



EAST SUSSEX FIRE AUTHORITY

SCRUTINY & AUDIT PANEL

THURSDAY 28 MAY 2015 at 10.00 hours

MEMBERS

East Sussex County Council

Councillors Buchanan, Galley, Lambert, Taylor and Wincott.

Brighton and Hove City Council

Councillors Deane and Peltzer Dunn + 1 Labour Member TBA

You are requested to attend this meeting to be held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, at 10:00 hours.

AGENDA

- | Item No. | Page No. | |
|-------------|----------|--|
| 960. | 1. | In relation to matters on the agenda, seek declarations of any disclosable pecuniary interests under Section 30 of the Localism Act 2011. |
| 961. | 1. | Apologies for absence. |
| 962. | 1. | Notification of items which the Chair considers urgent and proposes to take at the end of the agenda / Chair's business items.

(Any Members wishing to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing they must state the special circumstances which they consider justify the matter being considered urgently). |
| <u>963.</u> | 5. | Non-confidential Minutes of the last Scrutiny & Audit Panel meeting held on 15 January 2015 (copy attached). |

964. 2. Callover

The Chair will call the item numbers of the remaining items on the open agenda. Each item which is called by any Member shall be reserved for debate. The Chair will then ask the Panel to adopt, without debate, the recommendations and resolutions contained in the relevant reports for those items which have not been called.

- [965.](#) 9. External Audit Plan and Update 2014/15 – joint report of the Chief Fire Officer & Chief Executive and Treasurer (copy attached).
2014/15 Draft Audit Plan
2015/16 Audit Fee Letter
- [966.](#) 11. Internal Audit Annual Report and Opinion for the period 1 April 2014 – 31 March 2015 – report of the Treasurer (copy attached).
- [967.](#) 25. Internal Audit Strategy and Annual Audit Plan 2015-16 – report of the Treasurer (copy attached).
- [968.](#) 37. Contracting & Procurement Follow-Up Audit – report of the Treasurer (copy attached).
- [969.](#) 55. Assessment of the Corporate Framework and Annual Governance Statement for 2014/15 – joint report of the Chief Fire Officer & Chief Executive, Monitoring Officer and Treasurer (copy attached).
- [970.](#) 71. Firefighters' Pension Scheme – new governance requirements – joint report of the Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer (copy attached).
- [971.](#) 75. 2014/15 4th Quarter Corporate Risk Register Review – joint report of the Chief Fire Officer & Chief Executive and Treasurer (copy attached).
- [972.](#) 77. 2014/15 4th Quarter Performance results – report of the Chief Fire Officer & Chief Executive (copy attached).
- [973.](#) 89. 2014/15 4th Quarter Corporate Projects outturn results – report of the Chief Fire Officer & Chief Executive (copy attached).

974. 3. Exclusion of the Press and Public

To consider whether, in view of the business to be transacted or the nature of the proceedings, the press and public should be excluded from the remainder of the meeting on the grounds that, if the public and press were present, there would be disclosure to them of exempt information. NOTE: Any item appearing in the confidential part of the Agenda states in its heading the category under which the information disclosed in the report is confidential and therefore not available to the public. A list and description of the exempt categories are available for public inspection at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, and at Brighton and Hove Town Halls.

975. 103. IMD Investigation Update – confidential joint report of the Chief Fire Officer & Chief Executive and Treasurer (copy attached). (Exempt category under paragraph 3 of the Local Government Act 1972).

ABRAHAM GHEBRE-GHIORGHIS
Monitoring Officer
East Sussex Fire Authority
c/o Brighton & Hove City Council

EAST SUSSEX FIRE AUTHORITY

Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, at 10:00 hours on Thursday 15 January 2015.

Members Present: Councillors Buchanan, Carden, Deane, Galley, Lambert (Chair), Peltzer Dunn, Taylor and Wincott.

Also present:

Mr. D. Prichard (Chief Fire Officer & Chief Executive), Mr. G. Ferrand (Assistant Chief Fire Officer), Ms. L. Woodley (Deputy Monitoring Officer), Mr. D. Savage (Treasurer), Mr. W. Tricker (Head of Procurement & Finance), Mrs. L. Ridley (Head of Performance Management), Mr. I. Young (Ernst & Young Auditors) and Mrs. A. Bryen (Clerk).

950. **DISCLOSABLE PECUNIARY INTERESTS**

950.1 It was noted that, in relation to matters on the agenda, no participating Member had any disclosable pecuniary interest under Section 30 of the Localism Act 2011.

951. **APOLOGIES FOR ABSENCE**

951.1 There were no apologies for absence.

952. **ANY OTHER NON-EXEMPT ITEMS CONSIDERED URGENT BY THE CHAIR/ CHAIR'S BUSINESS**

952.1 There were no urgent items for consideration.

953. **NON-CONFIDENTIAL MINUTES OF THE LAST SCRUTINY AND AUDIT PANEL MEETING HELD ON 13 NOVEMBER 2014**

953.1 **RESOLVED** – That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 13 November 2014 be approved as a correct record and signed by the Chair. (Copy in Minute Book).

954. **CALLOVER**

954.1 Members reserved the following items for debate:

955. 2014/15 Life Threatening Attendance Times update

957. 2014/15 3rd Quarter Corporate Projects Outturn Results

954.2 **RESOLVED** – That all other reports be resolved in accordance with the recommendations as detailed below.

955. **2014/15 LIFE THREATENING ATTENDANCE TIMES UPDATE**

- 955.1 Members considered a report of the Chief Fire Officer & Chief Executive that presented an update on the review of the Life Threatening Incident attendance times in relation to the second quarter of 2014 where it had been reported to the last meeting of the Panel that the target of 50% for the attendance of a second appliance within 8 minutes had not been met. (Copy in Minute Book).
- 955.2 Since the last meeting of the Panel, the data supporting this target had been further analysed. Attendance times for three appliances were on occasions incorrectly recorded in the mobilising system. The information in the data trackers fitted in the appliances did not match with the information sent by mobile data terminals in the appliances to the mobilising centre. The problem with the hardware for the mobile data terminals was being investigated.
- 955.3 The year to date result had been recalculated and at the end of November the attendance time for the second appliance at life threatening incidents within 8 minutes was currently 50.3% against a target of 50%.
- 955.4 The Head of Performance Management (HoPM) informed Members that there were too many variables associated with each incident to be able to analyse why target times for second appliances had not been met across the board. However, further analysis would be carried out over a future period of one month, paying particular regard to the vehicle trackers. The HoPM said that within the Family Group 2 of similar authorities, ESFRS had the quickest average response times for two years running.
- 955.5 The Chief Fire Officer & Chief Executive (CFO&CE) reminded Members that the Fire Authority had set the target time of 8 minutes for 8 firefighters to attend a life threatening incident. Many other authorities had set the target at ten minutes. Furthermore, all retained duty stations in East Sussex, with the exception of Rye, had only one pump, and a second pump would have to turn out from another area when this was needed. Given that retained duty firefighters had to get to the station, and get rigged up before they turned out, the target time in rural areas for a second appliance was unlikely to be met on most occasions.
- 955.6 Members noted that further analysis of attendance times for second appliances would be carried out. The outcome of this analysis would be reported on later in year 2015/16.
- 955.7 **RESOLVED** – That the report be noted.

956. **2014/15 3RD QUARTER CORPORATE RISK REGISTER REVIEW**

956.1 Members considered a joint report of the Chief Fire Officer & Chief Executive and Treasurer that reported on the latest quarterly review of Corporate Risk and sought their agreement on the outcomes. (Copy in Minute Book).

956.2 The Authority had in place established procedures for ensuring that risks are identified and managed for all corporate projects. All high risks identified in the Project RAID (Risks, Assumptions, Issues and Dependencies) logs were collated and reported to the Corporate Management Team to allow any themes to be identified and risks to be escalated to the corporate risk log as necessary. Members received a summary of the Project RAID Log for all risks scored 6 or above, which were assessed against a 3x3 scoring matrix. No additional themes or issues for escalation to the Corporate Risk Register had been identified.

956.3 **RESOLVED** – That the latest Corporate Risk Register be approved and the Internal Audit opinion of substantial assurance be noted.

957. **2014/15 3RD QUARTER CORPORATE PROJECTS – OUTTURN RESULTS**

957.1 Members considered a report of the Chief Fire Officer & Chief Executive that presented the 2014/15 third quarter outturn results on the corporate projects. (Copy in Minute Book).

957.2 Members noted that there were a number of schemes falling between 70% and 90%, and some less than 70%, of activity target achieved. The CFO&CE explained that there were currently staff resource problems, particularly within the Corporate Management Team (CMT) where two senior staff were on long term sick leave following surgery. Other members of CMT were taking on additional duties that had been prioritised, and there was therefore some slippage in achieving the targets on some other corporate projects. Additionally, another senior staff officer was also on long term absence. CMT would be considering further prioritisation of the projects in the light of the latest information about staff absences.

957.3 **RESOLVED** – That the corporate progress made at the end of the third quarter 2014/15 within the context of the other work priorities be noted.

958. **EXCLUSION OF THE PRESS AND PUBLIC**

958.1 **RESOLVED** – That item number 959 be exempt under paragraphs 1, 3 and 7 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 and accordingly is not open for public inspection on the grounds that it includes information relating to an individual; information relating to the financial or business affairs of any particular person (including the authority holding that information); and information relating any action taken or to be taken in connection with the prevention, investigation and prosecution of crime.

959. **CONFIDENTIAL MINUTES OF THE LAST SCRUTINY & AUDIT PANEL MEETING HELD ON 13 NOVEMBER 2014 (EXEMPT CATEGORY UNDER PARAGRAPHS 1, 3 AND 7 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972).**

959.1 **RESOLVED** – That the confidential minutes of the meeting of the Scrutiny & Audit Panel held on 13 November 2014 be approved as a correct record and signed by the Chair. (Copy in Minute Book).

