit Committee as necessary.

5. Scope of Internal Audit

Internal Audit's remit extends to the adequacy and effectiveness of the entire control environment of the Authority as encompassed in the Audit Strategy as approved by the Audit Committee. It involves the examination of all business processes to evaluate the adequacy, effectiveness and efficiency of control, governance and risk management arrangements. It will assess the quality of performance in carrying out assigned responsibilities to achieve the Authority's objectives.

6. Responsibilities and Objectives of Internal Audit

The responsibilities and objectives of Internal Audit are as follows:

- To provide soundly based assurances to management on the adequacy and effectiveness of their internal control, risk and governance arrangements, including; ethics, information management and technology.
- To review, appraise and report on the extent to which the assets and interests of the Authority are accounted for and safeguarded from loss.
- To review, appraise and report on the suitability and reliability of financial and other management data and information.
- To assess the adequacy and effectiveness of the Authority's procurement, contract and partnership arrangements.
- To assess the corporate risk management processes.
- To evaluate the risk of fraud and how it is managed and controlled. To provide corporate fraud and irregularity prevention, detection and investigation services in accordance with the Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy.
- To reach conclusions about the effectiveness of the Authority's control environment, and to recommend improvements to management.

- To contribute to assurances in relation to the robustness and reliability of internal controls and governance to support the Annual Governance Statement.
- To support the achievement of efficiency, value for money and effective change management.
- To provide advisory and consultancy services intended to add value and improve value for money, governance, risk management and control processes.
- To provide advice in respect of the development of new or significant changes to existing programmes and processes including the design of appropriate controls. This is usually through membership of groups, boards or working parties as well as direct contact with officers within directorates.
- To support effective procurement.
- To support activities of the Audit Committee to discharge its responsibilities.
- To support the Chief Finance & Procurement Officer and all senior management in meeting their corporate responsibilities.
- To monitor the implementation of agreed recommendations.
- To plan, manage and operate the internal audit function in an efficient and effective manner.

7. Organisational Independence of Internal Audit

An effective Internal Audit function must be independent, objective and unbiased. To ensure this, Internal Audit will operate within a framework that allows:-

Unrestricted access to all of the Authority's

- + employees
 - + premises and assets
 - + records, information and data (in all forms)
 - + contractors and partners
- and to the Authority's External Audit provider.

Whilst the Head of Audit & Risk, Kirklees Council has ultimate responsibility for the delivery of Internal Audit to the Authority, he has determined that one of the Audit Managers will assume the lead for internal audit for the Authority and report directly to the Chief Finance & Procurement Officer.

As an outside provider, Internal Audit at Kirklees has the advantage of total segregation from line operations, so has no responsibility for developing or implementing procedures or systems and does not prepare records or engages in processing functions or business activities. If staff move from the Authority to Internal Audit they will not be involved in the audit of any system or process for which they had previous operational responsibility for a period of two years

Audit responsibilities are periodically rotated to avoid over-familiarity and complacency and also to provide for service continuity and resilience.

8. Ethical Standards

Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined, working with honesty, diligence and responsibility. They must at all times observe the law and respect and contribute to the legitimate and ethical objectives of the Authority.

Objectivity:

Internal Auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by:

taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment;

declaring any real or perceived interests on an annual basis, or at any time that they recognise any impairment to the objectivity.

accepting anything that may impair or be presumed to impair their professional judgement such as gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties.

disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review;

not using information obtained during the course of duties for personal gain and;

complying with the Bribery Act 2010

Confidentiality:

Internal Auditors must;

act prudently when using information acquired in the course of their duties and protecting that information and;

not use information (derived or obtained through their official role) for any personal gain.

Integrity:

In the conduct of audit work, Internal Audit staff will:

comply with relevant professional standards of conduct and perform their work with honesty, diligence and responsibility

Competency:

Internal Auditors are expected to be competent in their role by:

possessing the knowledge, skills and technical proficiency relevant to the performance of their duties;

being skilled in dealing with people and communicating audit, risk management and related issues effectively;

maintaining their technical competence through a programme of continuous professional development;

exercising due professional care in performing their duties and;

complying with all requirements of the PSIAS & Code of Ethics.

9. Relationships

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort. Periodic meetings and contact between internal and external audit are held to discuss matters of mutual interest. External Audit has full and free access to all internal audit plans, working papers and reports.

Where appropriate the Internal Audit function will obtain assurance from other internal and external review agencies that offer opinions or appropriate analysis of the Authority's functions, or can otherwise contribute to the understanding of the overall risk profile and assurance environment.

The existence of Internal Audit does not diminish the responsibility of management to establish and maintain systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

10. Arrangements for Anti-Fraud, Anti-Corruption & Anti-Bribery Work

The Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy and other supporting fraud related policies set out the Authority's approach. The Policy requires the Chief Finance & Procurement Officer to be notified of all suspected or detected fraud, corruption, impropriety or other irregularity, in order to inform the annual internal audit opinion and the risk-based plan.

Internal Audit's role in respect of fraud-related work is as follows:

- to advise the Chief Finance & Procurement Officer about the Corporate Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy, and provide guidance for managers and Members;

- to co-ordinate the Authority's response to the biennial mandatory National Fraud Initiative (NFI) exercise;

- to contribute to the corporate counter fraud arrangements, and;

- to assume a lead role in the investigation of certain alleged irregularities. In some cases whistleblowing or outcomes from routine work will lead to an initial investigation, outcomes of which will be discussed with management, and a way forward agreed involving an Internal Audit lead investigation. In other instances irregularities are investigated by management with support from Internal Audit.

11. Authority of Internal Audit

The scope of Internal Audit allows for unrestricted coverage of all the Authority's activities and unrestricted access to all functions, records, data, personnel, premises and assets of the Authority.

