



Report to the PFCCFRA for North Yorkshire

19th September 2023

Annual Report of the Independent Audit Committee

Independent Audit Committee

Annual Report

FOREWARD

The Purpose of this report is to provide assurance that the Independent Audit Committee is satisfactorily undertaking its role and responsibilities to enhance public trust and confidence in the governance of the Police, Fire & Crime Commissioner Fire and Rescue Authority (PFCCFRA) and North Yorkshire Fire and Rescue Service. It provides an overview of the areas of work considered by the Committee during 2022/23 and details the areas that the Committee thought worthy of mention. It provides the PFCC and Chief Fire Officer (CFO) with the assurance that the Committee has fulfilled its terms of reference and demonstrates the added value that has been delivered by the Independent Committee to both the PFCC and Chief Fire Officer, and also the wider public throughout 2022/23.

1. INTRODUCTION

- 1.1 This annual report of the North Yorkshire Fire Independent Audit Committee covers the 2022/23 financial year.
- 1.3 The Committee has a wide range of responsibilities that are captured within the Terms of Reference. The Terms of Reference in place throughout 2022-23 are reproduced at Appendix A for information.
- 1.4 The table below details last year's Committee members. The Committee would like to place on record its thanks to the Officers of the PFCCFRA and the Fire Service, and both the internal and external auditors who have supported its work throughout the year.

Members of the Independent Audit Committee

Role	Member	Dates in Role
Chair	Joanne Gleeson	Through out 2022/23
Vice Chair	Roman Pronysyn	Through out 2022/23
Member	Stuart Green	Through out 2022/23
Member	Becky Horrocks	Resigned June 2022
Member	Andrew McHutchon	Resigned November 2022
Member	David O'Brien	Resigned November 2022
Member	Heather Cook	Appointed March 2023

- 1.5 The Committee has met 4 times during the financial year in line with the terms of reference for the Committee. The meetings took place on the following dates:
- 21st June 2022
 - 20th September 2022
 - 29th November 2023 – meeting brought forward from December to aid Final Accounts deadlines
 - 21st March 2023
- 1.6 Meetings during the year have all been held via Teams. A pre-meeting with both the Internal and External auditors, without management, has also taken place.

2 EXTERNAL AUDIT

- 2.1 Mazars LLP have been the external auditors for the PFCCFRA throughout 2022/23.

Audit of the Statements of Accounts for 2021/22

- 2.2 The timelines for the audit of the Statement of Accounts for 2021/22 was significantly improved from 2020/21, with the final sign off on the 30th November 2022 – this was over 7 months quicker than the previous financial year however still later than the statutory deadlines, due to resourcing issues within the external auditors.
- 2.3 The Committee are committed to continuing to hold the external auditors to account for the timely audit of the 2022/23 accounts also.
- 2.4 In terms of the accounts themselves, they resulted in an unqualified audit opinion. In the opinion of Mazars the financial statements:
- Give a true and fair view of the financial position of the Authority as at 31st March 2022 and of its expenditure and income for the year then ended; and
 - Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Audit Completion Report 2021/22

- 2.5 This was presented to the Committee by the external auditors on 29th November 2022. At the time of issuing the report there were a small number of outstanding matters that needed to be addressed however none of these were expected to impact in a material way on the accounts.
- 2.6 The external auditors subsequently wrote to the PFCC on the 30th November 2022 stating that the outstanding matters that were included in the report to the November Audit Committee had now been resolved.

Value for Money Conclusion 2020/21 and 2021/22

- 2.7 As part of the Audit Completion Report the External Auditors are required to report on the arrangements for Value for Money. They are required to 'form a conclusion as to whether the PFCCFRA have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion and sets out the criterion and sub-criteria that we are required to consider.'
- 2.8 As a result of the pandemic, the National Audit Office updated its guidance to auditors in April 2021 to allow auditors to delay the completion of their work on VFM arrangements. The revised guidance requires auditors to complete their work and issue their Auditor's Annual Report no more than three months after the date of the opinion on the financial statements.
- 2.9 Given the date of the opinion of the 2020/21 financial statements was the 14th July 2022, this should mean a Value for Money conclusion being provided by the 14th October 2022.
- 2.10 The Value for Money conclusion has yet to be provided by the External Auditors for 2020/21, and it is still outstanding at the time of drafting this report. **It is now 30 months since the reporting period ended.**
- 2.11 Similarly for 2021/22, the opinion on the 2021/22 accounts was given on the 30th November 2022, which means that the Value for Money conclusion and Auditor's Annual report should have been provided by the end of February 2023.
- 2.12 The Value for Money conclusion has yet to be provided by the External Auditors for 2021/22, and it is still outstanding at the time of drafting this report. **It is now 18 months since the reporting period ended.**
- 2.13 The Committee are committed to holding the external auditors to account for better performance in relation to the 2022/23 financial year.

