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Agenda item: 06

Abridged Performance Management Report

Audit Committee

Date:	25/04/2025
Submitted by:	Head of Corporate Services
Purpose:	To inform Members of the Authority's performance against Key Performance Indicators where targets are not being achieved.
Recommendations:	That Members note the report
Summary:	The Performance Management and Activity Report which is presented to Full Authority outlines the Authority's performance against key performance indicators thereby enabling the Authority to measure, monitor and evaluate performance against targets. This report highlights the key performance indicators where targets are not being achieved.

Local Government (Access to information) Act 1972

Exemption Category:	None
Contact Officer:	Alison Davey, Head of Corporate Services. alison.davey@westyorkshire.gov.uk ; T: 01274 682311
Background papers open to inspection:	None
Annexes:	2024-25 Abridged Performance Management Report – 01 April 2024 to 16 February 2025.

1. Introduction

- 1.1 The Performance Management and Activity Report, which is presented to each Full Authority meeting outlines the Authority's performance against key performance indicators thereby enabling the Authority to measure, monitor and evaluate performance against targets.
- 1.2 A traffic light system is used to provide a clear visual indicator of performance against each specific target and comparison is made with the same period the previous year to indicate whether performance has improved, remained the same or deteriorated.

2. Information

- 2.1 The attached reports highlight the key performance indicators where the targets are not being achieved.

3. Financial Implications

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

4. Legal Implications

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

5. Human Resource and Diversity Implications

- 5.1 There are no human resources and diversity implications arising from this report.

6. Equality Impact Assessment

- 6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance?: No

7. Health, Safety and Wellbeing Implications

- 7.1 There are no health and safety implications arising from this report.

8. Environmental Implications

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

9. Your Fire and Rescue Service Priorities

- 9.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Improve the safety and effectiveness of our firefighters.
- Promote the health, safety, and wellbeing of all our people.
- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Focus our prevention and protection activities on reducing risk and vulnerability.
- Provide ethical governance and value for money.
- Collaborate with partners to improve all of our services.
- Work in a sustainable and environmentally friendly way.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.
- Plan and deploy our resources based on risk.

10. Conclusions

10.1 That Members note the report.



Abridged Performance Management Report Audit Committee

Period Covered:

01 April 2024

16 February 2025



This report provides a summary of our progress across the Service based on the date ranges below.

Period Covered:

Financial Year	2024-25	
Date Range	01 April 2024	16 February 2025

IMPORTANT: The data provided is based on incident reports that have been completed and/or checked but will not include data from incident reports which have not been completed. Data may change due to incident reports that have been updated due to amendment. The data is accurate at time of creation of the report.

This report is comparing the date range above against:

Previous Year Comparison Date Range	01 April 2023	16 February 2024
3 Year Average Comparison Period	01 April 2023 01 April 2022 01 April 2021	16 February 2024 16 February 2023 16 February 2022
Colour Key	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; background-color: #cccccc; padding: 2px 5px;">Positive Arrows</div> <div style="border: 1px solid black; background-color: #ff4500; padding: 2px 5px;">Negative Arrows</div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 5px;"> <div style="border: 1px solid black; background-color: #0056b3; color: white; padding: 2px 5px;">Positive Charts</div> <div style="border: 1px solid black; background-color: #ff4500; color: white; padding: 2px 5px;">Negative Charts</div> </div> <p style="font-size: small; margin-top: 10px;">*When doing a comparison the key above is used. In all other cases graphs, charts and visuals are using contrasting colours to support accessibility.</p>	

Due to seasonality **Previous Year** and **3 Year Average** comparison are based on selected range and not the whole of the previous year.

Performance Summary

Arrows display percentage(%) increase/decrease on previous year to current financial year.
Borders display the 10% tolerance based on the 3 year average of the selected date range.

The comparison range is based on selected date range.

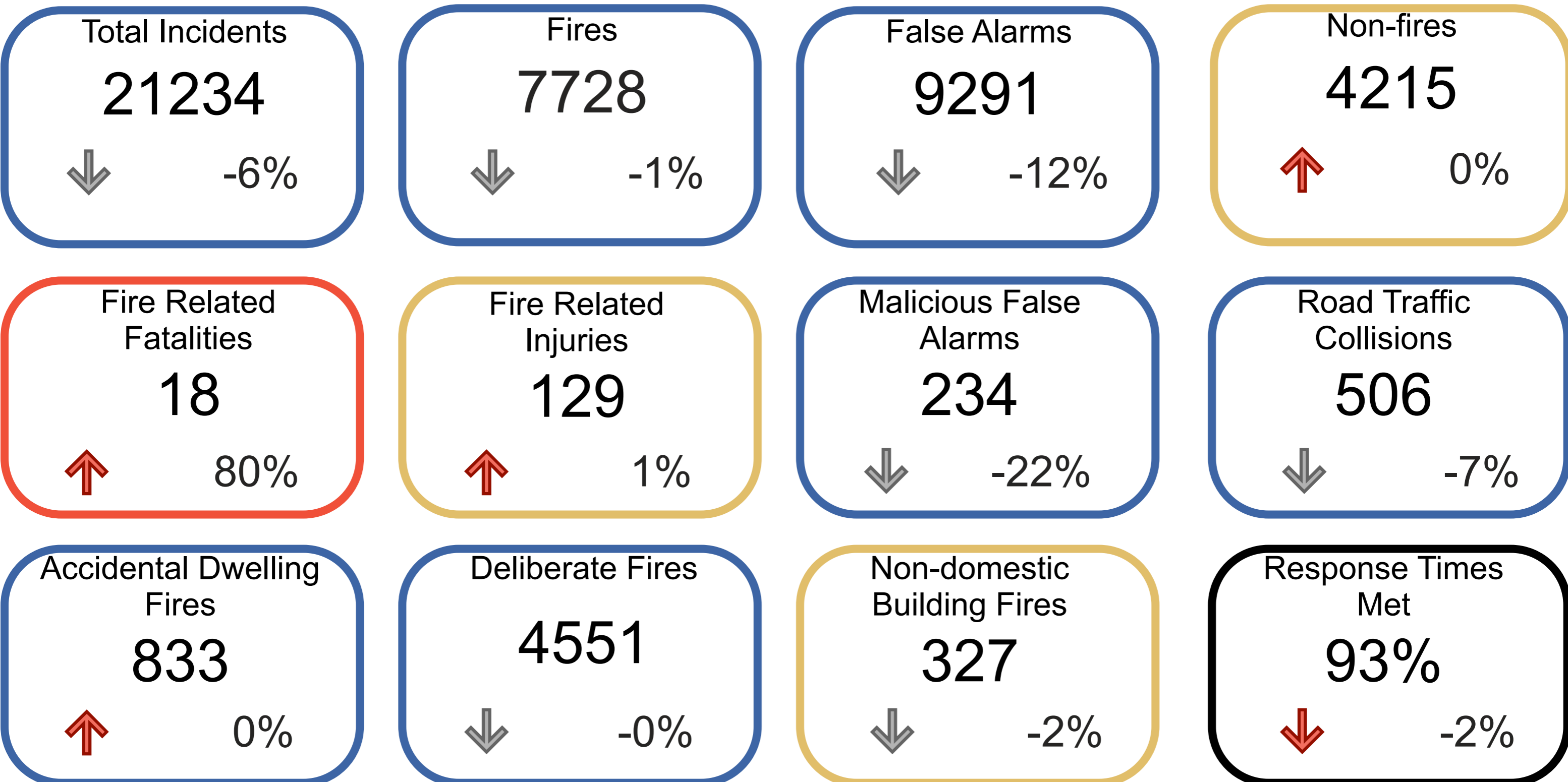
This report is comparing: 01 April 2024

16 February 2025

Against: 01 April 2023

16 February 2024

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



Monthly 3 Year Average

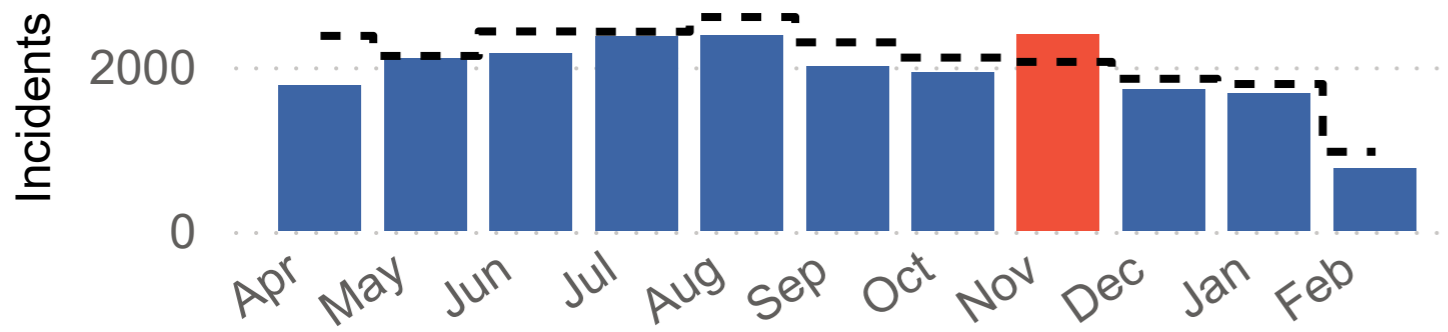
District, Ward

01 April 2024

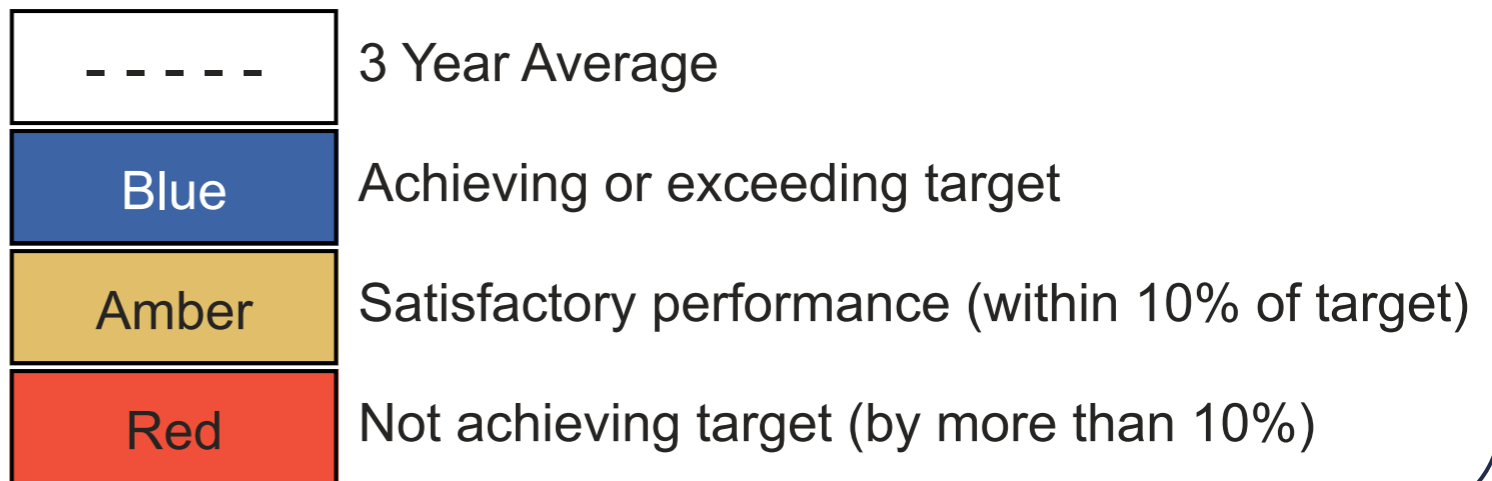
16 February 2025

All

Total Activity

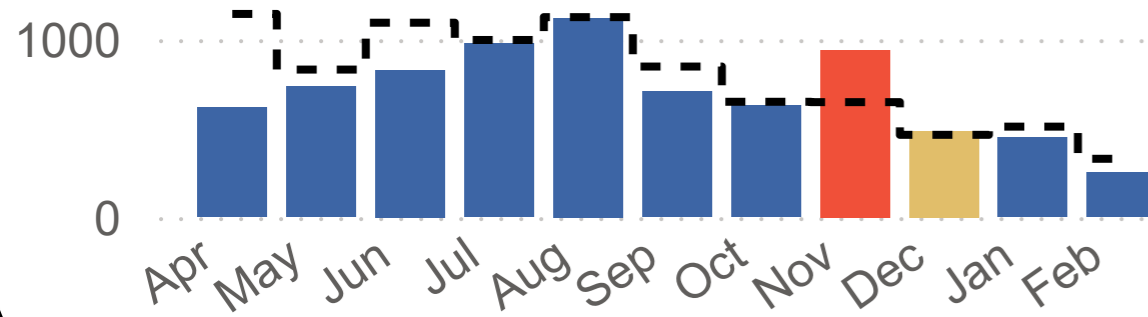


Legend:

