



HEREFORD & WORCESTER Fire and Rescue Authority

Audit Committee

AGENDA

Wednesday 26 January 2011

10.00 am

Conference Suites 2 & 3

Headquarters

2 Kings Court

Charles Hastings Way

Worcester

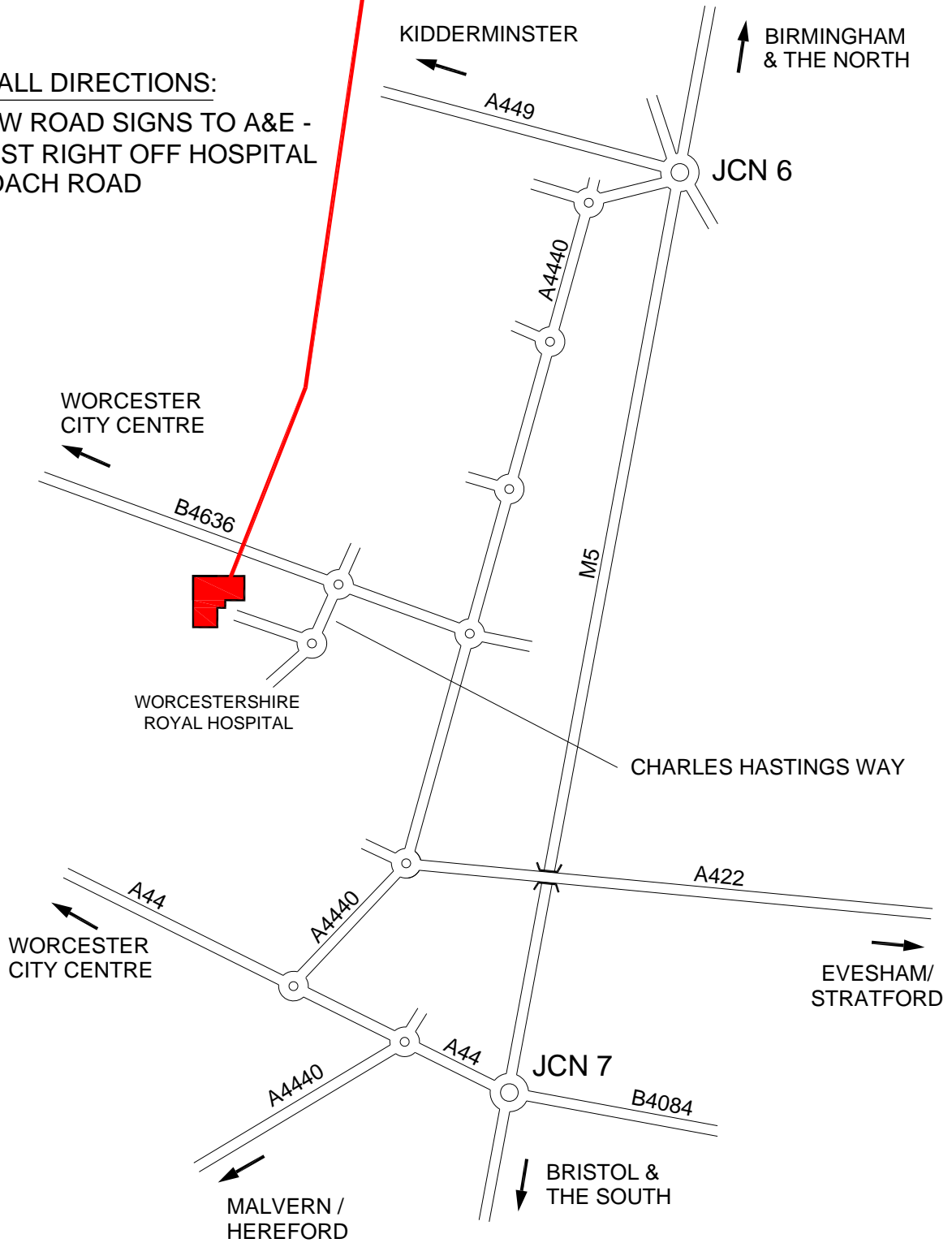
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HEREFORD & WORCESTER FIRE AND RESCUE SERVICE
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2 KINGS COURT
CHARLES HASTINGS WAY
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- A reasonable number of copies of agenda and reports relating 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

Members

Mr D Prodger MBE, (Chair), Mrs L Duffy, (Vice-Chair), Mrs L Eyre, Mr D Greenow, Mrs G Hopkins, Mrs F Oborski, Mr C T Smith, Mr T Spencer, Mr J Thomas and Mr P Watts.

| No. | Item | Pages |
|-----------|--|----------------|
| 1. | Apologies for Absence To receive any apologies for absence. | |
| 2. | Named Substitutes To receive details of any Member of the Authority nominated to attend the meeting in place of a Member of the Committee. | |
| 3. | Declaration of Interests (if any) 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. | |
| 4. | Confirmation of Minutes To confirm the minutes of the meeting held on 7 October 2010 (copy attached). | 1 – 3 |
| 5. | Internal Audit Update To provide an update on Internal Audit Activities since the Audit Committee meeting on 7 October 2010. | 4 – 7 |
| 6. | Audit 2009/10 – Annual Audit Letter from the Audit Commission To present the Annual Audit Letter from the Audit Commission to the Authority. | 8 – 30 |
| 7. | The Audit Strategy – Audit 2010/11 To specify the detailed risks that the Audit Commission consider to be part of their opinion planning work, to set Key Milestones and deadlines for the External Audit, and to confirm the fees for same. | 31 - 58 |

| No. | Item | Pages |
|-----|--|----------------|
| 8. | Governance Review Group Update | |
| | To outline the remit of the governance review and give an update on progress to date. | 59 - 62 |
| 9. | Changes to the Authority's financial statements due to the implementation of International Financial Reporting Standards (IFRS) for 2010/11 accounts. | N/A |
| | A presentation to update the Committee on the implementation of International Financial Reporting Standards for 2010/2011 accounts. | |
| | Glossary | 63 - 66 |



Minutes

Members present:

Mr D Prodger MBE, (Chair),
Mrs G Hopkins, Mrs F Oborski, Mr C T Smith, Mr J Thomas and Mr P Watts.

1. Apologies for Absence

Mr J Cairns, Mrs L Duffy, Mrs L Eyre and Mr D Greenow.

2. Named Substitutes

None

3. Declaration of Interests (if any)

The Chairman invited any Member present to declare an interest in any of the items on this Agenda; no interests were declared.

4. Confirmation of Minutes

RESOLVED that the minutes of the meeting of the Audit Committee held on 30 June 2010 and the Extraordinary meeting held on 7 September be confirmed as a correct record and signed by the Chairman.

5. Governance Review – changes to the Audit Committee's Terms of Reference

The Clerk told the Meeting that on 28 September 2010 the Authority reviewed and amended the Committee structure and Terms of Reference. In the past 15 years the role of Audit Committees had expanded from Internal and External Audit matters to include governance arrangements and procedures. She emphasised the pivotal role which Audit Committees played in the proper administration and governance of public authorities.

The Committee considered a draft work programme which outlined when they would address various issues mentioned in their Terms of Reference. The Members agreed that all future meetings of the Committee would commence at 10.30 am.

The Director of Finance said that training/development opportunities would be arranged to assist the Committee Members to carry out their functions in relation to the approval of the Annual Statement of Accounts and Committee self-assessment. It was agreed to consider working with other Fire and Rescue Services to provide Audit Committee training.

RESOLVED that the amended Terms of Reference of the Audit Committee be noted.

6. Internal Audit Update

Mr Gordon Smith, Chief Internal Auditor, Worcestershire County Council updated the Committee on Internal Audit progress since the last meeting.

RESOLVED *that the report be noted.*

7. External Audit Update

The Treasurer briefed the Committee on the Government's proposals to abolish the Audit Commission at the end of 2012. This proposal was an outcome of Government agendas on Localism and reducing costs in the Public Service. The Committee heard that the Audit Commission would complete the 2010/11 and 2011/12 audits and that the new Audit regime should be in place for 2012/13. The Deputy Chief Fire Officer told the meeting that Fire and Rescue Services wished to continue to evaluate and compare costs between Services and that she was working within the Chief Fire Officers' Association to prepare systems to facilitate this "Benchmarking".

RESOLVED *that the report be noted.*

8. Quarterly Risk Management Update

The Deputy Chief Fire Officer told the Committee that the Strategic Risk Register was a dynamic, live Register used to identify and measure any risks to the Service from events within or outside the organisation. The overall objective of the Register was to ensure that the Authority identified Strategic risks and applied the most cost effective control mechanisms to manage them. The aim was to ensure that the risks were eliminated or reduced to an acceptable level and that systems were in place to monitor and report risks. The Register was reviewed by the Authority on an annual basis and was due for approval at the December meeting of the Authority.