3 INTERNAL AUDIT

- 3.1 The PFCCFRA procured a new Internal Audit Service provider for the start of the 2022/23 financial year. Throughout this period the Internal Audit Service has been provided by RSM.
- 3.2 The Committee welcomes the new approach from both the new Internal Auditors and the new Senior Leadership Team to focus on areas on both concern and risk.
- 3.3 While the Committee recognises that this has resulted in some significant concerns in relation to internal controls and processes they are supportive of the approach and will hold both management and the internal auditors to account for addressing the concerns that have been raised.
- 3.4 The Audit Plan for 2022/23 was based on analysing your Fire and Rescue Plan risk profile and assurance framework as well as other factors affecting North Yorkshire Fire and Rescue Service, including the wider sector.
- 3.5 The Committee commented on, considered and endorsed the 2022/23-2024/25 internal audit strategy at its meeting in March 2022 to ensure that the work could start for the new financial year as soon as possible.
- 3.6 During the course of the year, the Committee has closely monitored progress against the objectives and programme of work set out in the Internal Audit Plan for 2022/23.

Internal Audit reports

- 3.7 In recognition of some of the concerns management had across a number of areas of the Service, and aligned to appointment of new internal auditors, there has been an increased investment into the work done from an internal audit perspective. This was to bolster the aim of Internal Audit which is to provide independent assurance, or otherwise, on key areas of risk and governance of the organisation.
- 3.8 The audit work for the year to the 31 March 2023 involved 7 separate pieces of work, which were assessed based on the level of assurance that the PFCCFRA can take from the controls within the areas under review and how well they are being adhered to/implemented.
- 3.9 These assurance levels are as follows:
 - **Substantial assurance:** Taking account of the issues identified, the PFCCFRA can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective

- **Reasonable assurance:** Taking account of the issues identified, the PFCCFRA can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk
- **Partial assurance:** Taking account of the issues identified, the PFCCFRA can take partial assurance that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied or effective. Action is needed to strengthen the control framework to manage the identified risk.
- **Minimal assurance:** Taking account of the issues identified, the PFCCFRA can take minimal assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk

3.10 Of the 7 audits that received assurances during the 2022/23 audit the assurance levels were as follows:

Assurance Level	No. Of Audits
Substantial	0
Reasonable	0
Partial	5
Minimal	2

3.11 These 7 audits generated 42 actions that were agreed by management. The actions are graded High, Medium or Low depending on the urgency and priority with which they need to be addressed. The 42 actions were split as follows:

Action Level	No. of Recommendations
High	15
Medium	22
Low	5

3.12 In addition to the 7 formal reports there was also a follow up on progress against the previously agreed Internal Audit management actions, which reported reasonable progress and set out 2 medium recommendations

3.13 The Committee will oversee the timely implementation of all recommendations during 2023/24.

The Head of Audit's annual report

- 3.14 The Head of Audit's annual report was received by the Committee in June 2023 relating to the work carried out primarily in the financial year 2022/23.
- 3.15 The report concluded that:
The organisation does not have an adequate framework of risk management, governance or internal control.
- 3.16 In giving this opinion context was provided as follows: 'It should be noted that the Fire Service has been subject to a significant amount of change and the Chief Fire Officer and Chief Financial Officer had a number of concerns that were fed into the 2022/23 internal audit programme. RSM were also newly appointed internal audit providers in 2022/23 and therefore a new approach and fresh pair of eyes were engaged and a targeted plan of internal audit coverage on known area of risk was directly by and agreed with Senior Officers and the Committee.
- 3.17 We also noted that the Deputy Chief Fire Officer is establishing a risk and assurance board, with the intention to triangulate sources of assurance more effectively and we will work colleagues at the Service to provide advice and assistance in future years.
- 3.18 The Committee is happy that the PFCCFRA has in place an adequate and effective internal audit service, and has seen an improvement in both the quality and timeliness of the reports now being produced.
- 3.19 While this has resulted in a negative opinion, this is more reflective of managements views of some areas, and the Committee expect to see the associated action plans for addressing these areas of improvement implemented during 2023/24.
- 3.20 **Inspection and Review**
- 3.21 The Committee was concerned to see the Service was issued with two causes of concern by HMICFRS, however pleased to note that following the revisit the service received feedback that was positive and was informed that it would not be entering enhanced monitoring.
- 3.22 The Committee notes that the revisit considered the structure, governance, and scrutiny which had been put in place to assist in resolving the causes of concern, the action plan and its management, and early progress which had been made against each of the causes of concern.
- 3.23 The Committee welcome the enhancement of the governance and scrutiny arrangements associated with HMICFRS activity which will sit within the responsibility of the Risk and Assurance Group, which is led by the Deputy Chief Fire Officer.