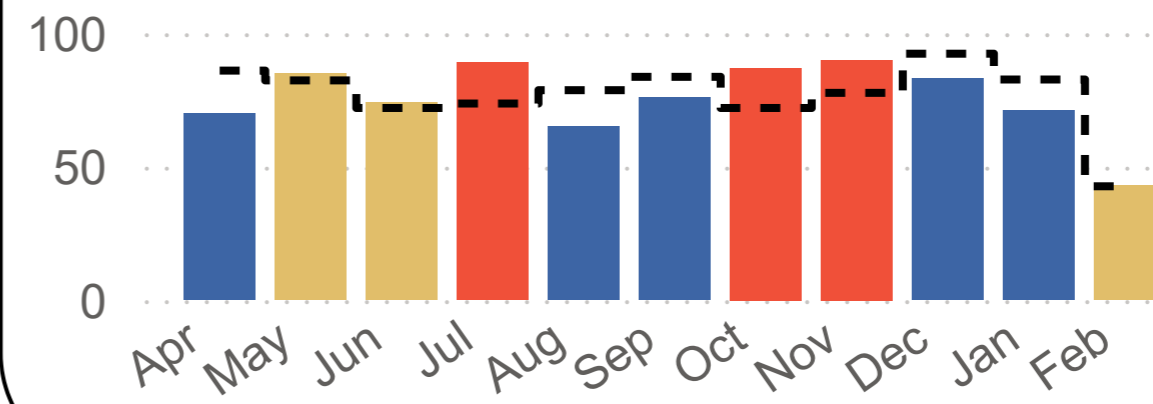


Fires

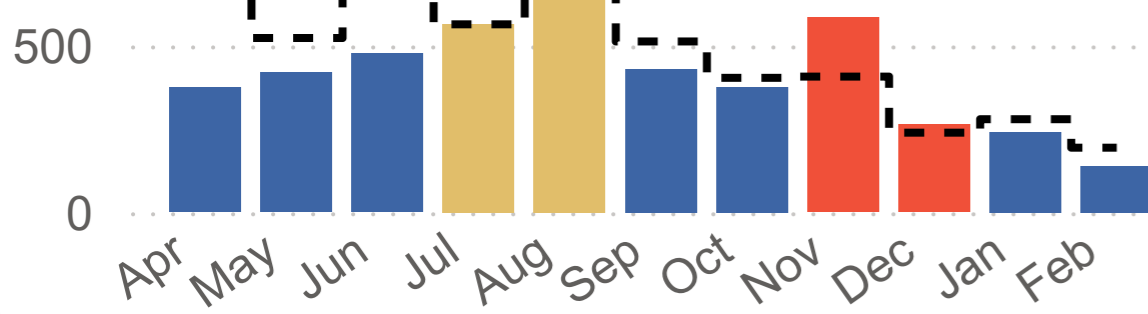
Fires



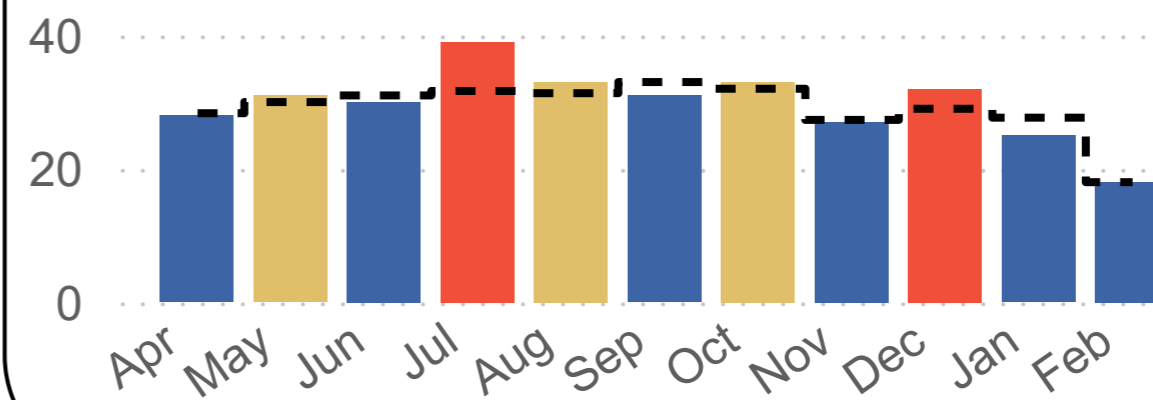
Accidental Dwelling Fires



Deliberate Fires

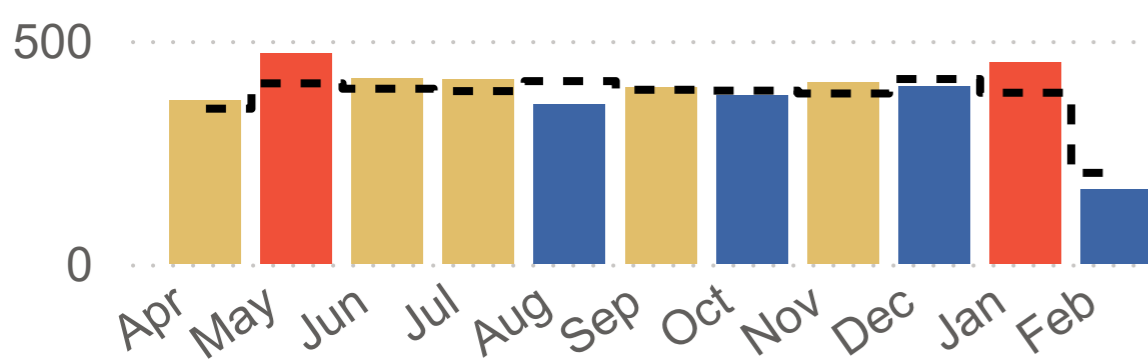


Non-domestic Building Fires

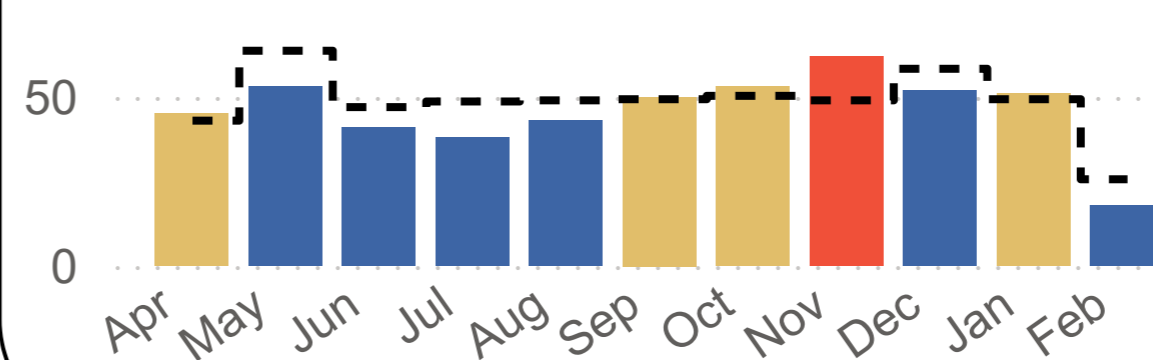


Non-fires

Non-fires



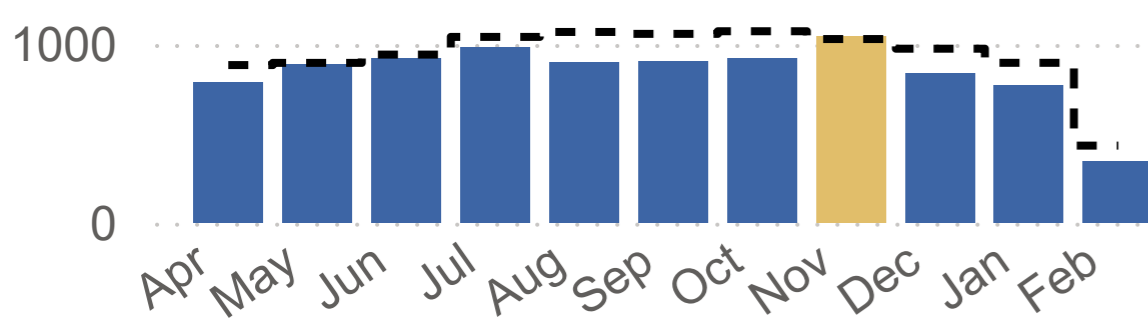
Road Traffic Collisions



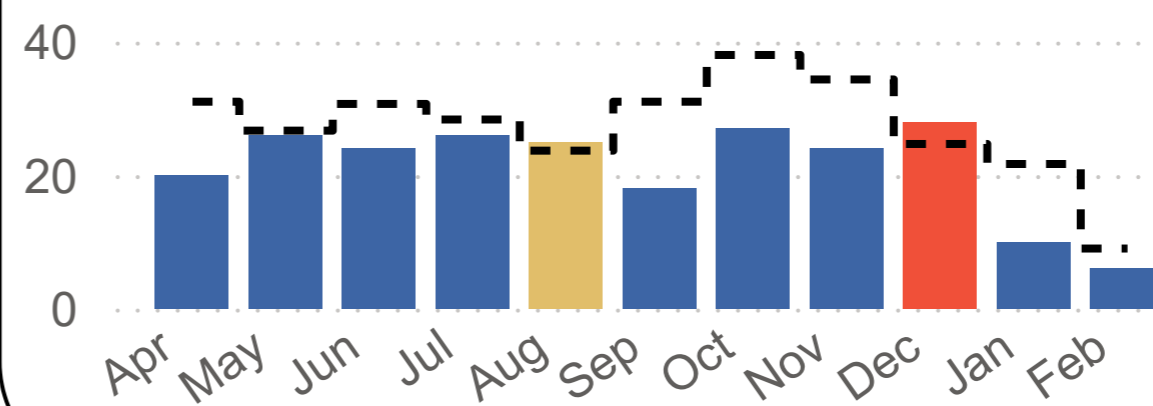
*Road Traffic Collisions are a subset of Non-fires

False Alarms

False Alarms



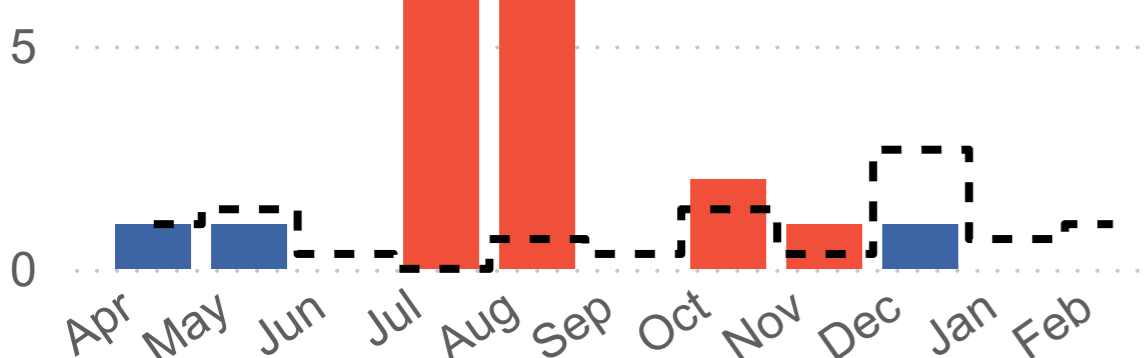
Malicious False Alarms



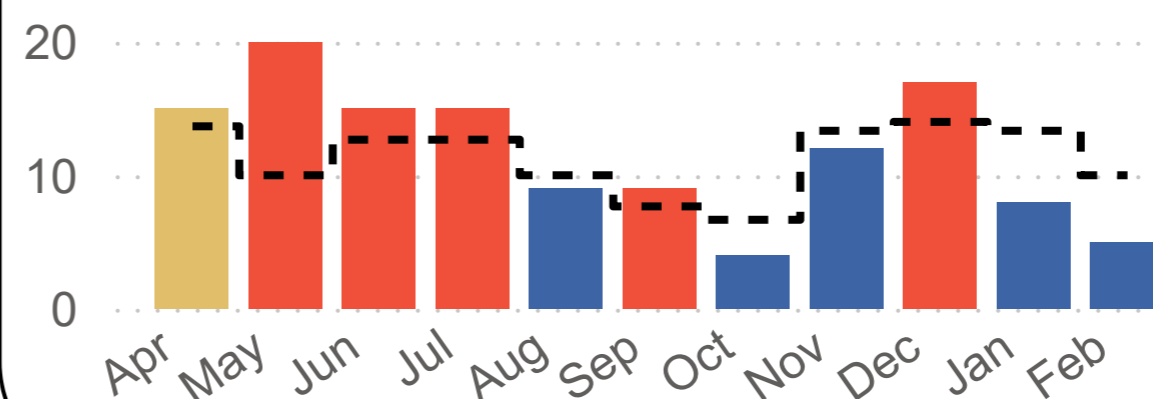
*Malicious False Alarms are a subset of False Alarms

Fire Related Injuries and Fatalities

Fire Related Fatalities



Fire Related Injuries



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Agenda item: 07

Risk Management Strategy Group Update

Audit Committee

Date:	25 April 2025
Submitted by:	Director of Corporate Services
Purpose:	To report risk management activity and developments reported to Risk Management Strategy Group (RMSG) in March 2025 and highlight any future risks or risk related areas.
Recommendations:	That Members note the report
Summary:	The overall responsibility of the RMSG is to maintain the Authority's risk management capabilities and to develop strategies to effectively manage new and existing risks. The RMSG meet on a quarterly basis and the group is chaired by the Deputy Chief Fire Officer/Director of Service Delivery. The RMSG is one element that supports the Authority's Code of Corporate Governance in terms of risk management and internal control.

Local Government (Access to information) Act 1972

Exemption Category:	None
Contact Officer:	John Tideswell, Risk Management Officer. john.tideswell@westyorkshire.gov.uk ; T: 01274 682311
Background papers open to inspection:	Risk Management Strategy and Policy
Annexes:	None.

1. Introduction

- 1.1 The Authority's Risk Management Strategy and Policy provides a clear and defined strategy to enable risk management objectives to be met.

The Risk Management Strategy Group (RMSG) has the responsibility of maintaining the Authority's risk management capabilities and developing strategies to effectively manage new and existing risks. The group meet every three months at which time a summary of risk reviews that have occurred in the past three months is provided by each risk owner.

- 1.2 The group is also responsible for sharing and promoting experience of risk management and strategies across the Authority.

2. Information

- 2.1 The Risk Management Strategy Group last met in March 2025. The Audit Manager from Kirklees Council attends RMSG meetings and provides an update on recent internal audit activity.

- 2.2 Below is a summary of key areas:

- Between the December 2024 and March 2025 RMSG meetings, 15 risks have been reviewed by their respective owners.
- In addition to the above risk reviews, 19 risks that had not moved in terms of overall risk scores were also reviewed at the meeting with input/challenge by group members as required.
- Risk INDA1.S – 'Industrial dispute resulting in reduced levels of service and effect on reputation (incl. ASOS)'. The score has reduced from 16 to 12 following a period of general stability in national industrial relations. This is on the back of three years of pay rises which total around 13% and a further expected pay rise in 2025.
- Risk DOPP1.S – 'Deviation of policies and procedures from national guidance – possible litigation and damage to reputation'. The scoring has been increased from 6 to 9 in light of the ongoing National Operational Guidance project and the previous findings that there is the potential for reliance on previous procedures. There is also the outcomes of organisational learning investigations and operational learning from exercises and incidents over the past 12 months.
- The training day/workshop relating to crisis management/strategic response took place in February and was well received by members of SLT. A survey is currently being conducted to capture any feedback/input into the main themes covered during the training. Updates and amendments to the Crisis Management Team policy and arrangements will then be made as required.
- A Home Office funded cyber exercise was conducted internally in February, and we await the final report.
- A review of the Risk Management Strategy and Policy commenced in March. The strategy is subject to a periodic three year review and a piece of work has also commenced to review the Corporate Risk Assessment/Matrix and the Foreseeable Risk Assessment/ Register to determine if a single risk management system can

effectively manage these two areas of risk. Any significant changes to the risk management system/strategy/policy will be submitted to Audit Committee for review/approval.

- Business continuity performance for 2024 showed an improvement on 2023. A revised BCP testing process has been introduced based on risk levels, which addresses one of the HMICFRS recommendations.

2.3 There are currently 43 risks split between the following categories. The table below shows movement over the past 12 months.

Risk Factor Score	June 2024	September 2024	December 2024	March 2025
Very High (15-25)	8	8	8	7
High (9-14)	16	16	16	18 (INDA1.S/ DOPP1.S)
Medium (4-8)	19	19	19	18
Low (1-3)	0	0	0	0
Total number of risks	43	43	43	43

The 7 'very high' risks are:

- LRGG1.S - Loss or reduction in government grant.
- WAFL1.S - Wide area flooding and swift water rescue.
- ECON1.S - Impact on the Authority of the national and international economic downturn.
- MTAE1.S - Responding to a marauding terrorist attack event.
- PAY1.S - Pay increases in excess of the amount included in contingencies.
- CYBS1.S - A digital attack or an unauthorised attempt to access WYFRS systems that impacts on the integrity, confidentiality, or availability of systems and/or the information within them.
- PRMS1.S - Failure to provide an effective commercial premises risk management system for operational response, which could have a significant impact on fire fighter safety, operational effectiveness, and organisational reputation.

All risks on the corporate risk matrix are reviewed at least once per year, which includes their relating mitigating actions/control measures.

3. Financial Implications

There are no financial implications arising from this report.

4. Legal Implications

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

5. Human Resource and Diversity Implications

There are no human resources and diversity implications arising from this report.

6. Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance?: No

7. Health, Safety and Wellbeing Implications

There are no health and safety, wellbeing implications arising from this report.

8. Environmental Implications

There are no environmental implications associated with this report.

9. Your Fire and Rescue Service Priorities

This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

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

10. Conclusions

That Members note the report.

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Agenda item: 08

Service Improvement and Assurance Team Annual Update

Audit Committee

Date:	25 April 2025
Submitted by:	Director of Corporate Services
Purpose:	To update Members of the work the Service Improvement and Assurance Team since the last report in 2024
Recommendations:	That Members note the content of the report
Summary:	This report provides Members of Audit Committee with information regarding the internal and external assurance processes of West Yorkshire Fire and Rescue Service

Local Government (Access to information) Act 1972

Exemption Category:	None
Contact Officer:	Judi Haigh, SIAT Manager Judith.Haigh@westyorksfire.gov.uk>
Background papers open to inspection:	None
Annexes:	Annex A – HMICFRS Handling Misconduct Recommendations update Annex B – HMICFRS Areas for Improvement update Annex C – Reality Testing Report 2024

1. Introduction

- 1.1 This paper provides an overview of West Yorkshire Fire and Rescue Service's (WYFRS) assurance processes.
- 1.2 WYFRS recognises the importance of the provision of assurance and its responsibilities contained within the National Framework. The Service Improvement and Assurance Team (SIAT) provide high level assurance to Executive Leadership Team and the Fire Authority through the management of the internal and external assurance processes.
 - HMCFRS – Data Collection/Inspection Framework
 - Fire Standards – 19 approved standards to date
 - Internal Assurance – Reality Testing, Self-Assessment, Benefits Realisation/Evaluation
 - Internal Governance

2. Information

2.1 His Majesties Inspectorate for Constabulary and Fire and Rescue Services (HMICFRS)

Further to the thematic inspection of “Standards within Fire and Rescue Services – Handling Misconduct” a report was published on 1st August 2024 which included a list of 15 recommendations aimed at all 44 Fire and Rescue Services. These recommendations have been incorporated in our 12-month People Plan and an update of progress can be seen in Annex A.

Following our Round 3 inspection 7 areas of improvement were identified, an update of progress towards these can be seen in Annex B

The next round of inspections will be called ‘FRS 2025-2027’ and a schedule of dates is due to be shared with all FRS’s in the Summer of 2025.

Targeted ‘Mock Inspections’ are planned for the third quarter of 2025 to test progress against the areas of improvement and our continuous improvement journey.

HMICFRS have now launched a Monitoring Portal. The portal measures progress towards all our areas for improvement and any recommendations from thematic inspections. The SIAT have responsibility for keeping the portal updated and current

2.2 Fire Standards

The Fire Standards Board was formed in 2019, their role is to oversee the development of professional standards for Fire and Rescue Services in England. Below are the Fire Standards that have been published so far.

1. Code of Ethics

- 2.Communications and Engagement
- 3.Community Risk Management Planning
- 4.Data Management
- 5.Emergency Preparedness and Resilience
- 6.Emergency Response Driving
- 7.Fire Control
- 8.Fire Investigation
- 9.Leading the Service
- 10.Leading and Developing People
- 11.Operational Competence
- 12.Operational Learning
- 13.Operational Preparedness
- 14.Prevention
- 15.Safeguarding
- 16.Protection
- 17.Internal Governance and Assurance
- 18.Procurement and Commercial
- 19.Digital and Cyber

The 3 lines of defence approach below is used to assure compliance with the Fire Standards, whilst looking at the risk, priority and assurance opinion for each of the 'Desired Outcomes' with each of the Fire Standard owners.

1 st Line of Defence	2 nd Line of Defence	3 rd Line of Defence
Front line or business operational controls eg: Policy or Procedure, Data, Risk Registers.	Management oversight activity eg: Governance and Performance reporting, Change Management Assurance, Evaluations and Self-Assessments.	Independent External Assurance eg: Kirklees Internal Audit, Grant Thornton, Customer Service Excellence and HMICFRS processes

- At this time, no new Fire Standards are anticipated.
- Moving forward, the Fire Standards will be integrated into our daily operations and demonstrated through naturally occurring evidence.

2.3 Reality Testing

Reality Testing is an in-depth analysis of an incident to improve organisational learning as a holistic assurance process for all departments. A 2024 report can be seen at Annex C.

Due to a move in personnel, we are currently recruiting for this position and do not have any completed Reality Tests for the first quarter of 2025. This will be rectified when the post is filled.

In the future, we intend to enhance our Reality Testing process to support organisational learning and help in improving our practices to achieve more significant outcomes, as noted in the report.

2.4 Benefits Realisation/Evaluation

Benefits Realisation is the process of ensuring intended benefits of a project or initiative are realised. This process is currently in its infancy with a plan to roll this out with our CRMP in July 2025.

A central 'Evaluation Process' is being developed and will ensure a standardised approach to evaluation resulting in more robust reporting for us all.

2.5 Self-Assessment

The bi-annual self-assessment assures departmental activities as part of the WYFRS service improvement and assurance workstreams. This process aims to provide a comprehensive view of quality assurance across various departments and demonstrate compliance with the Fire and Rescue National Framework for England 2018.

The primary purpose of the Self-Assessment process is to ensure that departments within WYFRS are operating efficiently and effectively, and in alignment with our service priorities. This process involves reviewing key aspects of departmental operations, spanning across Business Operations (Direct Assurance), Corporate Governance (Risk Assurance), and External Governance (Independent External Assurance).

By conducting self-assessments, departments can identify areas of strength and areas needing improvement, ensuring continuous improvement and compliance with service policies and standards.

- Efforts to improve the Self-Assessment are ongoing. A regular, focused survey is planned to collect the data needed to identify areas for improvement.

3. Review and Evaluation

- 3.1 During the second quarter of 2025, the SIAT will conduct a comprehensive review of all existing internal processes to ensure maximum impact and efficiency.

4. Financial Implications

- 4.1 There are no financial implications arising from this report at the time of submission.

5. Legal Implications

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

6. People and Diversity Implications

6.1 There are no People and Diversity implications arising from this report at the time of submission

7. Equality Impact Assessment

7.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? No

8. Health, Safety and Wellbeing Implications

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

9. Environmental Implications

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

10. Your Fire and Rescue Service Priorities

10.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Improve the safety and effectiveness of our firefighters.
- Promote the health, safety, and wellbeing of all our people.
- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Provide ethical governance and value for money.
- Collaborate with partners to improve all of our services.
- Work in a sustainable and environmentally friendly way.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.