The quarterly risk update had identified the following items:

- the direction of travel for Strategic Risk for 2010/11 was still moving downward
- due to the current economic climate there is potential for reduced budgets in the public sector
- some key suppliers may encounter difficulties within the marketplace
- An audit of Departmental Risk Register was completed for 2010
- Corporate risk training continues for decision loggists in order to update our staff in key skills that would be required in the event of a major incident
- Cllr Peter Watts was appointed as Risk Champion
- Papal visit plans were put in place across the Service to assist and support our partner agencies and bordering Fire and Police Authorities
- Business Continuity Plans were updated and enhanced
- National Capability Survey was completed to inform Government of local and regional resilience arrangements

RESOLVED *that the report be noted.*

9. Statement of Accounts 2009-10 Post Balance Sheet Event

The Director of Finance informed the Members that since the Statement of Accounts was approved by the Committee on 30 June, the Chancellor's budget announced changes to indexation of public sector pensions which would have a significant but not yet quantified reduction on the Service's pensions' liability.

The external Auditors advised that this should be included as an additional note in the published Accounts but that the Accounts did not require re-approval.

RESOLVED *that the Committee note the change to the published Statement of Accounts.*

The Meeting finished at 11.02 am

Signed:.....

Date:.....

5. Internal Audit Update

Purpose of report

1. To provide an update on Internal Audit activities since the Audit Committee meeting on 7 October 2010.
-

Recommendation

The Treasurer recommends that the report be noted.

Background

2. The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority. This includes considering, where appropriate, the need for and the effectiveness of anti fraud controls. This duty has been delegated to the Treasurer. Internal audit is provided by the Internal Audit section of Worcestershire County Council.

Clearance of Audit Reports 2009/10

3. Three assignments were reported as outstanding at the last Audit Committee meeting on 7 October 2010:
 - Payroll and Pensions
 - Corporate Governance
 - Separation of Duties
4. Management responses have now been received in respect of all three assignments and final reports have now been issued.

2010/2011 Plan

5. At the meeting held on 5 May 2010 the Committee received and agreed the Internal Audit Plan for 2010/2011.
6. The work on two capital grant claims has been completed and the claim forms signed by the Chief Internal Auditor.
7. The audits of Members' Allowances and Debtors have been completed and draft reports issued.

8. Five days' audit advice and assistance has been given in relation to BACS implementation, corporate governance arrangements including money laundering policies and the Audit Commission's National Anti Fraud Initiative.
9. The remaining planned audits are scheduled to be undertaken in the final quarter of the year. An additional 8 days work has been undertaken against the original plan and the position is summarised at Appendix 1.

Liaison with External Audit

10. Liaison meetings have been held with External Audit to coordinate audit resources to support the 2010/11 External Audit process.

Financial Considerations

| Consideration | Yes/No | Reference in Report i.e paragraph no. |
|---|--------|--|
| There are financial issues that require consideration | Y | The whole report |

Legal Considerations

| Consideration | Yes/No | Reference in Report i.e paragraph no. |
|---|--------|--|
| There are legal issues e.g. contractual and procurement, reputational issues that require consideration | N | |

Additional Considerations

11. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

| Consideration | Yes/No | Reference in Report i.e paragraph no. |
|--|--------|--|
| Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability). | N | |
| Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact). | N | |
| Risk Management/Health & Safety (e.g. risk management and control measures, risk register score). | N | |
| Consultation with Representative Bodies | N | |

Supporting Information

Appendix 1 – Progress to Plan 2010/11

Contact Officer

Gordon Smith, Chief Internal Auditor, Worcestershire County Council
(01905 766570)

Email: gsmith2@worcestershire.gov.uk

H&WFRS DRAFT INTERNAL AUDIT PLAN 2010/2011

| AUDIT DETAILS | PLANNED DAYS | STATUS |
|--|--------------|-------------------|
| Management Arrangements | | |
| Corporate Governance Management | 5 | |
| Risk Management Arrangements | 5 | |
| Annual Governance Statement | 1 | |
| Business Continuity | 6 | |
| Procurement/Revenue Contracts | 11 | |
| Staffing | | |
| Payroll & Pensions Systems | 20 | |
| GAD Data | 1 | |
| Members Allowances | 5 | Complete to Draft |
| Accountancy and Finance Systems | | |
| Creditors System | 10 | |
| Debtors/Income System | 10 | Complete to Draft |
| Capital Expenditure | 6 | |
| Capital Grant (Diversity) | 2 | Completed |
| Budgets & Budgetary Control | 6 | |
| Efficiency Plans & Delivery | 4 | |
| VAT | 4 | |
| Computer Audit | 5 | |
| Contingency | | |
| Advice and Guidance | 2 | |
| Audit Committee/Management Reporting | 8 | |
| Additional Work | | |
| Special Investigations | | |
| Separation of Duties | | |
| Total Audit Days | 111 | |

6. Audit 2009/10 – Annual Audit Letter from the Audit Commission

Purpose of report

1. To present the Annual Audit Letter from the Audit Commission to the Authority.
-

Recommendation

The Treasurer recommends that the Committee notes the Annual Audit Letter from the Audit Commission regarding Audit 2009/10

Introduction and Background

2. The Audit Commission is an independent watchdog for local public services and their work across local government, health, housing, community safety and fire and rescue services gives it a unique perspective.

Key Messages from Audit 2009/10

3. The Commission found that the Authority continued to focus on delivering good value services in line with plans and priorities. The Authority reported its best ever annual performance in terms of the lowest total number of incidents together with delivering a number of five year performance records in key areas. It also reported a further reduction in 2009/10 in the number of accidental fire related deaths and non-fatal injuries in the home compared to the previous year.
4. Through centralised control of crewing annual savings have been achieved whilst at the same time increasing firefighter availability.
5. At the time of writing the Annual Audit Letter the Commission's investigations into the matter of the retirement of the previous Chief Fire Officer were ongoing and, as a result, the Commission has not yet been able to issue the statutory Value for Money (VFM) conclusion for 2009/10 or close the audit.
6. The Commission noted that the Authority had appointed a new Chief Fire Officer in April 2010 and was undertaking a thorough review of governance arrangements, implementing changes to improve them where necessary.

Conclusion/Summary

7. As well as issuing an opinion on the financial statements, the Auditor is required to assess arrangements to achieve economy, efficiency and effectiveness in the use of money, time and people against criteria specified by the Audit Commission. From the work completed on the criteria which are not affected by the matter of the retirement of the outgoing Chief Fire Officer the Auditor concluded that overall performance had been maintained.

8. The Auditor states that until his investigation into the circumstances of the retirement of the outgoing Chief Fire Officer is complete that he is unable to reach an overall Value For Money conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources or to close the audit of the accounts.
9. The Auditor hopes to issue his report and conclusion shortly.

Financial Considerations

| Consideration | Yes/No | Reference in Report i.e. paragraph no. |
|---|--------|---|
| There are financial issues that require consideration | Y | The outcome of the Audit – paragraphs 7,8 and 9 |

Legal Considerations

| Consideration | Yes/No | Reference in Report i.e. paragraph no. |
|---|--------|---|
| There are legal issues e.g. contractual and procurement, reputational issues that require consideration | Y | Compliance with The Accounts and Audit Regulations 2003 – the Annual Letter |

Additional Considerations

10. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

| Consideration | Yes/No | Reference in Report i.e. paragraph no. |
|--|--------|---|
| Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability). | N | |
| Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact). | N | |
| Risk Management / Health & Safety (e.g. risk management and control measures, risk register score). | N | |
| Consultation with Representative Bodies | N | |

Supporting Information

Appendix 1 – The Annual Audit Letter regarding Audit 2009/10

Contact Officer

Tony Wood, Treasurer
 08451224454
 Email: twood@hwfire.org.uk

Annual Audit Letter

Hereford and Worcester Fire and Rescue Authority
Audit 2009/10

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Key messages

This report summarises my findings from the 2009/10 audit. My audit comprises two elements:

- **the audit of your financial statements (pages 8 to 11); and**
- **my assessment of your arrangements to achieve value for money in your use of resources (pages 12 to 15).**

I have included only significant recommendations in this report. The Authority has accepted these recommendations.

Overview

1 You have continued to focus on delivering good value services in line with your plans and priorities. The Authority has reported its best ever annual performance in terms of the lowest total number of incidents together with delivering a number of five year performance records in key areas. You have reported a further reduction in 2009/10 in the number of accidental fire related deaths and non-fatal injuries in the home compared to last year.

2 There has been a sustained focus on achieving your priorities through challenging resource use. Through centralised control of crewing annual savings have been achieved whilst at the same time increasing firefighter availability.

3 However there are challenging times ahead. Unprecedented Government funding cuts will mean that Fire and Rescue authorities, councils and other public services will need to work both harder and smarter. You have already been proactive in recognising the need for change through a restructuring of roles and responsibilities at a senior level in the Authority and Meeting the Challenge project. However, maintaining financial resilience in the light of these pressures will be key. The robustness of your financial management and the future service and financial strategy will be key to the Authority in achieving its priorities. I will continue to work closely with you during this period.

