



**Wednesday,
22 November 2023
1.00 pm**

**Meeting of
Audit Committee
Sadler Road
Winsford
CW7 2FQ**

Contact Officer:
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Democratic Services

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Cheshire Fire Authority

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MEETING OF THE AUDIT COMMITTEE

WEDNESDAY, 22 NOVEMBER 2023

Time : 1.00 pm

Lecture Theatre - Training Centre, Sadler Road, Winsford, Cheshire CW7 2FQ

AGENDA

Part 1 - Business to be discussed in public

1a Recording of Meeting

Members are reminded that this meeting will be audio-recorded.

1b Apologies for Absence

1c Declarations of Members' Interests

Members are reminded to disclose any interests that are relevant to any item on the Agenda.

1d Minutes of the Audit Committee

To confirm as a correct record the Minutes of the meeting of the Audit Committee held on Tuesday 26th September 2023.

(Pages 5 - 10)

1e Action Tracker of the Audit Committee

(Pages 11 - 12)

ITEMS REQUIRING DISCUSSION / DECISION

Internal Audit

2 Internal Audit Progress Report

(Pages 13 - 22)

3 Whistleblowing and Implementation of HMICFRS Value and Culture Recommendations Review Assignment Report 2023-24

(Pages 23 - 48)

External Audit

4 Auditor's Interim Annual Report

(Pages 49 - 76)

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MINUTES OF THE MEETING OF THE AUDIT COMMITTEE held on Tuesday, 26 September 2023 at Lecture Theatre - Training Centre, Sadler Road, Winsford, Cheshire CW7 2FQ at 10.00 am

PRESENT:

Members:

Councillor Peter Wheeler (Chair)
Councillor Rachel Bailey
Councillor Brian Gallagher
Suzanne Horrill, Independent Audit Committee Member

Auditors:

Charles Black, Merseyside Internal Audit Agency
Anne-Marie Harrop, Merseyside Internal Audit Agency
Michael Green, Grant Thornton
Liz Luddington, Grant Thornton

Officers:

Lee Shears, Deputy Chief Fire Officer
Andrew Leadbetter, Director of Governance
Paul Vaughan, Treasurer
Neil McElroy, T/Head of Performance and Improvement
Tracy Radcliffe, Senior Executive Support Assistant

1 RECORDING OF MEETING

Members were reminded that the meeting would be audio-recorded.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Sherin Akhtar and Christine Astall.

3 DECLARATIONS OF MEMBERS' INTERESTS

There were no declarations of Members' interests.

4 MINUTES OF THE AUDIT COMMITTEE

RESOLVED:

That the minutes of the Audit Committee held on Wednesday 12th July 2023 be confirmed as a correct record.

5 ACTION TRACKER OF THE AUDIT COMMITTEE

The Director of Governance provided an update against each action. The updates were to be included in the tracker for the next Audit Committee meeting, unless the actions had been closed.

6 EXTERNAL AUDIT FINDINGS REPORT 2022-23

Michael Green and Liz Luddington, from Grant Thornton (the External Auditor) introduced the report and provided an overview of its content and purpose. The report highlighted the key matters arising from the audit of the Authority's Statement of Accounts for the year ended 31st March 2023. The External Auditor was required to report the audit findings in accordance with the requirements of International Standards on Auditing (UK and Ireland).

The report summarised the changes that had been made to date to the draft Statement of Accounts.

The External Auditor advised that the work was substantially complete with a small number of outstanding queries to be resolved. Once these were resolved the External Auditor expected to issue an unqualified audit opinion.

The External Auditor had identified two significant issues for the Authority neither of which had been resolved by the date of the meeting. These were:-

- [1] Valuation of land and buildings. The audit testing identified that for one fire station the valuation did not include amounts for the hardstanding, fencing, drill tower etc and led to the asset being understated. In addition the valuer remeasured some of the buildings in the current year, but did not visit all land and buildings as scheduled.
- [2] Valuation of pension fund net liability. A technical matter relating to the way that the Authority discloses the value of its pension liability had been identified.

Both of these issues will result in changes to the draft accounts that were presented to the Committee in July. However, the changes are essentially of a technical nature and will not affect the position on the Authority's general fund. They will also not have any impact on the Annual Governance Statement 2022-23.

A Member sought assurance on the action taken regarding the valuation errors and if full instructions were given before work commenced. The Treasurer advised that clear instructions were given and discussions were taking place about the future procurement of the valuation service and lessons learned.

In addition, the Authority had not received necessary assurance from the external auditor of Cheshire Pension Fund, which was required before the audit opinion could be finalised.

RESOLVED: That

[1] the content of the External Audit Findings Report 2022-23 be noted.

7 AUDITED STATEMENT OF ACCOUNTS 2022-23 WITH LETTER OF REPRESENTATION

The Authority was required to approve its audited Statement of Accounts (the accounts) for publication on or before 30th September 2023.

The Treasurer confirmed that it would be necessary to adjust the accounts for the impact of the unresolved items which had been discussed under the previous agenda item. He explained that these would be technical in nature and would not affect the position on the Authority's General Fund. The Treasurer requested that the Committee delegate approval of the signing of the accounts to the Chair of the Committee and himself, subject to resolution of the outstanding issues, receipt of the assurance from the external auditor of the Cheshire Pension Fund and receipt of the audit opinion from the Authority's External Auditor. Whilst every effort would be made to ensure that this was completed by 30th September, it was considered unlikely that this would be the case. If this were not achieved, a public notice would be posted on the Authority's website explaining the position.

The Treasurer explained that delays in the completion of the accounts for public sector bodies, including Fire Authorities, was a national issue. The issues affecting the late completion of the Authority's accounts were largely beyond the Authority's or the External Auditor's control, and he thanked the External Auditors for their efforts in trying to resolve the issues speedily.

In response to a query from a Member, the Treasurer confirmed that if further issues other than those discussed at the meeting arose, which required changes to the accounts, members of the Committee would be made aware prior to the signing of the accounts.

The accounts presented to the Committee included the Annual Governance Statement which the Authority was required to approve and publish within the same timeframe as the accounts.

The Treasurer advised that each year, the Authority was required to sign a Letter of Representation addressed to the Auditors. The Letter explained the Authority's responsibilities in relation to the audit. It was recommended that the Committee approve the letter and authorise the Chair of the Committee and the Chief Fire Officer and Chief Executive to sign it.

RESOLVED: That

[1] the Chair and Treasurer be authorised to sign the Statement of Accounts 2022-23 on receipt of the audit opinion.

[2] the Chair and Chief Fire Officer and Chief Executive be authorised to

sign the final version of the Letter of Representation.

8 ANNUAL GOVERNANCE STATEMENT 2022-23

The Director of Governance introduced the Annual Governance Statement (AGS) 2022-23, required to accompany the draft Statement of Accounts. The production of the Annual Governance Statement was a requirement under the Accounts and Audit Regulations (England) 2015 and helped to ensure that a reliable system of internal controls could be demonstrated.

He advised that the document complied with the Chartered Institute for Public Finance and Accounting's best practice guidance on Delivering Good Governance. An update was given on each of the recommendations contained within Section 12 Review of Effectiveness.

A Member requested that paragraph 6.5 be amended to read "*The Police and Crime Commissioner for Cheshire is invited to attend Authority meetings*".

A Member requested that paragraph 3.4 be updated to include further reference to the outcome of the most recent His Majesty's Inspectorate of Constabulary and Fire and Rescue Services report.

RESOLVED: That

[1] the Annual Governance Statement 2022-23 be approved, subject to the changes in paragraphs 6.5 and 3.4.

9 INTERNAL AUDIT PROGRESS REPORT

Charles Black, from Merseyside Internal Audit Agency (MIAA), was in attendance to present the Internal Audit Progress Report.

He drew Members' attention to the key messages:-

- HR Payroll (High Assurance) – This report is covered in the following agenda item.
- Terms of reference have been agreed for the IT Asset Management review scheduled to commence November 2023.

The reviews below were currently in progress:

- Whistleblowing and Implementation of HMICFRS Values and Culture Recommendations (Draft report)

He advised that the plan was on track and no concerns were brought to Members attention.

RESOLVED: That

[1] the Internal Audit Progress Report be noted.

10 HR / PAYROLL REVIEW

Charles Black presented the HR/Payroll Review. He explained that the overall objective of the review was to evaluate the robustness and effectiveness of controls that support the HR/payroll system to ensure validity, accuracy and timeliness of payments to employees. The review determined that there was a strong system of internal control that was consistently applied in all areas reviewed.

It was noted that the report included recommendations to strengthen existing controls currently in place. These include ensuring the timely completion of new starter and leaver checklists.

A Member asked if the Service had a back up system in place for the payroll system. The Treasurer advised that he would confirm and report back to the Committee.

RESOLVED: That

[1] the HR/Payroll Review be noted.

[2] the Treasurer to check the position as regards back-up for payroll information/processes.

11 REVIEW OF THE STRATEGIC RISK REGISTER

The Treasurer introduced the document which summarised the Service's Strategic Risk Register. He provided an update of each risk included within the table which had previously been reported to the Risk Management Group for evaluation. He also explained the risks that were below the threshold that were not considered strategic risks.

RESOLVED: That

[1] the Summary of Cheshire Fire and Rescue Service's Strategic Risk Register and Risks below the threshold table be noted.

12 PRODUCTION OF AUDIT COMMITTEE ANNUAL REPORT

The Director of Governance introduced the report which requested that Members determine how best to prepare the Committee's Annual Report.

The Committee agreed that officers would prepare a draft report in consultation with the Chair for consideration at the meeting on 17th April 2024.

RESOLVED: That

[1] the Committee's Annual Report would cover the financial year 2023-24 and it would be approved at the Committee meeting on 17th April 2024.

13 ANY OTHER BUSINESS

A Member suggested that in line with best practice the Committee be given the opportunity to meet privately with the Internal and External Auditors. It was agreed that such opportunities be made available after the formal business of the Committee was completed at each meeting.

RESOLVED: That

[1] at the conclusion of each Audit Committee meeting, the Committee be given the opportunity to meet privately with the Internal and External Auditors.



ROLLING ACTION LOG				
MEETING DATE	ITEM FOR DISCUSSION	ACTION REQUIRED	RESPONSIBLE PERSON	DUE DATE
ACTIONS LIST				
12.07.23	Item 5 – Microsoft 365 (M365) Project Rollout Review	To provide an update on the actions raised within the Microsoft 365 Project Rollout Review at the next Audit Committee meeting	AL	24.01.24
26.09.23	Item 3 – Audited Statement of Accounts 2022-23 with Letter of Representation	The Chair and Treasurer to sign the Statement of Accounts 2022-23 on receipt of the audit opinion. The Chair and Chief Fire Officer and Chief Executive to sign the final version of the Letter of Representation.	PV	30.09.23
26.09.23	Item 6 – HR/ Payroll Review	To provide confirmation of business continuity arrangements in respect of payroll to the Audit Committee.	PV	22.11.23

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Internal Audit Progress Report

Audit Committee (November 2023)

Cheshire Fire and Rescue Service

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Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing..

Executive Summary

This report provides an update to the Audit Committee in respect of the progress made in against the Internal Audit Plan for 2023/24 and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

This progress report covers the period September 2023 to November 2023.

3 Executive Summary

Since the last meeting of the Audit Committee, there has been the focus on the following areas:

2023/24 Audit Reviews

The following reviews have been finalised:

- Whistleblowing and Implementation of HMICFRS Values and Culture Recommendations (Moderate Assurance)

The full report is provided for Audit Committee review. Our recommendations focused on strengthening policy, procedures, training and awareness of whistleblowing.

The reviews below are currently in progress:

- Key Financial Transactional Processing Controls
- I.T Asset Management
- National Fraud Initiative data matches are being reviewed.

Follow Ups

Follow up work is in progress and an update will be provided at the January 2024 committee meeting.

Audit Plan Changes

Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process. There are no current proposals to amend the approved audit plan.

Added Value

Briefings

An update on technology-related risks has been provided to members.

Events

Events are free to all clients and booking can be made by clicking on the above link or via our website www.miaa.nhs.uk and click on Events.