11. Conclusions

11.1 Members of Audit Committee are asked to note the assurance processes WYFRS have in place.

Standards within Fire and Rescue Services - Handling Misconduct Recommendations

Rec No.	Requirement	Implementation	Response	Complete
Handling Misconduct				
Rec 01	By 1 February 2025 chief fire officers should, as a priority, make sure their staff are aware of, and follow the Core Code of Ethics. Services should build the code into all relevant policies and practices.	01/02/2025	WYFRS Values and Core Code of Ethics included in new policy template. Included in Apprenticeship courses. Consultant to review and help with this. Values/Core Code of Ethics, likelihood is that we will move to Core Code of Ethics. Plan underway to replace WYFRS with Core Code of Ethics. Core Code of Ethics will be built into end-to-end employee lifecycle (recruitment, performance etc.) Updates to policies/forms will be actioned by end April 2025 (replacing WYFRS values with Core Code of Ethics). Organisational comms planned.	On Track
Rec 02	By 1 February 2025 chief fire officers should make sure a policy for probationary staff is in place. This policy should make clear that services can immediately dismiss probationers who fail to meet the required standards of behaviour set out in the Core Code of Ethics and the Code of Ethics standard.	02/02/2025	Specific probational policy for trainees - consultation within a couple of weeks- end Sept. People Plan- promotion processes will pull through Core Code of Ethics. Policy is complete. Discussions with FBU are continuing, next meeting is for 7 April 2025. A process is in place to dismiss probationers using established processes.	Complete

Rec 03	<p>By 1 May 2025 chief fire officers should make sure their workforce plans allow staff to be moved from a wholetime watch to a different watch or station, within their contractual requirements, proactively and reactively as required.</p> <p>By 1 May 2025 chief fire officers should make sure firefighters who are promoted are posted to a different watch or station including when the promotion is temporary for two months or more. If this isn't possible, chief fire officers should show how the risks or reinforcing negative culture have been addressed.</p>	01/05/2025	<p>Already ongoing with this in People Plan (first part). Contracts of employment don't stipulate place of work</p>	Complete
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Rec 04	<p>The extent to which services are identifying misconduct.</p> <p>By 1 February 2025 chief fire officers should make sure their services create or have access to a dedicated professional standards function to oversee investigation of concerns raised within a service or from an external source. This should oversee cases to make sure they are investigated in a fair and transparent way, manage complex cases directly and act as a point of contact for all staff involved.</p>	01/02/2025	Independent investigator in place. The People and Culture Directorate operating model and structure will evolve in 2025.	Complete
Rec 05	<p>By 1 November 2024, chief fire officers should make sure all staff understand how to raise a concern and use grievance and whistle-blowing processes. Chief fire officers should:</p> <ul style="list-style-type: none"> • make sure staff know how services will handle responses and maintain confidentiality and anonymity; and • explain how staff can access services' whistle-blowing capability and the difference between whistle-blowing and other processes for raising concerns. 	01/11/2024	SaySo in place and being used well - this is an indicator that people know how to confidentially report concerns. We will run a signposting campaign in 2025.	Complete

Rec 06	<p>By 1 February 2025, chief fire officers should make sure a programme of training is in place for all supervisors and managers on how to manage staff performance and welfare and how to raise an issue. It should be supported by relevant policies and procedures. Training should include:</p> <ul style="list-style-type: none"> • staff welfare and absence management; • the process for managing individual staff performance, addressing poor performance and potential misconduct issues; • how to handle difficult conversations and resolve issues informally, if appropriate, when a concern is identified; and • clarifying the role of HR services in helping managers to deal with staff concerns and misconduct issues. <p>Chief fire officers should make sure all managers and supervisors attend the training programme.</p>	01/02/2025	<p>HR Management courses - mandatory every 3 years. Performance management course - is in place. NFCC toolkit on Managing Difficult Conversations. HR helping managers/everyone with staff concerns/misconduct issues - People Plan. Resilient Manager training is offered to support managers to have better quality conversations with teams.</p>	Complete
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Rec 07	<p>Effectiveness of misconduct processes.</p> <p>By 1 May 2025, chief fire officers should make sure the policies and processes for misconduct are consistent for all staff and are fairly applied within their respective conditions of employment.</p> <p>By 1 August 2025, the National Joint Council for Local Authority Fire and Rescue Services and the National Joint Council for Local Government Services, supported by the National Fire Chiefs Council, should make misconduct processes consistent for all staff irrespective of the terms and conditions of their employment</p>	01/05/2025	<p>People plan to review discipline policy. Consistency of approach between grey and green book.</p>	Complete
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Rec 08	<p>By 1 November 2024, chief fire officers should make sure all allegations of misconduct are handled in a consistent way and staff have confidence in misconduct processes. Chief fire officers should carry out a full review of the processes, from initial identification of a misconduct issue through to the resolution or outcome. This should include a review of how services:</p> <ul style="list-style-type: none"> • monitor and manage investigations; • maintain accurate records; and • adhere to required timescales. 	01/11/2024	Timescales People Plan commitment - process. Flow Chart.	Complete
Rec 09	<p>By 1 August 2025 chief fire officers should introduce a case management system if they don't already have one. The case management system should allow data to be produced that will help them to better understand and oversee misconduct cases in their services.</p>	01/08/2025	Comprehensive case management process is in place. Weekly stand up reviews managed by HR Manager. SaySo new tools and data.	Complete
Rec 10	<p>By 1 May 2025, chief fire officers should make sure their services have enough capacity to carry out their misconduct investigations. They should consider using external investigators or a similar independent resource to support the process if required.</p>	01/05/2025	<p>ACAS training for a group of managers, increasing resource and number of trained investigators. Cohort of trained investigators. Regional Pool of investigators and external partnership with SYFRS.</p>	Complete

Rec 11	<p>By 1 May 2025, chief fire officers should review the training their services provide for supervisors and managers who investigate misconduct issues at all levels. Chief fire officers should make sure:</p> <ul style="list-style-type: none"> • all staff who carry out investigations receive adequate training to carry out the task; • a programme of refresher training and ongoing support is available so that staff can maintain a level of competence; and • it is clear how services' HR provision, staff associations and any trade union representative or fellow employee will support the investigation process. 	01/05/2025	<p>ACAS training for a group of managers, increasing resource and number of trained investigators. Clear guidance and HRBP support is in place.</p>	Complete
Rec 12	<p>With immediate effect, chief fire officers should make sure all staff are aware of the welfare support, including occupational health support, that is available to staff involved in misconduct processes. Chief fire officers should encourage all staff involved in misconduct processes to access this support, whether they are an alleged perpetrator, complainant, witness, investigator or decision-maker. Welfare personnel should be independent of the investigation and have been appropriately trained for this role.</p>	Immediate effect	<p>OHSU - welfare processes and introduction of TRiM - flow chart. Case conference on a peer to peer level. Welfare support is signposted to all involved.</p>	Complete

Rec 13	<p>By 1 November 2024, fire and rescue authorities and chief fire officers should consider varying the approach to hearing appeals so that appeals for complex or serious cases are heard by a panel rather than one person.</p> <p>By 1 February 2025, fire and rescue authorities and chief fire officers should make sure all service managers and members of fire and rescue authorities who hear appeals receive appropriate training. Chief fire officers should make sure services have a consistent approach to hearing appeals.</p>	<p>01/11/2024 01/02/2025</p>	<p>Panel approach to put in place for dismissal appeals.</p>	<p>On Track</p>
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Rec 14	<p>Understanding misconduct and sharing lessons learned</p> <p>By 1 November 2025, chief fire officers should implement a process that makes sure they can oversee and scrutinise their services' performance relating to misconduct issues. This process should provide:</p> <ul style="list-style-type: none"> • a strategic overview of performance and analysis of trends, including disproportionality; • regular reporting of issues, outcomes and trends to the fire and rescue authority; and • identification of learning outcomes and how they will be shared with fire and rescue service staff, to prevent repeat behaviours. 	01/11/2025	<p>Reviewing to People and Culture committee - 4th Oct will include a summary from discipline and grievance paper. SLT presentation of trends. Complex case debriefs introduced. In progress.</p>	On Track
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Rec 15	<p>By 1 February 2025 chief fire officers should put in place a process for sharing learning from misconduct cases that have been resolved while preserving the confidentiality of all parties involved. Any learning should feed into the national system, when established.</p> <p>By 1 May 2025 the National Fire Chiefs Council should establish a system for sharing learning from more serious cases of misconduct with fire and rescue service staff. The information shared should preserve the anonymity and confidentiality of all parties involved. The College of Fire and Rescue once it is established should take responsibility for maintaining this system.</p>	<p>01/02/2025 01/05/2025</p>	<p>Complex case debriefs introduced. Learning log managed by Independent Investigator. Routine sharing with SY and Humberside FRS.</p>	Complete
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HMICFRS Areas for Improvement and Internal Areas for Improvement

Ref	Action	Due Date	Progress	Update
	Round 3 HMCFR Areas of Improvement			
	Effectiveness			
Prevention	<p>Address the backlog of safe and well visits. The prevention visit backlog has grown from 839 in 2021/22 to 1,211 in 2022/23. During our inspection, we discovered high-risk cases waiting over five months for a safe and well visit.</p>	30.06.2025	On Track	<p>Prevention officers given targets on a weekly basis. Prevention Performance Management Procedure launched. Prioritisation guide was released. Staffing has affected backlog. Some of the cases have had crews visiting, but no staffing to do follow up visits. Recruiting for 8 positions, plan to address all backlog with these new staff. Carried out an evaluation against outputs, aware of where resourcing needs to go. Working with ORH to do an evaluation of our prevention activities which is a 14 week programme, to be completed by the end of</p>
Prevention	Deliver safe and well visits in a timely manner.	30.06.2025	On Track	As Above.
Protection	<p>The auditing activity is aligned with the risk-based inspection programme, focusing on hospitals, high-rise buildings, and care homes. However, other high-risk buildings might be overlooked. The service plans to address this by updating the risk-based inspection programme starting in April 2024.</p>	31/07/2025	On Track	<p>Re-writing Risk Based Inspection Programme (RBIP) incorporating the lower risk area of work. National Guidance just published through NFCC, paper to go to Community Safety Committee June/July 2025. Will incorporate work carried out in high-risk areas and embed this into new RBIP. Prioritisation of risk policy now in place.</p>

	Efficiency			
Resources	<p>The service needs to demonstrate a clear rationale for the allocation of resources between prevention, protection, and response activities, ensuring consistency with the risks and priorities outlined in its Community Risk Management Plan. Additionally, the service could enhance its succession planning.</p>	20.06.2025	On Track	<p>Recruited 5 new trainees for Control. Recruiting for prevention teams, rationalised station clerks and reinvested in the prevention officers. Distribution of staff based on risk. Research taking place into how other services deploy resources and how we can better reflect the CRMP through its development.</p>
Business Continuity Testing	<p>The service should ensure there is a testing programme for its business continuity arrangements, especially in high-risk areas. Business continuity schedules were unclear, and we found that the plans don't have set review dates.</p>	30.06.2025	On Track	<p>Business Continuity Plans Reviewed 2024 - 92% Business Continuity Plans Tested 2024 - 81% Business Continuity Group meets quarterly Developing Business Continuity recording to make more engaging and interactive. Pulled out areas for improvement and good work to take to Business Continuity Group meetings. Reminders are sent to departments to test plans before the end of the year.</p>
People				

Feedback Mechanisms	<p>The service should ensure that staff are confident in using its feedback mechanisms. During the 2021 inspection, it was identified as an area for improvement. The service introduced and promoted the independent reporting line SaySo, which allows staff to raise concerns anonymously. However, many staff reported lacking confidence in using SaySo due to uncertainty about the process and its confidentiality. Therefore, this area for improvement will remain.</p>	30.06.2025	Completed	<p>In the calendar year Jan-Dec 2024, we received 22 SaySo concerns across the breadth of the organisation. Gives confidence people are confident using the platform to raise concerns. Requested improved functionality of the platform to monitor how satisfied complainants were with the response they received. Marked as completed.</p>
Working Hours	<p>The service should proactively monitor working hours, including overtime, to improve staff well-being. Currently, the service relies on individuals to declare any secondary employment and associated working hours, and it doesn't monitor staff who have secondary employment policies to ensure they don't work excessive hours. The working hours of those on dual contracts are monitored and recorded on two separate systems, which aren't connected, making it difficult for managers to monitor combined working hours.</p>	30.10.2025	On Track	<p>Secondary employment recording is difficult as weekly hours aren't recorded, instead it says 'flexible'. We are tracking working hours/overtime/secondary employment and are looking at trends with other data. Check introduced for line managers to be checking absence yearly. Work on control overtime undergoing for data collection.</p>
Internal Areas for Improvement				

<p>Prevention</p>	<p>Post-incident prevention work processes were inconsistent, as evidenced by the files sampled and staff interviews. We found instances of post-fire visits being conducted while occupiers were absent, the following day, or not at all.</p>	<p>31.03.2025</p>	<p>Completed</p>	<p>New database supports smoother and more consistent reporting of this. New post-incident prevention policy introduced.</p>
<p>Ops Learning</p>	<p>During the last inspection, it was found that debriefs weren't always conducted within the timescales set out in the service's policy. Although progress has been made in learning from operational incidents, some debriefs still weren't carried out within the set timescale. The service wasn't always conducting full debriefs in line with its policy, but sufficient progress has been made to close this issue.</p>	<p>20.03.2026</p>	<p>On Track</p>	<p>Ops Learning team have developed their own power automate and created their own system that requires individual input. Power automate being developed to help support team with implementation. Capturing why timeframes for debriefs are not being met. - needs agreement by the incident commander or ops assurance who attended, there needs to be a rationale as to why/why not submitted on time. Working to ensure that this process is BaU and meeting time frames within the current debrief policy.</p>
<p>Fire Protection</p>	<p>The service could enhance its efforts to work with local businesses and other organisations to promote compliance with fire safety legislation.</p>	<p>26.09.2025</p>	<p>On Track</p>	<p>Progress with engagement strategy. 9 business advisors in role, 5 competent in September 2025 and the existing 4 carrying out engagement. Plan is to pro-actively promote fire safety. Strategy will include additional activity to wider audiences.</p>

Fire Protection - Resources	Ensure adequate resources are allocated to meet the protection strategy. As of 31 March 2023, there are 21 competent protection staff and 17 more in training. Additionally, the service is training business advisors to fill any gaps.	30.06.2025	On Track	21 new staff recruited on 09.09.24. Looking to introduce an annual recruitment and promotion process to ensure we consistently have the right skills and resources in place. Staff retention is good. Fire Protection uplift grants used in a positive way to subsidise current establishment costs.
Productivity	Workforce productivity: The service has taken steps to ensure workforce productivity by producing a draft daily station routine, which was due to go live in May 2024. We look forward to seeing the results in the next inspection.	31.03.2025	Completed	Working day plan complete following a 6 month trial - in line with NFCC productivity and efficiency. Reviewed, Evaluated and communicated with staff. Linked into Home Office Productivity plan.
Community Engagement	Community Engagement Groups should be set up to monitor and evaluate effectiveness. District 'CRMP Consultation Groups' will support further consultation and engagement after CRMP development is completed.	30.06.2025	On Track	Prevention databased can report community engagement activity and staff calendar reports. Looking at building on the CRMP contacts and have agreement to increase our positive engagement officers to two people. Looking at a single point of collating the data and metrics of engagement.
Performance Management	Performance Management Training and Competence: The service plans to enhance performance management in areas such as staff training and competence. We look forward to seeing the results in the next inspection.	18.04.2025	On Track	OneView system specifically for qualifications and E-Learning in progress. Training Admin progressing with data cleansing for those expired qualifications.

<p>Temporary Promotions</p>	<p>Length of temporary promotions: As of 31 March 2023, 44 staff members were on temporary promotions, representing 3.1% of the workforce. The average duration of temporary promotions was 365 days, up from 256 days in 2022, and higher than the average of 312 days across all FRS in England. The longest duration for an individual on temporary promotion was 990 days, which is lower than the average of 1,391 days across FRS in England.</p>	<p>30.10.2025</p>	<p>On track</p>	<p>Change to the promotion process taking place which will reduce the number of individuals in temporary roles. Policy has been updated and has gone through consultation. Actively monitoring temporary roles to ensure that they are temporary.</p>
<p>Managing Absence</p>	<p>Managing Absence: Some managers reported completing absence management training, while others felt unprepared to handle absence effectively. In 2022/23, the average number of days not worked per firefighter due to long-term sickness increased by 27% compared to 2021/22.</p>	<p>30.10.2025</p>	<p>On Track</p>	<p>Communication going out to wider workforce explaining the importance of good attendance and the impact absence is having on the workforce. Stress and Musculoskeletal are the main reasons for absence, collaborating with Occupational Health team to collate a survey to allow for the ability to drill down into what is causing the stress/to support ways to manage it. Revised policy, once agreed, will go to consultation. Supporting managers to be better at managing potential absence in a supportive way. . Survey going out to expand on stress and ways to support this.</p>

<p>On Call Training</p>	<p>On-Call Training Courses: Some On-Call firefighters reported that training courses are only provided mid-week, making it difficult to get time off from their primary employer.</p>	<p>31.03.2025</p>	<p>Completed</p>	<p>Weekend training courses for on-call now built in to 2025 training schedule and advertised through training admin department. WYFRS has limited staff on solely on-call contracts (less than 20) as most are dual contracted. Evaluation of the on-call modular approach taking place.</p>
<p>Diversity in Leadership Roles</p>	<p>Increase Diversity in Leadership: The service recognises the need to further increase workforce diversity, particularly in middle and senior management. It has implemented plans such as the Aspire programme, which targets under-represented groups within the service.</p>	<p>30.10.2025</p>	<p>On Track</p>	<p>Very few people in the pipeline for development roles. Investing in long term positive action approach to have a support pipeline for development. Looking at places to advertise following HMI guidance. Some success with Pilot Talent Programme.</p>
<p>Data Restrictions - recruitment/ Reduce diprotionality</p>	<p>Disproportionality in Recruitment: The service has a positive action coordinator supported by the communications team to promote positive action during recruitment campaigns, but this is currently limited to firefighter recruitment. The service could improve its system to better understand and reduce disproportionality in recruitment processes. Although diversity-related information is collected during recruitment campaigns, it is difficult to analyse this data due to system restrictions.</p>	<p>01.07.2025</p>	<p>On Track</p>	<p>Some success through Jobs Fair for Protection team. Looking at ways to capture data better to how recruitment profiles. Management to upskill and think about gaps with diversity within their departments. Reviewing with managers. Working on raising diversity of firefighters (job fairs, universities and colleges). Work ongoing for current employees to disclose and for managers to check information within the annual review in Access.</p>

Reality Testing 2024

Date:	11 February 2025
Submitted by:	Judi Haigh
Submitted to:	Strategic Leadership Team

Introduction

Reality Testing is now an established process in its 3rd year. The Service Improvement and Assurance Team (SIAT) delivers this process as part of our organisational assurance.

It is an in-depth review of smaller incidents (4 pumps or under). It tests our policies and procedures to gauge how effectively they are working. It does this by gathering organisational learning and instilling a proactive and continuous cycle of improvement to try and achieve the overall aim and focus, of improving firefighter safety.

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

All learning identified during the process is brought to the attention of Area Mangers and relevant Heads of Departments who then decide on the action to take.

Summary of Process delivered in 2024.

