



# HEREFORD & WORCESTER Fire and Rescue Authority

Audit Committee

## AGENDA

Thursday 9 October 2008

10.00am

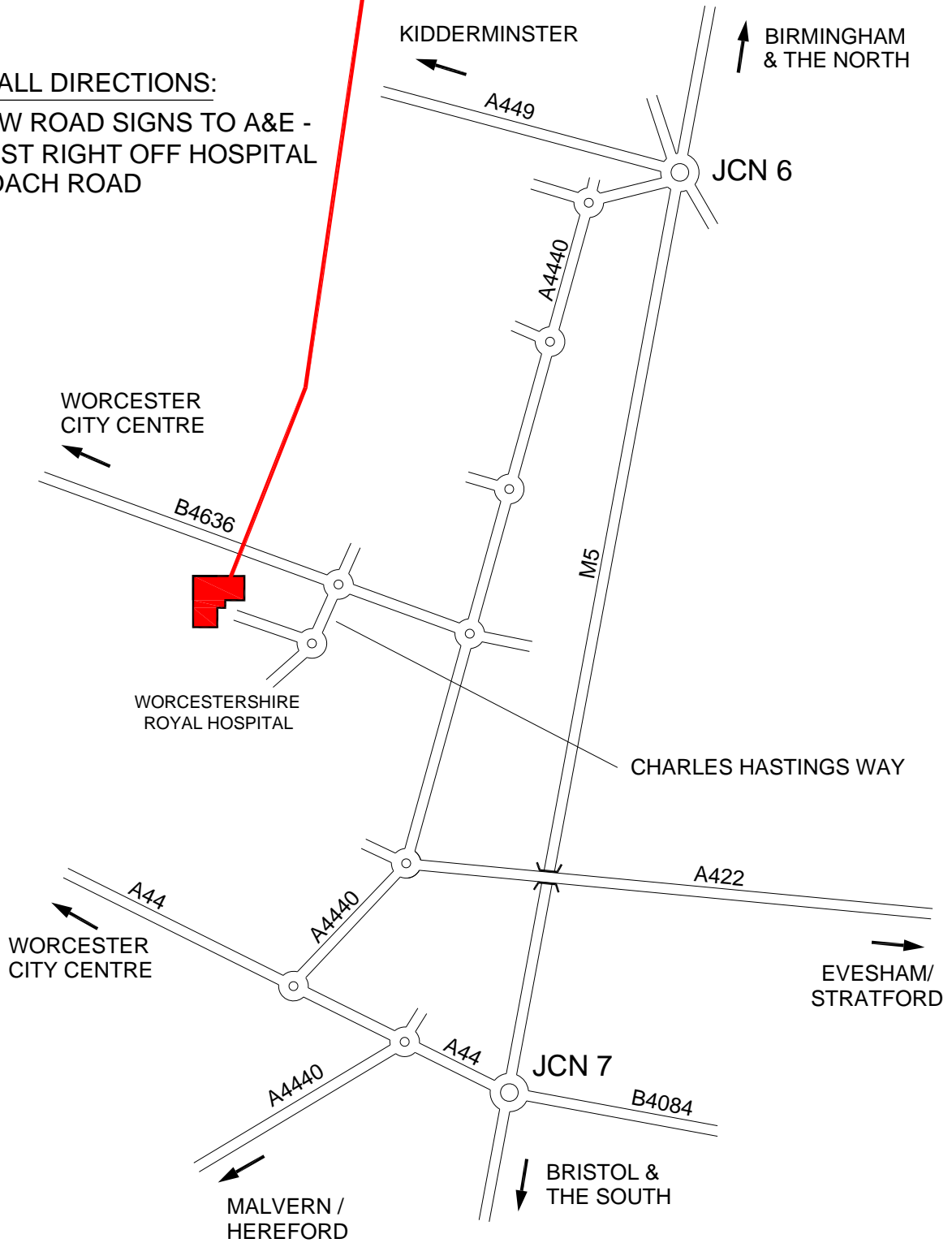
Headquarters,  
2 Kings Court,  
Charles Hastings Way,  
Worcester  
WR5 1JR



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HEREFORD & WORCESTER FIRE AND RESCUE SERVICE  
HEADQUARTERS  
2 KINGS COURT  
CHARLES HASTINGS WAY  
WORCESTER. WR5 1JR  
TEL: 0845 12 24454

FROM ALL DIRECTIONS:  
FOLLOW ROAD SIGNS TO A&E -  
HQ FIRST RIGHT OFF HOSPITAL  
APPROACH ROAD



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- 1 Break the glass at the nearest **FIRE ALARM POINT**.  
(This will alert Control and other Personnel)
- 2 Tackle the fire with the appliances available – **IF SAFE TO DO SO**.
- 3 Proceed to the Assembly Point for a Roll Call –  
**CAR PARK OF THE OFFICE BUILDING ADJACENT TO THE CYCLE SHED TO THE LEFT OF THE ENTRANCE BARRIER TO 2 KINGS COURT.**
- 4 Never re-enter the building – **GET OUT STAY OUT**.