4 At the time of writing this letter my investigations into the matter of the retirement of the previous Chief Fire Officer are ongoing and I will look to report my findings in the near future. As a result I have not yet been able to issue the statutory Value for Money (VFM) conclusion for 2009/10 or close the audit.

5 The Authority appointed a new Chief Fire Officer in April 2010. You have undertaken a thorough review of your governance arrangements and implemented changes to improve them where necessary.

Current and future challenges

6 The Coalition Government's Comprehensive Spending Review (CSR) announced on 20 October 2010 that over the four year period 2011/12 to 2014/15 the reduction to formula grant will be 25 per cent. This reduction is likely to be back-loaded by the Government so that in the first year the formula grant reduction will be single figures (in percentage terms) with the larger proportion of the cuts falling to years three and four.

7 The Authority has recognised the reductions in funding and preparations have commenced in several areas to minimise their impact. The scale of reductions in funding announced in the CSR is greater than included within the authority's medium term financial plan approved early in 2010. In light of this the Authority will have to make difficult decisions to reduce its costs and maintain its financial standing position. The Chief Fire Officer has recently met with Government ministers to explain the challenges facing the service. There will undoubtedly be uncertainties for staff during this period and senior management will play a key role in managing its impact on staff and in ensuring high quality services are maintained.

Audit opinion and financial statements

8 I issued an unqualified opinion on the Authority's accounts on 30 September 2010. In my opinion the accounts give a true and fair view of your financial affairs and those of the firefighters' pension fund for the year.

9 The financial statements were presented for audit on 21 May 2010 significantly before the statutory deadlines. Whilst there was a significant improvement from last year I identified errors in the draft financial statements (other than those of a trivial nature) and reported these to management. All of these were amended for in the final financial statements. Full details of the findings from my audit have been reported to members in the Annual Governance Report I presented to the Audit Committee on 30 June 2010.

Value for money

10 As well as issuing an opinion on the financial statements, I am required to assess your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. From the work I have completed on the criteria which are not affected by the matter of the retirement of the outgoing Chief Fire Officer I was able to conclude that your overall performance had been maintained.

11 Until my work into the circumstances of the retirement of the outgoing Chief Fire Officer is complete I am unable to reach an overall VFM conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources or to close the audit of the accounts. I would hope to issue my report and conclusion shortly.

Financial statements and annual governance statement

The Authority's financial statements and annual governance statement are an important means by which the Authority accounts for its stewardship of public funds.

I gave an unqualified opinion on the Authority's 2009/10 financial statements on 30 September 2010, in line with the statutory target date.

Overall conclusion from the audit

12 I issued an unqualified opinion on the Authority's accounts on 30 September 2010. This was in line with the statutory deadline. In my opinion the accounts give a true and fair view of your financial affairs and those of the firefighters' pension fund for the year.

13 Before giving my opinion I reported to those charged with governance, the Audit Committee, on the issues arising from the 2009/10 audit. I presented my Annual Governance Report on 30 June 2010 and only the most significant issues arising are repeated in this letter.

Amendments to the financial statements

14 The financial statements were presented for audit on 21 May 2010 significantly before the statutory deadline. The early closure of accounts is in line with good practice however it does present challenges for the Authority in having robust preparation and quality assurance processes in place.

15 I am pleased to report that the financial statements and working papers presented for audit were a significant improvement upon those presented last year. However, as part of my audit I did identify errors (other than those of a trivial nature) and reported these to management. All of these were amended. The three significant amendments that I wish to bring to your attention are summarised in paragraphs 16 to 18.

Inclusion of contingent asset

16 An amendment was made for the removal of income from the Authority's income and expenditure account and subsequent inclusion as a contingent asset note to the financial statements. This was in respect of potential income relating to the potential liabilities of the constituent authorities in the matter of the outgoing Chief Fire Officer.

Disclosure of accounting for Council Tax debtors

17 The Statement of Recommended Practice (SORP) issued by CIPFA included a new requirement for the accounting for council tax debtors. Your financial statements now need to reflect the fact that cash collected by the major billing authorities (which are Herefordshire Council and the six district councils in Worcestershire) from Council Tax payers belongs proportionately to the billing authorities and the major preceptors (which include the Authority together with Worcestershire County Council and West Mercia Police Authority). My audit found that the entries in 2009/10 and those restated for 2008/09 were incorrect. The amendments were not material to my opinion and there was no impact on the deficit shown on the Income and Expenditure Account for the year.

Disclosure of the Firefighters' Pension Fund

18 I reviewed the disclosure of your Firefighters' pension fund in line with the requirements of the SORP and discussed its presentation with your officers. As a result changes were made to the disclosures within the authority's cash flow statement and your firefighters' pension fund financial statements. The changes had no impact upon the deficit shown on the authority's Income and Expenditure account for the year.

Significant weaknesses in internal control

19 I did not identify any significant weaknesses in your internal control arrangements. However a number of control and process weaknesses have impacted upon the efficiency of my audit and required additional audit testing. These are detailed in paragraphs 20 to 22.

Data submission to the Government's Actuary Department

20 A weakness was identified in the arrangements for the review of data sent to the Government's Actuary Department for the calculation of the Firefighters' Pension Fund accounting entries. Following the identification of the issue at last year's audit improvements to the arrangements were expected to be made however this was found not to be the case. I undertook additional audit testing on the data submitted and was satisfied that no material error had occurred.

Self-certification of journals

21 During my audit I identified six journals processed through the ledger to the value of £1.85million which had been created and authorised by the same person. These journals related to the transfer of amounts between general ledger codes and did not impact on the Authority's cash balances. From the additional tests undertaken I was satisfied that these journals had not given rise to a misstatement in the financial statements.

Asset management module of the general ledger

22 At the time of the audit only one member of the finance team had detailed knowledge of the recently implemented asset management module. Although this did not result in any errors being identified in your financial statements this knowledge should be shared across the finance team and the authority is improving its arrangements in this area.

Outgoing Chief Fire Officer

23 I was able to satisfy myself that the provision for costs associated with the outgoing chief fire officer included in the authority's financial statements was not materially misstated.

24 At the time of writing this letter my investigations into the matter of the retirement of the previous Chief Fire Officer are ongoing and I will look to report my findings in the near future. As a result I have not yet been able to issue the statutory Value for Money (VFM) conclusion for 2009/10 or close the audit.

25 The Authority appointed a new Chief Fire Officer in April 2010. It has undertaken a thorough review of its governance arrangements and implemented changes to improve its arrangements.

Audit fees

26 The Authority is addressing the weaknesses identified above. However, as a result of them I have had to undertake further audit testing beyond that originally planned, specifically in the area of detailed checking of the data submitted to the Government's Actuary's Department for the calculation of the Firefighters' pension fund accounting entries. This has resulted in an additional fee of £2,235. The costs relating to my investigation in the retirement of the outgoing Chief Fire Officer will be reported separately to the Authority. Appendix 1 summarises the current position.

Whole of Government Accounts

27 The Whole of Government Accounts (WGA) cover approximately 1,300 bodies. They aim to provide commercial style accounts for the public sector and are prepared by HM Treasury.

28 To support these accounts I am required to submit a consolidation pack which summarises the Authority's financial statements in a consistent way with other local government bodies. I submitted this consolidation pack with a statement confirming that it was consistent with the Authority's audited financial statements on 1 October 2010.

National Fraud Initiative

29 The Audit Commission runs the National Fraud Initiative exercise which matches electronic data within and between audited bodies to prevent and detect fraud every two years. The Authority submitted data returns for the 2008/9 exercise in line with timescales, followed up any identified matches and received full reports throughout the process. It has provided data for the current exercise and has arrangements in place to review any identified matches in early 2011.

International Financial Reporting Standards

30 Implementation of IFRS is a major challenge for all authorities and requires substantial preparatory work. Important milestones are:

- restating 2009/10 balances on an IFRS basis;
- completing skeleton accounts and updating accounting policies; and
- continuing to ensure the Audit Committee is appropriately informed and engaged in the process.

31 I am in regular dialogue with you over your progress. When I last updated my assessment, you had some minor issues in respect the determination of the treatment of a material lease, the introduction of a new requirement for the componentisation of non current assets and the level of engagement of members but were on-track to meet the targets set. The national picture is broadly similar, advising that authorities need to maintain or increase the momentum in identifying and resolving any remaining issues (available through the Audit Commission website <http://www.audit-commission.gov.uk/localgov/audit/auditmethodology/financialmanagement/ifrs/Pages/20101005ifrsprogresstransition.aspx>.)

32 I will continue to monitor your progress and undertake a review of the restated balances once complete.

33 As noted above, the introduction of IFRS will lead to significant changes to the content and format of the financial statements. I have asked the Audit Committee to consider whether it will have the necessary skills and knowledge to fulfil its duties when presented with the accounts in June 2011. I would be happy to assist the Authority with this if you believe it would be helpful.

Value for money

I considered whether the Authority is managing and using its money, time and people to deliver value for money.