- [Transforming the delivery of public services using Human Learning Systems \(7th December 2023\)](#)

Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

Below sets out the overview of delivery for your Head of Internal Audit Opinion for 23/24:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Core/ Mandated Assurances				
Key Financial Transactional Processing Controls	✓	Scheduled for December 2023		January 2024
Risk Management Core Controls	Q4	Review scheduled for Q4		April 2024
National Fraud Initiative	N/A	In progress	N/A	January 2024
Risk Based Assurances				
HR Payroll Review	✓	Complete	High	September 2023
Whistleblowing and Implementation of HMICFRS Values and Culture Recommendations	✓	Complete	Moderate	November 2023
I.T Asset Management	✓	In progress		January 2024

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Follow Up				
Qtr 1/2	N/A	Fieldwork	N/A	January 2024
Qtr 3/4	N/A	N/A	N/A	April 2024
Added Value / Support & Guidance				
Audit Committee member training	N/A	Completed July 2023	N/A	N/A

Due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

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Appendix B: Performance Indicators

The primary measure of your internal auditor’s performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Every Final report includes a questionnaire for client feedback	Green	
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	
Percentage of recommendations which are implemented	Follow Up will be reported twice per year	Green	
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA’s compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

Appendix C: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

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Tel: 07554332410

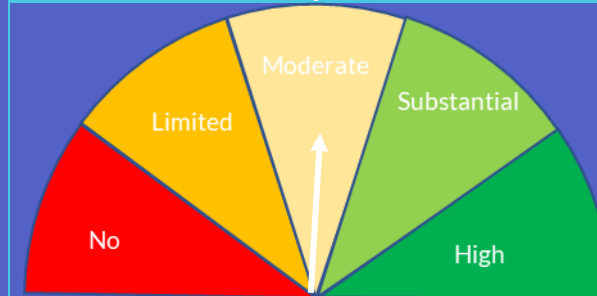
Email: Charles.Black@miaa.nhs.uk

Whistleblowing and Implementation of HMICFRS Value and Culture Recommendations Review Assignment Report 2023/24 (Final)

Cheshire Fire and Rescue Service

302CFRS_2324_003

Overall Assurance Opinion



There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.

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1 Executive Summary

2 Findings and Management Action

Appendix A: Detailed Findings

Appendix B: MIAA HMICFRS Recommendation Status

Appendix C: Survey Results (27 responses)

Appendix D: Engagement Scope

Appendix E: Assurance Definitions and Risk Classifications

Appendix F: Report Distribution

MIAA would like to thank all staff for their co-operation and assistance in completing this review.

This report has been prepared as commissioned by the organisation and is for your sole use. If you have any queries regarding this review please contact the Engagement Manager. To discuss any other issues then please contact the Director.

1 Executive Summary

The overall objective of the review was to evaluate the systems and processes in place for Whistleblowing within Cheshire Fire and Rescue Service (CFRS) and provide assurance that the implementation of HMICFRS’s recommendations are ongoing and timely.

Scope Limitation: Our review did not assess the investigations of any individual Whistleblowing concerns that have been raised or assess the controls in place for internal grievances which are dealt with by the Human Resources Department. It is also noted that although the survey issued to staff was clearly stated as a Whistleblowing survey, we can not be fully assured that responses to the survey were solely relevant to Whistleblowing and may include concerns raised through personal grievances and/or general concerns.

Key Findings/Conclusion

CFRS employ over 900 members of staff and our review consisted of a service wide survey (**Appendix B**) which was issued as part of the weekly Green Bulletin from which we received 27 responses. We also conducted face-to-face interviews with a sample of CFRS employees across several departments and grades. It was confirmed that the interviewees had not completed the online survey and therefore the survey questions were asked as part of the interview and have been added to the results. Therefore, we have a total of 41 responses.

CFRS have a Whistleblowing Policy and a free confidential helpline called “Safecall” is available to all staff. Our survey found that the majority of employees believe the service promotes a culture of fairness and openness with regards to whistleblowing and raising concerns. 7 respondents said they had raised a concern internally in the past but were not satisfied that the concern had been dealt with, it was not clear from the survey what timeframe this related to. We have made recommendations to strengthen the role of the Health, Safety and Wellbeing Manager as a whistleblowing champion and to strengthen line management training to ensure managers are confident and capable of dealing with any initial concerns as per the Whistleblowing policy. We have also recommended a number of updates to the Whistleblowing policy to ensure this is still fit for purpose.

CFRS have an action plan in place to monitor the HMICFRS recommendations from their value and culture report and we have assessed the current processes against these recommendations and assigned our own independent RAG rating and actions (**Appendix A**).

Objectives Reviewed	RAG Rating
Policies and Procedures	Amber
Roles and Responsibilities	Red
Governance Arrangements	Amber
Sharing of outcomes and Lessons Learnt	Amber
HMICFRS Recommendations	Amber
Overall Assurance Rating	Moderate

Recommendations		
Risk Rating	Control Design	Operating Effectiveness
Critical		
High		1
Medium		2
Low		1
Total		4

Areas of Good Practice

- CFRS have a Whistleblowing policy in place which outlines the whistleblowing processes currently in place and details the different routes available for members of staff to raise a concern.
- Our surveys and interviews concluded that the majority of employees do feel that the service promotes a culture of openness and transparency with regards to raising a concern.
- CFRS have leadership programmes in place called 'Step In' and Step Up' to help new and aspiring managers learn relevant management techniques. Discussions with employees confirmed this does cover a 'Who to turn to' section, and general procedures with raising concerns.
- Our survey and interviews concluded that the majority of employees would go to their line manager first to raise a concern, highlighting the positive professional relationships that have been built throughout the service, and evidencing that trust has been built within line management.
- Our survey and interviews concluded that the majority of employees knew the Whistleblowing policy existed and how this could be accessed.
- Our survey and interviews also concluded that the majority of employees were aware of Safecall and how to contact them.
- CFRS have an action in place to monitor the implementation of the HMICFRS recommendations.

Key Findings – Issues Identified

High	<p>1.1. From our survey results, it was confirmed that 7 respondents had raised a concern and were not happy with how this was dealt with. It was also highlighted that the only concerns escalated to the Health, Safety and Wellbeing Manager are those raised through Safecall anonymously. 2 in the past 12 months, and 2 in 2020. Therefore, once a concern reaches line management, this may not be reported formally and therefore training needs to be implemented to improve this. (High Risk – Recommendation 1)</p>
Medium	<p>1.2. Governance and reporting in relation to whistleblowing and use of Safecall should be strengthened to ensure all form part of the Whistleblowing annual report. (Medium Risk – Recommendation 2)</p> <p>1.3. The Whistleblowing policy needs to be updated to reflect the recommendations raised as part of this review. (Medium Risk – Recommendation 3)</p>
Low	<p>1.4. HMICFRS action plan needs to be monitored regularly going forward. (Low Risk – Recommendation 4)</p>

2 Findings and Management Action

<p>1. Promoting the awareness and effectiveness of whistleblowing processes and ensuring these are triggered where appropriate.</p>	<p>Risk Rating: High</p>	
<p>Operating Effectiveness</p>		
<p>Key Finding – From our survey results, it was confirmed that 7 respondents had raised a concern and were not happy with how this was dealt with. It was also highlighted that the only concerns escalated to the Health, Safety and Wellbeing Manager are raised through Safecall anonymously. 2 in the past 12 months, and 2 in 2020.</p> <p>MIAA can not be fully assured that the anonymous feedback were all regarding Whistleblowing concerns, and may include general personal grievances which triggers a different internal process involving Human Resources. However, we can conclude that there needs to be a clear distinction between whistleblowing and personal grievances and this needs to form part of the training offered to managers. Therefore, when a concern is raised to them, they understand fully which process to trigger.</p> <p>CFRS’ whistleblowing policy promotes and encourages raising concerns openly, and that these need to be escalated to the Health, Safety and Wellbeing Manager for an initial investigation and review to decide whether further action is needed. Our survey confirmed that nearly 80% of respondents would report any whistleblowing concerns to their line manager in the first instance, therefore line managers must be aware of whistleblowing procedures and ensure this is escalated to the Health, Safety and</p>	<p>Specific Risk – Concerns that are initially raised may not be dealt with appropriately and be reported through the formal channels available.</p>	<p>Recommendation – CFRS should ensure that initial concerns are dealt with as per the Whistleblowing policy. This must include the initial investigation by the Health, Safety and Wellbeing manager to decide whether a formal investigation is needed.</p> <p>Therefore, we recommend a specific training package as part of the Step Up and Step In leadership programmes to ensure all managers are aware of their responsibilities with regards to whistleblowing concerns raised to them and the procedures that need to be triggered. This training should include awareness of the Health, Safety and Wellbeing Manager and their role and responsibilities within the whistleblowing processes.</p> <p>It should also include awareness of the difference between Whistleblowing and personal grievances / concerns as these trigger different processes.</p> <p>This should ensure that any whistleblowing concern raised is escalated appropriately and allow oversight and accountability to ensure any decision making can be fed back to the individual where the concern has been raised openly.</p>

<p>Wellbeing Manager. From our interviews, it was clear that raising concerns and a 'who to turn to' section was covered as part of the step up and step in leadership programmes, but it was evident that specific whistleblowing processes, and how to handle a concern raised to them was not covered.</p>		
<p>Management Response - Information about Whistleblowing will be enhanced within the induction and relevant training modules.</p> <p>Responsible Officer – Stephen Hulse, Health, Safety and Wellbeing Manager</p> <p>Implementation Date – by June 2024</p>	<p>Evidence to confirm implementation –</p> <p>Training packages for managers and staff</p>	

<p>2. Governance Structures and Accountability</p>		<p>Risk Rating: Medium</p>
<p>Control Design</p>		
<p>Key Finding – Discussions with the Health, Safety and Wellbeing Manager confirmed that 4 concerns have been raised through Safecall since 2020. 2 were raised in the past 12 months, and 2 were raised in 2020.</p> <p>CFRS produce a whistleblowing report which is presented to the Governance and Constitution Committee on an annual basis. Our review of the whistleblowing annual report in 2020 confirmed that the 2 concerns raised with Safecall were not reported as part of the annual reports. The annual report stated that “The Authority has not been contacted by Safecall”.</p>	<p>Specific Risk – Lack of appropriate reporting reducing the effectiveness of the governance structures and accountability.</p>	<p>Recommendation – MIAA recommend that CFRS implement a robust governance structure with oversight from the Senior Leadership team to ensure all aspects of the whistleblowing policy are being implemented appropriately and in a timely manner.</p> <p>All reports of concerns which are being investigated need to form part of the Whistleblowing annual report to the Governance and Constitution Committee, or as part of the quarterly report to the People Group which will be implemented as part of an action within the HMICFRS national recommendations.</p>

<p>The 2 raised in the past 12 months will be reported as part of the 2023/2024 Whistleblowing annual report.</p>		<p>We have also recommended as part of recommendation 3, an update to the Whistleblowing Policy to ensure the roles and responsibilities of key members of staff are stated, as well as a clear reporting line of assurance to ensure appropriate accountability going forward.</p>
<p>Management Response - The Annual Report about Whistleblowing will be shared with Service Leadership Team. It will include a copy of the Whistleblowing Register. Responsible Officer – Stephen Hulse, Health, Safety and Wellbeing Manager Implementation Date – by June 2024</p>		<p>Evidence to confirm implementation – Whistleblowing annual report reported to Committee.</p>

<p>3. Whistleblowing Policy Updates</p>		<p>Risk Rating: Medium</p>
<p>Control Design</p>		
<p>Key Finding – CFRS have a whistleblowing policy in place which was reviewed in July 2022 and is due for review in July 2024. Results of the MIAA whistleblowing survey and interviews has highlighted that initial concerns have been raised, but these may have not been escalated appropriately to ensure the whistleblowing processes within the policy are triggered. Nearly 80% of our respondents confirmed their manager would be their first point of call and therefore they play a key role in ensuring whistleblowing concerns are heard and escalated appropriately,</p>	<p>Specific Risk – Current policy in place may not clearly state all roles and responsibilities and may not include all appropriate information for members of staff with regards to Whistleblowing processes.</p>	<p>Recommendation – The policy should be updated include roles and responsibilities of individuals, line managers, Health, Safety and Wellbeing Manager, Senior Leadership Team and the Governance and Constitution Committee. The policy should also include guidance for line managers on how to handle a concern raised to them, and the procedures to follow to ensure appropriate action is taken, and the whistleblowing procedures are followed accordingly. The policy should outline the training requirements which should include training as part of the step up and step in</p>