In 2024 we delivered 5 Reality Tests:-

- Test 1 – Rescue from Water or Ice
- Test 2 – House Fire Persons Reported
- Test 3 – Rescue from Water or Ice
- Test 4 – Moorland/Heathland/Wildfire
- Test 5 – 12 Pumps High Rise (Cladded)

In 2024 the tests involved:-

- 5 Districts, including Leeds, Kirklees, Bradford and Wakefield twice.
- 7 Control visits, to 3 watches, including Blue Watch three times and Green watch twice.
- 20 visits to 2-2-4 stations
- 3 CLM Watch Managers, mobilised independently of their watches.
- 4 visits to 3 Day-Crewed Stations
- 3 visits to On-Call Stations

We did not meet our target of completing 6 reality tests in 2024, due to test 5 being a 12-pump, evacuation of a high-rise tower block. Whilst this larger incident does not meet the set-out parameters of reality testing (4 pumps or under) it was agreed that a high-rise evacuation incident would give us valuable learning.

Reality Testing is now a standing item on the quarterly Operations and Training Assurance Group, and the Operational Learning and Evaluation Board (OLEB) where the team updates these groups on new actions, reports on trends and discusses how actions are being addressed. This ensures that Reality Testing and Operational Learning teams are working collaboratively and reduces duplication.

Summary of Learning

Notable incidents that were tested in 2024 include: -

- Moorland Wildfire involving 4 pumps with a mix of Wholetime and On Call crews utilising Wildfire units. Although the incident itself was a smaller incident it led to wider discussion re: wildfire capabilities and the creation of the Wildfire Forum where all stakeholders have opportunity to discuss current procedures. Rep bodies involved in discussions around attendees for this.
- 12 pump High Rise fire that required implementation of Evacuation procedures – the incident highlighted difficulties implementing the policy with the resources available particularly in the early stages. The report from the incident was taken to SOT for wider discussion.
- House Fire Persons Reported highlighted an outstanding example of using fire survival guidance from Control and highlighted the difficulties of incidents being filmed and posted on social media (YappApp).
- Rescues from Water or Ice - led to 2 Joint Operational Learning (JOL) submissions re: multi agency working and JESIP principles including improving firefighter safety by the addition of a new action where the Police inform West Yorkshire Control if any casualty has 'markers' during the 999 call. (High risk missing person/weapons) New prompt for Control to ask if there are markers on the person.

In 2024 we have seen improvements, such as:-

- Learning/Competency (notably E learning - 99% average completion)
- Staff falling out of safety critical competencies - we have seen a vast improvement with staff and Districts managing this and proactively booking onto courses to

maintain competencies or qualifications. Staff are now taken 'off the run' if they fall out of competencies.

- 96% for the year Competency Dashboard

Some actions from 2023 have been kept open to monitor and continually assure that the progress is maintained throughout 2025, such as:-

- Equipment Management System (EMS) recording.
- Competency Dashboard recording.
- NOG's - 76% average completion rate for the year
- Incident Command – Introduction of OpA process
- Wearing of seatbelts – hope this will improve with new fire appliance (BA set removed from cabs)

Actions have been addressed via OPIDs, the SAV process, communication in Health and Safety Bulletins, and making existing procedures more robust to improve performance and prevent trends from being repeated.

Post-Test Reporting, Transparency, and Feedback

Reality Testing reports and action trackers continue to be private and do not highlight any individual names involved in testing, except the managers responsible for owning actions. This approach along with the transparency has encouraged participants to engage with the process and give the team honest feedback, without any reprisals. AM have highlighted the anonymous nature of the process have been invaluable in gathering important information that is not always uncovered during the debrief process.

Over the 3 years we have been carrying out the Reality Testing process we have included:-

- 83% of all stations (33/40)
- 90% of 2-24 stations (19/21)
- 78% of Day Crewed (7/9)
- 70% of On-Call (7/10)
- 50 total visits to operational stations
- 40% of stations have had multiple visits (13/40)
- 100% of Control Watches
- 15 total visits to Control
- 7 Station Managers visits
- 4 Group manager visits
- 76 total Reality Test visits.

How the process will evolve in 2025

We plan to add questions for the public involved in the incidents we reality test during 2025, to gauge public feedback and gather learning from their point of view.

We also plan to expand Reality Testing to focus on specific areas, to include a test around the recording on our Equipment Management System (EMS) and Competency Dashboard. As mentioned earlier we have seen some improvements in these areas but have been asked to complete a more robust look at the underlying reasons behind these trends.

Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance. No.

OFFICIAL

Agenda item: 09

Accounting Policies

Audit Committee

Date:	25 th April 2025
Submitted by:	Director of Finance and Procurement
Purpose:	To present the accounting policies that will be applied in the preparation and presentation of the 2024/25 Statement of Accounts.
Recommendations:	That members note the report
Summary:	It is considered good practice for the Audit Committee to review the proposed accounting policies to be used in the preparation of the Authority's Statement of Accounts.

Local Government (Access to information) Act 1972

Exemption Category:	Nil
Contact Officer:	Alison Wood, Director of Finance and Procurement, Alison.wood@westyorksfire.gov.uk 07500 075362

Background papers open to inspection: Nil

Annexes: Accounting Policies 2024/25

1. Introduction

- 1.1 The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025.
- 1.2 The Authority is required to prepare an annual Statement of the Financial Accounts as per the Accounts and Audit Regulations 2015. These regulations require the Financial Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in 2024/25 and the Service Reporting Code of Practice 2024/25 supported by International Financial Reporting Standards (IFRS).
- 1.3 It is a requirement that the Authority's draft set of the Statement of Accounts 2024/25 be published on the Authority's website by the 30th of June 2025.

2. Information

- 2.1 Accounting policies are defined by the Code as "the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements".
- 2.2 As a starting point in selecting its accounting policies, the Authority uses the example policies set out in the CIPFA Code of Practice guidance notes. However, the policies are then tailored to meet the Authority's own needs and circumstances. The policies settled upon should cover all material transactions and balances (e.g. revenue recognition, non-current assets, and retirement benefits) and should be followed in practice.
- 2.3 Policies do not need to be disclosed in respect of immaterial transactions or balances, or where they are not applicable to the Authority. The policies are reviewed and, if necessary, updated annually to reflect changes to the Code, accounting standards or statutory guidance.
- 2.4 In 2024/25 there has been a material change in the accounting standard for the accounting treatment for leases under IFRS16, compliance to this standard became a requirement on the 1st of April 2024. In summary, the change to this accounting standard requires the authority to capitalise the lease cost of vehicles and include them on the Balance Sheet rather than treat them as a revenue cost.
- 2.5 The policies which will be followed in the preparation of the 2024/25 Statement of Accounts are set out in Appendix A.

For ease of reading, the changes from the policies used in the preparation of the 2023/24 accounts have been shown in red.

3. Financial Implications

3.1 There are no financial implications associated with this report.

4. Legal Implications

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

5. Human Resource and Diversity Implications

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

6. Equality Impact Assessment

6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance?: No

7. Health, Safety and Wellbeing Implications

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

8. Environmental Implications

8.1 There are no environmental implications associated with this report.

9. Your Fire and Rescue Service Priorities

- Provide ethical governance and value for money.

10. Conclusions

10.1 In accordance with good accounting practice it is recommended that Members approve the accounting policies that will be used during the preparation and production of the 2023/24 Statement of Accounts

Note 1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31st March 2025.

The Authority is required to prepare an annual Statement of the Financial Accounts as per the Accounts and Audit Regulations 2015. These regulations require the Financial Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in 2024/25 and the Service Reporting Code of Practice 2024/25, supported by International Financial Reporting Standards (IFRS).

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

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

Fundamental Accounting Concepts

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

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

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

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

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

Accruals of Income and Expenditure

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

- Revenue from the provision of services is recognised when the Authority can measure reliably the completion of the transaction.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including the services from employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowing is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

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

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

Exceptional Items

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

Prior Period Adjustments

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

Charges to Revenue for Non-Current Assets

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

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

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

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

Employee Benefits

Benefits payable during employment

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

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

Termination Benefits

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

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

to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

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

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

The Authority participates in the following retirement schemes:

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

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

Firefighters' Compensation Scheme

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

Local Government Pension Scheme

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

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

- The assets of the LGPS attributable to the Authority are included in the Balance Sheet at their fair value.

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

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

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined liability (asset) which is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits to employees – debited or credited to the deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the LGPS – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

The 2024/25 Code (and IAS 19 Employee Benefits Revised) requires that administration costs directly related to the management of plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the defined benefit obligations, are recognised as a reduction in the return on plan assets and recorded in Other Comprehensive Income and Expenditure.

The 2024/25 Code does not prescribe a specific accounting treatment for administration costs that are not deducted from the return on plan assets. The accounting treatment adopted by West Yorkshire Pension Fund is to deduct administration costs from the cost of services.

Discretionary Benefits

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

Pension Fund

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

Events After the Balance Sheet Date

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

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

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

Financial Instruments

Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair

value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

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

Financial Assets

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

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

The Authority holds investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Authority's financial assets are therefore classified at amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

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

Financial Assets Measured at Amortised Cost

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

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

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

Financial Assets Measured at Fair Value Through Profit or Loss

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

Fair Value Measurement of Financial Assets

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

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

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

Foreign Currency Translation

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

Government Grants and Contributions

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

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

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

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

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

Intangible Assets

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

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

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

Inventories and Long-Term Contracts

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

Leases

Finance Leases

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

Leases that do not meet the definition of finance leases are accounted for as operating leases. The Authority had no finance leases in **2024/25**.

Operating Leases

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

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

The Authority leases no assets to other organisations.

Right of Use Assets

IFRS 16 (Leases) has been adopted with effect from 1 April 2024. The main impact of the requirements of IFRS16 is that, for arrangements previously accounted for as operating leases (ie without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. Recognition exemptions have been

elected to be applied to low value assets (below £10k when new) and to short-term leases ie existing leases that expire on or before 31 March 2025 and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Overheads and Support Services

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

Property, Plant and Equipment

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

Recognition

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

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

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

Measurement

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

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

Land and Buildings

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

Vehicles, Plant and Equipment

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

Assets Under Construction (AUC) - historical cost.

Surplus Assets – fair value.

Assets Held for Sale – fair value.

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

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

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

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

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

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

Impairment

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

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

Where identified, the impairment losses are accounted for by:

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

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

Depreciation

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

Land and Buildings:

- New Buildings and Refurbishments 21-50 years.

Vehicles, Plant and Equipment:

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

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

Componentisation

For those assets where the cost of the component parts is significant, they are depreciated separately from the rest of the asset. The Authority has a £500,000 de-minimis level on the

net book value which means that if the carrying value of the asset is lower than this de
Minimis the asset is not componentised. For those assets that are assessed for
componentisation each component must represent 25% of the total cost of the asset or the
depreciation charges must be significant to the charge if componentisation was not used.
The componentisation of an asset is also reviewed if the asset has significant enhancement
expenditure during the year, is purchased/built from new and during the formal 5 yearly
property valuations.

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

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

Unusual or Material Charges or Credits in the Accounts

These are items that due to their nature and/or value require separate disclosure. Details of unusual or material charges or credits in the Accounts for 2024/25 are shown in the notes to the main financial statements.

OFFICIAL

Agenda item: 10

Internal Audit Quarterly Report

Audit Committee

Date:	25 th April 2025
Submitted by:	Director of Finance and Procurement
Purpose:	To present the Internal Audit Quarterly Report January to March 2025
Recommendations:	That members note the content of the report
Summary:	This report provides a summary of the audit activity for the period January to March 2025 and to report the findings to the Committee.

Local Government (Access to information) Act 1972

Exemption Category:	Nil
Contact Officer:	Alison Wood, Director of Finance and Procurement Alison.wood@westyorksfire.gov.uk 07500 075362 Simon Straker, Internal Audit Manager Simon.straker@kirklees.gov.uk 01484 221000
Background papers open to inspection:	Individual Internal Audit Reports
Annexes:	Internal Audit Quarterly Report

1. Introduction

1.1 This Committee has the responsibility for monitoring the work of internal audit. In order to facilitate this, Internal Audit provide a quarterly report of its progress which includes a summary of the work completed and an assessment of the level of assurance provided by the systems examined. This report covers the period from January to March 2025.

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

Substantial assurance

Adequate assurance

Limited assurance

No assurance

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

2. Information

Audit Work

2.1 This report contains an update on audit work included within the 2024/25 audit plan. In the period January to March 2025, three audits have been completed, two received positive assurance and one received limited assurance.

2.2 The internal audit report on Commercial Premises Risk Management System which received limited assurance will be subject to a follow up audit later in the year.

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

3. Financial Implications

3.1 There are no financial implications associated with this report

4. Legal Implications

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

5. People and Diversity Implications

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

6. Equality Impact Assessment

6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? No

7. Health, Safety and Wellbeing Implications

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

8. Environmental Implications

8.1 There are no environmental implications associated with this report

9. Your Fire and Rescue Service Priorities

9.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below: Provide ethical governance and value for money.

- Collaborate with partners to improve all of our services.

10. Conclusions

10.1 This report has updated members with the internal audits conducted within the fourth quarter of 2024/25, January to March 2025.



INTERNAL AUDIT QUARTERLY REPORT

2024/25

January to March 2025

Simon Straker: Audit Manager

ABOUT THIS REPORT

This report contains information about the work of the Authority's Internal Audit provided by Kirklees Council. The 2024/25 Audit Plan was approved by this Committee at the start of the year covering a variety of areas enabling an annual opinion to be formed on the Authority's governance, risk management and internal control arrangements.

For ease of reference the audits are categorised as follows:

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

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

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

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

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

The final section of the report concerns Audit Plan delivery.

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

Explanation of Recommendations and Assurance Levels
Classification of Recommendations

Each recommendation is classified as follows:

Fundamental – A recommendation, often requiring immediate action that is key to maintaining an appropriate control environment and thereby avoiding exposure to a significant risk to the achievement of the objectives of the system, process, or location under review.

Significant – A recommendation requiring action that is necessary to improve the control environment and thereby avoid exposure to a risk to the achievement of the objectives of the system, process, or location under review.

Merits Attention – A recommendation where action is advised to enhance control or improve operational efficiency.

Assurance Level

The number and classification of recommendations determines the opinion on the level of assurance derived from the audit as follows:

Assurance Level	Recommendation Classification		
	Fundamental	Significant	Merits Attention
Substantial	There are no fundamental recommendations	There are no more than one significant recommendation	There are no more than 5 merits attention recommendations.
Adequate	There are no fundamental recommendations	There are 2 – 4 significant recommendations	There are 6 – 10 merits attention recommendations
Limited	There is 1 or more fundamental recommendations	There are more than 4 significant recommendations	There are more than 10 merits attention recommendations
No Assurance	The number of fundamental recommendations made reflects an unacceptable control environment	N/A	N/A

The opinion reflects both the adequacy of the control arrangements and the extent to which they are applied as follows:

Assurance Level	Control Adequacy	Control Application
Substantial	A robust framework of all key controls exists that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
Adequate	A sufficient framework of key controls exists that are likely to result in objectives being achieved but the overall control framework could be stronger.	Controls are applied but with some lapses.
Limited	Risk exists of objectives not being achieved due to the absence of a number of key controls in the system.	Significant breakdown in the application of a number of key and / or controls.
No Assurance	Significant risk exists of objectives not being achieved due to the absence of key controls in the system.	Serious breakdown in the application of key controls.

1. **SUMMARY**

This report contains details of work completed during the final quarter of 2024/25, covering the current Plan approved by the Committee at the start of the year.

One audit, concerning managing the risk of providing operational staff information concerning the hazards they may have when attending an incident at a commercial premise produced a Limited Assurance opinion, the remainder produced a positive one, albeit that where appropriate, recommendations have been agreed to strengthen the control environment.

It has been agreed to defer two audits into 2025/26 as that will be a more appropriate time for a review.

2. **SPECIAL INVESTIGATIONS & REVIEWS**

None during this period.

3. **KEY FINANCIAL SYSTEMS & RISKS**

None during this period.

4. OTHER FINANCIAL SYSTEMS & RISKS

System	Findings	Audit Opinion
Director of Finance & Procurement		
National Fraud Initiative 2024/25	<p>No significant issues have arisen from checks made of the small number of exceptions reported and no savings due to either error or fraud have been identified, continuing the outcome of previous exercises. The absence of matches in a number of the tests performed is as instructive as those where matches have been identified for review, and overall this exercise has provided assurance that the current employees and Members of the Authority are not involved or connected in any fraudulent activity within its scope and have complied with requirements under employment and appointment terms and conditions.</p> <p>Similarly, regarding the creditors matches, testing of the highest value matches did not identify any duplicate payments or other errors. Smaller value transactions have been passed to HD One for review alongside those relating to Kirklees and should there be any findings these will be notified in due course. Overall, the exercise has provided assurance that the system controls in place in the Accounts Payable process are adequate, especially concerning the absence of duplicate payments and VAT errors.</p>	Substantial Assurance
Director of People & Culture / All Directors		
Absence Management	<p>Performance management arrangements are in place to monitor and report sickness absence performance and clear policies, procedures and guidance documents set out responsibilities and a framework for managing and supporting the attendance management process. Sickness absence performance is reported annually at Full Authority meetings with more detailed statistics being reported at the quarterly Committee meetings.</p> <p>In terms of locally compiled performance data it was noted that the Authority has a target which is currently 0.60 working days lost per employee per month to sickness absence. The Authority is failing to meet that target by a margin in excess of 10%. For the 2024</p>	Adequate Assurance

calendar year, the working days lost figure was 0.89. The cost of absence had risen from £2.14m in 2022/23 to £2.38m in 2024/25.

Audit testing confirmed that there was an audit trail of management action for a representative sample of cases and the current policy is being implemented, albeit that there was a marked difference in detail recorded which could suggest a difference in line manager's stance to absence. The policy is currently under review by HR and potential improvements to current practices have been identified. These include further increasing the role of an employee's direct line manager in the process, as the current requirement is for an employee to notify a central team who do not have personal knowledge of the employee and further seeking to improve the offering in terms of mental health support.

5. **LOCATION & DEPARTMENT AUDITS**

None during this period.

6. BUSINESS RISK AUDITS

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

Director of Service Delivery		
Commercial Premises Risk Management System	<p>Details of potentially hazardous materials kept in commercial premises provide essential health and safety intelligence in the event of operational staff attending an incident at one of them.</p> <p>Although information is recorded on the OSARIS (Operational System And Risk Information System), the arrangements in place currently do not allow that information to be consistently communicated to operational crews by the timeliest method available, namely via the Mobile Data Terminals (MDTs) located in appliances. All staff who contributed to this report are aware of the issues and are actively seeking to resolve them.</p> <p>It is acknowledged that workarounds have been established to enable information to be communicated via the hard copy turnout sheets and that firefighters can ring Control for information if required. However, discussions with firefighters on station suggest that both of these methods of obtaining information currently create a degree of additional delays that could be eliminated by fully operational MDTs.</p> <p>Sample audit testing did provide assurance that sufficiently detailed property records are held in the OSARIS database and are updated on a timely basis. However, it was noted that in addition to current records, some historic legacy information is also held on the system. The risk of having multiple records is that partial or out-of-date information could be inadvertently forwarded to operational crews. Discussions with the Operational Support Team confirmed that completing a planned data cleansing exercise would resolve this issue.</p>	Limited Assurance

7. FOLLOW UP AUDITS

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

None during this period.