The meeting concluded at 10:45 hours

Signed

Chair

Dated this

day of

2015

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **28 May 2015**

Title of Report: **External Audit Plan and Update 2014/15**

By: **Chief Fire Officer & Chief Executive and Treasurer**

Purpose of Report: **To inform the Panel of the content of the external audit plan 2014/15 and progress to date.**

RECOMMENDATION: The Panel is recommended to:

- (i) Approve the External Audit Plan for 2014/15; and
 - (ii) Note the external audit fee for 2015/16.
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MAIN ISSUES

1. The attached external audit plan (Appendix A) sets out the work that the Authority's external auditors, Ernst & Young LLP (EY), intend to carry out in order to audit the Authority's 2014/15 accounts and form their judgement on the Authority's value for money arrangements. EY has not identified any specific risks relating to the Authority's accounts.
2. The fee for the 2015/16 audit (Appendix B) is confirmed as £30,766 which is a reduction of 25% on the previous year following the closure of the Audit Commission and further re-tendering of audit contracts in 2014. It is dependent on a number of factors including the quality and timeliness of the accounts and their associated working papers, and the ability of the external auditors to rely on the work carried out by internal audit. The fee for 2014/15 was agreed at £41,021 but the Authority also received a rebate of £4,216 from the Audit Commission.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
23 April 2015

Duncan Savage
TREASURER

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **28 May 2015**

Title of Report: **Internal Audit Annual Report and Opinion for the period 1 April 2014 to 31 March 2015**

By: **Treasurer**

Purpose of Report: **To provide an Opinion on East Sussex Fire Authority's internal control environment and report on the work of Internal Audit for the period 1 April 2014 to 31 March 2015.**

RECOMMENDATION: The Panel is asked to:

- (i) note the Internal Audit Service's opinion on the Fire Authority's internal control environment for 2014/15; and
 - (ii) consider whether the Fire Authority's system for internal audit has proved effective during 2014/15.
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MAIN ISSUES

1. On the basis of the audit work completed, East Sussex County Council's (ESCC) Head of Assurance, as East Sussex Fire Authority's (ESFA) Head of Internal Audit, is able to provide reasonable assurance that the Fire Authority has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2014 to 31 March 2015. The Internal Audit Annual Report and Opinion 2014-2015 is attached as Annex A. Individual reports on the systems evaluated by internal audit included recommendations to enhance controls, and management have drawn up action plans to implement these recommendations.
2. Members' attention is drawn to the following:
 - All reports apart from one received full or substantial assurance opinions.
 - Both follow-up reports showed improvement to substantial assurance opinions.
 - The overall increase in the number of days provided to 79, which was funded from within existing budgets.
 - Information on the Internal Audit Service's performance compliance with the Public Sector Internal Audit Standards (PSIAS).

Duncan Savage
TREASURER

21 April 2015

EAST SUSSEX FIRE AUTHORITY
INTERNAL AUDIT ANNUAL REPORT
AND OPINION 2014-2015

1. Introduction

1.1 East Sussex County Council (ESCC) has provided the internal audit service to the Fire Authority since 1 April 1997 and we are pleased to submit this annual report of our work for the year ended 31 March 2015. The purpose of this report is to give an opinion on the adequacy and effectiveness of East Sussex Fire Authority's framework of internal control.

2. Internal Audit within East Sussex Fire Authority

2.1 On behalf of the Fire Authority, it is a management responsibility to determine the extent of internal control in the Fire Authority's systems, and it should not depend on internal audit as a substitute for effective controls.

2.2 The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.

2.3 Most of the work carried out by internal audit is in the form of risk based audits which analyse and report upon the existence, operation and effectiveness of internal controls within specified systems, both financial and otherwise. All audit reports produced have included a management action plan where recommendations have been made which will enhance the level of control, together with an opinion on the systems reviewed.

2.4 The internal audit service provided by ESCC continues to be supplemented with the use of specialist ICT audit resources from Mazars Public Sector Internal Audit Ltd (previously Deloitte). With the agreement of the Treasurer, this specialist resource is also being applied to work for East Sussex Fire Authority, with ESCC Assurance Division remaining ultimately responsible for the production and delivery of the Fire Authority audit plan, even where we may seek to use external specialists to deliver the work on our behalf.

3. Delivery of the Internal Audit Plan

3.1 In accordance with the 2014/15 annual audit plan, a programme of audits, based on an assessment of risk, was carried out across the Fire Authority. In line with best practice, this programme of audit activity was reviewed during the year and revised to reflect changes in risk and priority, to enable us to provide an adequate level of assurance. All adjustments to the audit plan were agreed with the Treasurer.

3.2 The terms of reference, approach and audit objectives for each audit assignment have also been discussed and agreed with Treasurer, to whom final internal audit reports are issued for consideration in the first instance, prior to wider consultation and consideration.

4. Audit Opinion

4.1 No assurance can ever be absolute; however, based on the internal audit work completed, I can provide reasonable assurance that East Sussex Fire Authority has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2014 to 31 March 2015.

[ESCC Head of Assurance and Head of Internal Audit for the Fire Authority].

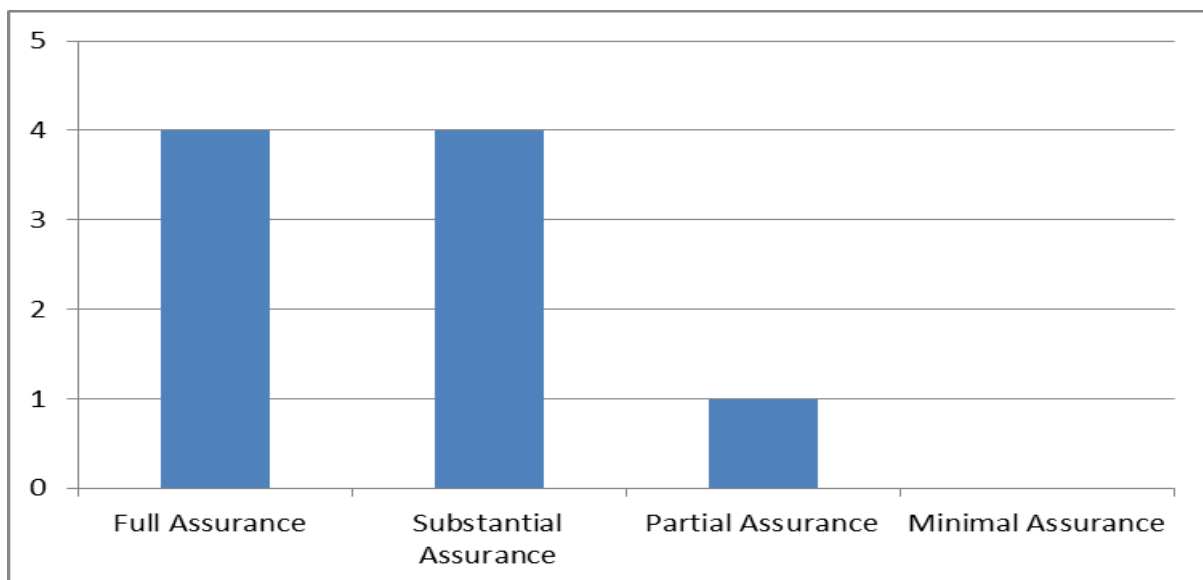
4.2 Audit testing has confirmed that the majority of key controls examined are working in practice, with some specific exceptions. Where improvements to control or compliance are required, we are satisfied that appropriate action has been agreed by the relevant managers within reasonable timescales. The overall level of assurance given also takes into account:

- All audit work completed during 2014/15 and, where relevant, in previous years;
- Follow-up of actions from previous audits where appropriate;
- Management's response to the findings and recommendations;
- The effects of any significant changes in the Fire Authority's systems;
- The level of resources available to deliver the audit plan.

4.3 No limitations were placed on the scope of internal audit during 2014/15.

5. Summary of Work and Key Findings

5.1 The following chart provides a summary of the outcomes from all audits¹ completed during 2014/15 with standard audit opinions (including key financial system work):



5.2 A summary of the main findings from these reviews and all other work completed in 2014/15 is included at Appendix A.

¹ Includes a small number of draft reports currently with management awaiting finalisation

6. Variations to the Audit Plan

6.1 Throughout the year, variations were made to the internal audit plan to reflect changing risks and priorities. These variations were discussed and agreed with the Treasurer on behalf of the Fire Authority. The main changes relate to the removal or deferring of some reviews in order to partially offset the inclusion of other unplanned activities as follows:

Reviews Removed / Deferred:

- East and West Sussex Joint Control Centre.

Reviews Added:

- IMD Procurement Investigation – Ongoing Support;
- Anti-Fraud and Corruption Improvements.

6.2 As at 31 March 2015, the majority of internal audit work within the Fire Authority audit plan for 2014/15 had been completed. Of the reviews not finalised, in all cases the relevant reports had been drafted and were with management awaiting finalisation.

6.3 The table in Appendix B sets out actual time spent against the original audit plan, which includes a small number of additional days, all of which have been agreed with the Treasurer.

7. PERFORMANCE

7.1 It is the Fire Authority's responsibility to maintain an effective internal audit service and the information set out below should provide a sufficient basis for making this determination.

7.2 Public Sector Internal Audit Standards (PSIAS) require the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. The following paragraphs provide a summary of our performance during 2014/15, including the results of our latest PSIAS self-assessment, an update on our Quality Assurance and Improvement Programme and the year end results against our agreed targets.