## **ACTION ON HEARING THE ALARM**

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**CAR PARK OF THE OPTIMUM BUILDING ADJACENT TO THE CYCLE SHED TO THE LEFT OF THE ENTRANCE BARRIER TO 2 KINGS COURT.**
- 2 Close all doors en route. The senior person present will ensure all personnel have left the room.
- 3 Never re-enter the building – **GET OUT STAY OUT**.

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- Automatic right to attend all Authority and Committee meetings unless the business if transacted would disclose “confidential information” or “exempt information”.
- Automatic right to inspect agenda and public reports at least five days before the date of the meeting.
- Automatic right to inspect minutes of the Authority and Committees (or summaries of business undertaken in private) for up to six years following the meeting.
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- Access, on request, to the background papers on which reports are based for a period of up to four years from the date of the meeting.
- Access to a public register stating the names and addresses and electoral divisions of members of the Authority with details of membership of Committees.
- A reasonable number of copies of agenda and reports relating to items to be considered in public must be made available to the public attending the meetings of the Authority and Committees.

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## **WELCOME AND GUIDE TO TODAY’S MEETING**

These notes are written to assist you to follow the meeting. Decisions at the meeting will be taken by the **Councillors** who are democratically elected representatives and they will be advised by **Officers** who are paid professionals. The Fire and Rescue Authority comprises 25 Councillors and appoints committees to undertake various functions on behalf of the Authority. There are 19 Worcestershire County Councillors on the Authority and 6 Herefordshire Council Councillors.

### **Agenda Papers**

Attached is the Agenda which is a summary of the issues to be discussed and the related reports by Officers.

### **Chairman**

The Chairman, who is responsible for the proper conduct of the meeting, sits at the head of the table.

### **Officers**

Accompanying the Chairman is the Chief Fire Officer and other Officers of the Fire and Rescue Authority who will advise on legal and procedural matters and record the proceedings. These include the Clerk and the Treasurer to the Authority.

### **The Business**

The Chairman will conduct the business of the meeting. The items listed on the agenda will be discussed.

### **Decisions**

At the end of the discussion on each item the Chairman will put any amendments or motions to the meeting and then ask the Councillors to vote. The Officers do not have a vote.

## **Agenda**

Mrs M L Drinkwater (Chairman), Mr P T Mills, Mr W E Moore, Mr J R Webb (Vice Chairman), Mr G C Yarranton.

	<b>Pages</b>
<b>1. Apologies for Absence</b> To receive any apologies for absence.	
<b>2. Named Substitutes</b> To receive details of any Member of the Authority nominated to attend the meeting in place of a Member of the Committee.	
<b>3. Declaration of Interests (if any)</b>  The Members' Code of Conduct requires Councillors to declare any interests against an Agenda item, the nature of an interest and whether the interest is personal or prejudicial. If a Councillor has a personal interest, they must declare it but can stay, take part and vote in the meeting. If a Councillor has a prejudicial interest then they must declare what that interest is and leave the meeting room for the duration of the item.  This item allows the Chairman to invite any Councillor to declare an interest in any of the items on this Agenda.	
<b>4. Confirmation of Minutes</b> To confirm the minutes of the meetings held on 30 June 2008 and the 17 September 2008 (copies attached).	<b>1-5</b>
<b>5. 2008/09 External Audit Plan</b> To seek approval of the External Audit Plan for 2008/09.	<b>6 (Appendix 1 to follow)</b>
<b>6. Internal Audit Plan 2008/09</b> To provide an update on Internal Audit Activities since the Audit Committee meeting on 30 June 2008.	<b>7</b>
<b>7. National Fraud Initiative 2008/09</b> To provide an update on the National Fraud Initiative 2008/09.	<b>8-9</b>
<b>8. Risk Management Update</b> To update Members of the Audit Committee on the progress of Risk Management including the development of Business Continuity arrangements.	<b>10-12</b>

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## **Audit Committee**

**30 June 2008, 10.30am**

**Headquarters, 2 Kings Court, Charles  
Hastings Way, Worcester WR5 1JR.**



**Present:**           **Herefordshire:**

**Worcestershire:**

Mrs M L Drinkwater, Mr P T Mills, Mr W E Moore, Mr G C Yarranton.

