

 York & North Yorkshire  
Office for Policing, Fire,  
Crime and Commissioning



Part of the  York and  
North Yorkshire  
Combined Authority

# **Report to the DMPFC for North Yorkshire**

**19<sup>th</sup> September 2024**

**Annual Report of the Independent Audit Committee**

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# Independent Audit Committee

## Annual Report

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### FOREWARD

The Purpose of this report is to provide assurance that the Independent Audit Committee is satisfactorily undertaking its role and responsibilities to enhance public trust and confidence in the governance of the former Police, Fire & Crime Commissioner Fire and Rescue Authority (PFCCFRA) and North Yorkshire Fire and Rescue Service. It provides an overview of the areas of work considered by the Committee during an extended 2023/24 financial year and details the areas that the Committee thought worthy of mention. It provides the DMPFC and Chief Fire Officer with the assurance that the Committee has fulfilled its terms of reference and demonstrates the added value that has been delivered by the Independent Committee to both the former PFCC and Chief Fire Officer and also the wider public throughout the extended 2023/24 financial year

### 1. INTRODUCTION

- 1.1 This annual report of the North Yorkshire Fire Independent Audit Committee covers the extended 2023/24 financial year to the 6th May 2024.
- 1.3 The Committee has a wide range of responsibilities that are captured within the Terms of Reference. The Terms of Reference in place throughout 2023/24 are reproduced at Appendix A for information.
- 1.4 The table below details last year's Committee members. The Committee would like to place on record its thanks to the Officers of the former PFCCFRA and the Fire Service, and both the internal and external auditors who have supported its work throughout the year.

### Members of the Independent Audit Committee

Role	Member	Dates in Role
Chair	Joanne Gleeson	Throughout extended 2023/24 financial year
Vice-Chair	Roman Pronyszyn	Throughout extended 2023/24 financial year
Member	Heather Cook	Throughout extended 2023/24 financial year
Member	Stuart Green	Throughout extended 2023/24 financial year
Member	Chris Rowlands	Appointed 3rd May 2023, resigned 17th April 2024

1.5 The Committee has met 4 times during the financial year in line with the terms of reference for the Committee. The meetings took place on the following dates:

- 21<sup>st</sup> June 2023
- 19<sup>th</sup> September 2023
- 30<sup>th</sup> November 2023
- 11<sup>th</sup> April 2024

1.6 Meetings during the year have all been held via Teams with the option to attend the meeting in person. A pre-meeting with both the Internal and External auditors, without management, has also taken place.

## **2 EXTERNAL AUDIT**

2.1 Mazars LLP (which became Forvis Mazars LLP from the 1st June 2024) have been the external auditors for the former PFCCFRA Group throughout the extended 2023/24 financial year.

### **Audit of the Statements of Accounts for 2021/22**

2.2 On the 30<sup>th</sup> April 2024 the External Auditors wrote to the former PFCC attaching their signed Audit Certificate for the 2021/22 financial year which formally concluded the 2021/22 audit.

2.3 There was a substantial delay in the issue of the Audit Certificate due to the External Auditors awaiting confirmation from the National Audit Office (NAO) that the Authority would not be selected for additional Whole of Government Accounts (WGA) work as a sampled component.

2.4 On 30 November 2022, following approval and certification of the 2021/22 financial statements by the Police, Fire and Crime Commissioner the External Auditors issued their Independent Auditor's Report in relation to the accounts for the year ended 31 March 2022. The audit opinion was unqualified.

2.5 The External Auditors subsequently issued their commentary on Value for Money (VFM) arrangements in their Auditor's Annual Report 2021/22 on 15 September 2023. They identified one significant weakness and recommendation in relation to the Authority's VFM arrangements in 2021/22.

### **Value for Money Conclusion 2021/22**

- 2.6 On the basis of their work, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, the External Auditors identified the following significant weakness in the Police, Fire and Crime Commissioner's arrangements for the year ended 31 March 2022:

#### 2021/22 HMICFRS Inspection Report Improving economy, efficiency and effectiveness

- In its 2021/22 inspection report for the fire and rescue service published in January 2023, HMICFRS raised a specific cause for concern that the service doesn't have in place adequate workforce planning processes.
  - In our view, HMICFRS's concerns about workforce planning is evidence of a significant weakness in arrangements in relation to how the body evaluates the services it provides to assess performance and identify areas for improvement under the Economy, Efficiency and Effectiveness criterion.
- 2.7 Finally the External Auditors issued their report on WGA to NAO on 20 June 2023, following a delay in the issue of group audit instructions for this work by NAO.