I assessed your performance against the criteria specified by the Audit Commission and will report the outcome as the value for money (VFM) conclusion.

2009/10 use of resources assessments

34 At the end of May 2010, the Commission wrote to all chief executives to inform them that following the government's announcement, work on CAA would cease with immediate effect and the Commission would no longer issue scores for its use of resources assessments.

35 However, I am still required by the Code of Audit Practice to issue a value for money conclusion. I have therefore used the results of the work completed on the use of resources assessment up to the end of May to inform my 2009/10 conclusion.

36 I report the significant findings from the work I have carried out to support the vfm conclusion.

VFM conclusion

37 I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

38 I am currently considering matters relating to the retirement of the outgoing Chief Fire Officer. Until my work here is complete, I am unable to reach an overall VFM conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources. However, I would hope to issue my conclusion shortly.

39 In order to assist you I have summarised my findings to date below.

| Criteria | Adequate arrangements? |
|--|------------------------|
| Managing finances | |
| Planning for financial health | Yes |
| Understanding costs and achieving efficiencies | Yes |
| Financial Reporting | Yes |
| Governing the business | |
| Commissioning and procurement | Yes |
| Use of information | Yes |
| Good governance ² | Under review |
| Risk management and internal control ² | Under review |
| Managing resources | |
| Natural Resources | Yes |
| Workforce ¹ | Yes |
| ¹ Brought forward from 2008/09 | |
| ² currently subject to review as part of outgoing CFO investigation | |

Managing Finances

40 The Authority has robust processes for the monitoring its finances, performance and managing its budgets. The budget is approved in a timely and efficient manner having been subjected to robust challenge on linkages between finance and service planning by members.

41 There has been a sustained focus on achieving priorities through challenging resource use. This has resulted in redirection of some resources. Centralised coordination of crewing was introduced, with a reduction in firefighter posts and introduction of a resilience register. These arrangements have enabled annual savings of £420K and increased firefighter availability. These savings have contributed to the Authority being on course to deliver the planned cashable efficiency savings of over £700K over the three year period 2008/09 to 2010/11. The introduction of a revised sickness management policy has had impact and delivered non cashable efficiency savings estimated to be worth £133K per annum.

42 There is a track record of performing within budget while achieving good service performance. The arrangements for the production of the 2009/10 financial statements were improved from last year.

Governing the Business

43 The Authority engages with communities through its community safety work and educational activities. You are an active partner to the compact agreements between public sector organisations and the voluntary community services in both constituent county areas. The consultation process for your Integrated Risk Management Plan continues to improve leading to better engagement with the shaping of future plans for service delivery. The Authority takes the lead with its other public service partners on road safety in Herefordshire to reduce the number of injuries and deaths.

44 For purchases whole life costs are considered. You work with neighbouring authorities not only to take advantage of lower costs but also on equipment to obtain compatibility of procedures, share training costs and obtain improved functionality. The Authority complies with requirements on the use of national procurement arrangements and sources purchases locally.

45 The performance management framework is robust and produces reliable data. Performance data is shared with the Authority's partners to improve services throughout the constituent county areas.

46 The Authority identified in 2009/10 that improvements could be made to its committee arrangements for example by bringing together the functions of its Budget Committee and its Best Value Committee. The review that has been undertaken has covered arrangements and terms of reference for all committees. The results of this review have been implemented in the 2010/11 year.

47 In particular the terms of reference for the Standards committee required that it meet as a minimum once in the financial year 2009/10 with additional meetings being called if issues arose. The Authority recognised that the annual frequency of meeting limited the ability of this committee to influence arrangements and so deliver its objectives. These arrangements have been reviewed by the authority.

48 The Authority is party to many partnerships and has recognised that arrangements have developed over time. A Partnership working group has been established to improve the framework in place and review the cost/benefit of its participation.

49 There is an extensive robust operational risk management framework which has been further improved in the year. A Code of Corporate Governance based on the CIPFA/SOLACE model is in place.

Managing Resources

50 The Authority is in the early stages of developing and implementing its procedures to monitor its use of natural resources. An environmental policy is in place and a strategy is being developed. The process for decisions on capital acquisitions includes consideration of environmental impact.

Approach to local value for money work from 2010/11

51 Given the scale of pressures facing public bodies in the current economic climate, the Audit Commission has been reviewing its work programme for 2010/11 onwards. This review has included discussions with key stakeholders of possible options for a new approach to local value for money (VFM) audit work. The Commission aims to introduce a new, more targeted and better value approach to local VFM audit work.

52 My work will be based on a reduced number reporting criteria, specified by the Commission, concentrating on:

- securing financial resilience; and
- prioritising resources within tighter budgets.

53 I will determine a local programme of VFM audit work based on my audit risk assessment, informed by these criteria and my statutory responsibilities. I will no longer be required to provide an annual scored judgement relating to my local VFM audit work. Instead I will report the results of all my local VFM audit work and the key messages for the Authority in my annual report to those charged with governance and in my annual audit letter.

Current and future challenges

Public sector finances

54 The authority's three year Medium Term Financial plan (MTFP) approved in February 2010 identified a shortfall of £2.5million in the period 2011/12 to 2013/4 based on a suite of assumptions including a minimum level of reserves of £1.5million.

55 The Government's Comprehensive Spending Review (CSR) announced on 20 October 2010 that over the four year period 2011/12 to 2014/15 the reduction to formula grant will be 25 per cent. This reduction is likely to be back-loaded by the Government so that in the first year the formula grant reduction will be single figures (in percentage terms) with the larger proportion of the cuts falling to years three and four.

56 The robustness of your financial management together with future service and financial strategies will be key to the Authority in achieving its priorities and maintaining financial resilience.

57 The Authority has recognised the reductions in funding and preparations have commenced to minimise their impact. You have already been proactive in recognising the need for change through a restructuring of roles and responsibilities at a senior level in the Authority and Meeting the Challenge project.

58 The scale of reductions in funding announced in the CSR is greater than included within the authority's MTFP. For effective financial management the Authority will have to make difficult decisions to reduce its costs, to maintain its financial standing position and to continue to closely monitor its financial position. The Chief Fire Officer has recently met with Government ministers to explain the challenges facing the service. There will undoubtedly be uncertainties for staff during this period and senior management will play a key role in managing its impact on staff and in ensuring high quality services are maintained.

59 The impact of the pressures on public sector finances will continue to present the Authority with significant challenges. I will continue to monitor the Authority's response and actions in this key area.

Business continuity in the fire and rescue service

60 In September 2010 the Audit Commission reported upon business continuity in the fire and rescue service³. The scope of the report was limited to a survey by the Audit Commission and self-assessment by fire services. The findings were subject to some targeted verification work and overview by expert peers. It concluded that all fire and rescue services had adequate business continuity plans in place and that resilience, nationally, was improving. Specifically for Hereford and Worcester Fire and Rescue Service it concluded:

Overall, Hereford and Worcester FRS has satisfactory business continuity management arrangements in place. The FRS has good plans in place to deal with a mass absence of staff. The Service identifies all critical activities and managers give good support for plans. It exercises the majority of plans, learning is captured and changes made as a result. Stakeholders have a high awareness of the Service's BC plans. The FRS is fully aligned to the British Standard and has undergone third-party audit. There are good arrangements in place for communicating to the public that are recently exercised and tested. The FRS identifies what capacity it needs to deal with disruptions to services. Its degradation arrangements are outlined in its Operational Intervention Resilience Plan which divides the Service in three sections that include flexi-duty, whole-time and the retained duty system (RDS). All sections are tested for all three scenarios – flu pandemic, industrial action and severe weather.

3 - Business continuity management - The fire and rescue service, Local Government Report September 2010, The Audit Commission

Closing remarks

61 I have discussed and agreed this letter with the Chief Fire Officer and the Treasurer. I will present this letter at the Audit Committee on 26 January 2011 and will provide copies to all Authority members.

62 Full detailed findings, conclusions and recommendations in the areas covered by our audit were included in the reports I issued to the Authority during the year.

| Report | Date issued |
|--------------------------------------|--------------|
| Opinion Audit plan | January 2010 |
| Annual Governance Report | June 2010 |
| Whole of Government Accounts Opinion | October 2010 |

63 The Authority has taken a positive and helpful approach to our audit. I wish to thank the Hereford and Worcester Fire and Rescue Authority staff for their support and cooperation during the audit.

64 Following the Government's announcement of the abolition of the Audit Commission, I would like to re-assure Authority members that we will deliver the Authority's 2010/11 and 2011/12 audits. The Audit Commission is writing to all the organisations we audit to explain that current audit arrangements will continue up to and including 2011/12 audits.