8. IMPLEMENTATION OF RECOMMENDATIONS & EXTENSIONS OF TIME TO IMPLEMENT

<u>Open Recommendations</u>	<u>Classification</u>	<u>Due by 31 March 2025</u>	<u>Complete</u>
All	Fundamental	0	0
	Significant	4	2
	Merits Attention	<u>6</u>	<u>5</u>
	Total	<u>10</u>	<u>7</u>
<u>Audit / Recommendation</u>	<u>Classification</u>	<u>Agreed Implementation Date</u>	<u>Progress</u>
<u>Hydrant Maintenance & Management</u>			
The risk-based approach to inspection should be reviewed and refined to include: <ul style="list-style-type: none"> • a review and amendment of appropriate inspection targets based on achievable time periods within resource capabilities. • a simple process to identify appropriate risk classification and other risk indicators and then to record this on SC Capture to ensure there is an audit trail of the profile determined. 	Significant	December 2025	-rescheduled to September 2025
Now that data is available in SC Capture, reporting should be developed that allows for management oversight of inspection performance.	Significant	December 2025	Completed.

Each of the anomalies identified in the data in SC Capture should be reviewed and the entry either populated or amended where necessary.	Merits Attention	December 2024	Completed
The control process around the raising of orders and subsequent payment of invoices to Yorkshire Water should be refined to accommodate non-YW invoices going forward.	Merits Attention	December 2025	Completed.
Detailed financial reporting of the hydrant repair costs should be provided on a periodic basis to ensure they are reasonable and in line with expectations.	Merits Attention	October 2025	Completed.
<u>Counter Fraud & Corruption</u>			
To ensure continued vigilance against the risks of fraud and corruption, the Authority should trial Fraud Risk Assessments across departments.	Significant	December 2024	Following the appointment of the new Finance Manager, the process will be developed, implemented and reported over the next few months.
The Fighting Fraud & Corruption Locally checklist should be adapted for practical use by the Authority and points on the checklist should be reviewed as an annual exercise.	Significant	March 2025	Completed
The Authority should publish its annual fraud statistics (including no cases/ no expenditure) on the website or produce a similar counter fraud written statement.	Significant	March 2025	Completed.
HR and training admin should update materials and communications for induction processes regarding training and the existing Access training database should be revisited to include general fraud awareness/ how to report to make prevention and detection of fraud more effective.	Significant	December 2024	Still under review.
The Authority's strategy and response plan should reference the CIPFA code where the principles have been applied.	Merits Attention	October 2024	Completed.
The Authority should also publish a separate copy on their website of the 1) Anti-Fraud, Theft and Corruption Policy &	Merits Attention	September 2024	Completed.

Response Plan, 2) Whistleblowing Policy and 3) Complaints Procedure/ Policy.			
The current HR induction presentation and communications should include reference to key policy documentation such as Whistleblowing and Authority website links for future access to ensure employee awareness and engagement.	Merits Attention	December 2024	The Whistleblowing Policy is included in the HR induction. Once the corporate induction is developed then it will be given more importance.
<u>2023/24 Efficiency & Productivity Plan</u>			
Qualitative information should be supported by the best available quantitative information.	Merits Attention	October 2024	Completed.
Quantitative data showing productivity increases should be displayed with the same clarity as efficiency savings.	Merits Attention	March 2025	Being incorporated into the compilation of the next Plan required by 30 April.

9. ADVICE, CONSULTANCY & OTHER WORK

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

10. AUDIT PLAN 2024/25 DELIVERY

	<u>Planned for Quarter</u>	<u>Status</u>
Audit Opinion on Internal Control		
• Accounts Payable Key Controls	1	Complete
• Absence Management*	2	Complete
• National Fraud Initiative 2024/25	4	Complete
• Water Office	1	Complete
• Procurement Act 2023 compliance preparedness	2	Complete
• 2023/24 Efficiency & Productivity Plan Delivery	3	Complete
• HQ Building Contract	4	Complete
• Keighley Fire Station Project	3	Deferred to 2025/26
Audit Opinion on Governance		
• Corporate Governance and Ethics	2	Deferred to 2025/26
Audit Opinion on Risk Management		
• Implementation of Grenfell Recommendations	4	Deferred to 2025/26
• Commercial Premises Risk Management System	4	Complete
• Counter Fraud & Corruption	1	Complete
Consultancy		
per Terms of Reference agreed with the respective Boards		
• Major Strategic Projects – Finance Board		
• ESN Programme SROs		

160 Days in Total per SLA

*Management Board request

Performance Indicators	23/24 Actual	24/25 Target	24/25 Actual
Audits completed within the planned time allowance	90%	80%	78%
Draft reports issued within 10 days of fieldwork completion	100%	90%	100%
Client satisfaction in post audit questionnaires	90%	90%	n/a
Chargeable audit days	145	160	121
QA compliance sample checks – % pass	100	100	100
Planned Audits Completed	11	12	9
Planned Audits in Progress	0		0
Planned Audits Deferred	2		3
Unplanned Work requested by Executive Leadership Team Completed	2		0
Unplanned Work in Progress	0		0

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Agenda item: 11

Internal Audit Annual Report

Audit Committee

Date: 25 April 2025

Submitted by: Director of Finance and Procurement

Purpose: To review the effectiveness of the Authority's system of internal audit and control and the Audit Charter and Strategy.
To note the audit opinion on governance and risk management arrangements and the internal control environment during 2024/25.
To approve the 2025/26 Audit Plan.

Recommendations: Members endorse the Director of Finance and Procurement's conclusion as to the effectiveness of the system of internal audit and control and reapprove the Audit Mission, Mandate, Charter and Strategy for 2025/26.
Members note the audit opinion on governance, risk management arrangements and the internal control environment in 2024/25, thereby providing assurance to the compilation process for the Annual Governance Statement.
Members approve the Audit Plan for 2025/26 as endorsed by the Executive Leadership Team

Summary: The Director of Finance and Procurement concludes the Authority's systems of internal audit are effective.
This report concludes that the Authority's governance, risk management arrangements and internal control environment were effective and robust during the financial year to 31st March 2025
The Draft Audit Plan for 2025/26 has been agreed with the Executive Leadership Team, reflecting suggestions of areas for inclusion

Exemption Category:	None
Contact Officer:	Alison Wood, Director of Finance and Procurement Alison.Wood@Westyorkshire.gov.uk 07500075362 Simon Straker, Internal Audit Manager Simon.Straker@kirklees.gov.uk 01484 221000
Background papers open to inspection:	Annual Report of Internal Audit 2023/24 Annual Governance Statement 2023/24 Corporate Risk Matrix Internal Audit Plan 2024/25 Quarterly Reports of Internal Audit 2024/25
Annexes:	Appendix A - Summary of Audit Coverage 2024/25 Appendix B – Internal Audit Plan 2025/26

1. Introduction

1.1 The Authority is required (by the Accounts & Audit Regulations 2015) to undertake an annual review of the effectiveness of its system of internal control which

- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- ensure that the financial and operational management of the Authority is effective; and
- incorporates effective arrangements for the management of risk

and includes undertaking an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards (PSIAS) and Code of Ethics that applied in 2024/25.

1.2 The annual self-assessment process has confirmed that any matters arising have been actioned and the overall level of compliance has continued to be maintained.

1.3 Moreover, as required each 5 years, an external assessment of compliance with the PSIAS and Code of Ethics towards the end of 2022/23 concluded that Internal Audit “Generally Conforms”, being the highest of three opinions possible.

1.4 Coupled with the analysis of the performance of the internal audit function against its performance indicators and quality assurance process and delivery of the 2024/25 Audit Plan, the Director of Finance & Procurement has used this data in formulating her assessment of the Authority’s system of internal audit to conclude the degree of reliance can be placed on its work and opinion on the internal control environment.

1.5 This report then provides an opinion on the adequacy and effectiveness of the Authority's governance, risk management system and internal control environment during the year, particularly in support of the Draft Annual Governance Statement that accompanies the Annual Accounts.

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

2. Information

Effectiveness of the System of Internal Audit

2.1 Nine of the planned twelve audits have been concluded at the time of writing of this report and two of the remainder were deferred on request to be retimed reflecting changes of circumstance.

- 2.2 This body of evidence provides a meaningful opinion on the overall internal control, governance and risk management framework.
- 2.3 The Internal Audit function is included in the Financial Services Service Level Agreement with Kirklees Council. The most recent benchmarking information from CIPFA, albeit increasingly dated, showed internal audit operations have been at approximately the lower quartile of costs (based on £m gross expenditure) compared with Metropolitan and Unitary authorities.
- 2.4 At no point during the year has any Officer or Member sought to influence or restrict the scope or areas of activity of any piece of work. The conclusions reached in all the work presented are those of Internal Audit.
- 2.5 The new Global Internal Audit Standards (GIAS) (prepared by the Institute of Internal Auditors, an essentially American based international organisation) took effect from early 2025. In contents these Standards are not substantially different from those in place during 2024/25, but they are more substantially codified (in a way more like the UK CIPFA interpretation, that applied to local authorities) and more complex in terms of specific requirements. One interpretation of the new Standards suggests a slightly less onerous expectation on smaller client organisations, such as this Authority compared to Kirklees Council.

A summary of the performance of Internal Audit in delivering the 2024/25 Plan as reported to the Audit Committee during the year is shown overleaf:

Performance Indicators	24/25 Target	24/25 Actual
Audits completed within the planned time allowance	80%	78%
Draft reports issued within 10 days of fieldwork completion	90%	100%
Client satisfaction in returned post audit questionnaires	90%	n/a
Chargeable audit days (cumulative)	160	123 (37 c/fwd)
QA compliance sample checks – pass rate	90%	100
Planned Audits Completed	12	9
Planned Audits in Progress		0
Planned Audits Postponed		1
Planned audit deferred by Management		2
Unplanned Audits Requested by Management Board Completed		0

- 2.6 A summary of plan delivery itself is shown as Appendix A, together with the opinion reached for each audit completed.

- 2.7 A positive working relationship has developed with the new external auditors, Grant Thornton, facilitated by GT also fulfilling this role for Kirklees Council which provides the key financial systems to the Authority, in order to maximise the use of audit resources and ensure our mutual roles are fulfilled effectively.

3. Operational Information

- 3.1 The scope of activity is established by the Financial Procedure Rules, the Audit Charter & Strategy and statements of operating practice.

In line with the Audit Strategy, assurance about the governance, risk management and internal control environment is obtained by the maintenance and delivery of a risk based audit plan approved by Members. Planned work targeted areas of significant risk and where most value could be added, particularly on wider business and governance controls. Areas of significant risk are determined by the Authority through its risk management process and in particular the Corporate Risk Matrix.

- 3.2 Each audit concludes with an opinion about the level of assurance derived on the adequacy and effectiveness of the system, process or location concerned at the time of the audit, based upon the management of risk and the adequacy and operation of financial and other controls. The approach involves the follow up of any activities about which less than "Adequate Assurance" is given, as a means of seeking to ensure that the work carried out by Internal Audit maximises the chances of improving the Authority's control environment.
- 3.3 The Audit Committee has previously agreed definitions of the different levels of assurance given and how these are derived from audit recommendations. Implementation of the agreed recommendations by management should provide for a satisfactory degree of control in all cases.
- 3.4 The outcome of individual audits is summarised quarterly and reported to the Audit Committee for consideration. These reports also include action taken by management regarding the implementation of any agreed key recommendations.

4. Summary of Audit Outcomes in 2024/25

- 4.1 The agreed Audit Plan for 2024/25 included 160 days of planned work in the following main areas:

- financial system and process audits,
- main business and governance risks and controls,
- follow up audits, and
- ongoing project assurance to the Emergency Services Mobile Communication and Strategic Projects Finance Boards.

Liaison with the Director of Finance & Procurement throughout the year ensures that internal audit work undertaken continues to focus on the high risk areas and is

reflective of any new developments or particular areas of concern so as to ensure the most appropriate use of internal audit resources. Appendix A provides a summary of the audits undertaken and status reached.

- 4.2 At the time of writing 9 of 12 planned audits had been completed. Apart from one, each planned audit performed during the year concluded with a positive Assurance opinion.
- 4.3 The Authority's risk management arrangements have been considered in individual pieces of audit work, whereby management activity to address particular business risks, as recorded on the Corporate Risk Matrix, has been assessed. These audits all concluded with positive assurance opinions and conclusions that management controls to address the key risks to the Authority were robust and operating effectively. Where appropriate, management has agreed recommendations to further enhance the control environment.
- 4.4 In accordance with our commitment to provide help, assistance and add value, questions and issues raised by managers have been resolved, particularly in relation to advice/approval for authorisation of contracting matters, and to evaluation of potential suppliers. In addition, the Audit Plan is designed to be sufficiently flexible to accommodate any ad hoc requests for audit reviews.

5. Internal Audit in 2025/26 and beyond

- 5.1 Internal Audit will continue to strive to reliably achieve planned audit work and to address Authority priorities and activities that will add value for the organisation. A renewed focus will be placed on both providing the Audit Committee with extended details about the activity area being audited and on assurance concerning the implementation of agreed recommendations by management.
- 5.2 We will ensure the activity continues to comply with the prevailing professional standards as revised from time to time (see separate paper on Global Internal Audit Standards).
- 5.3 We will continue to review the probity of the Authority as well as its' key organisational and business controls encompassed in the revised Audit Strategy to focus on areas of highest risk and thus to contribute to the level of assurance required by the Chief Fire Officer / Chief Executive, Chair of the Authority and Director of Finance & Procurement in order to complete and sign-off the Draft Annual Governance Statement.
- 5.4 The risk based Draft Audit Plan for 2025/26 identifies both key areas that are due for cyclical review within all the areas of activity that are subject to audit, plus topical issues and risks for example managing the response to Phase 2 of the Grenfell Report. Both the Director of Finance & Procurement and the Executive Leadership Team have agreed the 2025/26 Draft Plan, and a summary forms Appendix B for approval.

6. Conclusion and Governance, Risk Management & Internal Control Opinion

- 6.1 This report has summarised the main activities of Internal Audit during 2024/25, detailed information on which has been provided to this Committee during the year.
- 6.2 Audit work during the year and consideration of professional standards compliance provided sufficient evidence to demonstrate that overall the system of internal audit and wider audit arrangements are effective.
- 6.3 A review of the Authority's framework of governance, risk management and control, and business systems controls, has provided sufficient evidence and assurance that overall each is robust and effective and that in the small number of occasions where it has been necessary, management have taken/agreed appropriate action to address weaknesses.
- 6.4 Overall, the Authority has a sound control environment and no matters are brought to the attention of management as worthy of consideration for inclusion in the Draft Annual Governance Statement for 2024/25 as a Significant Governance Issue

7. Financial Implications

- 7.1 There are no financial implications associated with this report

8. Legal Implications

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

9. People and Diversity Implications

- 9.1 There are no people and diversity implications associated with this report

10. Equality Impact Assessment

- 10.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? No

11. Health, Safety and Wellbeing Implications

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

12. Environmental Implications

- 12.1 There are no environmental implications associated with this report

13. Your Fire and Rescue Service Priorities

13.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Provide ethical governance and value for money.

14. Conclusions

14.1 This report has summarised the main activities of Internal Audit during 2024/25, detailed information on which has been provided to this Committee during the year.

14.2 Audit work during the year and consideration of professional standards compliance provided sufficient evidence to demonstrate that overall the system of internal audit and wider audit arrangements are effective.

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

14.4 Overall, the Authority has a sound control environment and no matters are brought to the attention of management as worthy of consideration for inclusion in the Draft Annual Governance Statement for 2024/25 as a Significant Governance Issue.

Summary of Audit Coverage 2024/25

Audit	Report Status	Assurance Opinion
<i>Financial Systems & Risks</i> <ul style="list-style-type: none"> • <i>Accounts Payable</i> 	<i>Final</i>	<i>Substantial</i>
<i>Other Systems & Risks</i> <ul style="list-style-type: none"> • <i>Hydrant Management & Maintenance</i> • <i>Efficiency & Productivity Plan</i> • <i>Headquarters Contract</i> • <i>Keighley Fire Station Refurbishment Contact</i> 	<i>Final</i> <i>Final</i> <i>Final</i> <i>Deferred</i>	<i>Adequate</i> <i>Substantial</i> <i>Substantial</i>
<i>Business Risk Management</i> <ul style="list-style-type: none"> • <i>Counter Fraud & Corruption</i> • <i>Procurement Act Readiness</i> • <i>Grenfell Phase 2 Recommendations Implementation</i> • <i>Commercial Premises Risk Information System</i> 	<i>Final</i> <i>Final</i> <i>Deferred</i> <i>Final</i>	<i>Adequate</i> <i>Substantial</i> <i>Limited</i>
<i>Governance</i> <ul style="list-style-type: none"> • <i>National Fraud Initiative 2024/25</i> 	<i>Final</i>	<i>Substantial</i>
<i>Executive Leadership Team Requests</i> <ul style="list-style-type: none"> • <i>Absence Management</i> 	<i>Draft</i>	<i>Adequate</i>

Internal Audit Plan 2025/26

Previous audit /assurance

Audits b/fwd from 2024/25

- Grenfell Phase 2 Recommendations*
- Keighley Fire Station Final Account
- Corporate Governance

New audit
New audit
2022/23, Adequate

Audit Opinion on **Internal Control**

- Payroll Key Controls
- Bank Reconciliation & Account Management
- IT Network Access Management
- Prevention Database*
- Safe & Well Visits*
- Business Continuity / Resilience
- Workforce Planning

2023/24, Substantial
2022/23, Adequate
More than 10 years
New audit
2022/23, Adequate
More than 10 years
New audit

Audit Opinion on **Governance**

Ongoing

Audit Opinion on Risk **Management**

- Vehicle Accidents
- Wide Area Flooding
- Industrial Dispute
- Discrimination

2012/22, Substantial
2019/20, Adequate
2018/19, Substantial
More than 10 years

Consultancy

per Terms of Reference agreed with the respective Boards

- Major Project Strategic Finance Group
- Emergency Services Network Programme SROs

160 Days in Total per SLA

*ELT request

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Agenda item: 12

Audit Strategy and Charter

Audit Committee

Date: 25 April 2025

Submitted by: Director of Finance and Procurement

Purpose: The report details the new professional audit Standards which have necessitated the review and compilation of a new Internal Audit Strategy and Charter

Recommendations: Members approve the new Audit Strategy and Charter.