- 3.24 The Committee could see progress in reporting to the Committee around this area as the year progressed and looks forward to future reports from the Service with the aim of providing assurances around the timely implementation of all actions and the governance processes in place around this area.

4 Internal Control Environment and Regulatory Framework

- 4.1 The Committee considered the draft Annual Governance Statement at its meeting in June 2022 and the Committee recommended that the PFCCFRA adopted the final document that was presented alongside the Statement of Accounts in November 2022. The draft version of the document for 2022/23 was also considered by the Committee in June 2023, feedback will be provided prior to the final version of the 2022/23 Statement being agreed alongside the final statement of accounts for the 2022/23 year.
- 4.2 The Committee also reviewed progress against the issues raised within the 2021/22 Annual Governance during 2022/23 and was pleased to see progress across all of the areas previously raised.
- 4.3 In addition to the review of the Annual Governance Statements the Committee also receives and endorses any proposed changes to the Code of Corporate Governance. The Committee receive a report in June 2022 setting out some minor changes to the Code during 2022/23. The Committee considered and approved the revisions to the Corporate Governance Framework for publication.

5 Corporate Risk Management

- 5.1 The Committee has an important role in ensuring that the PFCCFRA has effective arrangements for the identification, assessment, mitigation, management and monitoring of risk.
- 5.2 During the year the Committee has considered the strategic risk register and continues to ensure that the work of Internal Audit is appropriately linked to the Risk Register to ensure those areas highlighted as a Risk to the organisations are appropriately reviewed.
- 5.3 The Committee were pleased to see the significant changes that have been made to the Risk Register during 2022/23 and look forward to further development in this area resulting from the work of the Risk and Assurance Group.

5.4 Complaints and Compliments

- 5.5 The Committee receives updates throughout the year on both the number of complaints and compliments and the reasons for both. The Committee is assured by both the low level of complaints and that these are generally exceeded by the number of compliments received by the Service.

6 Information Governance

- 6.1 The Committee received reports throughout the year setting out some performance indicators across a number of areas.
- 6.2 Included within the information for the Committee oversight was all of the details and a copy of the Report to the Senior Information Risk Owner on the Work in Progress to Comply with Data Protection Legislation and the Identification of Risks.
- 6.3 The vast majority of these areas performed well and there was little of concern for the Committee to consider.
- 6.4 The Committee was happy to see that masterclasses on Information Governance had been undertaken during the year and that the team had conducted site audits on FRS stations. Noting that the engagement from operational colleagues within FRS was extremely positive.

7 Freedom of Information

- 7.1 The Committee maintains an overview of FOI requests and is pleased to report that from the information provided during 2022/23 the Service continues to perform really well in this area. There were however a number of FOIs that were responded to late during 2022/23, which compared to zero in 2021/22, and therefore this is an area that the Committee would like to see renewed focus on during 2023/24.
- 7.2 The Committee was pleased to see the development of wider reporting around information management, especially in relation to Subject Access Requests and Incident Reporting System Requests.

8 Health and Safety

- 8.1 The Committee received details on Health and Safety incidents within the Service, with data covering a 5 year period.
- 8.2 As with the report on information management, the reporting in this area is very comprehensive and provides a significant level of information for the Committee to make enquiries of management on.
- 8.3 There were no discernible trends within the information provided that the Committee feel worthy of raising, however we will continue to review this area closely. We are keen to see progress in the numbers of employees within the Service who have completed the required Health and Safety training.

Terms of reference:

Composition of the Joint Independent Audit Committee (JIAC)

The Audit Committee comprises 5 members who are independent of the Office of the PFCC Fire Rescue Authority (OPFCC FRA). The Corporate Management Board of the Fire Service are required to be represented at each meeting of the Committee.

Quorum of the JIAC

No business shall be transacted at the meeting of the Audit Committee unless at least 3 Members of the Committee are present.

Press and Public

The Public shall be admitted to all meetings of the JIAC unless excluded by resolution in accordance with the provisions of the Local Government Act 1972 (Schedule 12a), as amended by the Local Government (Access to Information) Act 1985.

A member of the public will not be permitted to speak or ask questions at the meeting except with the consent of the meeting Chair.