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<p>however their roles and responsibilities are not clearly defined within the policy.</p> <p>We have also recommended a number of updates to reflect good practice.</p>		<p>leadership programmes, and induction to ensure all new members of staff are aware of the procedures in place.</p> <p>The policy should outline key reporting requirements including timelines, and these should be formally reported as part of the quarterly report to People Group. This will ensure timely turnaround of concerns that have been raised openly to ensure feedback to the individual.</p> <p>The policy should have a clear process map outlining each stage of the process to ensure each stage is triggered when needed.</p>
<p>Management Response - New Policy (and Procedure) approved and publicised.</p> <p>Responsible Officer – Stephen Hulse, Health, Safety and Wellbeing Manager</p> <p>Implementation Date – by April 2024</p>		<p>Evidence to confirm implementation –</p> <p>New Policy (and Procedure) approved and publicised.</p> <p>Implementation of training improvements mentioned in 1, above.</p>

<p>4. HMICFRS Action Plan Monitoring</p>		<p>Risk Rating: Low</p>
<p>Control Design</p>		
<p>Key Finding – CFRS does have an action plan in place to monitor the HMICFRS recommendations from the Value and Culture national report. However, at the time of the review, this still needed to be finalised by the Senior Leadership Team to agree accountability and governance arrangements.</p>	<p>Specific Risk – Consistent and ongoing review of the HMICFRS action plan may not be in place.</p>	<p>Recommendation – Once approved the HMICFRS action plan should be monitored and reported through the Performance and Overview Committee.</p>

Management Response – Agreed action plan finalised.

Responsible Officer – Carmine Rabhani, Head of People and Development

Implementation Date – By December 2023

Evidence to confirm implementation –

HMICFRS Action Plan and evidence of discussion and review at Performance and Overview Committee

Appendix A: Detailed Findings

Objective One: There is a clear and comprehensive policy in place which is in line with national guidance and is readily available to staff.

Our review confirmed that a Whistleblowing policy is in place which was last reviewed in July 2022 and due for review July 2024. The policy clearly outlines the process in place, and the options available for staff to raise a concern, either openly or anonymously.

Our survey and interview results (Full survey results in Appendix B) were the following:

- 28 out of 41 responses knew that the Whistleblowing policy was in place.
- 26 out of 41 responses knew where to access the policy.

However, we recommend a number of updates to the Policy, which have been identified through our audit testing and findings. **(Medium Risk – Recommendation 3)** including:

- The policy should be updated to include roles and responsibilities of individuals, line managers, Health, Safety and Wellbeing Manager, Senior Leadership Team and the Governance and Constitution Committee.
- The policy should also include guidance for line managers on how to handle a concern raised to them, and the procedures to follow to ensure appropriate action is taken, and the whistleblowing procedures are followed accordingly.
- The policy should outline the training requirements which should include training as part of the Step Up and Step In leadership

programmes, and induction to ensure all new members of staff are aware of the procedures in place.

- The policy should outline key reporting requirements including timelines, and these should be formally reported as part of the quarterly report to the People Group.
- The policy should have a clear process map outlining each stage of the process to ensure each stage is triggered when needed.

Objective Two: Nominated station managers / line managers are aware of their responsibilities with regards to Whistleblowing and the Health and Wellbeing Manager has been trained appropriately to deal with concerns raised.

From our interviews with a sample of staff, a number of these were in management roles, and it was highlighted that they would be confident in dealing with a concern raised to them by a member of staff, but there is no specific training available to them with regards to this. A common theme in interviewee answers was to use their experience in dealing with difficult conversations and their knowledge and understanding of staff when dealing with concerns.

32 out of 41 responses to the survey confirmed that their line manager would be their first point of contact to raise a whistleblowing concern, and therefore there is a significant importance on management understanding in how to deal with concerns.

However, managers may not be aware of their responsibilities when it comes to an employee reporting a concern to them, as this is not covered as part of the Step Up and Step In leadership programme, and the policy does not offer any guidance to line managers on procedures that need to be followed. Discussions with employees confirmed the training does cover a 'Who to turn to' section, and general procedures with raising concerns. However, we also

recommend that training within the Step In and Step Up programmes have a specific training package with regards to Whistleblowing and the governance structures in place which need to be triggered where appropriate. **(Refer to recommendation 1)**

As per the policy, It is relied upon managers to report initial whistleblowing concerns to the Health, Safety and Wellbeing Manager who conducts an initial review to decide whether to investigate further and can feedback to the individual on the decision-making process made by CFRS, and whether further action is needed.

Discussions with the Health, Safety and Wellbeing Manager confirmed that only 2 whistleblowing concerns have been raised in the past 12 months, and a further 2 were made in 2020. There were no Whistleblowing concerns raised between 2020 and 2022. It was confirmed that all 4 have been raised via an anonymous route through Safecall, and therefore there have been no instances of managers reporting any concerns to the Health, Safety and Wellbeing Manager.

Our survey results found that 7 respondents had raised a concern, but they were not satisfied with how these were dealt with, therefore line managers may not be escalating concerns appropriately and using the formal whistleblowing procedures outlined within the policy to ensure clear oversight and accountability. **(High Risk – recommendation 1)**

We have recommended that the Policy clearly states the responsibilities of line management and the reliance upon them that concerns raised to them need to be reported to the Health, Safety and Wellbeing Manager.

The Health and Safety Manger could also further promote their role in acting as a Whistleblowing champion.

Objective Three: There has been awareness raising in relation to Whistleblowing both at senior management level and service wide.

The Fire service does have Safecall posters around Headquarters and interviewees confirmed that these had been seen and placed around fire stations. There are numerous resources available online, through 'who to turn to', policies on the intranet, and weekly Green Bulletin emails.

It was also noted that the survey results confirmed the following:

- 37 out of 41 respondents had heard of Safecall, with 29 of these knowing the full role of Safecall and the offer available.
- 10 out of 41 respondents felt they were rarely reminded of their options to raise a Whistleblowing concern.
- 4 out of 41 respondents felt they have never been reminded of their option to raise a Whistleblowing concern.

MIAA conclude that there are resources available to staff, and there is a reliance on staff reading the 'Green Bulletin' and accessing the relevant information on the Intranet. However, as mentioned above, there is a lack of awareness raising with regards to specific roles and responsibilities for line management and the role of the Health, Safety and Wellbeing Manger within whistleblowing procedures and this should form part of the resources available and be included within the policy which has been recommended as part of recommendation 3. **(Refer to recommendation 3)**

Objective Four: There are clear accountability arrangements in place and whistleblowing reports are reviewed on a regular basis by the Senior Leadership Team and the Health, Safety and Wellbeing Manager.

Whistleblowing reports are reported to Governance and Constitution Committee on an annual basis. For the past four annual reports (2019 – Present) section 6 of the report states 'The Authority has not been contacted by Safecall'. However, discussions with the Health, Safety and Wellbeing Manager confirmed 2 whistleblowing referrals had been made in 2020. Therefore 2 concerns raised to Safecall have not been reported to the

Governance and Constitution Committee as part of the Whistleblowing annual report.

Within the action plan in response to HMICFRS recommendations, CFRS have an action of implementing a report on the impact of Safecall and provide an anonymised report to People Board on a quarterly basis. CFRS need to ensure these include all concerns raised through Safecall as previously, these have not been formally documented within the annual report. **(Medium Risk – Recommendation 3)**

As mentioned above, it is noted that there have been no instances of line management reporting whistleblowing concerns to the Health, Safety and Wellbeing Manager, and this may be a result of a lack of awareness and training with regards to the whistleblowing procedures and what actions need to be taken by line management if a concern is raised to them. **(Refer to Recommendation 1)**

Objective Five: Where concerns are raised, they are dealt with appropriately, in line with policy and feedback is provided back to the individual raising the concern.

Our survey confirmed that there were 7 respondents who had raised a concern internally and all 7 were not satisfied that their concern was dealt with appropriately. Answers included 'not dealt with', feedback was not provided back to them' and 'no action taken'.

MIAA can not be fully assured that the anonymous feedback were all regarding Whistleblowing concerns, and may include general personal grievances which triggers a different internal process involving Human Resources. However, we can conclude that there needs to be a clear distinction between whistleblowing and personal grievances and this needs to form part of the training offered to managers. Therefore, when a concern is raised to them, they understand fully which process to trigger.

As per the Whistleblowing policy, The Health, Safety and Wellbeing manager should be made aware of these concerns to ensure there is discreet enquiries. As mentioned above, only 2 have been reported to the Health, Safety and Wellbeing Manager in the past 12 months and both have been through Safecall, not through line management. Therefore, as mentioned above, there may be a lack of awareness with regards to processes and the role of the Health, Safety and Wellbeing Manager to decide whether to investigate further. We have recommended updates to the policy and specific training to ensure when concerns are raised, all relevant parties are aware of their responsibilities and appropriate procedures are triggered where necessary **(Refer to recommendation 1)**.

Objective Six: The Fire Service has processes in place to ensure that staff do not suffer detriment as a result of raising concerns.

From our review, it is evident that CFRS have processes in place which enable staff to not suffer detriment as a result of raising concerns. Primarily, there is an anonymous route through Safecall. From our interviews, it was clear that the majority of staff feel comfortable in raising concerns and the service has promoted a culture of openness and transparency with raising concerns.

However, from our survey this identified:

- 8 out of 41 respondents stated that they have opted not to blow the whistle, even after seeing unethical or unacceptable behaviour.
- 3 of the 8 said this was a fear of dismissal / victimisation.
- 3 of the 8 said this was a lack of trust in the system.
- 2 of the 8 said that this was a perception that no action would be taken.

From our review, there is still a perception from a small percentage of staff that concerns may not be dealt with appropriately, and CFRS need to ensure robust procedures are evident and transparent, and awareness raising is implemented to ensure all members of staff are aware of the procedures available. This will improve confidence in the system and should include promoting the Health, Safety and Wellbeing Manager's role within Whistleblowing processes and the updated policy was approved, and management training should improve the implementation of procedures going forward. **(Refer to recommendation 1)**

Objective Seven: Actions required as a result of investigations into concerns are recorded, implemented and monitored and Lessons learnt from investigations are shared appropriately across the Fire Service.

As mentioned above, the only 2 concerns that have been raised in the past 2 months were through the anonymous route of Safecall, and 2 were raised in 2020, again through Safecall. Consequently, CFRS are unable to feedback to the individual on any action taken as they are unknown to the Service.

Discussions confirmed that the Health, Safety and Wellbeing Manager has a monthly call with Safecall to keep up to date with how the investigation is proceeding. Going forward, any actions taken, and lessons learnt should form part of the quarterly report to the People Group to ensure ownership and accountability. **(Refer to recommendation 2)**

Objective Eight: A review of the HMICFRS report on Values and Culture has been completed and an action plan is in place with regards to the 35 recommendations outlined within the report, and these are being implemented in a timely manner.

CFRS does have an action plan in place to implement the HMICFRS recommendations. This has detailed narrative in the actions that need to be taken including deadlines and a responsible lead.

From the 35 recommendations, 5 specifically related to raising concerns and from our review, and within Appendix A, we have assigned a RAG status to each of the recommendations based on our findings from this review. It should be noted that the action plan relates to all instances of raising concerns (internal grievances and complaints, external complaints, and whistleblowing). Our recommendations solely focus on Whistleblowing processes.