Internal Audit has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

Recipients of audit reports must respond within prescribed timeframes (draft reports within 2 weeks and final reports within 6 weeks).

All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. All internal audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

12. Appropriate Resourcing of Internal Audit

At least annually, Internal Audit will submit to the Audit Committee an Internal Audit plan for review and approval. The plan will consist of a schedule of planned assurance and consultancy work (including some contingency) which will establish resource requirements for the next financial year. This will be balanced between resource requirement and capacity. The standard requires the Head of Audit to advise the Audit Committee if the amount of resources available compromises the ability to offer appropriate levels of assurance.

The internal audit plan results from a risk-based assessment. As the internal auditor of Kirklees Council which provides the Authority's key financial systems, the audit plan is able to reflect a level of knowledge and assurance from all audit work on these areas to maximise coverage efficiency. A revised Audit Strategy recognises that the requirement to provide an annual opinion on risk management can be achieved from a smaller base of reviews of the management of key risks, reflecting the consistent positive assurance opinions produced in this area in recent years. A fuller coverage of the wider internal control environment and corporate governance matters will provide stronger assurance about these areas in a changing, fluid post pandemic world.

Any material variations from the approved Internal Audit plan are reported to the Audit Committee.

13. Assurances Provided to Outside Parties

Internal Audit also undertakes work for Kirklees Council and Kirklees Active Leisure (a charitable trust that is Kirklees Council's leisure centre operator partner). Internal Audit provide assurances (where requested) about the bona fide of transactions and claims as required by government departments and West Yorkshire Combined Authority. Internal audit would if requested provide assurance to other partner public sector bodies as appropriate.

14. Assurances Obtained from Outside Parties

Internal Audit will obtain assurances from third parties where this is an appropriate form of assurance related to activity carried out on behalf of the Authority.

15. Assessment of Internal Audit

In addition to maintaining its own quality assurance process, performance against which will be reported quarterly to the Audit Committee, annually the Head of Internal Audit will conduct a self-assessment of ongoing compliance with the PSIAS which will be validated by the Chief Finance & Procurement Officer and reported to the Audit Committee.

At least every five years the Authority will conduct an external assessment of its internal audit compliance with PSIAS, the outcome of which will be reported to the Audit Committee, together with an Action Plan as necessary to address any issues arising.

16 Review

This Charter will be reviewed at least annually by the Audit Committee to ensure it remains relevant to the corporate objectives of the Authority and the operational needs of the Brigade.

Annexe 1 Definitions alignment to the Public Sector Internal Audit Standards

For the purposes of Internal Audit activity, the term;

'board' refers to the Audit Committee.

'senior management' refers to the Directors, namely the Chief Fire Officer / Chief Executive, Deputy Chief, Assistant Chief, Chief Finance & Procurement Officer and the Chief Employment Services Officer.

The PSIAS refer to the officer responsible for the Internal Audit function as the Chief Audit Executive. This role is undertaken by an Audit Manager at Kirklees Council.

Appendix 2 – Summary of Audit Coverage 2022/23

Audit	Report Status	Assurance Opinion
Financial Systems & Risks <ul style="list-style-type: none"> • Treasury Management • Bank Reconciliation • Accounts Payable • CIPFA Financial Management Code Compliance 	<i>Final</i> <i>Final</i> <i>Final</i> <i>Final</i>	Adequate Adequate Substantial Substantial
Other Systems & Risks <ul style="list-style-type: none"> • Inventory Control • Overtime Payments 	<i>Final</i> <i>Final</i>	Adequate Substantial
Business Risk Management <ul style="list-style-type: none"> • Negligent Fire Safety Work • National Fraud Initiative 2022/23 • High Risk Prevention Visit Referrals • Attendance Management 	<i>Final</i> <i>Final</i> <i>Final</i> <i>Final</i>	Substantial Substantial Adequate Adequate
Planned audits in progress <ul style="list-style-type: none"> • Corporate Governance • Cyber Risk • Leased Car Scheme • Asset Disposal 	<i>Draft</i> <i>WIP</i> <i>WIP</i> <i>WIP</i>	

Appendix 3 – Draft Internal Audit Plan 2023/24

Work (& time) B/fwd from 2022/23 Plan to enable completion (as agreed with CFPO)

- Corporate Governance
- Cyber Risk
- Leased Car Scheme
- Asset Disposal

New Work

Audit Opinion on **Governance**

- Compilation of the Annual Governance Statement concerning the assurance processes and procedures used.

First audit review of this area.

Audit Opinion on **Risk Management**

- Safeguarding

Last audit 2018/19 / Substantial Assurance

- Stress Management

Last audit 2016/17 / Substantial Assurance

- Energy Supply Contract Management

No recent work in this area

Audit Opinion on **Internal Control**

- Payroll

Last audit 2021/22 / Adequate Assurance

- Insurance Cover

Last audit 2018/19 / Substantial Assurance

- Accounts Receivable

Last audit 2015/16 / Substantial Assurance

- Income Management

Last audit 2017/18 / Limited Assurance

- VAT

Last audit 2020/21 / Adequate Assurance

- Disbursement Account

Last audit 2020/21 / Adequate Assurance

- Responsive Repairs Management

Original audit 2014/15 / Limited Assurance – Second Follow up 2016/17 / Substantial Assurance

- Vehicle Procurement

No recent work in this area – tied into the fleet renewal programme this year.

- Capital Plan Delivery

No recent work on the Capital Plan overall.

Consultancy

per Terms of Reference agreed with the respective Boards

- FSHQ Development Programme
- ESN Programme

Total Days

160 per SLA