PSIAS

7.3 The PSIAS cover the following aspects of internal audit, all of which have been assessed during 2014/15 by the Head of Assurance and Head of Internal Audit for the Fire Authority:

- Purpose, authority and responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme;
- Managing the internal audit activity;
- Nature of work;
- Engagement planning;
- Performing the engagement;

- Communicating results;
- Monitoring progress;
- Communicating the acceptance of risks.

7.4 The results of this work found a high level of conformance with the new Standards with the main area for improvement relating to continuing our work to review and update our internal quality manual.

Key Service Targets

7.5 Results against our previously agreed service targets are set out in Appendix C, with overall performance remaining high.

7.6 Finally, internal audit continue to work closely with the Fire Authority's external auditor, Ernst and Young, especially in support of their work on the annual accounts.

SUMMARY OF INTERNAL AUDIT FINDINGS
For the period of 1 April 2014 to 31 March 2015

Reporting to ESFRS Management and the Scrutiny and Audit Panel

Where required, the Head of Assurance has attended Scrutiny and Audit Panel meetings and offered advice and assistance to management throughout the year. This includes regular liaison meetings with the Treasurer along with production of the annual report and opinion and annual strategy and audit plan for presentation to the Scrutiny and Audit Panel.

Business Risk Management Arrangements

The main purpose of this audit was to review the arrangements in place within the Fire Authority for identifying, assessing and mitigating the risks to its business objectives. The organisation has well developed arrangements in place for dealing with operational and Community risk i.e. risks to which the East Sussex and Brighton and Hove communities are exposed, which were outside the scope of this review. Our work involved an examination of business risk management strategy and policies, and the practices and procedures adopted by the organisation to compile strategic, project and departmental business risk registers.

Overall we were able to provide **substantial assurance** that the Fire Authority had in place an appropriate risk framework which helps to ensure that strategic, project and business risks are effectively assessed and managed. A strong risk management culture is in place within the organisation. It is apparent that managers know and understand the business risks they are responsible for and take seriously the need to both mitigate the likelihood of them crystallising and minimise their potential impact. Some opportunities to further improve the practices and procedures underpinning the framework were identified and agreed with management.

Station Audit and Inspection Arrangements

ESFRS management has made a determination that an assurance and inspection framework is required in relation to the operation and activities at individual fire stations across East Sussex. Historically, this framework has included annual visits to a sample of stations by internal audit, local station manager audits, a station inspection programme and Borough inspection programmes. This work is all supplemented with central monitoring, such as the checks placed on petty cash returns, P-Card monitoring, vehicle log books and DERV tally books.

As part of our review, we examined the current approach to station inspection and identified a number of areas of improvement. Whilst individually none of these findings were of a high risk nature, it was our view that collectively they do not deliver a sufficiently robust or cost effective framework of assurance. As a result, we felt unable to provide anything more than **partial assurance** that the current station assurance framework is achieving the required objectives in an efficient and effective manner.

The main areas for improvement were:

- Ensuring that ESFRS has a clear and complete set of policies in place relating to the inspection activity required at individual stations, ensuring that these are located together and are easily accessible by the relevant staff;
- Having established the above, ensuring that this is supported by comprehensive guidance notes for all those involved in carrying out inspection activity, including roles and responsibilities, details of the individual areas to be inspected, the level of checking required, the records which should be maintained and the frequency of inspection;
- Ensuring that all inspection activity is co-ordinated, complementary and avoids any unnecessary duplication;
- Making the most of the information obtained from the various elements of inspection activity to identify common themes, trends and areas of good practice, and to disseminate these across the organisation.

In identifying these improvements, we have also recognised the potential that ESFRS may wish to re-examine its overall approach to station inspection work and this is something management are currently considering.

Contracting and Procurement Follow Up

The main purpose of the audit has been to provide assurance on the implementation of recommendations made in our report of March 2014, when an audit opinion of minimal assurance was given.

Our follow up work found that the majority of our previous recommendations had been implemented and we were therefore able to provide a revised opinion of **substantial assurance** over the controls in place. Whilst considerable progress has been made, there remain some areas where improvement is still required, principally in relation to:

- Finalising, approving and launching the new Procurement Manual;
- Ensuring that contracts are in place for all suppliers where there are high levels of spend;
- Continuing to identify the most effective way of utilising the analysis of spend by category with the Procurement Strategy.

All updated recommendations arising from the review have been agreed with management.

IMD Internal Control Report Follow Up

Following an investigation within IMD, internal audit issued an internal control report in 2014 highlighting a range of control weaknesses within the organisation that are likely to have contributed to the relevant events occurring, particularly in relation to:

- Over reliance on the technical knowledge of an individual member of staff and inadequate arrangements in place to manage the associated fraud and business continuity risks;
- Weak procurement practices within IMD;
- Inadequate management and control of IT network infrastructure assets.

As agreed within management and the Scrutiny and Audit Panel, we have subsequently undertaken a follow up exercise to assess the level of progress in implementing the required control improvements.

Whilst we are pleased to report that the majority of our original recommendations have been addressed, there remain a small number of areas where further action is still required to ensure all the relevant risks are properly mitigated. These relate primarily to ensuring that all IT purchasing requests, especially those relating to smaller projects, are subject to appropriate scrutiny and challenge by IMD staff and to ensuring that IT asset inventories are maintained completely, accurately and are subject to periodic checking.

In both cases, appropriate recommendations have been agreed with management and are expected to have been implemented in April 2015.

Devolved Financial Management (Draft)

The main purpose of the audit has been to review the delegated budget management and monitoring arrangements at ESFRS and establish whether these could be improved.

Our review found that whilst the system for managing budgets within ESFRS is sufficient, and no major incidents have occurred in recent years due to weaknesses in budgetary control, a number of opportunities exist to make these arrangements more efficient and effective. These relate primarily to ensuring that budget managers make more effective use of SAP and reducing their reliance on financial information provided by the Finance Team. In doing so, this would free up resources within Finance to concentrate on more strategic priorities and would ensure that budget managers are utilising real time financial information as part of their monitoring.

Overall, we have been able to provide **substantial assurance** over the control environment. At the time of writing this report we are awaiting a management response to our draft report.

Audit of Key Financial Systems

The Fire Authority uses the main financial systems of East Sussex County Council. Each year, internal audit review the key controls within these systems as part of our programme of key financial system audits. This work is directly relied upon by the Authority's external auditors for annual accounts purposes.

The following key financial system reviews have been completed during 2014/15:

- | | | |
|-----------------------|----------------|------------------------------|
| • Pensions | Audit Opinion: | Full Assurance |
| • Accounts Receivable | Audit Opinion: | Full Assurance |
| • General Ledger | Audit Opinion: | Full Assurance |
| • HR/Payroll | Audit Opinion: | Full Assurance |
| • Accounts Payable | Audit Opinion: | Substantial Assurance |

It is pleasing to report, that in all cases, these reviews have resulted in an opinion of either substantial or full assurance.

With regard to the Pension System, it should be noted that whilst we have been able to provide full assurance over controls specifically relating to ESFRS pension contributions for the local government pension scheme and contributions and payments for the firefighters pension scheme(s), East Sussex Pension Fund Processes and Systems audit has resulted in an opinion of partial assurance. Actions within this report have been agreed with responsible managers and an action plan has been drawn up to address the issues raised.

IMD Investigation – Ongoing Support

During 2013, we undertook an investigation into a former manager within IMD who was suspected of being involved in procurement practices that breached the Authority's Contract Standing Orders. The results of our investigation were subsequently reported to Sussex Police who continue to progress a criminal investigation.

Internal audit has supported the police with their enquiries throughout 2014/15 and will continue to do so until such time as the case is closed. To date, this has included responding to queries, providing further information and evidence and producing formal witness statements on behalf of the Fire Authority.

National Fraud Initiative (NFI)

This is a statutory exercise carried out by the Audit Commission every two years. Our work in 2014/15 involved co-ordinating the collection and submission of data to the Audit Commission and ensuring that all the necessary arrangements are in place to enable appropriate investigation of any matches by management.

Anti Fraud and Corruption Improvements (In progress)

Towards the latter part of 2014/15, internal audit was commissioned by the Treasurer to develop and deliver an anti fraud and corruption improvement programme focussing on:

- Reviewing and updating key policy documentation in line with best practice;
- Developing a fraud risk assessment for the Fire Authority;
- Conducting a fraud awareness survey amongst staff;
- Devising and developing a proactive counter fraud programme;
- Creating and delivering a targeted counter fraud training and awareness.

This work is progressing and will continue into 2015/16. To date, the relevant policy documentation has been reviewed and updated and is with management for review prior to finalisation.

APPENDIX B

SUMMARY OF INTERNAL AUDIT WORK IN 2014/15

Areas	Planned Days	Actual Days
Preparation of five-year Internal Audit Plan (incl. Risk Assessment, assessment of internal audit needs and planning for individual reviews)	2.0	2.0
Production of Annual Report and Opinion	2.0	2.0
Advice and Liaison with ACOs/ Reporting to Scrutiny and Audit Panel	5.0	9.0
East and West Sussex Joint Control Project	10.0	0.0
Anti-Fraud (Incl. National Fraud Initiative)	1.0	1.0
Contracting and Procurement Follow Up	5.0	5.0
Business Risk Management	5.0	5.0
Devolved Financial Management	10.0	10.0
IMD Internal Control Report Follow Up	5.0	5.0
Contracting and Procurement Follow Up	5.0	5.0
Anti Fraud and Corruption Improvements	0.0	3.0
2014/15 Fundamental Accounting Systems	20.0	20.0
<u>Unplanned Work:</u>		
Investigation – IMD Procurement Ongoing Support	0.0	12.0
Total Days 2014/15	70.0	79.0

SUMMARY OF PERFORMANCE INDICATORS FOR 2014/15

	Performance Indicator	Achievement
1	Draft reports are issued to management within 10 working days of the completion of audit fieldwork.	100%
2	Final reports are issued to management within 5 working days of client response to the draft report.	100%
3	Consistently achieving adequate, or higher, quality gradings in surveys of auditor performance through client survey questionnaires.	100%
4	Acceptance of at least 90% of audit recommendations.	100%.
5	Completion of the plan by the 31st March each year. Any revisions to the plan or changes to planned coverage are subject to the approval of the Treasurer.	Achieved – all reports completed to at least draft stage, although in some cases we were awaiting a response from management prior to finalisation.
6	Providing adequate internal audit arrangements. This would be assessed by reference to the external auditor's annual management letter.	Achieved. Ernst & Young fee letter confirms that they would seek to place reliance on internal audit to the maximum extent possible under auditing standards and no exceptions to this have been reported.