We also recommend that this action plan is reported consistently to the Senior Leadership team through the relevant committee structure to ensure accountability and deadlines are met. **(Low Risk – Recommendation 4)**

Appendix B: HMICFRS Recommendation Status

HMICFRS Recommendation	CFRS' current position and actions required (as stated within the action plan)	MIAA comments and recommendations	MIAA RAG Status
<p>By 1 October 2023, chief fire officers should make sure their services provide a confidential way for staff to raise concerns and that staff are aware of whistleblowing processes.</p>	<p><u>Current Position</u></p> <p>Staff can report incidents with no fear of repercussions via independent Safecall service.</p> <p>Staff can report incidents with no fear of repercussions via internal policies, line managers, rep bodies, networks, mental health first aiders.</p> <p>Dignity at Work, Grievance and Whistleblowing policies in place.</p> <p>“Who do I turn to?” campaign in place.</p> <p><u>Action Required</u></p> <p>Maintain visibility and awareness of reporting mechanisms.</p>	<p>Safecall is firmly in place, with the majority of staff knowing and understanding the role and responsibilities of Safecall.</p> <p>Whistleblowing policy is in place but a number of updates to this have been recommended as part of this review which includes improving the awareness of line management responsibilities.</p> <p>Going forward, CFRS need to ensure that any Safecall concerns are reported as part of the anonymised report to People Board, as our review has found that these have not been reported accordingly to the Governance and Constitution Committee as part of the whistleblowing annual report.</p>	

HMICFRS Recommendation	CFRS' current position and actions required (as stated within the action plan)	MIAA comments and recommendations	MIAA RAG Status
	<p>Report on the impact of Safecall and provide anonymised report to People Board on quarterly basis.</p> <p>Provide anonymised reporting on dignity at work complaints to People Board on quarterly basis.</p>		
<p>By 1 October 2023, National Employers, the Local Government Association and the National Fire Chiefs Council should review any current independent arrangements whereby staff can raise concerns outside their FRS. They should then ensure that all FRS staff have access to an independent reporting line that can be used as a confidential way to raise concerns outside their own FRS.</p>	<p><u>Current Position</u></p> <p>Staff currently have access to Safecall, an independent reporting line that can be used as a confidential means of raising concerns.</p> <p>Work commenced to review and update Dignity at Work Policy and discipline policies to ensure still fit for purpose.</p> <p>Guidance document produced outlining the role of a new Personal Contact Officer who will be the liaison between external complainants and CFRS.</p> <p><u>Action required</u></p> <p>Await response from National Employers, LGA and NFCC.</p>	<p>As mentioned above, Safecall is firmly in place with the majority of staff understanding their role within whistleblowing.</p> <p>Update the whistleblowing policies as per our recommendations and ensure an updated policy is approved appropriately.</p> <p>Once a response has been received, ensure these actions are monitored and implemented and reported accordingly to the People Group or other relevant committee for accountability and overview.</p>	

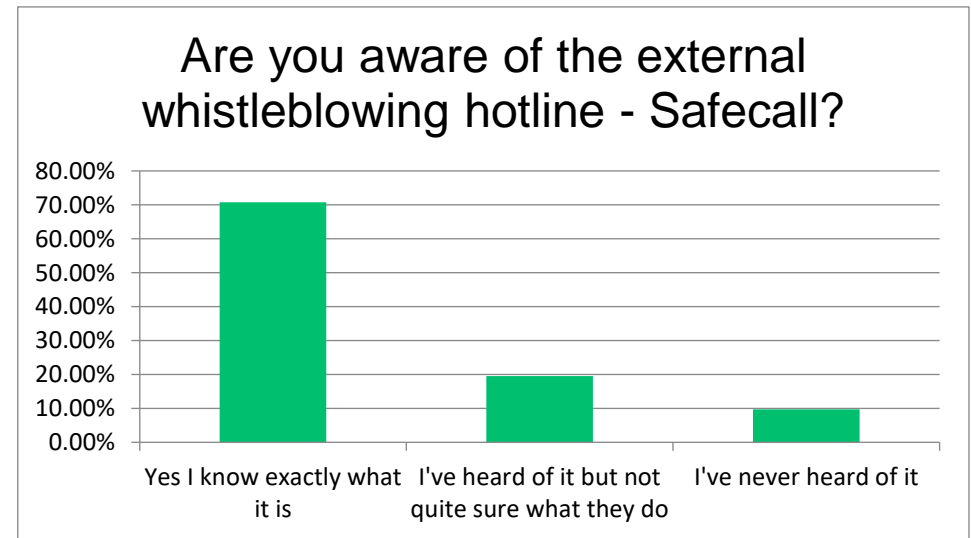
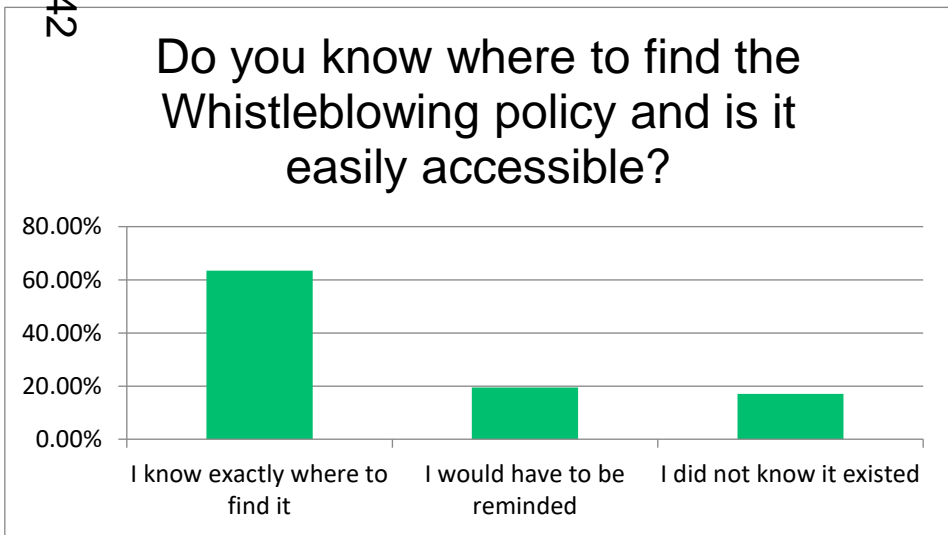
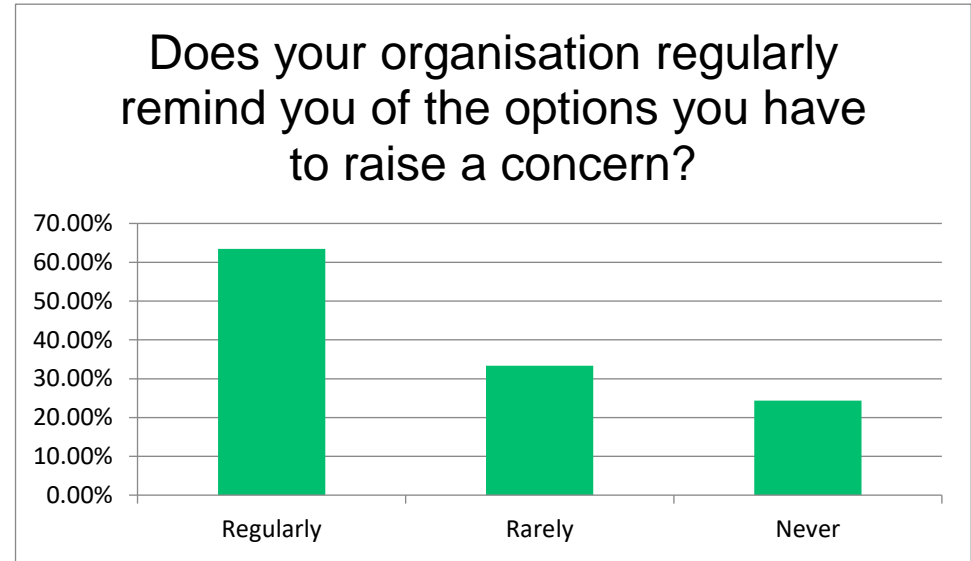
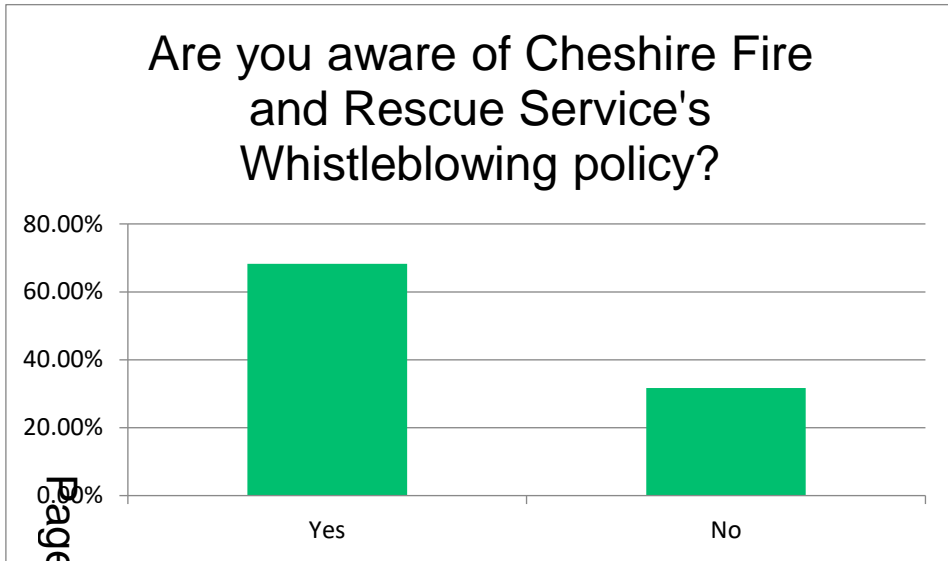
HMICFRS Recommendation	CFRS' current position and actions required (as stated within the action plan)	MIAA comments and recommendations	MIAA RAG Status
	<p>By 1/12/23 report to People Board on the key implications of recommendations from above and impact on existing Safecall contract.</p> <p>Policies to be approved and relaunched.</p> <p>Document relating to role of Personal Contact Officer to be reviewed and approved prior to launch</p> <p>External complaints procedure and website information to be updated to reflect introduction of Personal Contact Officer.</p>		
<p>CFOs (Chief Fire Officers) should review the support available for those who have raised concerns and take any action needed to make sure these provisions are suitable.</p>	<p><u>Current Position</u></p> <p>Work commenced to review and update Dignity at Work Policy and discipline policies to ensure still fit for purpose.</p> <p>Guidance document produced outlining the role of a new Personal Contact Officer who will be the liaison between external complainants and CFRS.</p> <p><u>Actions required:</u></p> <p>Policies to be approved and relaunched.</p>	<p>Our survey confirmed that 7 people had raised a concern internally and all of these were not satisfied with how their concern was dealt with. To improve this we have recommended:</p> <p>A review of the Whistleblowing policy to ensure this is still fit for purpose and includes all relevant roles and responsibilities, including line managers receiving concerns from other employees and the processes that need to be triggered as a result of this.</p> <p>Training within the Step In and Step programme that specifically focuses on Whistleblowing and the actions needed if concerns are raised.</p>	

HMICFRS Recommendation	CFRS' current position and actions required (as stated within the action plan)	MIAA comments and recommendations	MIAA RAG Status
	<p>Document relating to role of Personal Contact Officer to be reviewed and approved prior to launch</p> <p>External complaints procedure and website information to be updated to reflect introduction of Personal Contact Officer.</p>	<p>A clear governance structure between Health, Safety and Wellbeing Manager, Senior Leadership Team and the People Group to ensure there is full accountability of actions and lessons learnt.</p>	
<p>By 1 June 2023, chief fire officers should assure themselves that updates on how concerns are being handled are shared with those who have raised them.</p> <p>The updates should be given in an accessible way that encourages trust and confidence in the service response. Consideration should be given to creating professional standards function to handle conduct concerns in service (or from an external service) to have oversight of cases, to make sure they are conducted in a fair and transparent way and to act as a point of contact for all staff involved.</p>	<p><u>Current Processes</u></p> <p>Complaints process for external service users coordinated by the Democratic Services team.</p> <p>HRBP oversee internal matters of complaint in conjunction with relevant managers.</p> <p>Consideration has been given to Professional Standards function in respect of casework, but appetite is low based on the current arrangements that work well with the HR Business Partners who have oversight and ensure fairness and transparency.</p> <p><u>Actions required</u></p> <p>Consideration to be afforded to reintroduction of KPIs to encourage more</p>	<p>With regards to Whistleblowing, CFRS have not had any internally raised concerns with 2 raised in the past 12 months through Safecall, and 2 raised in 2020 through Safecall, with all them using the anonymous route. This therefore means CFRS are not able to share how the concern has been raised to the individual.</p> <p>However, we have recommended that the policy is updated to state roles and responsibilities including the Health, Safety and Wellbeing Manager which should outline the expectation on their role to handle concerns and how this being monitored and reported. It should also reflect a clear structure in place, with accountability arrangements and outline a clear process which includes how updates will be fed back to the individual.</p>	