Grant Patterson
District Auditor
November 2010

Appendix 1 – Audit fees

| | Actual | Proposed | Variance |
|--|-------------|-------------|-------------------------|
| Financial statements and annual governance statement | £ 52,019 | £ 49,784 | £ 2,235 ⁴ |
| Value for money | 22,086 | 22,086 | 0 |
| Total audit fees | 74,105 | 71,870 | 2,235 |
| Non-audit work | 0 | 0 | 0 |
| Total | £74105 | £71870 | £2235 |

⁴ - additional fees for additional audit procedures (paragraph 19)

Appendix 2 – Glossary

Annual governance statement

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Authority on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit opinion

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules; and
- for local probation boards and trusts, on the regularity of their spending and income.

Financial statements

The annual accounts and accompanying notes.

Qualified

The auditor has some reservations or concerns.

Unqualified

The auditor does not have any reservations.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

Whole of Government Accounts (WGA)

Whole of Government Accounts (WGA) are commercial-style accounts covering all the public sector and include some 1,700 separate bodies. HM Treasury coordinates WGA who decides the form and content of the accounts and chooses the bodies to be included in the accounts for any financial year.

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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November 2010

7. The Audit Strategy - Audit 2010/11

Purpose of report

1. To specify the detailed risks that the Audit Commission consider to be part of their opinion planning work, to set Key Milestones and deadlines for the External Audit, and to confirm the fees for same.
-

Recommendation

The Chief Fire Officer and Treasurer recommend that the Audit Strategy for 2010/11 be noted.

Background

2. The Audit Commission are our appointed auditors.
3. The audit aims to:
 - identify the risk of material misstatements in the accounts;
 - plan audit procedures to address these risks; and
 - ensure that the audit complies with all relevant auditing standards.
4. In addition this opinion plan will set out:
 - the management assertions;
 - the areas where we require assurance;
 - how we will liaise with Internal Audit and seek to place reliance on their work; and
 - a timetable for the different stages of our work.
5. The Audit Commission gives an independent opinion on the financial statements and also reaches a conclusion on whether they are satisfied that the Authority has proper arrangements in place for securing economy, efficiency and effectiveness on its use of resources - the value for money conclusion.

Reporting

6. The Commission reports the findings of their significant pieces of work to the Audit Committee. This includes:
 - The Audit Plan;
 - The Annual Governance Report; and
 - The Annual Audit Letter.
7. Where necessary, the Commission meets with the Treasurer and the Director of Assets prior to each Audit Committee to highlight and discuss any emerging issues.

External Audit Fees

8. The planned fee for 2010/11 is £79,400, of which 6.6%, i.e. £5,200 will be rebated, leaving a net cost of £74,200. (The planned fee for 2009/10 was £71,870).
9. The delivery of the audit within this fee assumes the level of risk in relation to the audit of the financial statements is not significantly different from that identified for the previous audit year, and efficient and effective co-operation with internal audit and the financial officers of the Authority.

Financial Considerations

| Consideration | Yes/No | Reference in Report i.e paragraph no. |
|---|--------|--|
| There are financial issues that require consideration | Y | 8 |

Legal Considerations

| Consideration | Yes/No | Reference in Report i.e paragraph no. |
|---|--------|--|
| There are legal issues e.g. contractual and procurement, reputational issues that require consideration | Y | Whole Report |

Additional Considerations

10. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

| Consideration | Yes/No | Reference in Report i.e paragraph no. |
|--|--------|--|
| Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability). | Y | 6,7 |
| Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact). | N | |
| Risk Management / Health & Safety (e.g. risk management and control measures, risk register score). | N | |
| Consultation with Representative Bodies | N | |

Appendices

Audit Commission: The Audit Strategy - Audit 2010/11

Background papers

None

Contact Officer

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Audit strategy

Hereford and Worcester Fire and Rescue Authority

Audit 2010/11

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Introduction

This plan sets out the audit work that I propose to undertake for the audit of financial statements and the value for money conclusion 2010/11. The plan is based on the Audit Commission's risk-based approach to audit planning. It reflects:

- **audit work specified by the Audit Commission for 2010/11;**
- **current national risks relevant to your local circumstances; and**
- **your local risks.**

1 As your appointed auditor, the audit of the financial statements I deliver to you is governed by International Standards on Auditing (ISAs). These standards prescribe the basic principles and essential procedures, with the related guidance, which govern my professional conduct as your auditor.

2 As with all guidance and frameworks, auditing standards are revised and updated, often in a piecemeal fashion. However, in 2009 the auditing profession completed a comprehensive project to improve the clarity of all the ISAs. This is known as the Clarity Project.

3 One of the main objectives of the Clarity Project was to promote greater consistency of application between auditors. This has been done by reducing the ambiguity within existing ISAs and improving their overall readability and understandability.

4 The new clarified framework will apply to my audit of your 2010/11 financial statements. Because of the new standards, you can expect to see some changes in the way my audit team delivers your audit and the information they seek from you. These changes are highlighted throughout the strategy.

5 For 2010/11 the Audit Commission requires me to give my statutory VFM conclusion on your arrangements to secure economy, efficiency and effectiveness in relation to two criteria.

- **Securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future.**
- **Challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency.**

6 This strategy also includes the work required in order for me to issue a VFM conclusion.

Responsibilities

7 The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to every audited body.

8 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end and I undertake my audit work to meet these responsibilities.

9 I comply with the statutory requirements governing our audit work, in particular:

- the Audit Commission Act 1998; and
- the Code of Audit Practice.

Fee for the audit

10 The indicative fee for the audit is £79,400, as outlined in my letter of 29 April 2010 and reported at the meeting of the Audit Committee on the 26 May 2010.

11 In setting the fee, I have assumed that:

- the level of risk in relation to the audit of accounts is consistent with that for 2009/10 in all areas;
- good quality, accurate working papers are available at the start of the financial statements audit;
- the Authority has developed control arrangements for the submission of data to the Government Actuary Department;
- the Authority will supply good quality working papers to support the restatement of 2009/10 balances to comply with International Financial Reporting Standards (IFRS); and
- Internal Audit undertakes appropriate work on specified material systems, meets the appropriate professional standards and this is available for review by 31 January 2011.

12 Based upon the above and taking into accounts matters reported in my recent Annual Governance Reports the fee proposed for 2010/11 is 11.8 per cent above the scale fee indicated by the Audit Commission and is within the normal level of variation specified by the Commission. If the above assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee. Where this is the case, I will discuss this first with the Director of Finance and I will issue a supplement to the plan to record any revisions to the risk and the impact on the fee.

13 Further information on the basis for the fee is set out in Appendix 1.

Fee Rebate

14 The published fee scale for 2010/11 included a 6 per cent increase to cover the costs of additional audit work arising from the introduction of International Financial Reporting Standards (IFRS). In July 2009, in recognition of the financial pressures that public bodies are facing in the current economic climate, the Commission confirmed that it would subsidise the 'one-off' element of the cost of transition to IFRS for fire authorities. The Authority received a rebate in November 2010.

15 The Audit Commission Board has also decided to return some of the audit fees already collected for work proposed this year on Use of Resources and decided not to charge any inspection fees for work on the Managing Performance part of the assessment of organisational effectiveness, as there was no value to this once CAA ended.

16 These rebates will reduce the fee payable by the Authority by 6.6 per cent.

17 The Audit Commission also requires its auditors to inform audited bodies of specific actions it could take to reduce its audit fees. As in previous years, I will work with your finance team to identify any specific actions that the Authority could take and to provide ongoing audit support.

Auditor's report on the financial statements

I will carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).

18 I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view of the financial position of the Authority as at 31 March 2011.

Identifying opinion audit risks

19 I will apply the concept of materiality in both planning and performing my audit, in evaluating the effect of any identified misstatements and in forming my opinion. As part of my audit risk identification process I need to fully understand the Authority in order to identify any risk of material misstatement (whether due to fraud or error) in the financial statements. I do this by:

- identifying the business risks facing the Authority including assessing your own risk management arrangements;
- considering the financial performance of the Authority;
- assessing internal control – including reviewing the control environment, the IT control environment and Internal Audit; and
- assessing the risk of material misstatement arising from the activities and controls within the Authority's information systems.

20 I have considered the additional risks that are appropriate to the current opinion audit and have set these out below.

Table 1: **Specific risks**

| Risk area | Audit response |
|---|---|
| Quality Assurance In 2009/10 we identified that improved quality assurance in the preparation of the financial statements could lead to a more effective and efficient audit. | We have provided a working paper requirement schedule to the finance team. We will monitor progress against the accounting closedown timetable. |

| Risk area | Audit response |
|--|--|
| <p>IFRS Restatement</p> <p>The 2009/10 financial statements need to be restated using the International Financial Reporting Standards (IFRS). Officers have agreed to deliver the re-stated accounts 1 February 2011.</p> | <p>This is a new area for Local Government. We have provided a presentation on the changes to be expected to the Authority's accounts to the Audit Committee on the 26 January 2011. We will review the opening balances as a specific audit test. The working paper requirement schedule will incorporate those for IFRS.</p> |
| <p>Journals</p> <p>In 2009/10 we identified some journals not being subject to review enabling self authorisation</p> | <p>We will undertake specific audit tests to address this risk.</p> |

21 I have considered the risks for the statutory value for money (VFM) conclusion as outlined in paragraph 40.

Testing strategy

22 On the basis of risks identified above I have developed a testing strategy, similar to previous years, which consists of a combination of testing key controls and/or substantive tests of transaction streams and material account balances at year-end.