### **19. APOLOGIES FOR ABSENCE**

Mr J R Webb.

### **20. NAMED SUBSTITUTES**

None.

### **21. DECLARATION OF INTERESTS**

None.

### **22. CONFIRMATION OF MINUTES**

**Resolved that the minutes of the meeting held on 12 October 2007, be confirmed as a correct record and signed by the Chairman.**

### **23. ANNUAL AUDIT AND INSPECTION LETTER**

The External Auditor presented the Annual Audit and Inspection Letter regarding the work of the Authority in 2006/07. The Authority was amongst the best performers in terms of minimising deliberate and accidental fires and had made a strong contribution to the safety of the local communities in its response to the flooding in the summer. Community safety work in schools was reported as good, however the Auditors had highlighted that the 2006/07 evidence did not demonstrate how comprehensive or co-ordinated the work had been.

The External Auditor explained that performance in relation to value for money was good; however it had been identified in 2006/07 that performance management in terms of operational response and delivery needed to be strengthened.

During questioning, the Committee noted the following points:

- The Authority had recently qualified for funding under the Bellwin Scheme to assist with the costs associated with the additional work carried out during the summer floods. A further bid had been submitted for funding from the Restoration Fund, which had been created by the Government and was available to English Authorities to help towards expenses that had so far not been met.
- Clear actions had been put in place to address performance improvement, such as the new quarterly reporting systems that had been developed

following the restructure and a strengthened scrutiny role for the Best Value Policy and Performance Committee.

- Three minor adjusted misstatements had been reported with regards to the preparation of the annual financial statements. The misstatements were in relation to three items that the Authority wished to treat as exceptional in order to draw them to the attention of the public. However, the Auditors did not view the items as exceptional and therefore reported them as minor unadjusted misstatements.

**RESOLVED that the report be noted.**

#### **24. EXTERNAL AUDIT PLAN 2008/09**

The External Auditor explained that the External Audit Plan had not yet been finalised.

**RESOLVED that External Audit Plan be deferred to the next meeting.**

#### **25. INTERNAL AUDIT PLANS 2007/08 AND 2008/09**

The Chief Internal Auditor presented the Annual Internal Audit Report 2007/08 and the 2008/09 Internal Audit Plan. From the work undertaken during 2007/08, Internal Audit reached the opinion that key systems were operating soundly and that there were no fundamental breakdowns in the Authority's internal control environment or risk management systems. Satisfactory arrangements had been implemented to ensure effective, efficient and economic operation of the Authority's financial affairs. The Authority's programme and project management arrangements were identified as being particularly robust and effective.

No significant issues had been identified that specifically warranted being brought to the attention of the Committee, with the exception of the Special Investigation into Retained Pay which had highlighted a number of significant issues concerning the payments system for Retained Firefighters. A management response had been received which addressed the concerns raised and assurance had been provided that improved checks had identified no further concerns.

**RESOLVED that:**

- i) the Annual Internal Audit report 2007/08 be noted; and**
- ii) the Internal Audit Plan 2008/09 be approved.**

#### **26. ANNUAL GOVERNANCE STATEMENT**

The Committee considered the Annual Governance Statement, which formed part of the assurances that surrounded the overall arrangements for corporate governance. The Annual Governance Statement identified the key controls that the Authority had in place to mitigate all identified risk and listed the key assurances on the effectiveness of those controls.

During the discussions the Committee noted that the Service included 127 support staff and that details of where support staff were deployed would be distributed to Members in due course.

**RESOLVED that the Chairman of the Authority be recommended to sign the Annual Governance Statement attached at Appendix 1 of the report.**

**27. STATEMENT OF ACCOUNTS 2007/08**

The Treasurer presented the Statement of Accounts to the Committee for consideration and highlighted the national change that had brought Local Authority Accounts more into line with UK Generally Accepted Accounting Practice (GAAP). The principal effect of the change was that the former Revenue Account had been replaced with the Income and Expenditure Account. This had resulted in a theoretical net deficit due to the inclusion of future pension liabilities which had not been previously included in the Revenue Account.

The Treasurer explained that there had been some typographical errors in the Statement of Accounts and provided the Committee with the correct figures that would be included in the final draft.