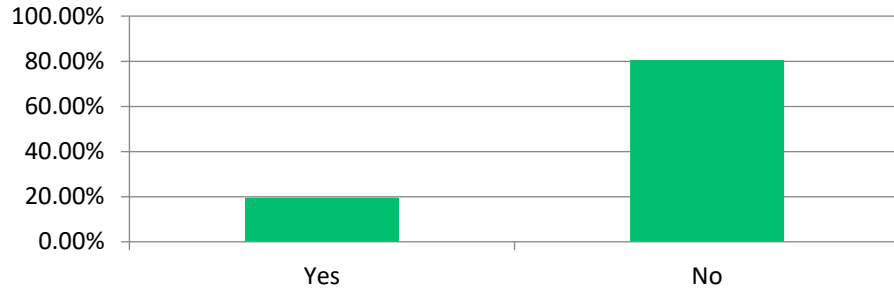
HMICFRS Recommendation	CFRS' current position and actions required (as stated within the action plan)	MIAA comments and recommendations	MIAA RAG Status
	<p>timely resolution of complaint, discipline and grievance cases.</p> <p>Ensure clear process is in place for keeping those who have raised a complaint updated and report how concerns dealt with on quarterly basis to People Board.</p> <p>Ensure NFCC Safeguarding Managing Allegations guidance has been adopted.</p>	<p>A clear governance structure between Health, Safety and Wellbeing Manager, Senior Leadership Team and the People Group to ensure there is full accountability of actions and lessons learnt, and KPIs are introduced to ensure timely turnaround of concerns that have been raised openly to ensure feedback and updates are fed back to the individual.</p>	
<p>By 1 June 2023, Chief fire officers should make sure accessible information is provided on how concerns and allegations will be investigated in a way that ensures confidentiality and is independent of the alleged perpetrator.</p>	<p><u>Current Processes</u></p> <p>“Who do I turn to?” information contained on own dedicated section of intranet. Visible and accessible.</p> <p>Peer support available via mental health first aiders.</p> <p>Concerns and allegations investigated objectively and discreetly with oversight from HR Business Partners.</p> <p>New Personal Contact Officer in process of being developed.</p> <p><u>Actions required</u></p> <p>Ensure all policies have an up-to-date Equality Impact assessment to eliminate</p>	<p>The Whistleblowing Policy needs to be updated to ensure this is still fit for purpose and include the recommendations made within this report. This includes clear guidance on each stage of the Whistleblowing process, and the role of key parties that are involved in the procedures.</p>	

HMICFRS Recommendation	CFRS' current position and actions required (as stated within the action plan)	MIAA comments and recommendations	MIAA RAG Status
	<p>discrimination and to promote an environment that enables staff and external complainants to seek support without judgement or retribution.</p> <p>Extend the network of people across the Service such as Mental Health First Aiders and TRiM practitioners/ supervisors, to offer peer support as needed.</p> <p>Review and adopt NFCC Safeguarding Managing Allegations Guidance.</p>		

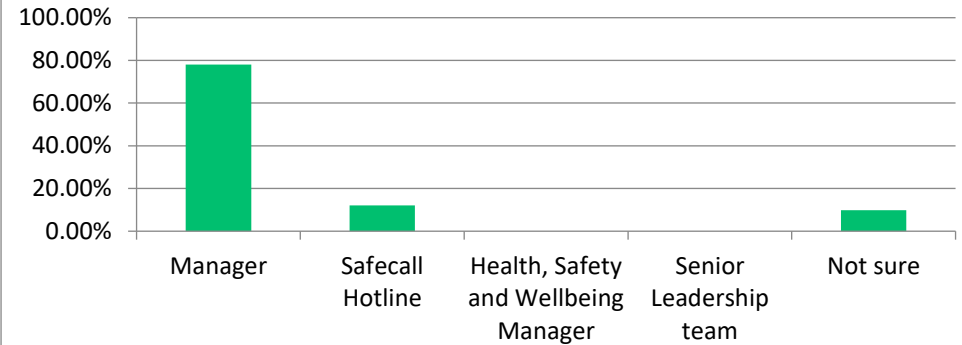
Appendix C: Survey Results (41 responses)



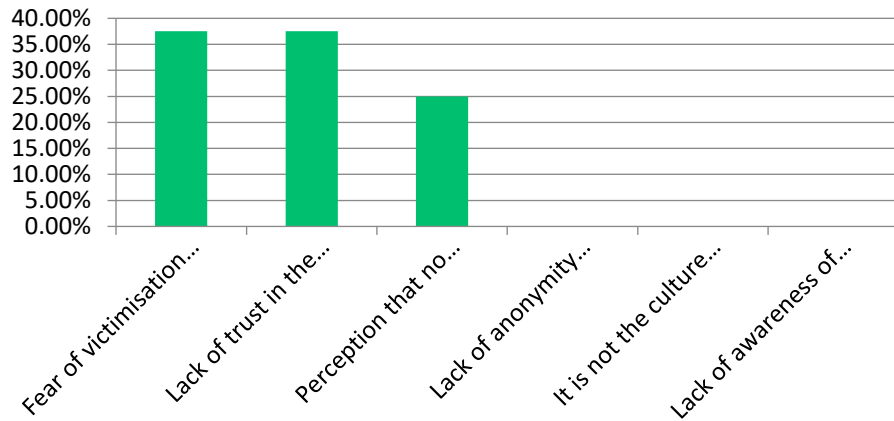
Have you ever opted not to blow the whistle even though you witnessed or were informed of unethical behaviour?



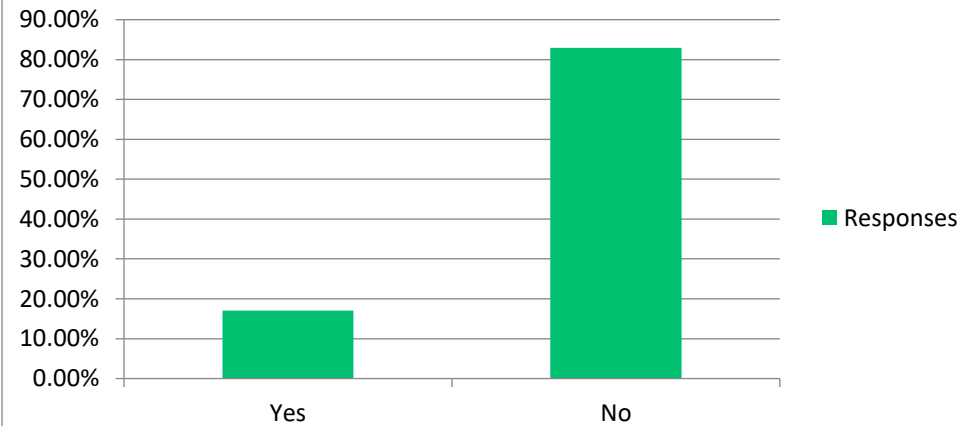
If you wanted to raise a concern, who would be your first point of call?



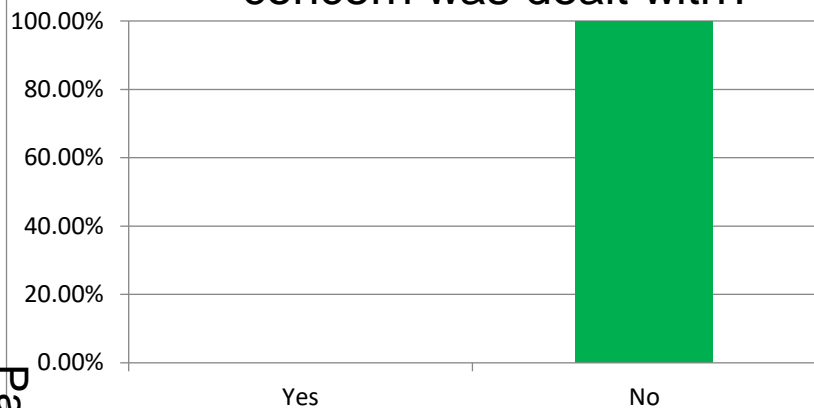
If you answered yes to the above, was this a result of:



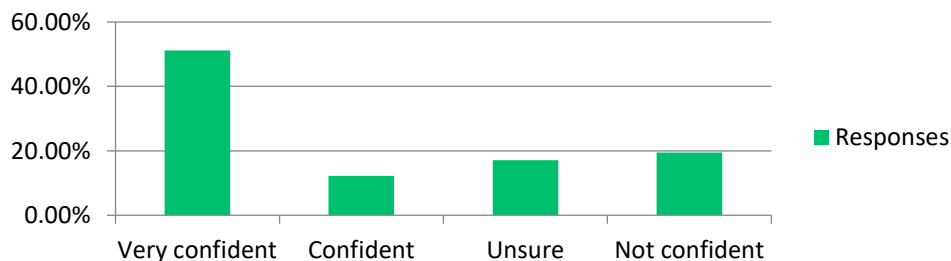
Have you ever raised a concern within the organisation?



If you answered yes to the above, were you satisfied with how your concern was dealt with?



If you wanted to raise a concern in the future, how confident are you that the organisation will deal with your concern in a professional and timely manner?



Appendix D: Engagement Scope

Scope

The following sub-objectives were identified:

There is a clear and comprehensive policy in place which is in line with national guidance and is readily available to staff.

Nominated station managers / line managers are aware of their responsibilities with regards to Whistleblowing and the Health and Wellbeing Manager has been trained appropriately to deal with concerns raised.

There has been awareness raising in relation to Whistleblowing both at senior management level and service wide.

There are clear accountability arrangements in place and whistleblowing reports are reviewed on a regular basis by the Senior Leadership Team and the Health and Wellbeing Manager.

Where concerns are raised, they are dealt with appropriately, in line with policy and feedback is provided back to the individual raising the concern.

The Fire Service has processes in place to ensure that staff do not suffer detriment as a result of raising concerns.

Actions required as a result of investigations into concerns are recorded, implemented and monitored.

Lessons learnt from investigations are shared appropriately across the Fire Service.

A review of the HMICFRS report on Values and Culture has been completed and an action plan is in place with regards to the 35 recommendations outlined within the report, and these are being implemented in a timely manner.

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system

Appendix E: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

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Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Appendix F: Report Distribution

Name	Title
Alex Waller	Chief Fire Officer
Lee Shears	Deputy Chief Fire Officer
Neil Griffiths	Assistant Chief Fire Officer
Steve Barnes	Head of Service Delivery
Carmine Rabhani	Head of People and Development
Andrew Leadbetter	Director of Governance
Paul Vaughan	Treasurer
Chris Astall	Risk and Project Officer
Stephen Hulse	Health, Safety and Wellbeing Manager

Name

Charles Black – Delivery Manager
Tel: 07554332410
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Name

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Limitations

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

Auditor's Interim Annual Report on Cheshire Fire Authority

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2022/23

12 November 2023



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

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Service's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Service has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Service's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Service's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

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Criteria	2022/23 Risk assessment	2022/23 Auditor Judgement on arrangements	2021/22 Auditor Judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but improvement recommendation made.	No significant weaknesses in arrangements identified, but improvement recommendation made	↔
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but improvement recommendation made.	No significant weaknesses in arrangements identified, but improvement recommendation made	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but improvement recommendation made.	No significant weaknesses in arrangements identified, but improvement recommendations made	↔

- No significant weaknesses in arrangements identified or improvement recommendation made.
- No significant weaknesses in arrangements identified, but improvement recommendations made.
- Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)



Financial sustainability

We did not identify any risks of significant weaknesses in the Authority's financial sustainability arrangements in our initial risk assessment. Our further work confirmed this view, with no significant weaknesses in arrangements identified. We have made an improvement recommendation due to budget gaps remaining in the medium term financial plan (MTFP) from 2024/25 onwards as well as the funding uncertainty around the capital programme. Our findings are set out in further detail on pages 7 to 11.