### **Audit of the Statements of Accounts for 2022/23**

- 2.8 On the 17<sup>th</sup> November 2023 the External Auditors wrote to the former PFCC with a copy of the Audit Completion Report for 2022/23.
- 2.9 The only matter currently outstanding in relation to the 2022/23 Audit is that the External Auditors haven't received the Pension Fund assurance letter from the auditor of North Yorkshire Pension Fund. This is very disappointing as this is the only substantive issue that needs to be resolved on the opinion audits for the PFCCFRA.
- 2.10 The Committee are committed to continuing to hold the external auditors to account for the timely audit of the 2023/24 accounts also.
- 2.11 In terms of the accounts themselves, subject to the Pension Fund assurance letter, they resulted in an unqualified audit opinion. In the opinion of Mazars the financial statements:
- Give a true and fair view of the financial position of the Authority as at 31st March 2023 and of its expenditure and income for the year then ended; and
  - Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

### **Audit Completion Report 2022/23**

- 2.12 This was presented to the Committee by the external auditors on 30<sup>th</sup> November 2023. At the time of issuing the report there were a small number of outstanding matters that needed to be addressed however none of these were expected to impact in a material way on the accounts.
- 2.13 All of these matters have now been concluded other than the Pension Fund auditor assurance letter.

### **Value for Money Conclusion 2022/23**

- 2.14 As part of the Audit Completion Report the External Auditors are required to report on the arrangements for Value for Money. They are required to 'form a conclusion as to whether the Authority have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion and sets out the criterion and sub-criteria that we are required to consider.'
- 2.15 The External Auditors reported to the Committee that 'as part of our work in 2022/23, we will follow up the progress made against the recommendations made during 2021/22. Due to the timing of the HMICFRS report that resulted in the significant weakness the significant weakness and recommendation will be reported in 2022/23. We are yet to complete our work.'

## **3 INTERNAL AUDIT**

- 3.1 The PFCCFRA procured a new Internal Audit Service provider for the start of the 2022/23 financial year, therefore the extended 2023/24 financial year is the second year that the Internal Audit Service has been provided by RSM.
- 3.2 The Committee continues to welcome the new approach from both the new Internal Auditors and the Senior Leadership Team to focus on areas on both concern and risk.
- 3.3 While the Committee recognises that for the second year in a row this has resulted in some significant concerns in relation to internal controls and processes they are supportive of the approach and will continue to hold both management and the internal auditors to account for addressing the concerns that have been raised.
- 3.4 The Audit Plan for 2023/24 was based on analysing your Fire and Rescue Plan risk profile and assurance framework as well as other factors affecting North Yorkshire Fire and Rescue Service, including the wider sector.
- 3.5 The Committee commented on, considered and endorsed the 2023/24-2025/26 internal audit strategy at its meeting in March 2023 to ensure that the work could start for the new financial year as soon as possible.

- 3.6 During the course of the year, the Committee has closely monitored progress against the objectives and programme of work set out in the Internal Audit Plan for 2023/24.

### **Internal Audit reports**

- 3.7 In continued recognition of some of the concerns management had across a number of areas of the Service, and aligned to appointment of new internal auditors, there has continued to be an increased investment into the work done from an internal audit perspective. This is to bolster the aim of Internal Audit which is to provide independent assurance, or otherwise, on key areas of risk and governance of the organisation.
- 3.8 The audit work for the year to the extended financial year (to 6<sup>th</sup> May 2024) involved 5 separate pieces of work, which were assessed based on the level of assurance that the PFCCFRA can take from the controls within the areas under review and how well they are being adhered to/implemented.
- 3.9 These assurance levels are as follows:
- **Substantial assurance:** Taking account of the issues identified, the PFCCFRA can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective
  - **Reasonable assurance:** Taking account of the issues identified, the PFCCFRA can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk
  - **Partial assurance:** Taking account of the issues identified, the PFCCFRA can take partial assurance that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied or effective. Action is needed to strengthen the control framework to manage the identified risk.
  - **Minimal assurance:** Taking account of the issues identified, the PFCCFRA can take minimal assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk

- 3.10 Of the 5 audits that received assurances during the 2023/24 extended year, the assurance levels were as follows:

Assurance Level	No. of Audits
Substantial	1
Reasonable	
Partial	1
Minimal	3

- 3.11 These 5 audits generated 49 actions that were agreed by management. The actions are graded High, Medium or Low depending on the urgency and priority with which they need to be addressed. The 49 actions were split as follows:

Action Level	No. of Audits
High	13
Medium	29
Low	7

- 3.12 In addition to the 7 formal reports there were also 2 follow up reviews on progress against the previously agreed Internal Audit management actions, both of which reported **little progress**.

- 3.13 **The Committee feels it is important to raise its concerns about the lack of progress in addressing the internal audit actions that have been raised and accepted by management.**

- 3.14 **These are of such concern that they have been identified as a Significant Governance Issue within your Annual Governance Statement and the Committee expects to see significant improvements in this area during 2024/25.**

- 3.15 The Committee will take a keen interest in overseeing the timely implementation of all recommendations during 2024/25.

#### **The Head of Audit's annual report**

- 3.16 The Head of Audit's annual report was received by the Committee in June 2024 relating to the work carried out primarily in the period 1<sup>st</sup> April 2023 to 6<sup>th</sup> May 2024.

- 3.17 For the second year in a row the report concluded that:  
**The organisation does not have an adequate framework of risk management, governance or internal control.**

- 3.18 In giving this opinion context was provided as follows: 'It should be noted that the Fire Service has been subject to a significant amount of change and the Chief Fire Officer, Deputy Chief Fire Officer and Chief Financial Officer had a number of concerns that were fed into the 2023/24 internal audit programme.'

- 3.19 The Committee is happy that the PFCCFRA has in place an adequate and effective internal audit service, and has seen an improvement in both the quality and timeliness of the reports now being produced.
- 3.20 **The Committee does however need to draw your attention to the lack of timeliness from management in responding to some of the reports produced by your Internal Auditors – the Committee expects to see this significantly improved in 2024/25.**
- 3.21 While the Service is clearly asking Internal Audit to review the correct areas, given the issues that are being found within the organisation, 2023/24 was the second poor Internal Audit opinion – **the Committee feels it is vital that the Service demonstrates progress during 2024/25** and one of the keys to this will be making much better progress in addressing the actions raised.
- 3.22 The Committee is pleased to see that a Risk and Assurance group, chaired by the Deputy Chief Fire Officer is going to specifically focus on internal audit actions and drive through the improvements needed in this area.
- 3.23 **Inspection and Review**
- 3.24 The Committee was very pleased to see that the two causes of concern raised against the Service by HMICFRS during 2022/23 were addressed and removed during 2023/24, with the HMIC concluding that:  
*We recognise the considerable work carried out to support these improvements. As a result, we now consider both causes of concern to be resolved. We will, however, continue to monitor them during our scheduled inspection of the service in 2024 as part of our established inspection methodology.*
- 3.25 The Committee continues to welcome the enhancement of the governance and scrutiny arrangements associated with HMICFRS activity which has a standalone 'HMICFRS Specific Meeting' that was previously part of the wider Risk and Assurance Group, which is led by the Deputy Chief Fire Officer.
- 3.26 The Committee continues to see progress in reporting to the Committee around this area and was pleased to see that all Causes of Concern Recommendations are in the final stages of closure, with a number already closed.
- 3.27 The Committee was also pleased to see a similarly robust process in place to oversee the 'Values and Culture' actions and recommendations, and looks forward to the continued progress and implementation of those actions during 2024/25.