23 My testing can be carried out both before and after the draft financial statements have been produced (pre- and post-statement testing). However, one of the changes brought about by the ISA Clarity Project is a greater focus on tests of a substantive nature. The testing strategy has been developed alongside your finance team to maximise the efficiency of the approach.

24 All of the controls assurance work will be completed by April 2011. Wherever possible, I will complete some substantive testing earlier in the year before the financial statements are available for audit. I have identified the following areas where substantive testing could be carried out early.

- Review of the restatement of opening balances in line with IFRS requirements.
- Review of accounting policies.
- Fixed Assets – additions and disposals.
- Bank reconciliation.
- Feeder system reconciliations.
- Identification of related party transactions.

Where I identify other possible early testing, I will discuss it with officers.

25 Wherever possible, I will seek to rely on the work of Internal Audit to help meet my responsibilities. For 2010/11, I expect to be able to use the results of the following pieces of work.

- Payroll

26 I will also seek to rely on the work of other auditors and experts, as appropriate, to meet my responsibilities. For 2010/11, I plan to rely on the work of the auditor of Worcestershire County Council in the following areas.

- The IT control environment of the payroll and pension systems administered by Worcestershire County Council provided under a service level agreement to the Authority.
- The qualification and experience of the valuer provided by Worcestershire County Council under a service level agreement to the Authority.
- An assessment of the adequacy of the professional standards met by the Internal Audit service provided by Worcestershire County Council under a service level agreement to the Authority.

27 I also plan to rely on the work of the auditor of the Local Government Pensions Scheme administered by Worcestershire County Council.

28 For the other work I have to undertake I plan to rely on the work of experts in the following areas.

- Valuation of non current assets.
- Actuarial valuations of the Local Government Pension Scheme and the Firefighters Pension schemes.

ISA Clarity

29 As well as a greater focus on substantive testing there are a number of other specific changes. These include the following.

- Journals. ISA (UK&I) 330 (The Auditor's response to assessed risks), now requires me to review all material year-end adjustment journals. For your audit this was part of my audit tests last year and is a clarification of existing practice.
- Related Party Transactions. ISA (UK&I) 550 (Related parties) requires me to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. I will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate. This is a clarification of existing practice.
- Deficiencies in internal control. ISA (UK&I) 265 (Communicating Deficiencies In Internal Control To Those Charged With Governance And Management) is a new standard. It requires that if I identify a deficiency in any of your internal controls during the audit, I will undertake more audit testing to decide whether the deficiency is significant. If I decide the deficiency is significant, I will report it in writing to the Audit Committee as those charged with governance.

30 The most noticeable change is to the way I review accounting estimates. ISA (UK&I) 540 (Auditing Accounting Estimates, Including Fair Value Accounting Estimates, And Related Disclosures) requires me to look at your accounting estimates in detail. As part of my audit I will request a list of these from you. I will need to know in particular:

- the process you use to make your accounting estimates;
- the controls you use to identify them;
- whether you use an expert to help you in making the accounting estimates;
- whether any alternative estimates have been discussed and why they have been rejected;
- how you assess the degree of estimation uncertainty (this is the uncertainty arising because the estimate cannot be precise or exact); and
- the prior year's accounting estimates outcomes and whether there has been a change in the method of calculation for the current year.

IFRS Restatement

31 As noted in Table 1 above the 2009/10 financial statements need to be restated using the International Financial Reporting Standards (IFRS). There will be a number of changes to the 2009/10 financial statement including:

- classification of leases;
- inclusion of employee benefits accrual; and
- removal of some disclosure and new disclosures such as assets held for sale.

32 Officers have agreed to deliver the re-stated accounts by 1 February 2011. We have been working closely with the officers to ensure this deadline is achievable and that our review of the restated accounts can be completed prior to the submission of the 2010/11 financial statements.

Key milestones and deadlines

33 The key stages in the process of producing and auditing the financial statements are shown in Table 2.

34 I will agree with you a schedule of working papers required to support the entries in the financial statements. The agreed fee is dependent on the timely receipt of accurate working papers.

35 Every week, during the audit, the audit team will meet with the key contact and review the status of all queries. I can arrange meetings at a different frequency depending on the need and the number of issues arising.

Table 2: **Proposed timetable**

| Activity | Date |
|--|----------------------|
| Control and early substantive testing | By April 2011 |
| Receipt of accounts | 30 June 2011 |
| Sending audit working papers to the auditor | 4 July 2011 |
| Start of detailed testing | 4 July 2011 |
| Progress meetings | Weekly |
| Present report to those charged with governance at the audit committee | 28 September 2011 |
| Issue opinion and value for money conclusion | By 30 September 2011 |

Value for money conclusion

I am required to give a statutory VFM conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

36 As your appointed auditor I have a continuing statutory responsibility to give a conclusion on whether the Authority has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources (commonly known as my Value For Money (VFM) conclusion). The work I undertake is directed by the Audit Commission which announced in October 2010 that it would be reviewing its approach to this work to ensure that it was more targeted and gave better value.

37 The aim is to now focus this work on an auditor's core responsibilities and on local audit issues. For 2010/11 I am required to give my statutory VFM conclusion on your arrangements to secure economy, efficiency and effectiveness in relation to:

- securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how you secure economy, efficiency and effectiveness – focusing on whether the Authority is prioritising its resources within tighter budgets and improving productivity and efficiency.

38 The VFM conclusion will be in the form of either an unqualified or, if I am not satisfied that the Authority has adequate arrangements in place, qualified VFM conclusion. The key messages from my VFM conclusion work, including suggested areas for improvement, will be reported to the Audit Committee via the annual governance report and annual audit letter.

39 At the time of writing this plan although I have not yet concluded on the Authority's VFM conclusion for 2009/10 I have not identified any specific risks to carry forward for consideration for the Authority's VFM conclusion for 2010/11.

40 I have considered the risks that are appropriate to the current value for money conclusion and have set these out overleaf.

| Risk area | Audit response |
|-----------|----------------|
|-----------|----------------|

Securing Financial Resilience

- | | |
|---------------------|---|
| Financial Planning. | <ul style="list-style-type: none"> ■ Review the medium term financial plans and the 2011/12 budgets to ensure that the Authority has taken appropriate account of the current economic climate and the plans are supported by detailed and robust assumptions. Reviewing your reporting on progress against these plans. |
|---------------------|---|

Securing economy, efficiency and effectiveness

- | | |
|-------------------------|--|
| Performance management. | <ul style="list-style-type: none"> ■ Review the arrangements in place to ensure that service delivery performance is managed effectively. This will include an update of the detailed work undertaken for my Value for Money conclusion in 2009/10. |
|-------------------------|--|

41 I will plan a programme of VFM audit work based on my risk assessment. The work will be carried out during February to July 2011.

The audit team

42 The key members of the audit team for the 2010/11 audit are shown in the table below.

Table 3: **Audit team**

| Name | Contact details | Responsibilities |
|-------------------------------------|---|--|
| Grant Patterson District Auditor | g-patterson@audit-commission.gov.uk 0844 798 7816 | Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Fire Officer. |
| Joan Hill Audit Manager | j-hill@audit-commission.gov.uk 0844 798 7568 | Manages and coordinates the different elements of the audit work. Key point of contact for the Treasurer and Director of Finance. |
| Ian Chafer Team Leader | i-chafer@audit-commission.gov.uk 0844 798 7555 | Key point of contact for the finance team. |

Independence and objectivity

43 I am not aware of any relationships that may affect the independence and objectivity of myself as District Auditor or the audit staff, which I am required by auditing and ethical standards to communicate to you.

44 I comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised in Appendix 2.

Meetings

45 The audit team will maintain knowledge of your issues to inform my risk-based audit through regular liaison with key officers. My proposals are set out in Appendix 3.

Quality of service

46 I aim to provide you with a fully satisfactory audit service. If, however, you are unable to deal with any difficulty through me and my team please contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk) who will look into any complaint promptly and to do what he can to resolve the position.

47 If you are still not satisfied you may of course take up the matter with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

Planned outputs

48 My team will discuss and agree reports with your officers before issuing them to the Audit Committee.

Table 4: **Planned outputs**

| Planned output | Indicative date |
|--|----------------------|
| Annual governance report | By 30 September 2011 |
| Auditor's report giving an opinion on the financial statements | 30 September 2011 |
| Annual audit letter | November 2011 |

Appendix 1 Basis for fee

The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees.

The risk assessment process starts with the identification of the significant financial and operational risks applying to the Authority with reference to:

- my cumulative knowledge of the Authority;
 - planning guidance issued by the Audit Commission;
 - the specific results of previous and ongoing audit work;
- interviews with Authority officers; and
- liaison with Internal Audit.