The Committee noted that due to various circumstances it had not been possible to present the fully audited accounts, therefore it was proposed to hold a meeting in mid to late July to consider the final Audit conclusions.

**RESOLVED that:**

- i) the Statement of Accounts 2007/08 be approved; and**
- ii) a further meeting of the Committee be held in mid to late July to consider the Auditors' report**

**28. PARTNERSHIP WORKING UPDATE**

The Deputy Chief Fire Officer provided the Committee with an update on partnership working. Since the last report to the Committee, the Service had further improved its profile within the Local Strategic Partnerships (LSPs) in Herefordshire and Worcestershire and had been particularly successful in the preparation of the new Local Area Agreements (LAAs) and in focusing attention on the wider community safety agenda. The benefits of increasing co-ordination and impact, which central partnership capacity had brought to the Service's contribution to its partnerships, were particularly noted.

The Deputy Chief Fire Officer explained that Herefordshire Council and Worcestershire County Council had received an Area Based Grant to deliver LAAs, which was existing funding that had been brought into a single pot.

The Committee noted that the Government was undertaking a Crime and Disorder Reduction Partnership (CDRP) reform programme that set out new obligations on partners to share information.

**RESOLVED that:**

- i) the current position in the development of partnership working be noted; and**
- ii) the ongoing involvement of the Fire and Rescue Service in the preparation and delivery of the Local Area Agreements and in the Crime and Disorder Reduction Partnerships be noted.**

The meeting ended at 12.13pm

Chairman.....

## Special Audit Committee

17 September 2008, 10.30am

Headquarters, 2 Kings Court, Charles Hastings  
Way, Worcester WR5 1JR



**Present:** Mrs M L Drinkwater (Chairman), Mr P T Mills, Mr W E Moore, Mr G C Yarranton.

### 29. CHAIRMAN'S ANNOUNCEMENTS

The Chairman thanked the Chief Fire Officer for his recent presentation to Worcestershire County Council.

### 30. APOLOGIES FOR ABSENCE

Apologies were received from Mr J R Webb.

### 31. NAMED SUBSTITUTES

None.

### 32. DECLARATION OF INTERESTS

None.

### 33. EXTERNAL AUDIT 2007/08

The Treasurer presented his report regarding the Audit Commission Annual Governance report 2007/08, which encompassed both agenda items 4 (Statutory Financial Statement Report) and 5 (External Audit Report). The Treasurer informed the meeting that the accounts presented to the Committee on 30 June 2008 were subject to audit and had since been adjusted to meet the preferences of the auditors.

The Treasurer explained that the preparation of the financial statements for 2007/08 had been exceptionally challenging due to a variety of events such as the introduction of a new payroll system, the introduction of a new finance system and a change in external audit arrangements. Due to such challenges, the usual reporting process had not been met, hence the need for a special meeting of the Committee. The expectation was that the reporting arrangements would return to normal for the 2008/09 accounts.

The Committee noted that the financial results for the last year continued to show a modest addition to reserves of £0.210 million. The cash backed reserves continued to amount to £1.259 million as reported to the Committee on 30 June 2008.

The Committee considered the audited accounts and the following points were raised:

- since the closure of the 2007/08 accounts, the Hylton Road site had been sold and Operational Logistics had moved to a new site at Betony Road,

Malvern

- further back office efficiencies were proposed as part of the IRMP process to assist in maintaining adequate cover on Fire Stations at times when firefighters were required to undertake essential training. The Authority would consider the results of the IRMP consultation at its meeting on 19 December 2008
- due to current uncertainties in the global financial markets, further planning would be necessary to ensure that necessary contingencies were in place

The District Auditor, Elizabeth Cave, presented the Annual Governance Report, which summarised the findings from the 2007/08 audit, for consideration by the Committee. The auditors had recognised that 2007/08 had been an exceptionally difficult year for finance staff and auditors had worked with staff to ensure that the financial statements were complete and free from material errors. The District Auditor requested that the Committee monitor progress on the accounts preparation process for 2008/09.

Mrs. Cave informed the Committee that she expected to give an unqualified opinion on the financial statements. The external auditors were satisfied that overall the Authority had adequate arrangements in place to help ensure it delivered value for money.

The Committee considered the letter of representation to be signed by the Treasurer on behalf of the Authority prior to the District Auditor issuing her opinion, conclusion and certificate. External auditors had requested specific representation regarding the Authority's ownership of Bromyard Fire Station. This assurance had been provided by the Treasurer following the publication of the Auditor's report.