Summary: The existing Strategy and Charter have been reviewed and approved annually for a number of years. The new Standards have afforded the opportunity to reconsider and rewrite the Strategy and Charter to ensure both are compliant and fit for purpose

Local Government (Access to information) Act 1972

Exemption Category: Nil

Contact Officer: Alison Wood, Director of Finance and Procurement
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07500075362
Simon Straker, Internal Audit Manager
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01484 221000

Background papers open to inspection: Global Internal Audit Standards
CIPFA Application Note

Annexes: Appendix A – Financial Procedure Rules Extract
Appendix B – Disclosure of Conflicts of Interest, and Arrangements to Ensure Objectivity

1. Introduction

1.1 The Global Internal Audit Standards (GIAS) are a replacement to the Public Sector Internal Audit Standards and provide a single source to guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. The GIAS is arranged under five domains which incorporates 15 Principles and 52 Standards.

Some of the key differences between the existing Public Sector Internal Audit Standards and the new Global Internal Audit Standards include:

- a need for auditors to exhibit professional courage and scepticism and
- establishing an internal audit mandate and strategy and measuring performance.

1.2 CIPFA issued an Application Note for the UK Public Sector. The new Standards include 'essential conditions' for the governance of internal audit. When the Institute of Internal Audit published GIAS, it recognised that in the public sector, governance structures or other laws or regulations may impact on how the essential conditions can be applied.

The Code of Practice for the Governance of Internal Audit in UK Local Government meets the objectives of the essential conditions, by providing for the necessary governance of internal audit but in a way that is appropriate for UK local government bodies. It includes roles and responsibilities of the audit committee, senior management, and those charged with governance towards internal audit.

2. Information

2.1 Internal Audit Charter

2.1.1 Purpose

The purpose of the internal audit function is to strengthen the Authority's ability to create, protect, and sustain value by providing the Authority, its Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances the Authority's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with stakeholders.
- Ability to serve the public interest.

An internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with accredited standards.
- The internal audit function is independently positioned with direct accountability to the Board (in this case Audit Committee, and the Executive Leadership Team)
- Internal auditors are free from undue influence and committed to making objective assessments.

2.1.2 Commitment to Adhering to the IIA Global Internal Audit Standards

The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework. The Head of Audit & Risk will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement programme.

2.2 Mandate

2.2.1 Regulation

The Accounts & Audit Regulations 2015 require that at (5(1)

“Every relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

The Internal Audit role is established in Financial Procedure Rule 5 (appendix A)

2.2.2 Authority

The Authority has given the internal audit function the mandate to provide the Audit Committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function:

The Authority authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to fulfilling internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

The Audit Committee will:

- Allocate resources+, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish

Internal Audit objectives. (+ allocation of resources is a Director of Finance & Procurement responsibility)

- Obtain assistance and other specialised services from within Kirklees Council or outside it to complete internal audit services

2.2.3 Independence, Organisational Position, and Reporting Relationships

The Head of Audit & Risk can perform internal audit services and responsibilities without intervention from senior management, enabling independence of the internal audit function. The Head of Audit & Risk will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the Director of Finance & Procurement. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Head of Audit & Risk will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the Head of Audit & Risk will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Head of Audit & Risk will disclose to the Director of Finance & Procurement and the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate

2.2.4 Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Head of Audit & Risk, Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the IIA Global Internal Audit Standards.
- Significant changes in roles and responsibilities of the CGAC, and/or senior management.
- Significant changes to the organization's strategies, objectives, reorganizations, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.
- Change in the role (or tenure) of the Head of Audit & Risk.

2.3 Audit Committee Oversight

2.3.1 To establish, maintain, and ensure that the internal audit function has sufficient authority to fulfil its duties, the Audit Committee will:

- Discuss with the Head of Audit & Risk and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Head of Audit & Risk has unrestricted access to, communicates, and interacts directly with them, including in private meetings without senior management present.
- Discuss with the Head of Audit & Risk and senior management any other topics that should be included in the internal audit charter.
- Participate in discussions with the Head of Audit & Risk and senior management about the essential conditions, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review, and approve the internal audit charter annually with the Head of Audit & Risk to consider any changes affecting the organisation, or changes in the type, severity, and interdependencies of risks to the organisation.
- Approve the risk-based internal audit plan.
- Collaborate with senior management to determine the qualifications and competencies the organization expects in a Head of Audit & Risk,
- Review of the Head of Audit & Risk's performance.
- Receive communications from the Head of Audit & Risk about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review of the results of the quality assurance and improvement programme annually.
- Make appropriate inquiries of management and the Head of Audit & Risk to determine whether scope or resource limitations are inappropriate.

2.4 Audit Strategy

2.4.1 Strategy

The overall objectives of the Authority are set out in the Five Year Strategy to Prevent, Protect and Respond.

The strategic objective (mission) of the Internal Audit function is to provide assurance to the Authority about its systems and procedures, both financial and non-financial, and their adequacy to meet the Authority' objectives, and to also provide advisory and investigation services to the Authority, with a view to

ensuring probity, efficiency, effectiveness and value for money in the organisation's operations.

2.4.2 Assurance

The Strategy related to assurance is that

- a. All areas of Authority activity are within scope for the purposes of internal audit work
- b. Limited resources mean that there needs to be a prioritisation
- c. This prioritisation will be based on risk with a presumption toward core financial systems, core governance and control arrangements, followed by supporting financial and other control systems, and then individual unit operations.
- d. There will also be higher weighting placed on assessments of those activities that on past evaluation, or through risk assessments, may not be being operated in a way likely to provide sound assurance.

From this risk-based assessment a proposed Audit Plan will be prepared annually, and approved by the Audit Committee, with at least biannual review of the plan based on progress, resourcing, revised organisational priorities and other relevant issues.

2.4.3 Advisory Services

The Strategy related to advisory services is that

- a. The Authority client identifies advisory services with which Internal Audit may be able to assist
- b. Internal Audit identify areas that may benefit from advisory service and agree these with the Authority as client

All this within an assessment of ability to provide the advisory service, that the advisory service will not conflict otherwise with an internal audit objective, and resource availability will not compromise the delivery of the assurance service.

2.4.4 Investigations

The Strategy related to investigation services is that the investigation is necessary and appropriate to assess fraud or other inappropriate behaviour, with an assessment of alternative approaches where appropriate

2.4.5 General

All categories of work will involve an assessment of skill and competence to undertake any assignment.

This Internal Audit Strategy is prepared as required by the Global Internal Audit Standards (GIAS). (see footnote)

This Strategy has been considered by the Executive Leadership Team, Director of Finance & Procurement and approved by the Audit Committee.

The GIAS expects that an Audit Strategy considers the existing arrangements against a 3–5-year time horizon. The existing internal audit arrangements are based on a team that can still bring substantial experience of the organisation. A weakness is that it is small, and experience has been lost at the practitioner level, which is being addressed through both training and recruitment.

The Audit Committee also involves members who bring longstanding knowledge and skill, but turnover of members in a typical municipal year can represent a threat. This too needs to be mitigated by training, and the recruitment of an additional independent member.

2.4.6 The GIAS expects that an Audit Strategy considers the existing arrangements against a 3–5-year time horizon. The existing internal audit arrangements are based on a team that can still bring substantial experience of the organisation. A weakness is that it is small, and experience has been lost at the practitioner level, which is being addressed through both training and recruitment.

The Audit Committee also involves members who bring longstanding knowledge and skill, but turnover of members in a typical municipal year can represent a threat. This too needs to be mitigated by training, and the recruitment of an additional independent member.

Internal audit will strive to achieve continuous improvement and seek to use appropriate technology to deliver an effective service. The staff team will be trained to widen skills and competence to achieve its mission and vision.

Each year the Audit Committee will establish targets for the internal audit function and for the council about assurance improvements as a measure of success of the activity.

2.5 Head of Audit & Risk Roles and Responsibilities

2.5.1 Ethics and Professionalism

The Head of Audit & Risk will ensure that internal auditors:

- Conform with the IIA Global Internal Audit Standards and any other UK public sector obligations, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behavior that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

2.5.2 Objectivity

The Head of Audit & Risk will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement, selection, scope, procedures, frequency, timing, and communication. If the Head of Audit & Risk determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Authority employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Disclosure: The Head of Audit and Risk has a wide range of responsibilities other than management and leadership of the internal audit function of the Authority. This is set out in detail in Appendix B, alongside the mitigation that apply. One member of internal audit staff routinely carries out accounting tasks for Kirklees Council as a part of professional development. The Council's Senior Risk Officer also carries out some internal audit related tasks appropriate to her role.

Internal auditors will:

- Disclose general impairments of independence or objectivity, in fact or appearance, at least annually, and as arising, to the Head of Audit & Risk.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

2.5.3 Managing the Internal Audit Function

The Head of Audit & Risk will:

- At least annually, submit a risk-based internal audit plan to the Audit Committee and senior management for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Authority's business, risks, operations, programs, systems, and controls.
- Communicate with the CGAC and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the IIA Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management quarterly for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the IIA Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact on the Council and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Authority's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the IIA Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Audit & Risk cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

2.5.4 Communication with the Board and Senior Management

The Head of Audit & Risk will report annually to the Audit Committee and senior management regarding:

- The internal audit function's mandate.
- Results from the quality assurance and improvement programme, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Resource requirements.
- The internal audit plan
- The internal audit performance is relative to its plan.

And produce an Annual Report of Internal Audit setting out an assessment of the activities and outcomes from internal audit work, any issues around resourcing, performance, independence, trends and issues of wider significance identified in internal audit work, thus generating an assurance statement about the Authority's arrangements for governance, risk, control, regularity and compliance, value, efficiency and effectiveness in the achievement of objectives.

The Head of Audit & Risk will report quarterly to the Audit Committee and senior management regarding:

- The (in quarter) internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan
- Potential impairments to independence, including relevant disclosures as applicable.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the board.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Authority's normal risk appetite.

2.5.5 Quality Assurance and Improvement Programme

The Head of Audit & Risk will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The programme will include external and internal assessments of the internal audit function's conformance with the IIA Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Head of Audit & Risk will communicate with the Director of Finance & Procurement, senior management and Audit Committee about the internal audit function's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and

external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Kirklees Council.

2.6 Scope and Types of Internal Audit Services

2.6.1 The scope of internal audit services covers the entire breadth of the organisation, including all the Authority's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.

2.6.2 The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Authority's strategic objectives are appropriately identified and managed.
- The actions of the Authority's officers, directors, management, employees, and contractors comply with its' policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is dependable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

NOTE

- The IIA Global Internal Audit Standards requirements came into force from January 2025.
- However, UK public sector bodies adopt the standard from 1st April 2025.
- Reference in this document to IIA Global Internal Audit Standards includes also any requirements established by the UK Public Sector Internal Audit Standards, and the additional obligations identified by CIPFA for UK local authority bodies.

3. Financial Implications

3.1 There are no financial implications associated with this report

4. Legal Implications

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

5. People and Diversity Implications

5.1 There are no people and diversity implications associated with this report

6. Equality Impact Assessment

6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? No

7. Health, Safety and Wellbeing Implications

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

8. Environmental Implications

8.1 There are no environmental implications associated with this report

9. Your Fire and Rescue Service Priorities

9.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Provide ethical governance and value for money.

10. Conclusions

10.1 This report has updated members on the new professional audit Standards which have necessitated the review and compilation of a new Internal Audit Strategy and Charter.

10.2 The existing Strategy and Charter have been reviewed and approved annually for a number of years. The new Standards have afforded the opportunity to reconsider and rewrite the Strategy and Charter to ensure both are compliant and fit for purpose.

Approval/Signatures

Head of Audit & Risk

Date

Audit Committee Chair

Date

Chief Executive / Chief Fire Officer

Date

Director of Finance & Procurement

Date

Appendix A

Financial Procedure Rules Extract

5. Internal Audit

Responsibility & Authority

5.1 The Director of Finance and Procurement must arrange and direct a continuous internal audit function, which is an independent review of the accounting, financial and other operations of the Authority.

5.2 The Head of Internal Audit will report directly to the Chief Executive, the Chair of the Authority, or the External Auditor in any circumstance where the functions and responsibilities of the Director of Finance and Procurement are being reviewed.

5.3 The Director of Finance and Procurement and Internal Audit Manager have authority to: -

- (i) enter at all reasonable times any Authority premises, land or location from which Authority services are provided.
- (ii) have access to all property, records, documents and correspondence relating to all activities of the Authority.
- (iii) require and receive explanations concerning any matter under consideration; and
- (iv) require any employee of the Authority, without prior notice, to produce cash, stores or any other property for which they are responsible.

Reporting

5.4 The Director of Finance and Procurement must report upon: -

- (i) the risks inherent in and associated with each system.
- (ii) the soundness, adequacy and application of the financial and other management controls, and systems within each area of service.
- (iii) the extent of compliance with, and the financial effects of, established policies, plans and procedures.
- (iv) the extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance and inefficient administration, poor value for money and other causes.
- (v) the suitability, accuracy, and reliability of financial and other management data within the organisation; and
- (vi) value for money aspects of service provision.

5.5 In respect of any internal audit report or communication issued by the Director of Finance and Procurement, the appropriate Executive Officer must reply within six weeks of the date of receipt, indicating the action proposed or taken, by whom and target dates by which action will be taken. Where a draft report is issued for initial comments, a reply must be made within two weeks of issue.

5.6 The Director of Finance and Procurement will provide an annual report on the activities of Internal Audit produced for consideration by the Audit Committee.

5.7 The Director of Finance and Procurement will determine the extent of insurance cover that must be provided in any external contract for the supply of goods, works or services. The Director of Finance and Procurement, in consultation with the Executive Officer concerned and the Director of Corporate Services, may reduce the cover requirements in respect of specific contracts.

Appendix B

Disclosure of Conflicts of Interest, and Arrangements to Ensure Objectivity

Section 4:

“The Head of Audit and Risk has a wide range of responsibilities than management and leadership of the internal audit function. This is set out in detail in Appendix B, alongside the mitigation that apply. One member of the internal audit staff routinely carries out accounting tasks as a part of professional development. The Senior Risk Officer also carries out some internal audit related tasks appropriate to her role.”

1. The Head of Audit and Risk has a wider range of responsibilities at Kirklees Council other than acting solely as the chief audit executive/head of internal audit, as the IIA Global Internal Audit Standard prefers as the default position. The Kirklees Head of Audit and Risk also:
 - (a) Act as the manager for the following:
 - i) The insurance function
 - ii) The corporate and children’s complaint’s function
 - iii) The risk management function
 - iv) Fraud prevention and investigationThe role in areas (i) and (ii) is that of leadership only; there is more active involvement in risk management, which is closely related to internal audit and assurance for the organisation.
 - (b) Provides advice for some complex projects (in relation to finance, risk etc.)
 - (c) Provides commercial advice for charities where the council is corporate trustee or otherwise involved.
2. These risks are mitigated by.
 - i. The councils’ insurers arrange independent auditing of the council’s insurance arrangements that impact on their exposure to risk (based on the council’s insurance having excesses, stop loss cover and delegated authority to process claims).
 - ii. Other aspects of auditing insurance, corporate complaints, complex projects, or corporate risk management is reported directly by the audit manager through to the director of legal governance and commissioning.
3. Given the essential links between risk management and audit functions, any auditing of operational and service risk management is conducted as routine audit activity. Any audit work conducted by the Senior Risk Officer is within this area of scope.
4. The audit employee who works routinely in the accounting function for professional development reasons does not carry out any audit work on areas where he has had active involvement.
5. The Internal Audit function also conducts routine work on processing Freedom of Information requests, and assessment of the financial status of potential contractors and other organisation. This work is not considered to conflict or require mitigation.

The Audit Plan for West Yorkshire Fire & Rescue Service

Year ending 31 March 2025

16 April 2025

Final Audit Plan for Audit Committee



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01 Key developments impacting our audit approach

Local Audit Reform

External factors

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:

- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022-23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

This audit was backstopped and disclaimed by your predecessor audit in 2022-23. The year ended 31 March 2024 was our first year as your auditor, and in our audit report for the year ended 31 March 2024, a disclaimer of opinion was issued due to the backstop disclaimed opinion from our predecessor on your 2022-23 accounts in December 2024.

As a result, we anticipate that for 2024-25, we will continue to have no assurance in respect of historic movements in reserves balances arising from the 2022-23 financial year where the accounts were backstopped and disclaimed. There is ongoing consultation around the potential for a statutory instrument to deal with this matter, which, if agreed, could exempt auditors from the requirement to perform audit procedures on reserves during the aforementioned period. This would support the progress with rebuilding assurance.

We envisage that there will remain a gap in assurance on the opening balance of the comparatives in 2024-25, as was the case with all comparatives in 2023-24 given the backstop disclaimer opinion in 2022-23. There is also limited assurance in respect of the 2023-24 closing balances given the uncertainty over the opening position.

Subject to the publication of a statutory instrument to address the lack of assurance over historic reserves movements, we are envisaging that we can work towards rebuilding full assurance and reflecting this in the audit opinion of the financial year ending March 2026.

This is further explained on page 9 of this report.

Key developments impacting our audit approach

National Position

Fire & rescue authorities and other blue light authorities face a number of challenges and opportunities. We have summarised a number of these below that are considered relevant to West Yorkshire Fire & Rescue Authority.

Climate change: As the impacts of climate change become increasingly evident, local government and blue light authorities plays a pivotal role in mitigating and adapting to these changes. The UK's targets for achieving net zero carbon emissions and local authority pledges must align into cohesive policies with common goals. This includes ongoing local economy investment in renewable energy, promoting sustainable transportation and implementing measures to enhance resilience against extreme weather events.

Fire reform: Responsibility for fire policy has been transferred from the Home Office to the Department for Levelling Up, Housing and Communities. HMICFRS will continue its role as the inspectorate for fire and rescue authorities. The UK's new fire minister has confirmed plans for an independent college of fire and rescue, to support research, training, cultural change and the professional development of firefighters. This follows a Home Affairs Committee report published in May 2024 that highlighted the continued occurrence of bullying, harassment and inappropriate language across fire services nationwide. A HMICFRS national report published in August 2024 reported similar findings. Local discussions with your Chief Fire Officer indicate that West Yorkshire FRS finds itself in a better place compared with the national average. However, we have included this national context for your reference.

Grenfell and the building safety regulator: Central government has confirmed that remediation of unsafe buildings remains a core priority, to be supported by new legislation, including mandatory personal emergency evacuation plans (PEEPs) for high-rise residential buildings and construction product reform. The government has set a target to complete remediation of high-rise residential buildings with unsafe cladding by 2029. The fire minister confirmed that enforcement action against freeholders will play a larger role moving forward, and confirmed plans for a single national construction regulator, however, the process and responsibility for certifying building materials was still to be established. Lastly government indicated its intention to improve tenant voice and regularly oversight, aiming for the Regulator of Social Housing and Housing Ombudsman to support with this.