Assumptions

In setting the fee, I have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2009/10 other than for those areas listed in paragraph 8;
- you will inform me of significant developments impacting on the audit;
- Internal Audit meets the appropriate professional standards;
- Internal Audit undertakes appropriate work on specified areas and material systems that provide material figures in the financial statements sufficient that I can place reliance for the purposes of my audit;
- you provide:
 - good quality working papers and records to support the financial statements by 4 July 2011;
 - information asked for within agreed timescales;
 - prompt responses to draft reports; and
- there is no allowance for extra work needed to address questions or objections raised by local government electors.

Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee.

Appendix 2 Independence and objectivity

Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) require that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Audit Committee. The auditor reserves the right, however, to communicate directly with the Authority on matters which are considered to be of sufficient importance.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

The Standing Guidance for Auditors includes a number of specific rules.

The key rules relevant to this audit appointment are as follows.

- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit and Inspection Plan as being 'additional work' and charged for separately from the normal audit fee.
- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
- The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every seven years, with additional safeguards in the last two years.
- The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.

The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

Appendix 3 Working together

Meetings

The audit team will ensure we have knowledge of your issues to inform our risk-based audit through regular liaison with key officers.

My proposal for the meetings is as follows.

Table 5: **Proposed meetings with officers**

| Authority officers | Audit Commission staff | Timing | Purpose |
|----------------------------------|------------------------------------|--------------------------------|--|
| Chief Fire Officer and Treasurer | District Auditor and Audit Manager | Quarterly | General update |
| Director of Finance | Audit Manager and Team Leader | March, July, September | General update plus: <ul style="list-style-type: none">■ March – audit progress/plan;■ July – audit progress; and■ September – annual governance report. |
| Audit Committee | District Auditor and Audit Manager | As determined by the Committee | Formal reporting of: <ul style="list-style-type: none">■ Audit Plan;■ Annual governance report; and■ Other issues as appropriate. |

Sustainability

The Audit Commission is committed to promoting sustainability in our working practices and I will actively consider opportunities to reduce our impact on the environment. This will include:

- reducing paper flow by encouraging you to submit documentation and working papers electronically;
- use of video and telephone conferencing for meetings as appropriate; and
- reducing travel.

Appendix 4 Glossary

Annual audit letter

Report issued by the auditor to an audited body that summarises the audit work carried out in the period, auditors' opinions or conclusions (where appropriate) and significant issues arising from auditors' work.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by auditors in accordance with the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor, comprising both the members of the body and its management (the senior officers of the body). Those charged with governance are the members of the audited body. (See also 'Members' and 'Those charged with governance'.)

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and other guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB, which contain basic principles and essential procedures with which auditors are required to comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles that apply to the conduct of audits and with which auditors are required to comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts or accounting statements that audited bodies are required to prepare, which summarise the accounts of the audited body, in accordance with regulations and proper practices in relation to accounts.

Internal control

The whole system of controls, financial and otherwise, that is established in order to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality (and significance)

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only in relation to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, in addition to their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements.

Significance has both qualitative and quantitative aspects.

Members

The elected, or appointed, members of local government bodies who are responsible for the overall direction and control of the audited body. (See also ‘Those charged with governance’ and ‘Audited body’.)

Statement on internal control/Annual Governance Statement

Local government bodies are required to publish a statement on internal control (SIC) with their financial statements (or with their accounting statements in the case of small bodies). The disclosures in the SIC are supported and evidenced by the body's assurance framework. At local authorities the SIC is known as the Annual Governance Statement and is prepared in accordance with guidance issued by CIPFA. Police authorities also produce a SIC in accordance with relevant CIPFA guidance. Local probation trusts are required to prepare a SIC in accordance with the requirements specified by HM Treasury in Managing Public Money.

Those charged with governance

Those charged with governance are defined in auditing standards as 'those persons entrusted with the supervision, control and direction of an entity'.

In local government bodies, those charged with governance, for the purpose of complying with auditing standards, are:

- for local authorities – the full council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements;
- for police or fire authorities – the full authority, audit committee (where established) or other committee with delegated responsibility for approval of the financial statements;
- for local probation boards and trusts – the board or audit committee; and
- for other local government bodies – the full authority or board or council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements

Audit committees are not mandatory for local government bodies, other than police authorities and local probation trusts. Other bodies are expected to put in place proper arrangements to allow those charged with governance to discuss audit matters with both internal and external auditors. Auditors should satisfy themselves that these matters, and auditors' reports, are considered at the level within the audited body that they consider to be most appropriate.

Whole of Government Accounts

The Whole of Government Accounts initiative is to produce a set of consolidated financial accounts for the entire UK public sector on commercial accounting principles. Local government bodies, other than probation boards and trusts, are required to submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, their statutory accounts.

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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January 2011

8. Governance Review Group Update

Purpose of report

1. To outline the remit of the governance review and give an update on progress to date.
-

Recommendation

The Clerk recommends that the report be noted.

Background

2. As part of the Code of Corporate Governance the Authority is charged with reviewing its governance arrangements on a regular basis. Governance arrangements cover a range of processes, procedures, rules, habits, working practices, customs and cultures. The aim of good governance can be paraphrased as ensuring that the right decisions are made by the right people at the right time and for the right reasons.
3. A Governance Review Group has been established to review the Authority's key constitutional governance arrangements. The recommendations of the group will be considered by the Audit Committee and in certain instances the Standards Committee, before being considered by all Members at the full Authority Meeting.
4. It is not anticipated that a root and branch review is needed but it is suggested that the Governance Review Group concentrate on the legalities and effectiveness of the existing arrangements, updating existing material and carrying out an audit to establish there are no areas of omission in the overall governance structure. The Group is chaired by Councillor Prodger as Chairman of the Audit Committee.

Remit and Process

5. The remit of the Governance Review Group covers the following:
 - a. Committee Structure;
 - b. Role of Members;
 - c. Standing Orders for the Conduct of Business and committee process;
 - d. Scheme of Delegation to Officers;
 - e. Standing Orders for the Regulation of Contracts;
 - f. Financial Regulations;

- g. Member Allowance Scheme;
- h. Member Development Programme;
- i. Whistleblowing Policy;
- j. Protocol for Member/Officer Relations;
- k. Gifts and Hospitality Register;
- l. Register of Interests for Officers;
- m. Protocol on the Use of Authority Resources by Members; and
- n. Anti-Fraud and Corruption Policy
- o. Anti-Money Laundering Policy

6. There are some areas of governance that do not necessarily need to fall within the remit of the Governance Review Group, but which the Authority needs to ensure have a home and are kept under review. Key areas include the Employee Code of Conduct and employment processes, which fall under the Director of Corporate Services and are the responsibility of the Head of Organisational Development and Head of Human Resources, respectively. The Clerk is currently discussing these areas with colleagues to ensure that mechanisms are in place to keep these up to date with best practice.

7. It is not proposed to include Risk Management processes, Data Protection issues and Freedom of Information processes which fall under the Head of Corporate Risk and are reviewed regularly by the Audit Committee and reported to the Full Authority as necessary. The Standards Committee Local Assessment Framework and Member Code of Conduct issues are the responsibility of the Clerk and are considered by the Authority's Standards Committee and this area is excluded from the governance review.

8. Most of the areas set out above fall into key groupings below, which will be considered in the following groups:

Groupings of Tranches:

Tranche A:

- 1. Committee Structure
- 2. Role of Members
- 3. Member Allowance Scheme
- 4. Gifts and Hospitality Register
- 5. Member Development Programme

Tranche B:

- 6. Standing Orders for the Conduct of Business and committee process

Tranche C:

7. Scheme of Delegation to Officers
8. Financial Regulations
9. Standing Orders for the Regulation of Contracts

Tranche D:

10. Protocol for Member/Officer Relations
11. Whistleblowing Policy
12. Register of Interests for Officers
13. Protocol on the Use of Authority Resources by Members
14. Anti-Fraud and Corruption Policy
15. Anti-Money Laundering Policy

Progress to date

9. The Governance Review Group has considered the current committee structure and terms of reference which were adopted by the Authority at its meeting on 28 September 2010.
10. The rest of the areas in Tranche A have been held in abeyance whilst some work on Tranche C has been undertaken. A new Anti-Money Laundering Policy has been prepared and the Anti-Fraud and Corruption Policy and Whistle Blowing Policy are currently under review. The Group met in December 2010 and further additions are being made to all three policies before they go for further consultation and consideration by the Audit Committee.