The Committee also gave consideration to the proposed action plan, which the Treasurer had agreed to monitor on a regular basis and report progress to the Committee.

**RESOLVED that:**

- i) the audited Statement of Accounts 2007/08 be approved; and**
- ii) the External Auditor's Annual Governance Report be endorsed and proposed action plan agreed.**

## **5. 2008/09 EXTERNAL AUDIT PLAN**

### **Purpose of Report**

1. To seek approval of the External Audit Plan for 2008/09.
- 

### **Background**

2. Members will be aware of the external auditor's obligation to inform the Authority of their Audit Plan, a copy of which will be sent following the agenda.
3. Members will also be aware that the external auditor has now changed from PricewaterhouseCoopers to the Audit Commission.

### **Recommendation**

**The Treasurer recommends that the External Audit Plan for 2008/09 be approved.**

### **Appendices**

Appendix 1 - Hereford & Worcester Fire and Rescue Authority 2008/2009 Audit Plan (to follow).

## **6. INTERNAL AUDIT PLAN 2008/09**

### **Purpose of report**

1. To provide an update on Internal Audit Activities since the Audit Committee meeting on 30 June 2008.
- 

### **Background**

2. The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority. This duty has been delegated to the Treasurer. The Internal Audit Section of Worcestershire County Council provides internal audit services.

### **2008/2009 Audit Work**

3. At the meeting held on 30 June 2008 the Committee received and agreed the Internal Audit Plan for 2008/09. This work is proposed to be undertaken during the latter half of the year to enable reliance to be placed on the audit work for inclusion in the Annual Governance Statement.
4. To date internal audit work has concentrated on completing 2007/08 audits. Work has been completed on the following audits and draft reports have been formally issued:
  - Payroll & Personnel Systems
  - General Ledger
  - Budget Setting and Monitoring
5. Responses have been received in respect of the following reports and final reports have been issued:
  - Partnerships
  - Training School
  - Capital Contracts
  - Pensions System

### **Further Information**

6. Any person seeking further information on the subject matter of this report should contact Gordon Smith, Chief Internal Auditor, Worcestershire County Council on telephone number 01905 766570.

### **Recommendation**

**The Treasurer recommends that the report be noted.**

### **Background papers**

None

## **7. NATIONAL FRAUD INITIATIVE 2008/2009**

### **Purpose of report**

1. To provide an update on the National Fraud Initiative 2008/09.
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### **Background**

2. The Audit Commission has run the National Fraud Initiative (NFI) since 1996. The NFI is a sophisticated data matching exercise that matches electronic data within and between participating bodies to detect, prevent and deter fraud. Since the Initiative's inception over £450 million of potential frauds and overpayments have been identified.
3. The exercise is carried out on a bi-annual basis and the next exercise will require the relevant public sector bodies to submit their data (via a secure, encrypted website) by 6 October 2008. Failure to provide data without reasonable excuse is a criminal offence under section 32B of the Audit Commission Act 1998.
4. Clearly, the vast majority of individuals whose data will be matched under the NFI have no intention to defraud the public purse and it is therefore appropriate that the rights of these individuals are respected and robustly protected. The NFI is therefore governed by a Code of Data Matching Practice (agreed with the Information Commissioner) which requires participating bodies to sign up to and operate a rigorous set of processes to ensure that data is handled appropriately.
5. Each year there has been a consistent increase in the number of areas covered by the Initiative.

### **The submission process for 2008/09**

6. As in previous years Internal Audit have or will:
  - reviewed the guidance produced by the Audit Commission (including new or amended data sets);
  - identified and briefed a relevant individual for each data set;
  - monitor compliance with the submission requirements and timetable;
  - act as a contact point and source of advice in respect of any questions or problems arising;
  - support and facilitate the submission of data to the Commission (via the encrypted web-site).
7. As a result of the public concern arising from a number of recent well publicised data related incidents in the Public Sector the individuals providing the data will now have to submit (by 30 September 2008) a formal assurance certificate confirming that appropriate steps have been taken to notify all relevant data subjects that their data may be used for the prevention and detection of fraud. In addition, it is vital that the possibility of loss of data between participants and Internal Audit is avoided and Internal Audit will therefore coach participants in the use of the Audit Commission's website (to enable them to submit the data correctly) or collect the data in person. No data is to be sent to Internal Audit via removable media such as CD-ROMs or data storage devices.