Finances & Funding: National discussions among fire authorities in September 2024 noted a number of financial pressures which include costs associated with the fire reform agenda and additional activity performed in response to recommendations from the Grenfell report and the Building Safety Regulator not being cost neutral. In addition, there are additional costs arising from enhanced driver training requirements resulting from revised legislation and also the programmes to achieve environmental targets such as net zero. The rationale for the fire sector identifying and documenting these pressures was to petition central government for new burdens grants to support with delivery of these initiatives, however, additional funding has not yet been secured. Against this backdrop, the core spending power for West Yorkshire Fire and Rescue has increased by 3.6% compared with 3.5% for fire authorities nationally and an average increase of 6.8% for local government bodies.

Digital Transformation: The fast pace of technological advancement poses both opportunities and challenges for fire and rescue authorities. The adoption of digital tools and platforms is crucial for improving service delivery, enhancing communication and streamlining administrative processes. However, many communities still lack access or ability to navigate essential technology which creates a digital divide. Local government needs to ensure inclusivity in its digital strategies, addressing disparities and ensuring all residents and service users can benefit from the opportunities technology offers. This is particularly relevant as those residents who require the proactive protection and intervention from the Fire and Rescue Authority, are in a number of instances vulnerable individuals who may not have access to technology to receive communications, and as a result a number of the communications and interventions remain time intensive in nature – e.g. safe and well visits.

Cybersecurity: Fire and rescue and blue light authorities need to protect against malware and ransomware attacks. They also need to navigate central government policy shifts and constraints. With increased reliance on digital platforms, they become more vulnerable to cyber threats. Safeguarding sensitive data and ensuring the integrity of critical systems are paramount and fire authorities must invest in robust cybersecurity measures, employee training and contingency plans to protect themselves.

Our Response

Building and maintaining public trust is arguably the cornerstone of effective governance. Local government, fire and rescue bodies must prioritise transparency, open communication and meaningful public engagement to foster positivity within communities.

Sound strategic financial management, collaboration with other levels of government and exploring alternative funding sources are vital for local authorities to overcome financial constraints and deliver quality services.

Our value for money audit work continues to identify significant weaknesses in all criteria of the Code of Audit Practice albeit not on this audit. This shows that local government, fire and rescue bodies are facing increasing pressure to provide services while managing change and reducing costs. We understand that the environment in which our audited bodies operate is dynamic and challenging and this understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.

We know the difficulties and challenges faced within our Local Authority bodies and know there is a focus on improving quality and improving cost efficiency. We will work with you as you strive to deliver these aims.

Key developments impacting our audit approach

Local Context

2023-24 financial performance

In 2023-24, the Authority reported a balanced net financial position against the revenue budget and made transfers into earmarked reserves of £7.7m. Efficiency savings of £1.3m were included in the budgeted position, representing 5.8% of non-pay budgets, which were delivered in full. The Fire Authority spent £34.4m on capital during 2023-24 against an approved capital plan of £49.8m.

2024-25 to date

As at month 6, the Fire Authority was forecasting an underspend at outturn of £0.2m. There are planned use of reserves in 2024-25 totalling £9.6m of which £9.5m relates to use of the capital financing reserve which is being used to fund the fire station rebuilds. The successful delivery of efficiency and productivity initiatives in prior years (which are now built into the base budget position) and 2.99% precept increase for 2024-25 meant that the Authority was able to set balanced budgets for 2024-25 without reliance on savings plans. There are no savings to report as procurement savings were already built into base budget.

A total capital plan of £39.8m was approved for 2024-25, comprising slipped schemes from 2023-24 totalling £29.7m, and £10.1m of new schemes in 2024-25. As at month 6, £3.1m of this has been requested to be reprofiled into future financial years. The largest of the slipped schemes relates to the rebuild of Keighley Fire Station where £1.5m of expenditure is not expected to be incurred until 2025-26 due to programme delays. As at month 6, actual capital expenditure totalled £17.8m, which represented 52% of the revised capital plan.

Operational performance

Performance data to February 2025 suggests that operational performance indicators are broadly in line with those of the prior period. The only KPI showing material year-on-year change is the total of fire-related fatalities. The Director of Service Delivery and Deputy Chief Fire Officer noted that this indicator has been impacted by a number of high-profile incidents of a deliberate nature including a house fire in Bradford in August 2024 that was reported in the national press.

2025-26 financial planning

At Full Authority in February 2025, Fire Authority members approved the budget for 2025-26. This indicates that a balanced budget can be delivered based on an uplift to the council tax precept of £5. This includes additional growth to budgets of £1.25m on 2024-25 where growth has been determined as necessary and hence unavoidable. Only essential growth bids were approved, with a total of £3.17m of bids submitted. We understand that management favour directing any additional funding or underspends to the capital financing reserve to build extra resilience as the Fire Authority continues with its redevelopment of fire stations.

The MTFP, approved by Full Authority in February 2025, forecasts that the Authority's general reserves (held for the purpose of managing the impact of uneven cash flows and unexpected events or emergencies) will be maintained at £5.7m over the four years of the plan, which is the level determined by the Director of Finance and Procurement as being appropriate for the Authority. The Authority's general fund reserves equate to around 5% of the annual net revenue budget in 2025-26, in line with guidance in the National Fire Framework.

New accounting standards and reporting developments

Fire and rescue authorities will need to implement IFRS 16 Leases from 1 April 2024 in order to comply with the requirements of the 2024-25 CIPFA Code. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset. More information can be found on the next slide.

As part of our audit fieldwork procedures, we shall perform a detailed review of the Fire Authority's implementation of IFRS 16. Further detail of the IFRS 16 standard is set out on page 8.

Key developments impacting our audit approach (continued)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Director of Finance and Procurement.
 - To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your staff will make themselves available to our audit team.
 - We will continue to meet with the Chief Fire Officer and Director of Finance and Procurement quarterly as part of our commitment to keep you fully informed on the progress of the audit.
 - We will continue to meet informally with the Chair of your Audit Committee, to brief them on the status and progress of the audit work to date.
 - Our Value for Money work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
 - We will continue to provide you and your Audit Committee with sector updates providing our insight on issues from a range of sources via our Audit Committee updates.
 - We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.
-



IFRS 16 Leases



Summary

IFRS 16 Leases is now mandatory for all Local Government and Fire and Rescue bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires all leases to be accounted for ‘on balance sheet’ by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases.

There are however the following exceptions:

- leases of low value assets (optional)
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if a Fire and Rescue authority is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

Systems and processes

We believe that most LG Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Planning enquiries and cumulative auditor knowledge & experience

Our audit work in the prior period indicated that the majority of operating leases under IAS 17 relate to vehicles – cars and light duty commercial vehicles, given that the Fire Authority purchases its fire appliances outright. There were approximately 245 vehicle leases identified in 2023-24 and the measurement basis for such a lease is considered straightforward given a specialist valuation is not required for vehicles. We discussed with management that the Fire Authority will also need to consider if other contracts, such as building or peppercorn leases, fall within the scope of IFRS 16.

At the time of concluding the 2023-24 audit in February 2025, management communicated that planning for the accounts closedown and IFRS 16 implementation procedures was well underway. Management noted that work undertaken as part of the 2023-24 audit highlighted the auditor’s requirements in respect of evidence for leases and the preparation of working papers during accounts closedown will ensure these requirements are captured in the information to be supplied to audit at the beginning of fieldwork.

The Backstop

Local Government National Context – The Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- for years ended 31 March 2025 by 27 February 2026;
- for years ended 31 March 2026 by 31 January 2027; and
- for years ended 31 March 2027 by 30 November 2027.

The Statutory Instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Local Government National Context – Local Audit Recovery

In our audit report for the year ended 31 March 2024, a disclaimer of opinion was issued due to the backstop disclaimed opinion from our predecessor on your 2022-23 accounts in December 2024.

As a result, we anticipate that for 2024-25, we will continue to have no assurance in respect of historic movements in reserves balances arising from the 2022-23 financial year where the accounts were backstopped and disclaimed. There is ongoing consultation around the potential for a statutory instrument to deal with this matter, which, if agreed, could exempt auditors from the requirement to perform audit procedures on reserves during the aforementioned period. This would support the progress with rebuilding assurance.

We envisage that there will remain a gap in assurance on the opening balance of the comparatives in 2024-25, as was the case with all comparatives in 2023-24 given the backstop disclaimer opinion in 2022-23. There is also limited assurance in respect of the 2023-24 closing balances given the uncertainty over the opening position.

There is also the LGPS defined benefit pension membership data matter highlighted on page 16 of this Audit Plan, where no testing was performed the time of the last triennial valuation in 2022. We will aim to complete the additional audit work required in 2024-25 to resolve and clear this issue.

Subject to the publication of a statutory instrument to address the lack of assurance over historic reserves movements, we are envisaging that we can work towards rebuilding full assurance and reflecting this in the audit opinion of the financial year ending March 2026.

As a Firm, we are in discussion with the NAO, the Financial Reporting Council (FRC) and all other key stakeholders as to how we regain assurance. We will work with the Fire Authority to rebuild assurance over time.

Our Work

Our initial focus for the audit will be on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances for 2024-25, similar to the approach followed and assurances obtained from our audit work in 2023-24.

Our objective is to begin a pathway to recovery, by providing assurance over the in year 2024-25 transactions and movements, where possible, and those closing balances which can be purely determined in isolation without regard to the opening balance, such as payables and receivables. As guidance is received from the NAO and the FRC, we will formulate a more detailed strategy as to how assurance can be gained on prior years.



02 Introduction and Headlines

Introduction and headlines



Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of West Yorkshire Fire & Rescue Service (‘the Fire and Rescue Authority’) for those charged with governance.

Respective responsibilities

- The National Audit Office (‘the NAO’) has issued the Code of Audit Practice (‘the Code’). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body.
- Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Fire and Rescue Authority. We draw your attention to these documents.

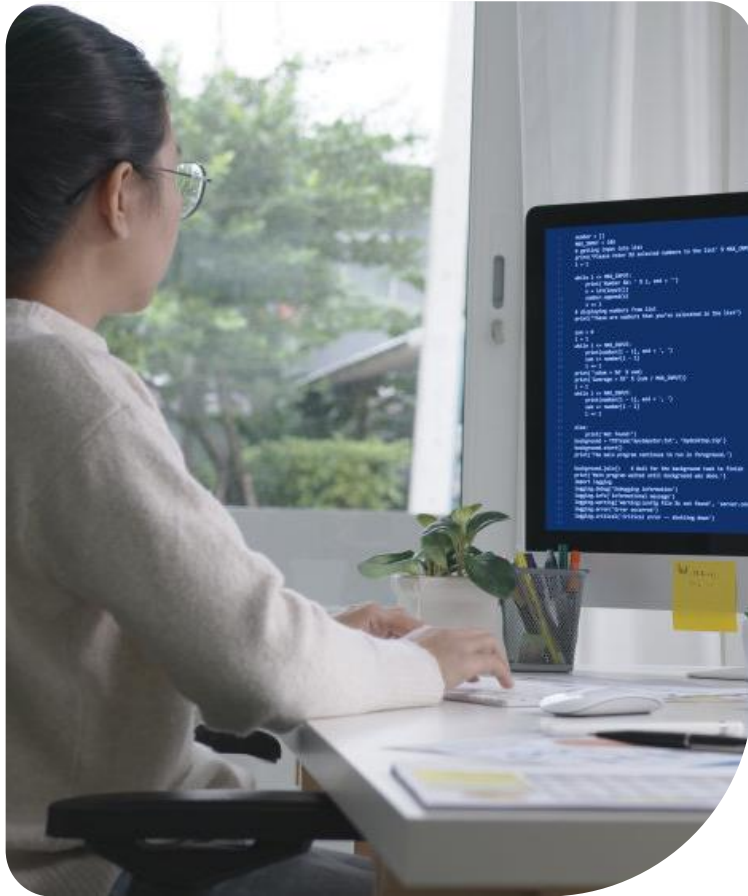
Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Fire and Rescue Authority’s financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and we consider whether there are sufficient arrangements in place at the Fire and Rescue Authority for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Fire and Rescue Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fire and Rescue Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Fire and Rescue Authority’s business and is risk based.

Introduction and headlines (continued)



Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of defined benefit pension fund balance
- Closing valuation of land & buildings.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report targeted to be issued by the end of the 2025 calendar year.

Materiality

We have determined planning materiality to be £1.1m (PY £0.9m) for the Fire and Rescue Authority, which equates to 1.9% of your prior year gross expenditure on costs of services. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors, of which there were no and hence no impact on materiality.

Our 'clearly trivial' reporting threshold for issues to be brought to the Audit Committee's attention has been set at £55k (PY: £45k).

We have set a lower materiality level for senior officer remuneration disclosures, as these are considered sensitive disclosures. We have set a lower materiality of £20,000 for the audit in this area.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any significant weakness areas or related risks, requiring separate attention. We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report (targeted to be issued by the end of the 2025 calendar year).

Audit logistics

Our planning work commenced in April 2025 and will continue to the end of the month. Our final accounts work will begin in the autumn of 2024 and is expected to continue up until the end of the calendar year.

Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report. Our aim is to bring forward the reporting and conclusion of the audit in 2024-25 with the aim of concluding our work by the end of the calendar year – and reporting our findings to the first Audit Committee in 2026.

The 2024-25 accounts backstop date, the date by which the audit must have concluded, has been set at 27 February 2026 and our indicated timetable should enable this to be achieved, as it was in 2023-24.

Our proposed fee for the audit is £114,384 (PY: £110,623), subject to the Fire and Rescue Authority delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

03 Identified risks

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Management override of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	<p>In response to this risk we will:</p> <ul style="list-style-type: none"> • Make inquiries of finance staff regarding their knowledge of potential instances of management override of controls • Evaluate the design effectiveness of management’s controls over journals. This will include the controls management has in place to review journal postings • Analyse the journals listing and determine the criteria for selecting high risk unusual journals. This will also include criteria relating to journals which have not been authorised • Perform a risk-based interrogation of the financial ledger to identify any unusual and potentially fraudulent transactions for testing • Test unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration • Gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions. • Examine journals and manual entries made around the time of the preparation of the draft financial statements for appropriateness and corroboration • Understand the ledger integration with relevant sources and sub-systems to identify how management may be able to intervene in the journals posting process and post fraudulent entries



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Closing valuation of land and buildings	<p>The Fire and Rescue Authority re-values its land and buildings on a rolling five-yearly basis in line with the Code requirements.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £72m for land & buildings) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Fire and Rescue Authority's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p>	<p>The Fire and Rescue Authority only holds specialised buildings within its portfolio. The specialised assets comprise 40 fire stations, the Service Delivery Centre at Bramley (control centre), the Oakroyd Hall headquarters site (clerical use) and surrounding buildings includes the Supplies and Transport building and Headquarters Training Centre.</p> <p>The specialised buildings listed above are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision as existing buildings.</p> <p>The key DRC valuation assumptions are the rebuild cost, building size and adjustments for obsolescence (buildings age, condition & functionality) as well as accounting for additional add-ons on a theoretical rebuild. These include professional fees (building surveyors) and external areas (such as car parking and landscaping).</p> <p>The land portfolio, comprising the land on which the fire stations and other buildings are sited, has been valued on the existing use basis with reference to open market comparables from the West Yorkshire area.</p> <p>We therefore identified the closing valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> <p>In our prior year Audit Findings (ISA260) Report, we noted that the Fire Authority plans to dispose of the Service Delivery Centre at Bramley and Cleckheaton Fire Station in 2025-26 following relocation of both to the new headquarters facility at Birkenshaw. We also understand that a disposal of Oakroyd Hall may also be explored. Such decisions or changes in use may impact on classification and/or the assets' valuation at the year end. There exists a Code requirement for land & buildings to be appropriately classified and valued at each year end.</p>	<p>We have identified the closing valuation of land and buildings as a significant risk. In response to this risk we will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Fire and Rescue Authority's fixed asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end • consider, where the valuation date is not 31 March 2025 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2025 • agree, on a sample basis, the internal floor areas (GIAs) to records held by the estates management function • for assets valued on the existing use value (EUV) basis, which are exclusively land, obtain market comparables to assess the appropriateness of market comparables selected by management's expert and used in the valuation calculations • noting the plans for some degree of estate rationalisation and disposal of a number of buildings following the relocation of services to the new headquarters site, we shall consider whether these now-vacant buildings have been appropriately classified at year end be that as surplus assets, assets held for sale or operational land & buildings.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Valuation of the defined pension fund balance	<p>The Fire and Rescue Authority's defined benefit pension fund valuation, as reflected in its balance sheet, represents a significant estimate in the financial statements.</p> <p>The Fire Authority is party to two defined benefit schemes, the Firefighters Pension Scheme (FPS) and the Local Government Pension Scheme (LGPS).</p>	<p>The Firefighters Pension Fund (FPS) liability, as reflected in its balance sheet as an overall defined benefit pension liability, represents a significant estimate in the financial statements. This is an unfunded scheme and therefore there are no pension assets. As a result, the FPS scheme will always represent a liability on the balance sheet. The Firefighters Pension Fund liability is considered a significant estimate due to the size of the numbers involved (£1.14bn on the Fire Authority's balance sheet at March 2024) and the sensitivity of the estimate to changes in key assumptions.</p> <p>The Authority also has a share in the West Yorkshire Pension Fund Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme which was in an IAS19 surplus position for the first time in March 2024, with a share of the surplus relating to the Fire Authority of £5.6m indicated by management's expert actuary.</p> <p>Both schemes represent a significant estimate in the Fire Authority's financial statements, however, the valuation of the FPS scheme liability is significantly greater as a multiple of materiality than the LGPS scheme net surplus.</p> <p>The sensitivity of the estimate to changes in key assumptions has given rise to a significant risk. The actuarial assumptions used are the responsibility of the entities but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and CPI inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 1.5% effect on the gross liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Fire Authority's defined benefit pension fund liabilities as a significant risk.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p>The Fire Authority also need to consider the impact of IFRIC 14 - IAS 19 - the limit on a defined benefit asset in respect of its share in the West Yorkshire Pension Fund local government pension scheme. Because of this, we have assessed the recognition and valuation of the LGPS pension surplus as a significant risk.</p>	<p>We have identified the valuation of the FPS pension liability and the valuation of the LGPS net pension surplus as a significant risk. In response to this risk we will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Fire and Rescue Authority's pension fund net balance is not materially misstated and evaluate the design of the fund assets valuation in the pension fund financial statements and associated controls • evaluate the instructions issued by management to their management expert (Aon for LGPS and GAD for Firefighters') for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary (Aon for LGPS and GAD for Firefighters') who carried out the Fire and Rescue Authority's pension fund valuation • assess the accuracy and completeness of the information provided by the Fire and Rescue Authority to the two actuaries (Aon and GAD) to estimate the IAS19 pension valuation • test the consistency of the pension fund figures and disclosures in the draft financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtain assurances from the auditor of the West Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the Fire and Rescue Authority. • perform additional detailed testing on LGPS membership data which was not performed at the time of the last triennial valuation in 2022. This was a gap in assurance identified in the prior period and contributed to the disclaimer of opinion. • perform appropriate data checks in respect of Firefighters' membership data and test the accuracy and validity of movements since the most recent triennial valuation, where material changes were identified. • assess the calculation performed to identify the IFRIC 14 net pension asset ceiling and where appropriate, challenge management on the validity and appropriateness of the assumptions used in the calculation including the existence of a minimum funding requirement, the future lifetime of the scheme (in years) and the level of future funding contributions (as a % of payroll costs).