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **28 May 2015**

Title of Report: **Internal Audit Strategy and Annual Audit Plan 2015-16**

By: **Treasurer**

Purpose of Report: **To provide an Internal Audit Plan for East Sussex Fire Authority covering the period 1 April 2015 to 31 March 2016.**

RECOMMENDATION: The Panel is asked to approve the 2015/16 Internal Audit Strategy and Plan

MAIN ISSUES

1. East Sussex County Council (ESCC) has provided the internal audit service to East Sussex Fire Authority (ESFA) since 1 April 1997. This service is usually delivered based on a standard annual budget of 70 audit days.
2. The Internal Audit Strategy and Plan for 2015/16 is set out as Appendix A. This Strategy and Plan has been produced on a risk basis, following consultation with senior officers and ESFA's external auditor, Ernst and Young. The Strategy seeks to achieve a balance between ensuring that existing controls are maintained and that assurance can be given on key projects within the Authority's transformation programme. This draft strategy proposes an increase of 10 days on the standard 70 day programme as a one off to reflect the level of risk the Authority faces during 2015/16. The additional cost can be funded from a reduction in the fees charged by external audit in 2015/16. The total cost of the plan is £29,200.

Duncan Savage
Treasurer
21 April 2015

EAST SUSSEX FIRE AUTHORITY

INTERNAL AUDIT STRATEGY AND

ANNUAL AUDIT PLAN 2015-2016

1. Role of Internal Audit

1.1 East Sussex County Council (ESCC) Internal Audit provides a service to the Fire Authority in accordance with the Public Sector Internal Audit Standards (PSIAS) as defined by CIPFA and the Institute of Internal Auditors (IIA). It is the Fire Authority's responsibility to maintain an effective internal audit service and assurance of this can be obtained through confirmation that the service is delivered in conformance with PSIAS and that agreed performance indicators are being achieved, including delivery of the annual audit plan.

1.2 Internal audit review, appraise and report upon the effectiveness of the internal control environment established by the management of the Fire Authority. It is the responsibility of management to establish and maintain appropriate systems of internal control.

1.3 The full role and scope of the internal audit service is set out within our Internal Audit Charter and Terms of Reference, which was approved by the Scrutiny & Audit Panel on 11 July 2014. A copy of this Charter has also been attached to this report as Annex A for information.

1.4 The following mission statement sets out the basis for the delivery of internal audit services by ESCC:

'Internal audit is an independent assurance function which conducts reviews and provides advice, support and challenge to the organisation on risk, governance and internal control matters. In achieving this, the service aims to:

- *Deliver a high quality, cost effective service in line with best practice and professional standards;*
- *Work constructively with management to support new developments and major change programmes;*
- *Be pragmatic and proportionate with its recommendations, having regard not just to risk, but also the cost of controls;*
- *Be flexible and responsive to the needs of the organisation in all its work.'*

2. Risk Assessment and Audit Planning

2.1 The Fire Authority's Internal Audit Strategy and Plan is updated annually and is based on a combination of management's assessment of risk (including that set out within the Authority's risk registers) and our own risk assessment of the organisation's major systems and other auditable areas.

2.2 The update of the plan for 2015/16 has involved consultation with a range of senior officers, to ensure that their views on risks and current issues are identified and considered. The Fire Authority is subject to audit and inspection by other bodies, in addition to internal audit, including the external audit of the accounts. These additional sources of assurance have been taken into account as part of the planning process, primarily through discussion with the Treasurer. As in previous years, we have also consulted with the Fire Authority's external auditor, Ernst & Young, which has included clarifying their approach to reliance on the work of internal audit, particularly with regard to the annual audits of key financial systems.

2.3 In producing the audit plan (see below) the following key principles apply:

- A programme of key financial systems reviews is conducted annually based on a risk assessment. This includes compliance testing of all key controls as agreed with the external auditors;
- Previous reviews which resulted in either 'no assurance' or 'minimal assurance' audit opinions will be subject to a specific follow-up review to assess the effective implementation by management of agreed recommendations. This will also include a sample of previous reviews with a 'partial assurance' opinion.

2.4 The overall aim of the Internal Audit Strategy and Annual Audit Plan is to allocate the agreed level of internal audit resources so as to focus on the highest risk areas and to enable an annual opinion to be given on the adequacy and effectiveness of the Fire Authority's framework of governance, risk management and control.

3. Audit Approach

3.1 The approach of internal audit is to use risk-based reviews, supplemented in some areas by the use of regularity/compliance audits. Where considered appropriate, we will also seek to utilise external specialist resources for certain assignments, such as ICT reviews. In all cases, this will be agreed in advance with the Treasurer. All of our work will have regard to management's arrangements for ensuring:

- Achievement of the organisation's objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

3.2 In addition, internal audit will continue to support management by providing informal advice and assistance throughout the year on key risk and control issues as required or as they arise.

4. Annual Internal Audit Plan 2015/16

4.1 The Fire Authority is currently experiencing a number of major change initiatives, most of which bring with them a range of new and additional risks. In such circumstances, it is important that internal audit activity provides a balance between assurance over these initiatives and also over basic financial and non-financial controls within ongoing business activity. As a result, and following consultation with senior management, we are proposing to deliver a programme of work in 2015/16 amounting to 80 days, an increase of 10 days over our standard 70 days programme. This also allows for a slight reduction in our time spent on key financial systems, taking into account the coverage required by the Fire Authority's external auditors, Ernst and Young. Details of all the planned work is set out in the following table:

Area	Outline Objective	Planned Days
Fundamental Accounting Systems	<p>The Fire Authority uses the main financial systems of East Sussex County Council, specifically:</p> <ul style="list-style-type: none"> • HR / Payroll (10 days) • Accounts Payable (5 days) • Accounts Receivable (4 days) • Pensions (4 days) • General Ledger (1 day) <p>Each year, we review these systems to ensure that key controls remain in place. The scope and level of controls testing undertaken is agreed with Ernst & Young, the Fire Authority's external auditors, in order to ensure that they can rely on our work for final account audit purposes. During 2015/16, this will include a more detailed review of the organisation's HR/Payroll control processes and for the General Ledger, it will be based on testing of accounting journals only.</p>	24
Information Governance	<p>An examination of the organisation's information governance arrangements to ensure that these are robust and in line with good practice. The review will include adequacy of the overall policy framework, including controls over the management and access to information shared with, and provided by, partner organisations.</p>	10
Management Control Compliance	<p>A cyclical programme of reviews focussing on ensuring compliance with basic internal and management controls within teams and fire stations across the organisation.</p>	10
Community Volunteer Scheme	<p>A review of the Community Volunteer Scheme governance arrangements, seeking assurance that appropriate performance and risk management arrangements are in place to help ensure the scheme operates effectively and delivers the required outcomes.</p>	5
Service Transformation Programme	<p>Providing advice, support and challenge to management on governance, risk management and internal control matters associated with service transformation programme. This is likely to include independent assurance that appropriate programme management, monitoring and reporting arrangements (including the delivery of planned savings) are in place.</p>	5
IMD Transformation Programme	<p>Providing advice, support and challenge to management on governance, risk management and internal control matters associated with IMD transformation programme. This is likely to include independent assurance that appropriate programme management, monitoring and reporting arrangements are in place.</p>	5

Area	Outline Objective	Planned Days
East and West Sussex Joint Control Centre	As part of the project to amalgamate the East and West Sussex Fire and Rescue Service Command and Mobilising functions into a single Control Room function, we will seek to provide assurance that appropriate governance and internal control arrangements are in place in advance of any decision to go live with a new ICT system.	10
Management and Advice	This includes preparation of the Internal Audit Strategy and Plan, production of Annual Internal Audit Report and Opinion, advice and ongoing liaison with management.	10
Anti-Fraud and Corruption	Anti-fraud work for 2015/16 will focus on monitoring arrangements for following up and investigating any positive matches arising from the latest National Fraud Initiative Data Matching exercise.	1
Total Planned Days		80

5. Potential Future Reviews

5.1 The following areas have been identified during the audit plan consultation process and risk assessment but have not been incorporated within the 2015/16 audit plan. In all cases, these will be subject to consideration as the year progresses and when planning audit work for future years:

- Firewatch System;
- Regional Collaboration, specifically the Emergency Services Collaboration Programme (ESCP) Transport Project;
- Agile Working;
- Service Headquarters Relocation Programme.

6. Quality and Performance

6.1 With effect from 1 April 2013, all of the relevant internal audit standard setting bodies, including CIPFA, have adopted a common set of Public Sector Internal Audit Standards (PSIAS). These are based on the Institute of Internal Auditors International Professional Practices Framework and replace the previous Code of Practice for Internal Audit in Local Government.