### **Investigating data matches**

8. Data matches will be available for review and investigation on the Audit Commission's secure website from 28 January 2009. The website allows the Audit Commission to evaluate the extent to which matches have been investigated and their evaluation of the extent to which matches have been effectively followed up will feed in to their Use of Resources judgement later in 2009. The approach used by the Authority for the last NFI exercise will be repeated and a detailed report on the results arising from the investigation of potential matches will be brought to this Committee by the Director of Finance & Deputy Treasurer.

### **Contact points**

9. Should further help or guidance be required please contact Gordon Smith (01905 766570) or Dave Brett (01905 766562).

### **Recommendation**

**The Treasurer recommends that the report be noted.**

### **Appendices**

None

### **Background papers**

None

## **8. RISK MANAGEMENT UPDATE**

### **Purpose of Report**

1. To update Members of the Audit Committee on the progress of Risk Management including the development of Business Continuity arrangements.
- 

### **Background**

2. On 1 April 2005, the Civil Contingencies Act 2004 (CCA) came into force designating Fire and Rescue Services as Category 1 responders, outlining new and additional Civil Protection duties for the Fire and Rescue Service:

- Risk assessment
- Business Continuity Management (BCM)
- Emergency Planning
- Maintaining public awareness and arrangements to warn, inform and advise the public
- Co-operation
- Information sharing

3. To ensure effective collaboration in support of civil protection, other lead agencies have been included and designated as follows:

Category 1 responders:

- Emergency Services (Police, Fire and Ambulance)
- Local Authorities
- NHS Trusts
- Environment Agency
- Maritime and Coastguard Agency

Category 2 responders:

- Utility Companies
- Transport Operators
- Health and Safety Executive

### **National, Community and Strategic Risk**

4. The National Risk Register was recently updated and published to reflect the range of emergencies likely to have a major impact on all, or significant parts of, the United Kingdom. It provides a national picture of the risks the country could face and was designed to complement the Community Risk Registers which are approved and published by the Local Resilience Forums (LRF). The Service continues to publish a Strategic Risk Register which identifies, monitors and manages corporate risk for both likelihood and impact. The Principal Management Team with Group Leaders review the live Strategic Risk Register annually, which links directly to the Community Risk Registers and recognises the National Risk Register.

5. The responsibility for departmental risk is managed by individual managers and is held within Departmental Risk Registers which are reviewed annually and maintained as live documents.

### **Compliance with Civil Contingencies Act 2004**

6. The Service is in compliance with the Civil Contingencies Act and continues to improve resilience arrangements through collaboration with the Local Resilience Forum and partner agencies:
- Service committed to adopting BCM
  - Understanding critical functions and objectives within the Service
  - Identifying, managing and mitigating risk
  - Improving effectiveness through developing and activating strategies, including business recovery
  - Improving asset protection
  - Improving security
  - Maintaining a training programme for all key staff
  - Adopting BCM as a routine day to day activity – “Business as Usual”
7. To ensure greater resilience, a Corporate Risk Management Group (CRMG) consisting of key members of the Service taken from all departments has been established with responsibility for Business Continuity, CCA compliance and ensuring key services can be delivered during periods of disruption.

### **Business Continuity and Emergency Planning Milestones - Headlines**

November 2007	Business Continuity Staff Training (Easingwold) BCM 2
December 2007	Pitt interim report published – 15 recommendations and 72 interim conclusions
January 2008	Pitt Review Workshop Risk Management Development (Easingwold) Exercise ‘Windy Day’ (to exercise cross border resilience) Business Continuity Awareness Day
February 2008	Exercise ‘Winter Warmer’ (to exercise Business Continuity and Flu Pandemic Plans)
March 2008	Fuel Planning Arrangements – Multi-agency
April 2008	Business Continuity week - Utilities Day
May 2008	Published reviewed/amended Business Continuity Plan 2008-2011 Commenced series of Business Continuity Training workshops to raise awareness of newly published plan.
June 2008	Exercise ‘Wolf’ (to test the Major Event Response Protocol) Environmental Severn catchment – Flood Management Plan

	workshop. Worcestershire partnership – Climate Change Conference Published Flood Scrutiny Report (BVPP)
July 2008	Commenced Extreme rainfall alert service pilot National Risk Register published Final Pitt report published – 92 recommendations (Service Action plan compiled)
September 2008	Environmental Agency – GIS Flood Mapping Commence full review of the Joint Emergency Resilience arrangements(JERA) Review of Strategic Risk register workshop with Principal Management Members and Group Leaders

### **Recommendation**

**The Chief Fire Officer recommends that the report be noted.**

### **Background Papers**

None