Financial Considerations

| Consideration | Yes/No | Reference in Report i.e. paragraph no. |
|---|--------|--|
| There are financial issues that require consideration | N | |

Legal Considerations

| Consideration | Yes/No | Reference in Report i.e. paragraph no. |
|---|--------|--|
| There are legal issues e.g. contractual and procurement, reputational issues that require consideration | Y | The whole report |

Additional Considerations

11. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

| Consideration | Yes/No | Reference in Report i.e. paragraph no. |
|--|--------|--|
| Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability). | N | |
| Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact). | N | |
| Risk Management/Health & Safety (e.g. risk management and control measures, risk register score). | N | |
| Consultation with Representative Bodies | N | |

Contact Officer

Anne Brown, Clerk to the Authority
(01432 260000)
Email: annebrown@herefordshire.gov.uk

Hereford & Worcester Fire and Rescue Authority

GLOSSARY OF TERMS

| | |
|---------------|---|
| ACAS | Advisory Conciliation and Arbitration Service |
| ACFO | Assistant Chief Fire Officer |
| AFA | Automatic Fire Alarm |
| AFD | Automatic Fire Detection |
| ALP | Aerial Ladder Platform |
| AM | Area Manager |
| AMP | Asset Management Plan |
| ARCC | Aeronautical Rescue Co-ordination Centre |
| <hr/> | |
| BA | Breathing Apparatus |
| BACS | Bankers' Automated Clearance System |
| BCM | Business Continuity Management |
| BCP | Business Continuity Plan |
| BME | Black and Minority Ethnic |
| BVPI | Best Value Performance Indicator |
| BVPP | Best Value Performance Plan |
| <hr/> | |
| CAA | Combined Area Assessment |
| CAFS | Compressed Air Foam Systems |
| CARP | Combined Aerial Rescue Pump |
| CBRN | Chemical Biological Radiological Nuclear |
| CCA | Civil Contingencies Act |
| CDRP | Crime and Disorder Reduction Partnership |
| CERMIG | County Emergency Response to Major Incidents Group |
| CFA | Combined Fire Authority |
| CFO | Chief Fire Officer |
| CFOA | Chief Fire Officers Association |
| CFRMIS | Community Fire Risk Management System |
| CFS | Community Fire Safety |
| CIMAH | Control of Industrial Major Accident Hazards |
| CIPFA | The Chartered Institute of Public Finance and Accountancy |
| CLG | Department for Communities and Local Government |
| CM | Crew Manager |
| COSHH | Control of Substances Hazardous to Health |
| CPA | Comprehensive Performance Assessment |
| CPS | Chemical Protection Suits |
| CRE | Commission for Racial Equality |
| CRR | Community Risk Register |
| CS | Community Safety |
| CSR | Current Spending Review |
| CSU | Command Support Unit |
| <hr/> | |
| DC | District Commander |
| DCFO | Deputy Chief Fire Officer |
| DDA | Disability Discrimination Act |
| DIM | Detection, Identification and Monitoring |
| DOF | Director of Finance |
| DoH | Department of Health |
| DoT | Direction of Travel |
| DPA | Data Protection Act |

Hereford & Worcester Fire and Rescue Authority

GLOSSARY OF TERMS

| | |
|-----------------|---|
| EA | Environment Agency |
| EAS | Electronic Availability System |
| ECS | Enhanced Command Support |
| EIR | Environmental Information Regulations |
| EPU | Environmental Protection Unit |
| ESLG | Equality Standard for Local Government |
| <hr/> | |
| FBU | Fire Brigades Union |
| FDR | Fire Damage Report |
| FDS | Flexible Duty System |
| FireLink | The National Project for the introduction of a National Fire Service Radio System |
| FOIA | Freedom of Information Act |
| FRA | Fire and Rescue Authority |
| FRD | Fire Resilience Directorate |
| FRS | Fire and Rescue Service |
| FRSNCC | Fire and Rescue Service National Co-ordination Centre |
| FSC | Fire Service College |
| FSCA | Fire Service Consultation Association |
| FSEC | Fire Services Emergency Cover |
| FSNBF | Fire Service National Benevolent Fund |
| FSPA | Fire Service Procurement Association |
| <hr/> | |
| GM | Group Manager |
| <hr/> | |
| HAZMAT | Hazardous Materials |
| HERMIT | Herefordshire Emergency Response to Major Incidents Team |
| HFSC | Home Fire Safety Check |
| HMFSI | Her Majesty's Fire Service Inspectorate |
| HMI | Her Majesty's Inspector or Inspectorate |
| HPA | Health Protection Agency |
| HR | Human Resources |
| HRIS | Human Resources Information System |
| HSE | Health & Safety Executive |
| HWFRS | Hereford & Worcester Fire and Rescue Service |
| <hr/> | |
| ICP | Integrated Clothing Project |
| ICS | Incident Command System |
| ICT | Information and Communications Technology |
| IEG | Implementing Electronic Government |
| IIP | Investors in People |
| IOSH | Institute of Occupation Safety and Health |
| IPDR | Individual Performance and Development Review |
| IPDS | Integrated Personal Development System |
| IRMP | Integrated Risk Management Plan |
| IRS | Incident Recording System |
| IRU | Incident Response Unit |
| ISU | Incident Support Unit |
| <hr/> | |
| JERA | Joint Emergency Response Arrangements |
| JFS | Juvenile Fire-setters Scheme |
| <hr/> | |
| KPI | Key Performance Indicator |
| KLOE | Key Lines of Enquiry |

Hereford & Worcester Fire and Rescue Authority

GLOSSARY OF TERMS

| | |
|---------------|--|
| LASER | Learning about Safety by Experiencing Risk |
| LEA | Local Education Authority |
| LFF | Leading Fire Fighter |
| LGA | Local Government Association |
| LGV | Light Goods Vehicle |
| LIBID | London Interbank Bid Rate |
| LPG | Liquid Petroleum Gas |
| LPSA | Local Public Service Agreement |
| LRF | Local Resilience Forum |
| LRI | Learning Resource International |
| LSGCM | Long Service and Good Conduct Medal |
| LSP | Local Strategic Partnership |
| LTCM | Long Term Capability Management |
| LTF | Local Training Facilities |
| MARP | Midlands Area Radio Project |
| MIS | Management Information Systems |
| MISAR | Mercia Inshore Search and Rescue |
| MMFE | Management of Major Flood Emergencies |
| MoU | Memorandum of Understanding |
| MTFP | Medium Term Financial Plan |
| NCFSC | National Community Fire Safety Campaign |
| NEBOSH | National Examination Board in Occupational Safety and Health |
| NEET | Not in Education, Employment or Training |
| NFST | National Flood Support Team |
| NJC | National Joint Council for Local Authorities' Fire Brigades |
| NOS | National Occupational Standard |
| NVQ | National Vocational Qualification |
| OASD | Operational Assessment of Service Delivery |
| ODPM | Office of the Deputy Prime Minister |
| OJEU | Official Journal of the European Union |
| ORS | Opinion Research Services |
| PDR | Personal Development Review |
| PFI | Private Finance Initiative |
| PI | Performance Indicator |
| PMM | Principal Management Members |
| PMSO | Project Management Support Office |
| PO | Principal Officer |
| PPE | Personal Protective Equipment |
| PPP | Policy, Planning and Performance |
| PSA | Public Service Agreement |
| PSHE | Personal, Social, Health Education |
| PSRP | Public Services Radio Project |
| PWLB | Public Works Loans Board |
| QSA | Quality Systems Audit |

Hereford & Worcester Fire and Rescue Authority

GLOSSARY OF TERMS

| | |
|-----------------|--|
| R2R | Rank to Role |
| RB | Representative Body |
| RBIP | Risk Based Inspection Programme |
| RCC | Regional Control Centre |
| RCCC | Regional Civil Contingencies Committee |
| RDS | Retained Duty System |
| RHSCG | Regional Health and Safety Collaboration Group |
| RIDDOR | Reporting of Injuries, Diseases and Dangerous Occurrences Regulation |
| RMB | Regional Management Board |
| RoSPA | Royal Society for the Prevention of Accidents |
| RPE | Respiratory Protective Equipment |
| RRF | Regional Resilience Forum |
| RRO | Regulatory Reform Order |
| RRT | Regional Resilience Team |
| RSIG | Road Safety Implementation Group |
| RTA | Road Traffic Accident |
| RTC | Road Traffic Collision |
| SAP | Systems Application and Products |
| SARA | Severn Area Rescue Association |
| SBE | Standards Board for England |
| SCC | Strategic Command Centre |
| SCE | Supported Capital Expenditure |
| SCG | Strategic Command Group |
| SDA | Service Delivery Agreement |
| SFSO | Senior Fire Safety Officer |
| SFU | Small Fires Unit |
| SHA | Strategic Holding Area |
| SHEBA | Safety in the Home and Electric Under Blanket Assessment |
| SLA | Service Level Agreement |
| SM | Station Manager |
| SOLACE | Society of Local Authority Chief Executives |
| SoRP | Statement of Recommended Practice |
| SPI | Service Policy Instruction |
| SRT | Swift Water Rescue Team |
| SSI | Special Service Incidents |
| T&DC | Training and Development Centre |
| UoR | Use of Resources |
| USAR | Urban Search and Rescue |
| UWFS | Unwanted Fire Signal |
| VMDS | Vehicle Mounted Data System |
| WAN | Wide Area Network |
| WM | Watch Manager |
| WMRMB | West Midlands Regional Management Board |
| YFA | Young Firefighters' Association |