6.2 One of the requirements of the new Standards is for internal audit teams to have in place a formal Quality Assurance Improvement Programme, incorporating the results of an annual self-assessment and a full independent external assessment at least every five years. ESCC Internal Audit recently completed a self-assessment which continued to show a high level of conformance with the new Standards. Only a small number of areas were identified where improvement is required, all of which are in the process of being actioned.

6.3 In addition, the performance of the internal audit service to the Fire Authority continues to be measured against key performance indicators, the current set of which is as follows:

- Draft reports are issued to management within 10 working days of the completion of audit fieldwork;
- Final reports are issued to management within 5 working days of client response to the draft report;
- Consistently achieving adequate, or higher, quality gradings in surveys of auditor performance through client survey questionnaires;
- Acceptance of at least 95% of audit recommendations;
- Completion of the annual internal audit plan by 31 March each year. Any revisions to the plan or changes to planned coverage are subject to the approval of the Treasurer;
- Providing adequate internal audit arrangements. This would be assessed by reference to the external auditor's annual audit letter and the results of internal and external assessments.

6.4 At a detailed level, each audit assignment is monitored and subject to appropriate manager review and there is ongoing performance appraisal and supervision for all internal audit staff.

Russell Banks CMIIA

Head of Assurance – East Sussex County Council and
Head of Internal Audit for East Sussex Fire Authority

EAST SUSSEX FIRE AUTHORITY INTERNAL AUDIT CHARTER & TERMS OF REFERENCE

1. RESPONSIBILITIES AND OBJECTIVES

1.1 Internal audit is ‘an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control and governance processes’².

1.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved. It is also a management responsibility to maintain an effective internal audit service and in the case of East Sussex Fire Authority, this is delivered by East Sussex County Council’s Internal Audit Team.

1.3 The following mission statement sets out the basis for the delivery of internal audit services by ESCC:

‘Internal Audit is an independent assurance function which conducts reviews and provides advice, support and challenge to the organisation on risk, governance and internal control matters. In achieving this, the service aims to:

- *Deliver a high quality, cost effective service in line with best practice and professional standards;*
- *Work constructively with management to support new developments and major change programmes;*
- *Be pragmatic and proportionate with its recommendations, having regard not just to risk, but also the cost of controls;*
- *Be flexible and responsive to the needs of the organisation in all its work.’*

2. STATUTORY ROLE

2.1 Internal audit is a statutory service in the context of the Accounts and Audit Regulations 2011, which state in respect of internal audit that:

“A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices, and any officer or member of that body shall, if the body requires:

- make available such documents of the body which relate to its accounting and other records as appear to be necessary for the purpose of the audit; and
- supply the body with such information and explanation as the body considers necessary for that purpose.”

2.2 The statutory role is recognised and endorsed within the Fire Authority’s Financial Regulations, which provide the authority for access to officers, members, documents and records and to require information and explanation as necessary.

² Institute of Internal Auditors

3. INDEPENDENCE AND ACCOUNTABILITY

3.1 Internal audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors have no operational responsibilities.

3.2 Internal audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Internal Audit has direct access to, and freedom to report in his own name and without fear of favour to, all officers and Members and particularly those charged with governance.

3.3 Internal audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of internal audit and, where this work is not already included within the approved audit plan and may affect the level of assurance work undertaken, this will be reported to the Fire Authority's Scrutiny and Audit Panel.

3.4 Accountability for the response to the advice and recommendations of internal audit lies with management, who either accept and implement the advice or formally reject it.

4. INTERNAL AUDIT SCOPE

4.1 The scope of internal audit includes the entire control environment and therefore all of the organisation's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of internal audit and management risk assessment (as set out within organisational risk registers). Consultation also takes place with key stakeholders.

4.2 Internal audit activity will include an evaluation of the effectiveness of the organisation's risk management arrangements and risk exposures relating to:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

5. REPORTING LINES AND RELATIONSHIPS

5.1 The East Sussex County Council Internal Audit Team provides internal audit services to the East Sussex Fire Authority in accordance with the contract between East Sussex County Council and East Sussex Fire Authority.

5.2 For the purposes of delivering this contract, the Head of Internal Audit reports to the Treasurer of the Fire Authority as the primary client contact, but also has direct access to the Chief Fire Officer and Chief Executive where required. The Fire Authority also has a Scrutiny and Audit Panel to whom internal audit report annually (or more frequently, if required). The annual report to Scrutiny and Audit Panel includes the results of internal audit activity, details of internal audit performance and an opinion to on the adequacy of the Fire Authority's control environment.

6. INTERNAL AUDIT STANDARDS

6.1 There is a statutory requirement for internal audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the 'Public Sector Internal Audit Standards' (PSIAS) as defined by Institute of Internal Auditors (IIA) in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA). These Standards have been adopted by East Sussex County Council Internal Audit. It is a requirement of these Standards that the Internal Audit Charter clarify the terms 'board' and 'senior management' and, in the context of the Fire Authority, these are deemed to be the organisations 'Corporate Management Team' and 'Treasurer' respectively.

6.2 In accordance the Standards, internal audit is subject to a quality assurance and improvement regime. This consists of an annual self assessment of the service against the PSIAS, ongoing performance monitoring and an external assessment at least every five years by a suitably qualified, independent assessor. The results of this activity are reported to management and the Scrutiny and Audit Panel, along with details of any instances of non-conformance.

7. INTERNAL AUDIT RESOURCES

7.1 It is a requirement that internal audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience, having regard to it's objectives and to professional standards. Internal auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

7.2 The Head of Internal Audit is responsible for appointing internal audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills.

7.3 In addition to internal staff, the Head of Internal Audit may engage the use of external resources where it is considered appropriate, including the use of specialist providers. In such circumstances, this will be agreed in advance with the Treasurer.

7.4 The Head of Internal Audit is responsible for ensuring that the resources of the Internal Audit Team are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby they concluded that resources were insufficient, they must formally report this to the Treasurer and the Chief Fire Officer and Chief Executive and, if the position is not resolved, to the Scrutiny and Audit Panel.

8. FRAUD AND CORRUPTION

8.1 Managing the risk of fraud and corruption is the responsibility of the Chief Fire Officer and Chief Executive and their Principal Officers not internal audit. Internal audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Authority's Anti-Fraud and Corruption Strategy.

8.2 The Head of Internal Audit should also be informed of all suspected or detected fraud, corruption or impropriety in order to consider the adequacy of the relevant controls, and evaluate the implication of fraud and corruption for their opinion on the control environment.

Councillor Carolyn Lambert
Chairman of the Scrutiny & Audit Panel

Des Prichard
Chief Fire Officer and Chief Executive

Duncan Savage
Treasurer

Russell Banks
Head of Internal Audit

Updated: March 2014

EAST SUSSEX FIRE AUTHORITY

Panel **Scrutiny & Audit**

Date: **28 May 2015**

Title: **Contracting and Procurement Follow-Up Audit**

By: **Treasurer**

Purpose of Report: **To update members on the outcome of the audit commissioned to follow up on the previous Contracting and Procurement audit.**

RECOMMENDATION: The Panel is asked to note the report and the internal Audit opinion of substantial assurance.

MAIN ISSUES

1. In March 2014 a planned Internal Audit Report, Contracting and Procurement, concluded a 'Minimal' level of Assurance with 12 recommendations. All Internal Audit Reports offering this level of Assurance must be reported on to the Authority's Scrutiny & Audit Panel and this took place 15 May 2014.
2. Members noted the progress made and requested officers to report back to update on progress and to include a follow-up audit in the 2014/15 Audit Plan. Officers reported back to the Panel in November 2014 with a reassurance that actions have been taken against all the recommendations in the Audit, and confirmation that the follow-up audit had commenced.
3. The follow-up audit has now been completed and the final draft report offers an improved direction of travel with Substantial Assurance together with 5 recommendations: 4 rated as 'one star' and 1 as 'two star'.

Duncan Savage
TREASURER
8 May 2015

1. **INTRODUCTION**

- 1.1 Against a backdrop of the outcomes from audit reports on contracting in construction, an audit on Contracting and Procurement was included in the 2013/14 Audit Plan. In March 2014 the audit gave only 'Minimal' assurance. Audits concluding Minimal or below must be reported to the Scrutiny & Audit Panel and a report was presented at the following Panel meeting in May 2014.
- 1.2 The Audit report acknowledged that some of the evidence was from before a number of improvements were actioned; however, it concluded that it offered Minimal assurance and 12 recommendations.
- 1.3 Officers reported back to the Scrutiny & Audit Panel in November 2014 to reassure Members that actions against all 12 recommendations had been made, and that the requested follow-up audit had commenced.

2. **NATIONAL/REGIONAL POSITION**

- 2.1 There is consensus that commissioning and procurement play an important part in the drive for efficiencies and savings. The Department for Communities and Local Government (DCLG), in collaboration with the Chief Fire Officers' Association (CFOA), has published a research report into procurement across the fire sector which highlights the need for better aggregation and collaboration and the potential to deliver significant savings as a result. The findings and recommendations in the report, which CFOA has developed into a sector led 'back office' strategy, are consistent with the direction of travel set out in the Authority's new Procurement Strategy.

3. **CURRENT POSITION OF ESFRS**

- 3.1 The final draft of the Audit Report 'Contracting and Procurement Follow-Up' gives an audit opinion of Substantial Assurance and a direction of travel as Improved (see Appendix A).
- 3.2 This is a tremendous improvement on the original Minimal assurance and shows great progress against the recommendations of that original audit. Measures put in place, through the Procurement Strategy, Procurement Improvement Plan and the Procurement Improvement Board, have been justified by the direction of travel.
- 3.3 The original report gave 12 recommendations which the follow up audit reviewed and this time 5 recommendations have been made, 1 at a 'Two Star' level of risk and 4 at a 'One Star' level of risk. 'One Star' is given in respect of findings which, although relatively minor and low risk, provide an opportunity to improve the control framework. 'Two Star' applies to weaknesses in the control system which are not considered serious, but still represent a risk and need to be addressed within a reasonable period.