Exclusion of Public Access

The public must be excluded from meetings whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that confidential information would be disclosed.

Confidential information means information given to the PFCC or Chief Fire Officer (CFO) by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

Items will be considered 'Below the Line' or 'not for publication' when they contain exempt information as defined by schedule 12 of the Local Government Act 1972.

Purpose

The Audit Committee is responsible for enhancing public trust and confidence in the governance of the Office of the PFCC FRA and North Yorkshire Fire and Rescue Service. It also assists the PFCC in discharging statutory responsibilities in holding the Fire Service to account. This is achieved by;

- Advising the OPFCC FRA and Chief Fire Officer of North Yorkshire according to good governance principles
- Providing independent assurance on the adequacy and effectiveness of the OPFCC FRA internal control environment and risk management framework.
- Overseeing the effectiveness of the framework in place for ensuring compliance with statutory requirements (and in particular those in respect of health and safety and equalities and diversity.)
- Independently scrutinising financial and non-financial performance to the extent that it affect the OPFCC FRA exposure to risks and weakens the internal control environment

- Overseeing governance and monitoring of governance within the organisation.
- Overseeing the financial reporting process

Objectives

The Audit Committee meets at least four times a year and in effectively discharging its function is responsible for:

Internal Control Environment

- Satisfying itself as to the effectiveness of the internal control framework in operation within the OPFCC FRA and advising the PFCC and Chief Fire Officer as appropriate.
- Considering the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the PFCC as appropriate.

Corporate Risk Management

- Approving the OFPCC FRA corporate risk management strategy and framework; ensuring that an appropriate framework is in place for assessing and managing key risks to the OFPCC FRA.
- Considering the financial risks to which the OFPCC FRA is exposed and approving measures to reduce or eliminate them or to insure against them.
- Providing assurance to the PFCC and Chief Fire Officer as appropriate on the effectiveness of the risk management framework in operation.
- Provide quarterly oversight and scrutiny of the risk registers of the PFCC FRA

Regulatory Framework

- Approving the OFPCC FRA corporate risk management strategy and framework; ensuring that an appropriate framework is in place for assessing and managing key risks to the OFPCC FRA.
- Considering the financial risks to which the OFPCC FRA is exposed and approving measures to reduce or eliminate them or to insure against them.
- Providing assurance to the PFCC and Chief Fire Officer as appropriate on the effectiveness of the risk management framework in operation.
- Provide quarterly oversight and scrutiny of the risk registers of the PFCC FRA

Internal Audit

- Advising the PFCC and Chief Fire Officer on the appropriate arrangements for internal audit, the appointment of the Internal Auditors and approving the Internal Audit Strategy.
- Approving the internal audit annual programme.
- Overseeing and giving assurance to the PFCC and Chief Fire Officer on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.

- Considering the Head of Internal Audit Annual Report and annual opinion on the internal control environment for the OFPCC FRA; ensuring appropriate action is taken to address any areas for improvement.
- Reviewing and monitoring the effectiveness of OPFCC FRA on fraud, irregularity and corruption.

External Audit

- Advising the PFCC and Chief Fire Officer on the appointment of external auditors.
- Approving on behalf of the PFCC and Chief Fire Officer the external audit programme and associated fees
- Reviewing the external auditor's Annual Completion Report and any other reports; reporting on these to the PFCC and Chief Fire Officer as appropriate and including progress on the implementation of agreed recommendations.
- Reviewing the External Auditor's Annual Audit Letter and making recommendations as appropriate to the PFCC and Chief Fire Officer.

Financial Reporting

- Reviewing the Annual Statement of Accounts and make recommendations, or bring to the attention of the PFCC or Chief Fire Officer, any concerns or issues.
- To consider whether appropriate accounting policies have been followed and any changes to them.

Inspection and Review

- Considering HMICFRS, external review agencies and any internal inspection reports that provide assurance on the internal control environment and/or may highlight governance issues for the PFCC FRA

Complaints

- Maintaining an overview of Fire Service complaints.

Freedom of Information

- Maintain an overview of FOI requests, Subject Access Requests and Performance.
- Act as the review body for Freedom of Information appeals

Civil Claims

- Maintain an overview of Civil Claims

Information Governance

- Review Corporate Strategy, policies and procedures in relation to Information Governance for PFCC FRA.

- Review reports from the Senior Information Risk Owner (SIRO) relating to the implementation of the corporate strategy, compliance with Data Protection Act and other information Governance related legislation.
- Consider any implications for governance and the annual governance statements of the PFCC FRA from issues in this area.