## **4 Internal Control Environment and Regulatory Framework**

- 4.1 The Committee considered the draft 2022/23 Annual Governance Statement at its meeting in June 2023 and the Committee recommended that the PFCCFRA adopted the final document that was presented alongside the Statement of Accounts in November 2023. The draft version of the document for 2023/24 was also considered by the Committee in June 2024, feedback will be provided prior to the final version of the 2023/24 Statement being agreed alongside the final statement of accounts for the 2023/24 year.
- 4.2 The Committee also reviewed progress against the issues raised within the 2022/23 Annual Governance during 2023/24 and was pleased to see that 6 out of the 7 items raised within the 2022/23 has been addressed.
- 4.3 The Committee was however concerned to see that the following action had not been fully implemented and therefore has had to be re-stated in the 2023/24 Annual Governance Statement:  
*Ensure that the Risk and Assurance Board oversees the timely implementation of all actions raised within the all Internal Reports and holds all action owners to account*
- 4.4 In addition to the review of the Annual Governance Statements the Committee also receives and endorses any proposed changes to the Code of Corporate Governance. The Committee receive a report in June 2023 setting out some changes to the Code during 2023/24. The Committee was pleased to see the improvements made to the Contract Standing Orders, in line with a previous internal audit recommendation, and considered and approved the revisions to the Corporate Governance Framework for publication.

## **5 Corporate Risk Management**

- 5.1 The Committee has an important role in ensuring that the former PFCCFRA has effective arrangements for the identification, assessment, mitigation, management and monitoring of risk.
- 5.2 During the year the Committee has considered the strategic risk register and continues to ensure that the work of Internal Audit is appropriately linked to the Risk Register to ensure those areas highlighted as a Risk to the organisations are appropriately reviewed.
- 5.3 The Committee were pleased to see the benefits and impact on the 'check and challenge' sessions that were undertaken on Strategic Risk Register and looks forward to the last remaining risks going through this process.
- 5.4 The Committee is keen to ensure that the benefits and improvements that have been made around the oversight and management of Corporate Risk Management continues in 2024/25 given the separation of the Business Design and Assurance department out of the collaboration with Police.

## 5.5 **Complaints and Compliments**

5.6 Part of the Terms of Reference of the Committee is that the Committee maintains an overview of Complaints against the Service.

5.7 As such **the Committee is disappointed that it did not receive a report providing any details of complaints, or compliments during 2023/24,** and looks forward to this being rectified.

## 6 **Information Governance**

6.1 The Committee received reports throughout the year setting out some performance indicators across a number of areas.

6.2 Included within the information for the Committee oversight was all of the details and a copy of the Report to the Senior Information Risk Owner on the Work in Progress to Comply with Data Protection Legislation and the Identification of Risks.

6.3 The Committee noted that the number of Data Protection Impact Assessments that are overdue has steadily increased across the last 21 months from 7 in April 2022 to 20 at the end of December 2023. The Committee will keep an eye on this over the coming year.

6.4 The Committee was pleased to see that the number of Security Incidents and Personal Data Breaches was low, with only 37 recorded in the year to the end of December 2023.

## 7 **Freedom of Information**

7.1 The Committee maintains an overview of FOI requests and is pleased to report that from the information provided during 2023/24 the Service continues to perform really well in this area.

7.2 Despite an increase of over 10% in the volume of FOIs, Subject Access Requests and Incident Reporting System Requests received during 2023/24, in comparison to 2022/23, the Service reported that the timely compliance rate increased from 96% to 97.2%

7.3 The Committee was pleased to see both the wider reporting in this area beyond FOIs and the continued excellent performance.

## 8 **Health and Safety**

8.1 The Committee received details on Health and Safety incidents within the Service, with data covering a 5 year period.

8.2 As with the report on information management, the reporting in this area is very comprehensive and provides a significant level of information for the Committee to make enquiries of management on.

8.3 There were no discernible trends within the information provided that the Committee feel worthy of raising, however we will continue to review this area closely.

## **Terms of reference:**

### **Composition of the Independent Audit Committee (IAC)**

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

### **Quorum of the IAC**

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

### **Press and Public**

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

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

### **Exclusion of Public Access**

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

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

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

### **Purpose**

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

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

- Overseeing the financial reporting process

## **Objectives**

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

### **Internal Control Environment**

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

### **Corporate Risk Management**

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

### **Regulatory Framework**

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

### **Internal Audit**

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

- Reviewing and monitoring the effectiveness of OPFCC FRA on fraud, irregularity and corruption.

### **External Audit**

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

### **Financial Reporting**

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

### **Inspection and Review**

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

### **Complaints**

- Maintaining an overview of Fire Service complaints.

### **Freedom of Information**

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

### **Civil Claims**

- Maintain an overview of Civil Claims

### **Information Governance**

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