3.4 To embed fully the compliance and improvement benefits from revised procurement practices will require a longer timescale. The Procurement Team's enhanced and proactive engagement throughout the Authority is supporting colleagues on all aspects of best practice and value-adding procurement, including market intelligence, opportunities for collaboration, benchmarking, tendering, compliance and procurement law. Procurement continues to analyse expenditure at an increasingly granular level and working with Budget Mangers and Department Heads, have secured comprehensive oversight on all existing contracts and forecasted expenditure, with contract actions in a priority order. A procurement specialist has been employed on a fixed term contract to support the improvement plan until the end of 2015/16.

4. **CROSS DIRECTORATE ISSUES**

4.1 All elements of the Service have been included in the Procurement Improvement Plan and the Board has cross-directorate membership which reflects the way procurement is carried out in the Service. The Procurement Manager has regular quarterly meetings with Heads of Service responsible for each of the major commissioning areas.

5. **POLITICAL**

5.1 The Government has confirmed it expects to see the sector make progress in establishing joined-up procurement, and Fire Authorities are looking for ways to make efficiency savings, as they face the challenge of austerity. If the sector cannot make a success of collaboration by itself, then the approach may be mandated by the Government.

6. **LEGAL**

6.1 Sound procurement practices will result in a lower risk of fraud, the Service getting the most economically advantageous contracts, and compliance with European Procurement Directives (statutory obligation to comply) with a minimal risk of challenge and financial loss.

7. **FINANCIAL IMPLICATIONS**

7.1 To support the Procurement Improvement Plan a temporary resource has been engaged on a fixed term contract funded until the end of 2015/16. This has proven to be a valuable contribution to the implementation programme as well as allowing the Procurement Manager to provide support to officers and raise the profile of procurement within the Service.

7.2 There may be financial implications associated with other work-streams of the Procurement Improvement Plan. For example, the introduction of e-tendering, spend classification, training, and the introduction of the 'licence to buy' and the reintroduction of procurement cards. The Procurement Improvement Plan originally identified a potential one-off cost of £50,000, some of which has been spent in 2014/15, and this remains a reasonable estimate. To date all costs have been contained within existing budgets but, if required and supported by a business case, bids will be made for additional funding.

8. **SUMMARY**

8.1 The follow-up audit has shown improvements in procurement and contracting with an improving direction of travel. Officers have responded to all the recommendations made and a broader plan for improvement is being implemented.

2014/15

APPENDIX A

Final Report To:	Duncan Savage - Treasurer Warren Tricker - Strategic Finance and Procurement Manager Claire George - Procurement, Contracts & Insurance Manager
Draft Report To:	Duncan Savage - Treasurer Warren Tricker - Strategic Finance and Procurement Manager Claire George - Procurement, Contracts & Insurance Manager
Report Date:	March 2015
Audit Manager:	Russell Banks
Auditors:	Danny Simpson
Assignment Reference:	R1-019-09
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Contents



- 1. Introduction, Background and Scope**
- 2. Executive Summary and Audit Opinion**
- 3. Issues Arising, Recommendations and Management Comments**
- 4. Appendices:**
 - a. Acknowledgements
 - b. Definitions of Audit Opinions and Recommendation Risk Ratings
 - c. Management Responsibilities
 - d. Confidentiality

1 Introduction, Background and Scope

- 1.1 This follow-up review of Contracting and Procurement has been completed as part of the agreed annual audit plan for 2014/15. This report aims to provide assurance on the overall effectiveness of controls on the system and identifies areas of concern or weakness where improvements can be made.
- 1.2 The main purpose of the audit has been to provide assurance on the implementation of recommendations made in our report of March 2014, when an audit opinion of minimal assurance was given.
- 1.3 ESFRS has in place a Commissioning and Procurement Strategy which helps to ensure all officers involved in contracting and procurement are consistent in their procedures and that they comply with other policies such as Contract Standing Orders (CSOs).
- 1.4 ESFRS has a central Procurement Team, which comes under the responsibility of the Head of Finance and Procurement. The Procurement Team has a Procurement, Contracts & Insurance Manager (the only procurement professional), two Procurement Officers, two Procurement Assistants and two Service Support Operatives.
- 1.5 This report has been written on an exception basis, whereby only control weaknesses have been reported. Where recommendations from the previous audit have not been repeated, they have been implemented.
- 1.6 Management should note that in the case of any three star (high risk) recommendations issued in this report, implementation will be monitored by Internal Audit on a regular basis and that, where actions are not addressed within the agreed timescales, this will be reported to the Corporate Management Team and the Scrutiny & Audit Panel.
- 1.7 It is management's responsibility to consider the extent to which any of the issues and risks raised in this report should be reflected within divisional, departmental or corporate risk registers.
- 1.8 This audit has been conducted in conformance with Public Sector Internal Audit Standards and our own internal quality assurance systems.

2 Executive Summary and Audit Opinion

2.1 Based on the work completed as part of this review we are able to provide the following opinion over the control framework:

Audit Opinion			No Assurance	Minimal Assurance	Partial Assurance	Substantial Assurance	Full Assurance
Direction of Travel							
Improved	Unchanged	Reduced					
							
Key Findings							
<p>The majority of recommendations made in the report of 2014 have been implemented and we are now able to give substantial assurance on the controls in place. Whilst many improvements have been made to contracting and procurement at ESFRS, some areas for improvement still remain. Three recommendations have been partially addressed and revised recommendations are made in this report. Two new recommendations have also been made. These are summarised below, with more detailed explanations given in section 3 of this report.</p> <ul style="list-style-type: none"> • The Procurement Manual has been updated but has yet to be finalised, approved and launched, reducing its effect and increasing the risk of non-compliance or poor value for money. • High levels of spend have been identified with two suppliers where contracts are not in place, increasing the risk that value for money is not obtained. • Having carried out an analysis of spend by category, work needs to continue to identify the best way to include this information in the Procurement Strategy to ensure that procurement is effective. • Adequate information needs to be available to managers to ensure they are aware of the effect of raising additional orders against contracts to reduce the risk of over-spending. • Six months into a two-year contract for the provision of an e-learning package, no training has been delivered, as the required technical support has not been made available within the Service to set up the system. 							

Control Objective	System Status	Compliance Status	Recommendations Raised		
			***	**	*
There is an approved and communicated strategy, policy and procedure for procuring goods and services.	Green	Green	0	0	1
Procurement practices are compliant with policies, procedures and legislative requirements e.g. contracts are in place for all major expenditure.	Green	Green	0	0	2
Contracts are monitored appropriately in line with procurement procedures/legislation and goods and services are received in line with contract deliverables.	Green	Amber	0	1	1

3 Issues Arising, Recommendations and Management Comments

Ref	Issue/Risk	Action	Risk Rating	Action Agreed
1	<p>Procurement Manual</p> <p>Many of the recommendations made in our report of 2014 have been addressed centrally by the updating of the Procurement Strategy and also the Procurement Manual. This has given improved guidance across all areas of procurement.</p> <p>However, the Procurement Manual is still at draft stage. Until this is finalised, approved and formally launched, its full effect will not be realised and there remain increased risks of inefficiencies in the procurement system.</p>	The Procurement Manual should be finalised and published as soon as possible.	*	
Management Response		Responsible Officer	Target Date	
The Procurement Manual has been wholly updated and will be published when the thresholds in Contract Standing Orders have been reviewed in June 2015.		Head of Finance and Procurement	June 2015	

Ref	Issue/Risk	Action	Risk Rating	Action Agreed
2	<p>Contracts</p> <p>The previous audit identified 13 vendors against which high spend was showing but where no contracts were in place. Audit testing found that 10 of these had been resolved (either spend reduced or made under compliant frameworks). Continuing spend through 2014/15 was identified against the remaining three, as follows:</p> <ul style="list-style-type: none"> • Decorpanel Ltd (£16K); • Ripley Auto Spares Ltd (£17K); and • Huntress Search Ltd (£21K) <p>Decorpanel has since been added to the contract register and the other two suppliers are still under review.</p> <p>Where no formal contract is in place, there is a risk that the Authority may enter into purchases for goods, works or services which do not meet the specified level of service, or quality or represent value for money.</p>	<p>Work should continue to clarify the status of spend with Ripley Auto Spares and Huntress Search and ensure that formal arrangements are put in place, including, if appropriate, contracts.</p>	*	
Management Response		Responsible Officer	Target Date	
<p>With the strategic service delivery set for Learning & Development the position for Decorpanel Ltd and Ripley Auto Spares Ltd will be resolved.</p> <p>Arrangements are in place to cease the spend with Huntress Search Ltd.</p>		<p>Head of Learning and Development and the Procurement and Contracts Manager</p> <p>Procurement and Contracts Manager</p>	<p>September 2015</p> <p>June 2015</p>	

Ref	Issue/Risk	Action	Risk Rating	Action Agreed
3	<p>Category Management</p> <p>Following the previous audit, an analysis of spend by category was carried out as part of the Strategic Review of Procurement. No decision has yet been taken on how best to use this information as part of the ESFRS Procurement Strategy, as the Service is a single function entity and it is not clear how much of its procurement involves similar spend across a range of departments.</p> <p>Without using category management information, there is an increased risk that unauthorised spending is not identified and that the Authority misses opportunities for potential savings and procurement process efficiencies.</p>	<p>The analysis of spend by category will continue to be considered as part of the ESFRS Procurement Strategy.</p>	*	
Management Response		Responsible Officer	Target Date	
<p>The existing category spend analysis will be embedded as part of the Procurement Strategy.</p>		<p>Head of Finance and Procurement</p>	<p>September 2015</p>	