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fire and Rescue Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of public services bodies, including the Fire and Rescue Authority, mean that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk for the Fire and Rescue Authority.</p>	<p>Whilst the risk has been rebutted and we do not consider this to be a significant risk for the Fire and Rescue Authority, we shall perform standard audit procedures on this material stream of transactions. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate up to the time of concluding the audit.</p>
The expenditure cycle includes fraudulent transactions	<p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p>As per PN10, fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>As a result under PN10, there is a requirement on auditors to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p>We have rebutted this presumed risk for the Fire and Rescue Authority because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure for the Fire and Rescue Authority where services are provided to the public through taxpayers' funds • there are plans in place for the Fire and Rescue Authority to deliver cashable savings, indicating a culture of officers dealing with the challenges faced by the Fire and Rescue Authority head on, which is considered incompatible with the deliberate suppression of expenditure • the Fire and Rescue Authority requires cash to meet its payroll and third-party payment obligations and therefore any manipulation of expenditure between accounting periods does not generate any clear financial benefits • the Fire and Rescue Authority has a number of contracted key suppliers with whom frequent recurrent transactions are made, which are followed by timely payments, usually within 30 days of receipt of goods. As such, regular bank payments are required to suppliers, which reduces any opportunity to exclude expenditure transactions from being reported in the general ledger. • the Fire and Rescue Authority has clear and transparent reporting of its financial plans and financial position, including regular reporting of budget variance analysis to its Finance and Resources Committee and its Audit Committee. <p>Therefore, we do not consider this to be a significant risk for the Fire and Rescue Authority.</p>	<p>Whilst the risk has been rebutted and we do not consider this to be a significant risk for the Fire and Rescue Authority, we shall perform standard audit procedures on this material stream of transactions. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate up to the time of concluding the audit.</p>

Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
IFRS 16 leases	<p>The adoption of the IFRS 16 leases standard for local authorities has been deferred several times by the CIPFA Local Authority Code Board.</p> <p>Adoption is now mandated for local authorities, fire and rescue bodies for periods beginning from 1 April 2024, and therefore this is required to be implemented by the Fire & Rescue Authority during its 2024-25 period of account.</p>	<p>In response to this risk we will:</p> <ul style="list-style-type: none"> • Obtain the Fire and Rescue Authority’s live contracts register and copies of signed lease agreements, to assess the completeness of arrangements identified as being within the scope of the IFRS 16 leases accounting standard. • Agree disclosures presented in the financial statements to underlying accounting records and calculations. • Review management’s lease accounting calculations, and assess the accuracy and appropriateness of the inputs and assumptions used including lease term, discount rate and annual rentals.



“The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated.” (ISA (UK) 315)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Fire and Rescue Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
 - issuing a report in the public interest or written recommendations to the Fire and Rescue Authority under section 24 of the Local Audit and Accountability Act 2014 (the Act);
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

04 Our approach to materiality

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
01	<p>Determination</p> <p>We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Fire and Rescue Authority, including consideration of factors such as taxpayer, service user and stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements.</p> <p>Materiality at the planning stage of our audit is £1.1m, which equates to 1.9% of your Gross Expenditure on Cost of Services for the 2023-24 financial year per the audited statement of accounts.</p>	<ul style="list-style-type: none"> We determine planning materiality in order to: <ul style="list-style-type: none"> establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements assist in establishing the scope of our audit engagement and audit tests determine sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements
02	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature where it may affect instances when greater precision is required.</p>	<ul style="list-style-type: none"> We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £20k.
03	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<ul style="list-style-type: none"> We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality. We will recalculate our materiality upon receipt of your draft 2024-25 accounts in June.
04	<p>Matters we will report to the Audit Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<ul style="list-style-type: none"> We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. In the context of the Fire and Rescue Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £55k (PY 45k). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality area	Amount (£)	Qualitative factors considered
Materiality for the Fire and Rescue Authority's financial statements	£1.1m	This equates to 1.9% of the Fire and Rescue Authority's Gross Expenditure on Cost of Services for 2023-24 based on the audited statement of accounts for the year then ended. This is greater than the 1.6% measurement percentage used in the prior period. We have reached this judgement on the basis that the 2023-24 statement of accounts was audited, compared with 2022-23 which was backstop disclaimed. In addition, our work in the prior year did not identify any indicators of material fraud of management override and there were no material adjustments to the outturn position or to useable reserves. Our overall risk assessment at the planning stage continues to support the 1.9% benchmark applied.
Performance materiality	£0.77m	The performance materiality has been set at 70% of financial statement materiality, consistent with the measurement percentage used in the prior period. This reflects our risk assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Trivial matters	£55k	This equates to 5% of headline materiality. We will report all misstatements identified in excess of £55k to Audit Committee.
Materiality for specific transactions, balances or disclosures: senior officer remuneration	£20k	Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in the remuneration report for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.

05 Progress against prior year audit recommendations

Progress against prior year audit recommendations

We identified the following issues in our 2023-24 audit of the Fire and Rescue Authority's financial statements, which resulted in seven recommendations being reported in our 2023-24 Audit Findings Report.

As part of our audit planning for 2024-25 we have followed up on management action taken against our recommendations. Four of the seven have been addressed by management with three are still in progress at the time of writing. We shall provide a further update in our Audit Findings (ISA260) on the 2024-25 financial statements, due February 2026.

Assessment	Issue and risk previously communicated	Update from Management on actions taken to address the issue(s)
In progress	<p>1. Vehicle residual values in the fixed asset register We recommended that management, with support from the Head of Fleet and Logistics, adds a record of vehicle residual values to the fixed asset register to improve the accuracy of the depreciation estimate. This is to reflect increased auction values of specialist vehicles in the second-hand export market due to improvements in vehicle design and longevity. While it would not impact useable reserves since depreciation charges are overridden by the minimum revenue provision, this change would reduce the impact of gains on disposal on the CIES as residual values would more accurately reflect market values.</p>	<p><i>Noting that this was first raised in the Auditor's findings report in February 2025, this is still being considered by management with discussions taking place between the senior finance team and the Head of Fleet and Logistics. We are keen to ensure that any residual values entered on the fixed asset register are reasonable and prudent, and can be evidenced by past auction sale data. We are following due process to consider this recommendation and will be able to provide a further update later in the 2025 calendar year.</i></p>
Addressed (to be confirmed in our ISA260 Audit Findings report due February 2026)	<p>2. Upcoming changes to the buildings portfolio The authority plans to dispose of the Service Delivery Centre at Bramley and Cleckheaton Fire Station in 2025-26 following the relocation of both to the new headquarters in Birkenshaw. Additionally, there is uncertainty around the future and potential disposal of Oakroyd Hall. We recommended that management commences discussions between financial accountants, the Head of Estates and the external valuer to ensure that these assets are accurately measured (to reflect their current market value) and classified (i.e., as assets held for sale) in the 2024-25 draft financial statements.</p>	<p><i>Management has considered this recommendation in the run up to the 2024-25 accounts closedown and a number of the buildings no longer in use are expected to be reclassified as surplus at year end, and the external valuer has been notified to value accordingly in line with Code requirements. Management is content that this recommendation has been addressed.</i></p>
Addressed (to be confirmed in our ISA260 Audit Findings report due February 2026)	<p>3. IFRS 16 Leases implementation from 1 April 2024 Since a large majority of the authority's vehicle fleet is leased, we expect the implementation of IFRS 16 to be a time and resource intensive exercise. As such, we recommended that management accelerates its efforts regarding the implementation of IFRS 16 to ensure relevant leased assets are completely and accurately captured before the 2024-25 accounts closedown process commences.</p>	<p><i>Management has considered this recommendation in the run up to the 2024-25 accounts closedown, which is in line with the requirement for the IFRS 16 standard to be adopted in the 2024-25 financial statements. A good level of finance staff time and resources has been committed, undertaking comprehensive work on reviewing the contracts register for additional lease contracts and performing the lease calculations for inclusion in the 2024-25 draft financial statements. Management is content that this recommendation has been addressed.</i></p>

Progress against prior year audit recommendations - continued

Assessment	Issue and risk previously communicated	Update from Management on actions taken to address the issue(s)
<p>In progress (awaiting papers for Finance and Resources Committee – July 2025)</p>	<p>4. Liability benchmark projections The authority presents liability benchmark projections (i.e., a chart showing outstanding liabilities over time) to members in its annual budget papers. Currently, the chart shows the development of the authority’s liabilities until 2045. We recommended that management revises and extends the projection to ensure that the chart visually captures the full repayment of the CFR and other liabilities. Additionally, we recommended that the significance of the liability benchmark chart is explained to members alongside the next treasury management update to aid in their oversight of the financial reporting process.</p>	<p><i>Management has utilised support from external treasury advisors to implement this recommendation. The liability benchmark projection chart is expected to be updated in time for the next treasury management update, set to be presented to Finance and Resources Committee in July 2025. Management is content that this recommendation has been addressed.</i></p>
<p>Addressed (to be confirmed in our ISA260 Audit Findings report due February 2026)</p>	<p>5. Cash Flow Statement adjustments Our 2023-24 audit work identified that an immaterial movement in cash balances could not be explained through the adjustments in the Cash Flow Statement. Following initial investigation, management were unable to reconcile this difference. We recommended that management refines its process for producing the Cash Flow Statement to improve its accuracy in future years. Initially, this involves reworking the 2023-24 statement to identify additional adjustments that may be required in the 2024-25 draft accounts to resolve the identified variance.</p>	<p><i>The 2023-24 variance has been identified and resolved post audit and the reason for the variance has been noted in the 2024-25 closedown notes. Having utilised the time post audit to further review the statement, management remains satisfied that it was materially accurate and the finance team is currently working on the statement as part of the 2024-25 accounts closedown with the aim of no such variances being present in the 2024-25 draft accounts to be presented to audit. Management is content that this recommendation has been addressed.</i></p>
<p>Addressed (to be confirmed in our ISA260 Audit Findings report due February 2026)</p>	<p>6. Expenditure and Funding Analysis note Our 2023-24 audit work identified that the required reconciliation between the segmental analysis reflecting organisational structure and net expenditure chargeable to the general fund had been omitted from the EFA disclosure note. We recommended that management revises its presentation of the note to ensure all applicable CIPFA Code requirements are met.</p>	<p><i>Management has utilised support from the national CIPFA technical team to clarify how this note should be presented in the 2024-25 financial statements. There is a clear understanding within the finance team how this note should be presented and the changes required in 2024-25 ahead of producing the 2024-25 draft accounts. Management is content that this recommendation has been addressed.</i></p>
<p>In progress</p>	<p>7. Fixed asset register reconciliation Our 2023-24 audit work identified an immaterial variance between the 2022-23 carried forward and 2023-24 brought forward balances of Vehicles, Plant & Equipment. We recommended that management prepares an annual reconciliation to investigate and resolve this difference before the 2024-25 accounts closedown process commences.</p>	<p><i>Management expects for this to be addressed as part of the 2024-25 accounts closedown which is ongoing at the date of this audit plan. Management does not expect there to be any challenges in the implementation of this audit recommendation.</i></p>

06 IT audit strategy

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT system has been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the level of assessment required. We will keep this under review as the audit progresses and update our understanding if there are additional IT systems within the scope of the audit.

We will report to you including our assessments and findings (as applicable) in our Audit Findings (ISA260) Report targeted to be issued by the end of the 2025 calendar year.

IT system	Audit area	Planned level IT audit assessment
SAP	Financial reporting, payroll, accounts payable and receivable	<ul style="list-style-type: none"> • Detailed ITGC assessment design effectiveness • Application controls assessment • Test the design and implementation of the ITGCs • Follow up on IT related recommendations raised in the previous audit • Review of cybersecurity controls.

07 Value for Money Arrangements

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Risks of significant VFM weaknesses



As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

Risks of significant weakness in VFM arrangements (continued)

Initial Risk assessment of the Fire Authority’s VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024-25. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023-24 Auditor judgement on arrangements	2024-25 risk assessment	2024-25 risk-based procedures
Financial sustainability	Green No risks of significant weakness reported, and no improvement recommendations made.	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Governance	Amber No risks of significant weakness were reported. Two improvement recommendations were made: <ul style="list-style-type: none"> To enhance internal audit reports to the Audit Committee by including a summary of recommendations and ensuring that the outcome of all reviews is reported to the Audit Committee To enhance the standard reporting template to include risk management implications and implications for the duty to collaborate. 	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023-24.
Improving economy, efficiency and effectiveness	Amber No risks of significant weakness were reported. Two improvement recommendations were made: <ul style="list-style-type: none"> To improve reporting arrangements by including detailed information on areas of worsening performance in quarterly performance reports and reporting annually to members on the progress of collaboration activities implemented via West Yorkshire Tri-Service Collaboration To regularly report contract management activity to members to gain assurance that appropriate reviews and monitoring are being applied consistently. 	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023-24.

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our Auditor’s Annual Report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor’s Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor’s Report and included within our 2024-25 audit opinion.

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

8 Logistics

Logistics

The audit timeline

Key Dates

Audit phases:

Audit Committee:
25 April 2025

Close out:
Late Nov 2025

Audit Committee:
13 February 2026

Sign off:
Before 27 February 2026

Planning – 4 weeks
w/c 31 Mar 2025

Interim – 2 weeks
w/c 16 Jun 2025

Final – 12 weeks
w/c 15 Sep 2025

Completion – 2 weeks
w/c 15 Dec 2025

Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agree timetable and deliverables with management and Audit Committee
- Issue the Audit Plan to management and Audit Committee
- Planning meeting with Audit Committee to discuss the Audit Plan

Key elements

- Audit team to perform initial sampling procedures
- Review of key judgements and estimates

Key elements

- Audit teams to complete fieldwork and detailed testing using a hybrid approach (on-site and remote)
- Weekly update meetings with management

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Audit Findings issued to Audit Committee
- Audit Findings presentation to Audit Committee
- Auditor’s Annual Report presentation to Audit Committee
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Gareth Mills

Engagement Lead & Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

Greg Charnley

Audit Senior Manager

- Audit planning
- Main contact for the finance team
- Project and Resource management of the delivery of the audit
- Performance management reporting

Chris Schulz

Audit In-Charge

- Audit team management
- Day-to-day point of contact
- Audit fieldwork lead

Sarah Jassal

VFM Lead

- VFM team management
- VFM main contact
- VFM fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings (ISA260) Report • Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

9 Fees and related matters

Our fee estimate

Our estimate of the audit fees is set out in the table across, along with the fees billed in the prior year.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for West Yorkshire Fire and Rescue Authority to begin with effect from 2023-24. The scale fee set out in the PSAA contract for the 2024-25 audit is £x.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023-24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

	Audit Fee for 2023-24 (£)	Proposed fee for 2024-25 (£)
West Yorkshire Fire & Rescue Authority Scale Fee (per PSAA contract)	£103,565	£114,384
Increased audit requirements of ISA 315 Revised – “Identifying and assessing the Risks of Material Misstatement” – (new controls requirement not included in the PSAA tender submission)	£7,058	-
Total audit fees (excluding VAT)	£110,623	£114,384

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Fire and Rescue Authority will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:

- Closing valuation of land and buildings
- Valuation of FPS and LGPS defined benefit pension balances

Previous year

In 2023-24 the scale fee set by PSAA was £103.5k. The actual fee charged for the audit was £110.6k.

10 Independence considerations

Independence considerations

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, and managers). In this context, we disclose there are no matters that we are required to report.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Other services

- There are no other audit or non-audit related services.
- Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP will be included in our Audit Findings (ISA260) Report at the conclusion of the audit in February 2026.

Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Fire and Rescue Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Fire and Rescue Authority or investments in the Fire and Rescue Authority held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Fire and Rescue Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Fire and Rescue Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Fire and Rescue Authority's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in September 2022 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Following this consideration we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

11 Communication of audit matters with those charged with governance

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Fire and Rescue Authority's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

12 Delivering audit quality

Delivering audit quality

Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

Oversight and control

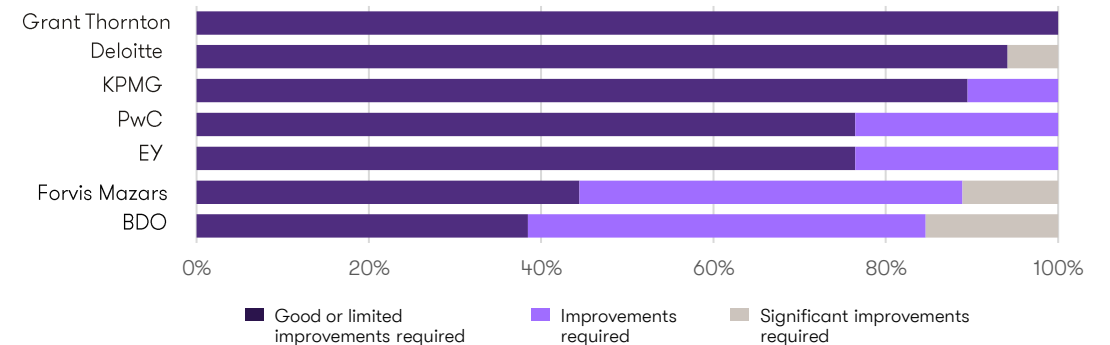
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection (% of files awarded in each grading, in the most recent report for each firm)



12 Appendices

The Grant Thornton Digital Audit – Inflo

A suite of tools utilised throughout the audit process

01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

What you'll see

- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

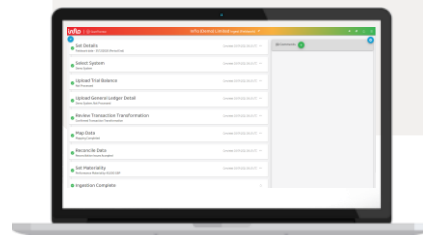


02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system

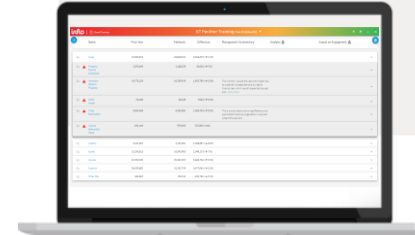


03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement





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