Governance

We did not identify any risks of significant weaknesses in the Authority's governance arrangements in our initial risk assessment. Our further work confirmed this view, with no significant weaknesses in arrangements identified. We have made an improvement recommendation in respect of reviewing the effectiveness of the Audit Committee. Our findings are set out in further detail on pages 12 to 15.



Improving economy, efficiency and effectiveness

We did not identify any risks of significant weaknesses in the Authority's arrangements for improving economy, efficiency and effectiveness in our initial risk assessment. Our further work confirmed this view, with no significant weaknesses in arrangements identified. We have made one improvement recommendations in respect of performance monitoring in joint corporate services. Our findings are set out in further detail on pages 16 to 19.



Financial Statements opinion

We are still waiting for some third-party pension assurances to finalise our opinion on the 22/23 accounts, hence this report being an interim. We anticipate the opinion being unqualified as noted in the Audit Committee meeting on 26 September 2023. Our findings are set out in further detail on pages 21 to 22.



Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Service's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We are still waiting for some third-party pension assurances to finalise our opinion on the 2022/23 accounts, hence this report being an interim. We anticipate the opinion being unqualified as noted in the Audit Committee meeting on 26 September 2023.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We have not issued any statutory recommendations, nor do we anticipate doing so.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We have not issued a public interest report, nor do we anticipate doing so.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We have not applied to the court, nor do we anticipate doing so.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We have not issued any advisory notices nor do we anticipate doing so.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We have not applied for a judicial review, nor do we anticipate doing so.

Securing economy, efficiency and effectiveness in the Service's use of resources

All Fire and Rescue Services are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Service's responsibilities are set out in Appendix A.

Fire and Rescue Services report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Service has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:

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Financial Sustainability

Arrangements for ensuring the Service can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Service makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Service makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Service delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the Service's arrangements in each of these three areas, is set out on pages 7 to 19 Further detail on how we approached our work is included in Appendix B.

Financial sustainability



We considered how the Authority:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
 - plans to bridge its funding gaps and identify achievable savings
 - plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

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Short and medium term financial planning

Cheshire Fire Authority has a strong history of delivering a balanced budget without any unplanned use of reserves and in 2022/23 they reported a small revenue overspend of £0.3m (mainly driven by unforeseen pay awards) with a capital underspend of £1m. The Authority approaches financial planning through Priority Based Budgeting (PBB) and this is a key driver supporting financial sustainability. PBB is a very detailed and in-depth review of the whole organisation, encompassing workforce, finance and delivery and is implemented as part of the business planning process. Budget managers present to panels setting out what demands or changes are affecting their areas and as a result what they need in terms of resources, funding etc. as well as demonstrating what Cheshire Fire will get from those resources. PBB provides a comprehensive review of the entire Authority's budget, identifying and ranking the services provided on the basis of the Authority's priorities. This diagnostic process enables the Authority to link funding decisions to priorities in the Integrated Risk Management Plan (IRMP).

The Medium Term Financial Plan (MTFP) is embedded within the annual budget setting cycle to provide a longer term view of priorities and demand for services. Council Tax assumptions are a key element of planning and the Authority works closely with their Billing Authorities to understand assumptions around the Council Tax base and also the likely surplus or deficit on the Collection Funds. The Comprehensive Spending Review and Government Settlements are reviewed on an ongoing basis to try and model future resource envelopes that Cheshire will operate in. Although there was a spending review setting out the direction of travel through to 2025, fire and rescue services were not explicitly mentioned and therefore there is still no long-term certainty. This uncertainty, combined with recent rises in inflation and pay awards, means that the future financial position is very challenging.

The current capital programme reflects the priorities of the Authority and includes a programme of modernisation and, where necessary, replacement of fire stations. The funding for some of this programme is still to be identified and therefore we have included an improvement recommendation in respect of this linked to the Authority's medium-term financial plans. At the end of 2022/23 there was an underspend of £0.98m on capital. The proposed capital programme expenditure for 2023/24 is £9.5m and mostly relates to fire station modernisation and Crewe Fire Station. This will be funded by a combination of reserves and borrowing. The Authority sets and reviews a number of prudential indicators showing the proposed capital expenditure plans, how they are to be funded, the impact on the organisation's finances and their affordability in terms of the impact on revenue budgets.

In addition to the Capital Strategy, the workforce plan is managed closely to ensure financial and HR data is matched. Workforce planning provides all the profiles of recruitment, leavers, retirees etc. and the funding requirements are matched to this profile. Finance also proactively liaise with HR where there are vacancies to ensure any short-term or longer-term savings and opportunities are identified.

Financial sustainability (continued)

Key Financial assumptions

The main financial assumptions in the MTFP relate to funding, inflation and pay awards.

The Local Government Financial Settlement for 2022/23 allowed the Fire Authority to confirm funding as £46.6m for 2022/23, an increase of £0.4m on the previous year. The Council Tax increase referendum limit was 1.99% for 2022/23. With a Council Tax increase of 1.99%, the Authority was left with a funding gap of £0.8m, which it planned to close through the delivery of savings. The unforeseen high pay awards in 2022/23 were one of the main contributing factors to the £0.3m overspend in 2022/23.

In the medium term, the Authority's MTFP for 2023-28 included the following key assumptions:

- no increase in baseline government funding throughout the period with a small increase in revenue support grant;
- a precept increase of 2.99% over the period as indicated by the Spending Review;
- Price inflation: specific increases applied for known high inflation areas such as energy with some other budgets subject to a 2% increase;
- Borrowing – additional borrowing is required to meet the planned capital programme, although the exact timing will depend on actual spend. Interest payable is based on the forecast interest rates set by the Treasury Management Advisors and
- Pay (discussed in more detail on page 9) - 5% increase for 2023/24 and 2% thereafter



Financial sustainability (continued)

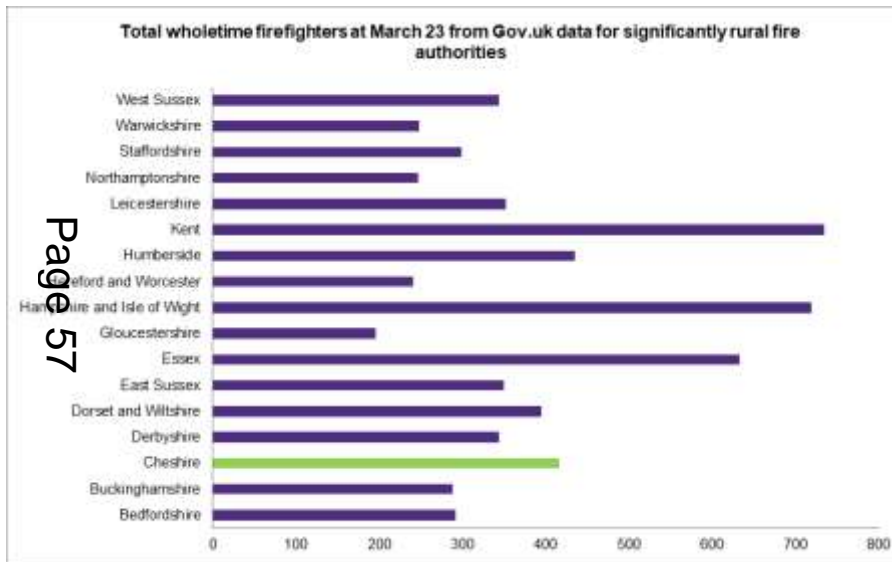
Pay

Pay is the largest part of Cheshire Fire's expenditure, representing 54% of the Authority's expenditure. The chart opposite, taken from data on gov.uk, benchmarks Cheshire (highlighted in green) against other significantly rural authorities at March 2023, and shows they are not an outlier when looking at staffing levels, therefore supporting the conclusion that workforce assumptions are appropriate

The MTFP for 2022-27 forecasted pay inflation of 3% in 2022/23 with 2% thereafter. This appeared reasonable in February 2022 when the MTFP was approved. However, during 2022/23 there were significantly higher pay awards of 7% for grey book staff and 7.6% for green book payroll. This contributed in part to the overspend in the year. For the 2023-2028 MTFP the pay award assumption has been updated in line with current forecasts to include a 5% increase for 2023/24 and 2% thereafter, this appears reasonable.

The MTFP is refreshed each year and presented alongside the annual budget for the forthcoming year demonstrating that financial risks are considered each year in both the short and medium term. Given the challenging macro-economic environment and uncertainty around key costs such as pay, in 2021/22 we included a recommendation around a formal mid-year review of the MTFP. There is a strong focus on finance and the MTFP is reviewed at every monthly SLT meeting and presented at Budget Management Board (BMB) meetings.

Solid financial planning through the PBB process means that any budget gaps have been met. There was some use of reserves in 2022/23 to cover the £0.3m overspend but reserves are still reasonable as noted on the following page. Savings are also monitored regularly and procurement produce a savings register and tracker. This process also mitigates the risk of unexpected new requirements impacting on the Authority's financial resilience. Cashflow is also closely monitored and reviewed on a daily basis. Liquidity is not a major risk for the Authority as it holds a reasonable amount of cash and cash equivalents (£7.1m at 31 March 2023 - £6.3m at 31 March 2022).



Financial sustainability (continued)

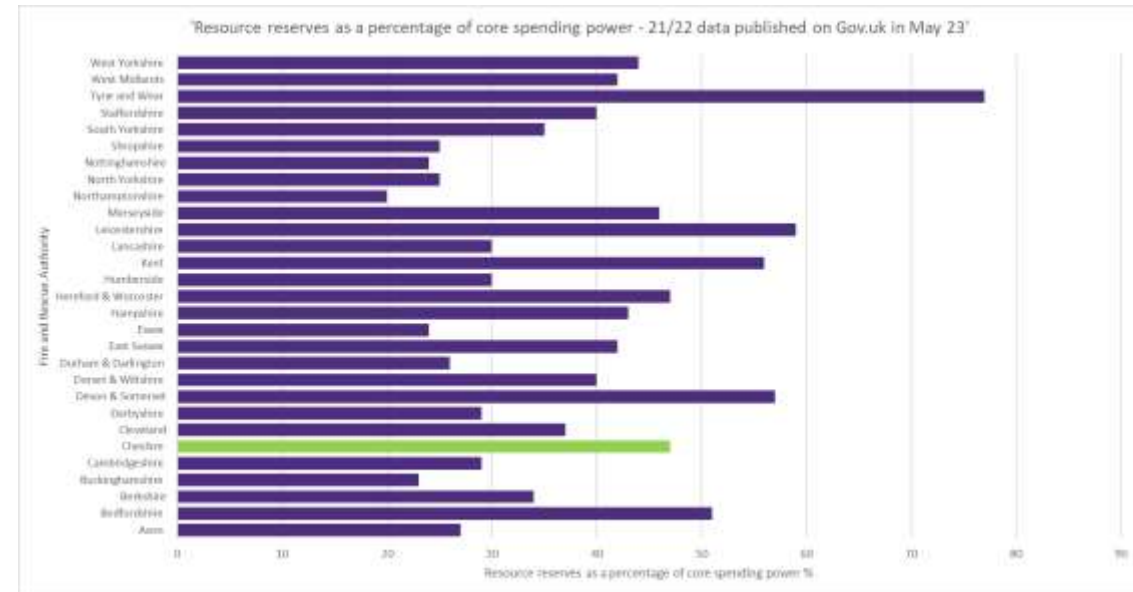
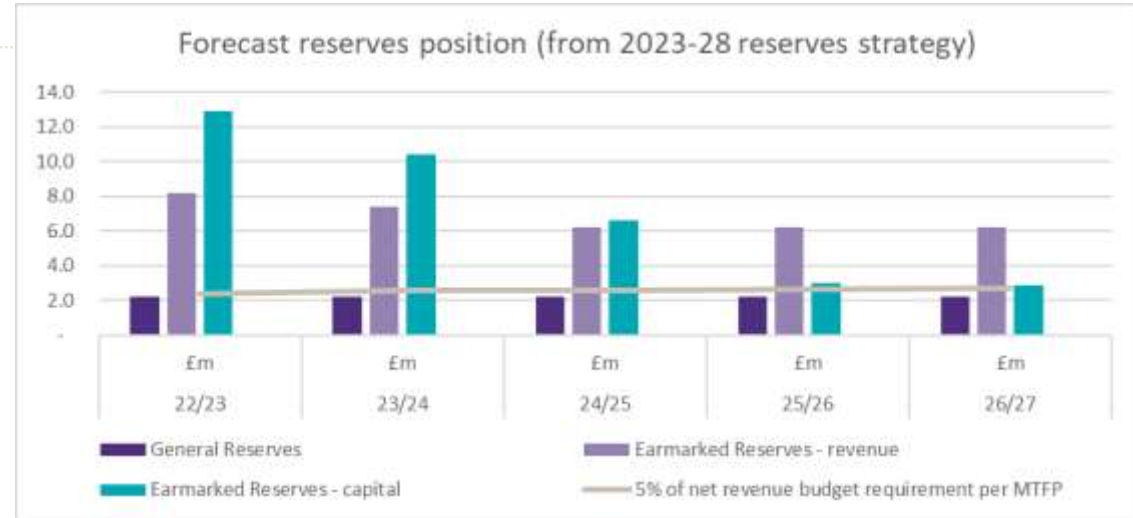
Funding gaps and use of reserves