Ref	Issue/Risk	Action	Risk Rating	Action Agreed
4	<p>Contract Spend Analysis</p> <p>The previous audit recommended that total spend against contracts should be checked periodically. Reports showing expenditure against contracts are now being run by the Procurement Team.</p> <p>However, the primary responsibility for managing contracts rests with contract managers. Audit testing has found that increases to contracts are sometimes approved in isolation (i.e. an additional order valued at £X), without reference to its effect on the overall value of the contract.</p> <p>Whilst any resulting over-spend against a contract would be identified by the Procurement Team's reports, these only highlight when expenditure has exceeded the value of a contract. Where orders are approved without reference to the overall spend against a contract, there is an increased risk of over-spend.</p>	Standard documentation should be amended to show the total commitments made against contracts, when raising additional orders against them.	*	
Management Response		Responsible Officer	Target Date	
The requirement has been incorporated in the guidance and standard documentation.		Procurement and Contracts Manager.	April 2015	

Ref	Issue/Risk	Action	Risk Rating	Action Agreed
5	<p>Contract Management</p> <p>A two-year contract worth £39,000 for an e-learning package was let from 9 September 2014. This was purchased with the expectation of internal technical support from IMD to assist it being rolling it out across the Service. However, a significant and unexpected reduction of resources, together with preparation for transformation, has resulted in a reprioritisation of projects, with the consequence that the expected support has not been available. As a result, a quarter of the way through the contract, the e-learning system has been deployed to 136 support staff, but not to the 641 FTE firefighters and is, therefore, not fully in use.</p> <p>Where software (or equipment) is purchased, but is not put into use, there is a financial loss to the Authority.</p>	<p>Work should continue with representative bodies and IMD to ensure that the priority of this software's deployment is correctly assessed in the context of the overall Service and ensure that this software is installed and put into use as soon as possible.</p> <p>The terms of the Contract should be checked to explore payment terms.</p>	**	
Management Response		Responsible Officer	Target Date	
Lack of IMD resources and limited agreement with representative bodies has limited at this stage the full deployment of the product. Nevertheless, it has delivered, installed and set up the product and deployed it for Support Staff use.		Head of Learning & Organisational Development.	June 2015	

Acknowledgements

We should like to take this opportunity to thank the following staff for their help and advice throughout the course of the audit:

- Claire George MCIPS – Procurement, Contracts & Insurance Manager; and
- Warren Tricker – Head of Finance and Procurement.

Definitions of Audit Opinions

Full Assurance:	<i>There is a sound system of control designed to achieve the system objectives. Compliance with the controls is considered to be good. All major risks have been identified and are managed effectively.</i>
Substantial Assurance:	<i>Whilst there is a sound system of control, there are a small number of weaknesses which put some of the system/service objectives at risk, and/or there is evidence of non-compliance with some controls. Opportunities to strengthen control still exist.</i>
Partial Assurance:	<i>Controls are in place and to varying degrees are complied with, but there are gaps in the control process which weaken the system. There is, therefore, a need to introduce additional controls and/or improve compliance with existing controls to reduce the risk to the Authority.</i>
Minimal Assurance:	<i>Weaknesses in the system of control and/or the level of compliance are such as to put the system objectives at risk. Controls are considered to be insufficient with the absence of at least one critical or key control. Failure to improve will lead to an increased risk of loss or damage to the Authority.</i>
No Assurance:	<i>Control is generally weak or non-existent, leaving the system open to significant error or abuse and high risk to the system or service objectives. A high number of key risks remain unidentified and/or unmanaged.</i>

Recommendations Risk Ratings

A three star rating (***):	<i>Applies to audit findings which are considered to relate to weaknesses in a fundamental control or high risk area and require urgent action by management.</i>
A two star rating (**):	<i>Applies to weaknesses in the control system which are not considered serious, but still represent a risk and need to be addressed within a reasonable period.</i>
A one star rating (*):	<i>Given in respect of findings which, although relatively minor and low risk, provide an opportunity to improve the control framework.</i>

Management Responsibilities

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

This report, and our work, should not be taken as a substitute for management's responsibilities for the application of sound business practices. We emphasise that it is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. We shall endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.

Confidentiality

This report, and the work connected with it, is confidential, and has been prepared only for East Sussex Fire and Rescue Service, solely for the purpose and subject to the terms and conditions of the contract between East Sussex Fire and Rescue Service and East Sussex County Council. Therefore you should not, without our prior written consent, refer to or use this document or any part of it for any other purpose, disclose it or refer to it in any other document, or make it available or communicate it to any other party. To the fullest extent permitted by law, no responsibility or liability is accepted by East Sussex County Council to any third party who purports to use or rely, for any reason whatsoever on this report, its contents or conclusions.

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **28 May 2015**

Title: **Assessment of the Corporate Framework and Annual Governance Statement for 2014/15**

By: **Chief Fire Officer & Chief Executive, Monitoring Officer and Treasurer**

Purpose of Report: **To set out how the Fire Authority has assessed the effectiveness of its governance arrangements and to seek approval of the Annual Governance Statement in line with the Accounts and Audit Regulations 2015.**

RECOMMENDATION: The Panel is recommended to:

- (i) confirm that Members are satisfied with the level of assurance provided to them through this report and the Authority's governance framework and processes;
- (ii) identify any significant governance issues that should be included in the Authority's Annual Governance Statement;
- (iii) approve the Annual Governance Statement to be signed by the Chair of this Panel and the Chief Fire Officer & Chief Executive; and
- (iv) approve the Local Code of Corporate Governance to replace the existing Manual Note.

MAIN ISSUES

1. Sound Corporate Governance is crucial if the Authority is to continue to provide leadership, direction and control. The Annual Governance Statement provides an opportunity for the Authority to assess and report transparently to the public how it ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
2. A new local Code of Corporate Governance has been produced which reflects best practice guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), and revisions to the Authority's internal processes. This replaces the Authority's Corporate Governance Policy and Code of Practice which was last reviewed in January 2012.

3. The Accounts and Audit Regulations 2015 require the Authority to ensure that it has in place a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for risk management. The Authority is required to conduct an annual review of the effectiveness of its system of internal control and to prepare an annual governance statement in accordance with proper practices to accompany its Statement of Accounts.
4. The production of an Annual Governance Statement is the final stage of an on-going process of review of our governance arrangements including risk management and internal control. In summary, the process must involve an organisation reviewing the adequacy of its governance arrangements, developing an action plan for improving those arrangements, and communicating the framework to users and stakeholders.
5. This report was prepared by the Governance Group of senior officers and has been considered and approved by the Corporate Management Team.
6. The Authority's corporate governance framework is underpinned by a number of key documents and processes. These are summarised in section 4 of the Annual Governance Statement (Appendix 2).
7. The main policies and strategies that make up the Authority's corporate governance framework are summarised in the new Local Code of Corporate Governance (Appendix 1). The sources of assurance in place for each of these policies and strategies have been reviewed and where the need for improvement has been identified this is set out within the Annual Governance Statement.
8. Evidence shows that the Authority continues to have in place good arrangements for corporate governance and that they are working effectively.
9. The Annual Governance Statement is included at Appendix 2. It includes the mandatory disclosure of any significant governance issues identified through the Authority's governance and internal control arrangements. Appendix 3 sets out the progress made against the areas for improvement identified in the AGS for 2013/14.
10. Since 2013 the Authority has been required to produce a Statement of Operational Assurance on an annual basis in line with the requirements of the Fire and Rescue National Framework and DCLG guidance issued in May 2013. Whilst there is some overlap between this statement and the Annual Governance Statement, officers have decided to continue to publish them separately in order that their separate and distinct objectives are transparently fulfilled.
11. The Annual Governance Statement will be reviewed by our external auditors, Ernst & Young LLP, as part of their audit of the 2014/15 accounts.

Des Prichard
CHIEF FIRE OFFICER &
CHIEF EXECUTIVE
22 April 2015

Duncan Savage
TREASURER

Abraham
Ghebre-Ghiorghis
MONITORING OFFICER

ESFRS Manual Note

Local Code of Corporate Governance

document control

Responsible Director	Author	Sig for CFO/CE	Sig for RB	Issue Date	Review Date
Chief Fire Officer & Chief Executive	Duncan Savage			April 2015	April 2018

Related documents	

Related manuals	

1 Introduction

- 1.1 This Code sets out for Members and officers the main principles of good governance for East Sussex Fire Authority. It is based on existing good practice within the Authority and is consistent with the CIPFA / SOLACE framework for 'Delivering Good Governance in Local Government'.

ESFRS Manual Note

2 What is good governance?

- 2.1 Good governance is how the Authority ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 2.2 It comprises the systems, processes, cultures and values by which the Authority is directed and controlled. Through effective governance the Authority is accountable to, engages with and, where applicable, leads the community.

3 Purpose of the Code

- 3.1 This Code is the framework within which the Authority is accountable to its users, stakeholders and the wider community. It sets out and describes the way in which the Authority carries out its functions through its Members and officers, and the procedures and processes through which it undertakes its work, and through which it aims to establish and maintain public confidence.

4 The Authority's fundamental principles of good governance

- 4.1 The Authority is committed to the principles of good governance, and has adopted the six core principles of the CIPFA / SOLACE framework as follows:
- the Authority will focus on its purpose, creating and implementing a vision for the local area and achieving outcomes for the community;
 - the Authority's Members and officers will work together to achieve a common purpose with clearly defined functions and roles;

ESFRS Manual Note

- the Authority will promote its values and demonstrate good governance through upholding high standards of conduct and behaviour;
- the Authority will take informed and transparent decisions that promote value for money and are subject to effective scrutiny and risk management;
- the Authority will develop the capacity and capability of Members and officers to be effective;
- the Authority will engage with local people and other stakeholders to ensure robust public accountability.