The funding gap, and savings requirement for the Authority has been relatively low in recent years but even with a £1.4m increase in government funding the Authority had an initial budget gap of £0.8m for 2022/23. However, the Authority was able to identify saving schemes to balance the budget with no planned use of reserves. Saving schemes are approved through the PBB process via discussions with the budget holders. The MTFP for 2023-28 identifies a balanced budget for 2023/24 with savings of £0.9m required but in the subsequent years there are budget gaps identified in all years, with £0.9m in 2024/25 even after £0.4m of identified savings. We are aware the Authority are reviewing this and looking at different strategies but have included an improvement recommendation as if those budget gaps are funded from reserves it would impact on the Authority's current reserves strategy as noted below and as highlighted in the graph opposite. We do note however from the comparative data in terms of reserves Cheshire is in a relatively strong position compared to most Authorities.

The Authority has a reserves strategy which it publishes each year alongside the budget, updated MTFP, capital and treasury strategy. In line with the Fire and Rescue National Framework recommendations the Authority feels that an appropriate and prudent level of general reserves is around 5% of net budget, which appears prudent. The graph opposite illustrates there is no planned reduction to general reserves over the MTFP period, however the proposed net budget requirement levels are greater than the 5% target set. It is not possible to build reserves for every uncertainty into the budget and reserves. The Authority includes some scenario and sensitivity analysis within the budget and MTFP setting out the impact changes to different assumptions, and the impact of this on the budget gap. For each change of 0.5% in the level of government funding, the impact would be either a reduction or increase in the budget gap of £0.07m. For every 0.5% above or below the proposed £5 Band D council tax increase post 2022, the impact would be a change in funding levels of approximately £0.16m per annum and likewise a 0.5% movement in the firefighter pay award would have a potential £0.13m impact on the budget gap. This analysis helps clarify the impact of changes in the assumptions and will aid informed challenge from members of the Authority.

Summary of findings

Overall, we found no evidence of any significant weaknesses in the Authority's arrangements for ensuring the Authority can continue to deliver financially sustainable services. We have made one improvement recommendation in respect of medium-term financial planning and reserves levels – see page 11 for details.



Improvement recommendations

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Improvement Recommendation 1

Medium-term financial planning

Improvement opportunity identified

The Authority should strengthen its medium-term financial planning arrangements in order to identify the savings required to balance the budget and to ensure that the capital programme can be achieved.

Summary findings

The MTFP for 2023-28 identifies a balanced budget for 2023/24 with savings of £0.9m required but in the subsequent years there are budget gaps identified in all years, with £0.9m in 2024/25 even after £0.4m of identified savings. If these gaps are funded from the general reserve it would mean reserve levels fall below 5% of the net revenue budget, which is the Authority's reserve strategy. In addition there is currently no financial provision included in this strategy or any other plans relating to either Ellesmere Port or Warrington Fire Stations. If significant additional capital expenditure is approved in respect of these sites, it will be necessary to increase the future borrowing requirement and to recognise the impact of associated financing costs in the Medium Term Financial Plan.

Criteria impacted



Financial sustainability

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

Management comments

The Authority recognises the financial challenges it faces. The Budget Management Board is focussed on ensuring that budgets are balanced by using the Priority Based Budgeting process to help identify efficiencies and moderate financial pressures and by seeking opportunities to maximise funding.

Progressing the actions management has identified to address the recommendations made will support the Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix C.

Governance



We considered how the Authority:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Informed decision making

The Authority operates a committee system rather than an executive/cabinet model. The Authority itself makes all the key decisions. It appoints the following main committees: Performance and Overview; Governance and Constitution; and Estates and Property. Seats on these main committees are allocated in political proportion.

Senior officers attend the Authority meetings and Committees to present reports and are open to questions during committee meetings. The Authority is made up of 23 elected members from Cheshire East Council, Cheshire West and Chester Council, Halton Borough Council and Warrington Borough Council.

Policies, procedures and controls

There are various policies and procedures in place which monitor and ensure compliance with legislation and regulatory standards. The website has a section with a list of policies, which include all key policies that we would expect to see, including a Constitution. These are available online to the public.

In respect of the prevention and detection of fraud, the Authority has an Anti-Fraud Policy, Whistleblowing Policy, as well as a Code of Conduct. There is also a gifts and hospitality policy and there is a standing item in all Authority and committee meetings to disclose pecuniary and other interests relating to matters on the agenda. These are recorded on the Register of Interests, along with any other interests, including directorships, that have already been declared as required by the Code of Conduct. The Authority also took part in the National Fraud Initiative which is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. These policies, and participation in the National Fraud Initiative, taken as a whole reflect a strong institutional response to reducing instances of fraud.

The Treasury Management Policy and Strategy is refreshed and approved annually by the Authority alongside the budget in February. This includes a Treasury Management Policy Statement, Annual Investment Strategy, and Minimum Revenue Provision (MRP) policy as well as capital plans. A mid-year Treasury Management report is taken to the relevant Authority meeting and updates the Authority on the progress of the capital position, updates prudential indicators as necessary, and whether the actual execution of treasury management is in line with the strategy or whether any policies need revision. Then there is an Annual Treasury Management report which provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy. In addition, members receive a draft report on the budget in December, a final report in December and during the autumn and winter they get updates at Planning Days to ensure they're fully informed.

Governance (continued)

Informed decision making including the Audit Committee

In 2020/21 we raised a recommendation as the Authority did not have a dedicated Audit Committee and this function was performed via the full Authority. This recommendation was developed throughout 2021/22 and on 16 November 2022 the inaugural audit committee took place. Once this committee is fully embedded, we would recommend a review of its effectiveness is scheduled on a periodic basis, so we have included this as an improvement recommendation.

Internal audit is provided by Mersey Internal Audit Agency and their Head of Internal Audit Opinion is detailed below and their report on key financial controls (including reserves) gave high assurance.

The Authority's performance against key governance metrics is set out in the table below.

	2022/23	2021/22
Page 61 Annual Governance Statement (control deficiencies)	Areas for Action in 2023/24 identified in the 2022/23 AGS: <ul style="list-style-type: none"> • Fire Authority – significant changes to Members post May election, training required • Audit Committee – embed into business as usual • HMICFRS – respond to any areas of improvement • A review is underway of services delivered jointly with the Police under Blue Light Collaboration. 	Areas for Action in 2022/23 identified in the 2021/22 AGS: <ul style="list-style-type: none"> • The Authority does not have an asset management strategy in place. (In development) • The Authority's budget managers require development and support in managing their budgets. (in progress) • The Authority should ensure that its MTFP has sufficient sensitivity analysis on future sustainability (ongoing – MTFP now included at SLT meetings) • The Authority has no formal Section 114 notice process in place (Now in place) • Review option appraisal element of the budget bid form. (to be included in 2024/25 budget bid forms) • The draft White Paper on Reforming Fire and Rescue Services has been released and the Authority will need to respond to it (Responded)
Head of Internal Audit opinion	Substantial assurance , i.e. that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistent	Substantial assurance , i.e. that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistent

Governance (continued)

Risk management

The risk management process changed during the year with the establishment of the Audit Committee. As the Audit Committee is expected to have a strategic overview of risk, the Risk Management Board will no longer take place in its previous format. The work of the Risk Management Board, which included two elected Members, is now split between the Audit Committee and the Risk Management Group (RMG) which is made up of senior officers. The RMG will meet quarterly prior to meetings of the Audit Committee and the RMG met for the first time on 14th June 2023.

The Joint Corporate Service Planning and Performance staff provide an active support role in risk management for both Fire and Police (operated on a joint basis throughout 2022/23 then transferring back to fire from 1 April 2023) which includes training, risk review meetings with Heads of Department oversight and coordination of the risk registers and maintenance of the Strategic Risk Register.

All CFRS risk registers are recorded on the Cheshire Planning System which is an online tool that supports the recording of risk, progress history, control measures, mitigating actions etc. The system also supports risk reporting and excel risk registers are a standard report fed directly from the system. Risks are scored according to their impact and likelihood and the risk scoring methodology document offers a detailed explanation for users.

Risks scored 15 and above should be considered for escalation to the Strategic Risk Register. The escalation process allows for review by the Head of Department initially and then escalated risks are considered at the next Risk Management Board.

Overall, the arrangements in place to assess and monitor risk are appropriate.

The diagram opposite (taken from the 2021 risk management policy as part of the 2022/23 Annual Risk Management Report) shows how risk management flows throughout the organisation.

Finance team


We have not noted a high turnover of finance staff during 2021/22 or 2022/23. Although it is a small team, there is no evidence of a lack of capacity in the finance department, with budget monitoring and annual accounts being completed to an overall high standard. With a small team however, it is essential that appropriate succession planning is in place, particularly given the separation of the joint finance team with police in 2023/24 and the planned retirement of the s151 officer. This should ensure that there is no loss of corporate memory. There is no evidence of serious or pervasive weaknesses in the Authority's processes for preparing its financial statements. This is detailed further in the 'Opinion on the financial statements' section of this report. Unmodified audit opinions have been issued on the 2021/22 and previous financial statements and are proposed for 2022/23.

Summary of findings

Overall, we found no evidence of any significant weaknesses in the Authority's arrangements for ensuring that it makes informed decisions and properly manages its risks. We have made one improvement recommendation on page 15.



Improvement recommendations

Improvement Recommendation 2	Audit Committee effectiveness review
Improvement opportunity identified	An evaluation of the effectiveness of the Audit Committee should take place in the next 12 months to ensure it is operating as expected.
Summary findings	The Audit Committee was established in November 2022 with an independent member and finalised its terms of reference in April 2023. It would therefore be appropriate to perform a review of its effectiveness during 2023/24 once its embedded.
Criteria impacted	 Governance
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The CIPFA Guidance states that it is good practice for the Audit Committee to produce an Annual Report. This was discussed with the Committee at its last meeting and the first Annual Report will be produced in the first half of 2024 (once it has operated for a full cycle).

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Progressing the actions management has identified to address the recommendations made will support the Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix C.

Improving economy, efficiency and effectiveness



We considered how the Authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

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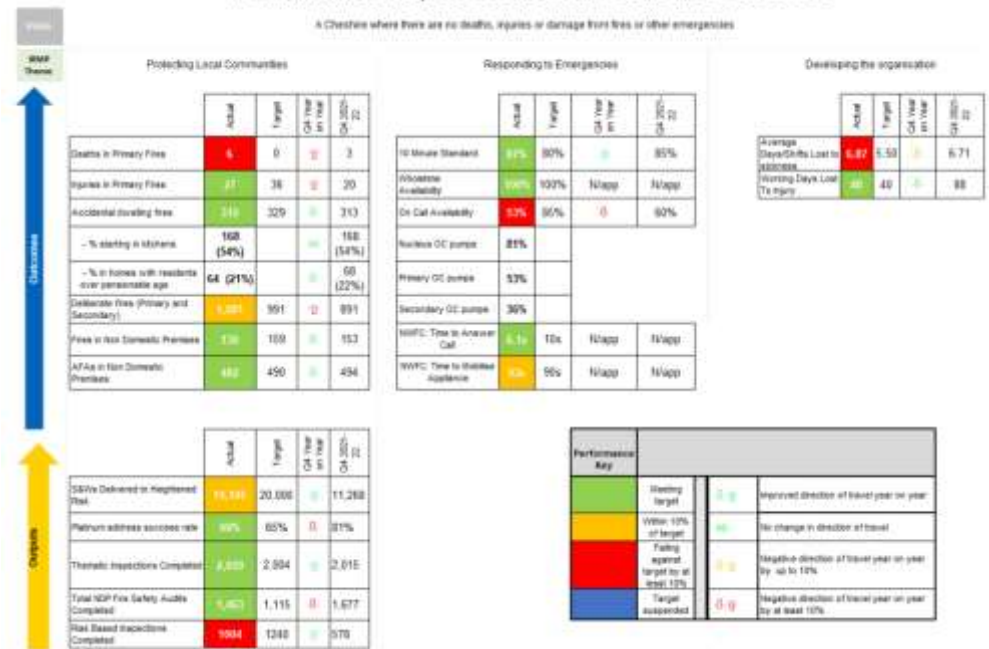


Use of financial and performance information

Performance of the Fire Service is monitored by the Authority through quarterly performance reports which are taken to the Performance and Programme Board and then onto the Performance and Oversight Committee, and subsequently to the Authority meetings. The performance reports include performance against the key performance indicators (KPIs) which are set by the Authority. These KPIs are aligned with the Authority's IRMP, thereby linking performance to strategy. The 2022/23 Corporate Performance Scorecard for the year is shown opposite.

Cheshire Fire has continued with the SPOA programme launched in April 2022 and this is now embedded and done on a quarterly basis covering all watches and stations. The station management framework was reviewed by Internal Audit and given substantial assurance.

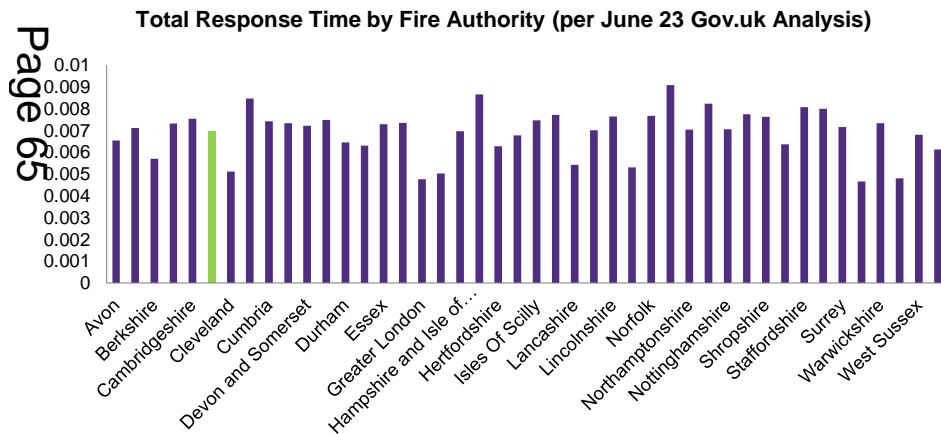
Performance Report Scorecard, Year End 2022-2023



Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement (continued)

As well as internal monitoring, Cheshire regularly benchmarks itself against other authorities to ensure that they understand how they compare performance-wise. As can be seen from the graph below, Cheshire is performing well when it comes to response times, which is a key target.



External inspections

In 2023 HMICFRS did their third inspection into Cheshire Fire, assessing the service’s effectiveness and efficiency, and how well it looks after its people, and graded them against 11 areas. The extract from the report issued in August 2023 below shows how Cheshire Fire performed and the Inspector was pleased with the performance and noted that the service had made progress since 2021. Any items raised by the inspection team are reviewed by the service improvement team and then allocated as appropriate. Actions are revisited on a quarterly basis through SLT, P&B and then reported in the P&O committee.

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Public safety through fire regulation	Understanding fire and risk		
	Future affordability	Preventing fire and risk		
	Promoting values and culture	Responding to fires and emergencies		
	Right people, right skills	Responding to major incidents		
	Promoting fairness and diversity	Best use of resources		
	Managing performance and developing leaders			

Improving economy, efficiency and effectiveness (continued)

Partnership working

One of Cheshire Fire's main partnerships has historically been with Cheshire Police and their various Joint Corporate Services. During 2022/23 the Joint Corporate Services departmental reviews have continued. As a result of these reviews several services have moved back 'in-house' either during 2022/23 or following the year-end. Not all the reviews have yet been finalised and while this is ongoing we noted that performance monitoring was not necessarily taking place as planned, nor were actions always being followed up, therefore we have raised an improvement recommendation in respect of this.

The Authority is also one of four owners of North West Fire Control Limited (NWFC) which is a company limited by guarantee with the responsibility for Fire and Rescue Service emergency call handling and mobilisation for the North West Region, excluding Merseyside. The Company is owned by Cheshire Fire Authority, Cumbria County Council, Greater Manchester Combined Authority and Lancashire Combined Fire Authority. Each owner of the company has the right to appoint 2 directors. The directors have equal voting rights. NWFC provides the control room functions for all the FRAs. The cost of the service is charged out to the four FRAs on an agreed pro rata basis and is subject to a Service Level Agreement.

The Authority also collaborates with other emergency services, local authorities and other public bodies when it is advantageous to do so, for example working with local NHS bodies as part of the vaccination programme or delivering road safety training for local authorities.

Commissioning and procurement

The Authority has a Contracts and Procurement Strategy in place. There is a joint corporate strategic procurement department with Cheshire Police to provide value for money in the procurement of goods and services. The overall approach for procurements is that they will follow the financial regulations for procurement.


The Procurement Department also works closely with four other North West Fire and Rescue Authorities (Merseyside, Greater Manchester, Cumbria and Lancashire) to collaborate on procurement activity.

Summary of findings

Overall, we found no evidence of any significant weaknesses in the Authority's arrangements for improving the way the Authority delivers its services but have included an improvement recommendation – see pages 19.



Improvement recommendations

Improvement Recommendation 3	Monitoring of KPIs for corporate services
Improvement opportunity identified	Where joint corporate services have been reviewed, Cheshire Fire should ensure that appropriate KPIs are introduced for each service and that these are monitored.
Summary findings	We understand that the Joint Corporate Services departmental reviews continued during 2022/23 and are still ongoing. We are aware that whilst these are still ongoing, assessment of KPIs and performance monitoring is not necessarily being performed.
Criteria impacted	 Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	A Performance Framework has been agreed, which will help to drive performance. It will be fully implemented once the reviews are all concluded and form part of the overarching agreement between Cheshire Fire and Cheshire Constabulary.

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Progressing the actions management has identified to address the recommendations made will support the Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix C.

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	Given the likelihood that any budget gaps will increase further given the current economic climate and inflationary pressures, we recommend consideration should also be given to introducing a formal and more frequent review and sensitivity analysis and scenario planning on key assumptions and estimates within the MTFP. This will provide transparency on the sector wide uncertainties the Authority is subject to and the potential impact of these on its financial sustainability.	Improvement	November 2022	The MTFP is now reviewed as part of each SLT meeting and reviewed as part of the Budget Monitoring Board, as well as going to member planning days.	Yes	No
	We recommend, as in 2020/21, that Cheshire Fire look at integrating financial performance reporting with service delivery performance reporting.	Improvement	November 2022	The Authority is comfortable that it does provide the information at the same time but some areas of performance, e.g. death in fire, do not have a natural link to finance. However, as noted above the MTFP now goes to SLT and BMB meetings, so finance is an integral part of reporting.	In-part	No
3	We recommend that a formal written performance management framework or policy is introduced.	Improvement	November 2022	The existing performance management arrangements are described in an old performance management framework document. This will be refreshed and approved during first quarter of 2023/24.	In-progress	To follow up to see if approved.
4	We recommend that the Service review its collaboration arrangements to ensure they are formally agreed and finalised, effective and there are suitable measures in place to measure the performance of these collaborations and that a formal monitoring process is introduced to make them as effective as possible.	Improvement	November 2022	There have been joint corporate services reviews throughout 2022/23 and ongoing. As these are not yet finalised, no formal arrangements for remaining collaborations are in-place.	No	Yes – in-part reraised as recommendation 3

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Authority's financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 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 2022/23

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Authority's Ethical Standard.

Audit opinion on the financial statements

We are still awaiting some third-party pension assurances to finalise our opinion on the 2022/23 accounts, hence this report being an interim. We anticipate the opinion being unqualified as noted in the Audit Committee meeting on 26 September 2023.

Further information on our audit of the financial statements is set out on page 22.



Opinion on the financial statements



Timescale for the audit of the financial statements

- Our Audit Plan was presented to the Audit Committee in April 2023.
- Our audit work was completed both on site and remotely during July-September.
- The Authority did not provide draft financial statements in line with the national timetable due to delays in receiving information from third parties.

We identified IFRIC14 and the recognition of a pension asset as a new risk during the course of our audit and we also had some issues with the land and buildings valuations.

- As we are still waiting for some third-party assurances, we have not yet signed our opinion and therefore this is also not in line with the national timetable.

Findings from the audit of the financial statements

- Our audit identified 3 significant risks:
 - Management override of controls, which is a mandated risk under ISA240. Our testing of journals identified through application of our specified criteria and targeted risk assessment did not identify any evidence of inappropriate management override of controls.
 - Valuation of land and buildings as it represents a significant estimate. Our audit testing identified that for one fire station, the valuation did not include amounts for the hardstanding, fencing, drill tower etc. This led to the asset being understated and this was included as an audit adjustment.
 - Valuation of pension fund net liability as it also represents a significant estimate and small changes in the assumptions have a significant impact. Our work is substantially complete, subject to receipt of the assurances from the auditor of Cheshire Pension Fund and a response from GAD in respect of part-year inflation. We have identified issues in respect of the impact of IFRIC14 and this has led to an adjustment of £8m to the financial statements.
- Our recommendations were linked to the pensions and land and building valuation issues noted above.

More detailed findings are set out in our Audit Findings Report, which was presented to the Authority's Audit Committee on 26 September 2023. Requests for this Audit Findings Report should be directed to the Authority.



Appendices

Appendix A – Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

Local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

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



Appendix B – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
Financial sustainability was not identified as a potential significant weakness.	Review and assessment of arrangements in place.	No significant weaknesses in arrangements identified.	Appropriate arrangements in place, one improvement recommendation raised.
Governance was not identified as a potential significant weakness.	Review and assessment of arrangements in place.	No significant weaknesses in arrangements identified.	Appropriate arrangements in place, one improvement recommendation raised.
Improving economy, efficiency and effectiveness was not identified as a significant weakness	Review and assessment of arrangements in place.	No significant weaknesses in arrangements identified.	Appropriate arrangements in place, one improvement recommendation raised.

Appendix C – An explanatory note on recommendations

A range of different recommendations can be raised by the Authority’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as ‘key recommendations’.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Authority, but are not a result of identifying significant weaknesses in the Authority’s arrangements.	Yes	11, 15, 19

Appendix D - Key acronyms and abbreviations

The following acronyms and abbreviations have been used within this report

AFI – Areas for Improvement

AGS – Annual Governance Statement

AFR – Audit Findings Report

BLC – Blue Light Collaboration

BMB – Budget Management Board

CFRA/S – Cheshire Fire & Rescue Authority/Service

CFRA – Fire & Rescue Authority

HMICFRS - Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services

IRMP – Integrated Risk Management Plan

MTEFP – Medium Term Financial Plan

NAO – National Audit Office

NWFC – North West Fire Control Limited

P&O – Performance and Overview

PBB – Priority Based Budgeting

RAG – Red, Amber, Green

RMB – Risk Management Board

RMG – Risk Management Group

SLT – Senior Leadership Team

SPOA – Station Performance and Operational Assurance Audit

TCWG – Those Charged with Governance (for CFRA this is the Authority)