The key policies that underpin the Authority's compliance with these principles are set out in Appendix 1.

4.2 The Authority recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures. The Authority expects Members and staff to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability when carrying out their duties:

- **Openness** is required so that people can have confidence in our staff and our decision-making and management processes. We need to be as open as possible about the decisions we make and the reasons we have made them. Consulting openly and providing access to full, accurate and clear information helps us stand up to public scrutiny
- **Integrity** means straightforward dealing that is based upon honesty, selflessness and objectivity. The public expects us to manage public funds and the Authority's affairs properly and appropriately, maintaining the highest standards in all our activities. We must act in the public interest not for personal gain. We will serve the whole community and remain committed to the promotion of equalities and diversity.

ESFRS Manual Note

- **Accountability** is the process of taking responsibility for our decisions and actions (including stewardship of public funds and all aspects of performance) and answering to external scrutiny.

These expectations are consistent with the Authority's values and the Codes of Conduct for Members and Employees.

5 Roles and responsibilities

5.1 All Members and officers are expected to commit to the Authority's principles of good governance; however, there are specific responsibilities for the following individuals and groups:

5.2 The following Member bodies have specific responsibilities for good governance and these are set out in the Authority's Constitution:

- The Fire Authority;
- The Scrutiny & Audit Panel.

5.3 The Corporate Management Team has a collective responsibility for good governance, but this is underpinned by the role of the three statutory officers of the Authority:

- Head of Paid Service = Chief Fire Officer & Chief Executive
- Monitoring Officer = Head of Law, Brighton & Hove City Council
- Treasurer (S112 Officer)

5.4 Individual officers are responsible for the policies and procedures which form part of this Code and that fall within their functional responsibilities. They are responsible for ensuring that the relevant policies and procedures are up to date, are being complied with and are effective in achieving good governance.

ESFRS Manual Note

5.5 The Chief Fire Officer & Chief Executive has responsibility for the direction and review of corporate governance within the Authority and is supported by the Governance Group of senior managers.

6 Monitoring and review

6.1 The Chief Fire Officer & Chief Executive will report annually on compliance with this Code and the effectiveness of the Authority's governance arrangements. The report will also be the basis for the production of the Annual Governance Statement which will be published in the Authority's Annual Statement of Accounts. The Annual Governance Statement will be approved by the Chair of the Scrutiny & Audit Panel and the Chief Fire Officer & Chief Executive.

**East Sussex Fire Authority
Local Code of Corporate Governance – key policies and processes**

Policy or process	Owner	Purpose, vision & outcomes	Purpose, functions & roles	Values, good governance, conduct & behaviour	Decisions, value for money, scrutiny & risk management	Capacity & capability	Engagement & accountability
Annual Plan	CFO&CE (delegated to HoPM)	Y	Y				Y
Constitution	ACO / DMO	Y	Y		Y		Y
Integrated Risk Management Plan	DCFO	Y			Y		Y
Operational policies and processes	DCFO	Y					
Risk Management Strategy	Treasurer	Y		Y	Y		
Medium Term Finance Plan	Treasurer	Y					
Budget and financial management (incl DFM scheme)	HoF&P	Y			Y		
Statement of Accounts	Treasurer				Y		
Standing Orders	DMO		Y	Y	Y		Y
Contract Standing Orders	DMO	Y		Y	Y		
Financial Regulations	Treasurer			Y	Y		
Scheme of Delegation	ACO/DMO		Y	Y	Y		

Policy or process	Owner	Purpose, vision & outcomes	Purpose, functions & roles	Values, good governance, conduct & behaviour	Decisions, value for money, scrutiny & risk management	Capacity & capability	Engagement & accountability
Code of Conduct for Members	DMO		Y	Y			
Code of Conduct for Member and Employee Relations	ACO		Y	Y			
Transparency	HoF&P						Y
Anti-fraud & Corruption Strategy	Treasurer			Y			
Member Learning & Development Strategy	ACO(POD)	y	y			y	
Whistleblowing Policy	ACO (POD)/ DMO		Y	Y			Y
Complaints Policy	ACFO	Y		Y	Y		Y
Code of Conduct for Employees	HoHR			Y	Y		
Community Safety Strategy	DCFO / DPP	y					y
Business Safety Strategy	DCFO / DPP	y					Y
Partnership Working Strategy	DCFO	Y	Y	Y	Y		
Comms Strategy	ACO/ HoL&OD	Y				Y	Y
Equality & Diversity Strategy	ACO/ HoL&OD			Y			
Health & Safety Strategy	ACFO		y	y	y		

Policy or process	Owner	Purpose, vision & outcomes	Purpose, functions & roles	Values, good governance, conduct & behaviour	Decisions, value for money, scrutiny & risk management	Capacity & capability	Engagement & accountability
People & Organisational Development Strategy	ACO	y	y	y		y	
Asset Management Strategy	ACFO	y	y	y	y	y	
Corporate Governance Policy Statement & Code of Practice	ACO/DMO/ Treasurer	Y	Y	Y	Y	Y	Y
Information Management Strategy	ACFO	y	y	y	y		
Procurement Strategy	HoF&P			Y	Y		
Environment Strategy	ACFO	y	y	y	y		
Response & Resilience Strategy	DRR	Y					Y
Project Management / Stage Gate processes	HoPM				Y		
Internal Audit Strategy	Treasurer			Y	Y		
Performance Management	HoPM	Y	Y	y		Y	
Freedom of Information Scheme	ACO/Clerks			Y	Y	Y	
Data Protection Policy	ACFO		Y	Y			
Regulation of Investigatory Powers Act Policy	DCFO (delegated to DPP)				Y		

Core Principle 1 Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

Core Principle 2 Members and officers working together to achieve a common purpose with clearly defined functions and roles

Core Principle 3 Promoting values for the authority and demonstrating the values of good governance

Core Principle 4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Core Principle 5 Developing the capacity and capability of members and officers to be effective

Core Principle 6 Engaging with local people and other stakeholders to ensure robust public accountability

East Sussex Fire Authority

DRAFT Annual Governance Statement for the year ended 31 March 2015

1. Scope of responsibility

East Sussex Fire Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. To this end the Authority has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Authority's code is on our website at

<http://www.esfrs.org/about-us/east-sussex-fire-authority/members-handbook-strategies/> or can be obtained from fireauthorityclerk@esfrs.org. This statement explains how the Authority has complied with the Code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6, which requires all relevant bodies to prepare an annual governance statement.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

3. The governance framework

The key elements that comprise the Authority's governance arrangements are set out in the local code of corporate governance and they include:

- an Annual Plan that sets out our vision for the community and the outcomes we intend to achieve;
- an established service planning process, including the development of the medium term finance plan;
- a business planning and performance management framework which includes setting clear objectives and targets;

- regular reporting of performance against the Authority's key performance indicators, as set out in the Annual Plan, to officers and Members;
- established budgeting systems, clear budget management guidance and regular reporting of financial performance against budget forecasts to officers and Members;
- clear arrangements for the discharge of the statutory functions of the Head of Paid Service, Monitoring Officer and Treasurer;
- compliance with the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Finance Officer;
- clear arrangements for decision making, scrutiny and the delegation of powers to officers and Members;
- codes of conduct for Members and employees which set out clear expectations for standards of behaviour;
- a clear framework for financial governance based on Contract Standing Orders and Financial Regulations;
- a risk management strategy and risk management framework, which takes account of both strategic and operational risks and ensures that they are appropriately managed and controlled;
- Member Panels with clear responsibilities for governance, audit and standards;
- established arrangements for dealing with complaints and whistle-blowing, and combating fraud and corruption;
- schemes for identifying the development needs of Members and officers, supported by appropriate training;
- a strategy for communicating and consulting with the people of East Sussex and the City of Brighton & Hove and our key stakeholders;
- clear guidance that promotes good governance in our partnership working;
- a range of policies and processes designed to ensure best practice and legal compliance for personnel matters, ICT security, access to information, data protection and project management.

4. Review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the work of Members through the Fire Authority and its Panels, including Policy & Resources and Scrutiny & Audit;
- the work of senior officers and managers within East Sussex Fire & Rescue Service, who have primary responsibility for the development and maintenance of the internal control environment;
- the work of the Monitoring Officer and the Treasurer;
- the risk management arrangements, including the maintenance and regular review of corporate risks by the Corporate Management Team and Scrutiny & Audit Panel;
- the work of the internal audit service including their individual reports, and overall annual report and opinion;
- the external auditors in their annual audit letter and annual governance report;
- the judgements of external inspection and statutory bodies and the Operational Assurance Peer Review.

5. Assurance and significant governance issues

No assurance can ever be absolute; however, this statement seeks to provide a reasonable assurance that there are no significant weaknesses in the Authority's governance arrangements. On the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Authority has in place governance arrangements and a satisfactory system of internal control, both of which are fit for purpose and operating effectively.

As part of our review we have not identified any gaps in assurance over key risks or significant governance issues.

Both governance and internal control arrangements must be kept under review to ensure that they continue to operate effectively, meet changing legislative needs, and reflect best practice and our vision of achieving safer and more sustainable communities.

We propose over the coming year to take steps to further enhance our governance arrangements and these are summarised below. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

- Review the effectiveness of the Authority's Anti-Fraud and Corruption and Whistleblowing policies (*Treasurer/Deputy Monitoring Officer*)
- Put in place arrangements to establish a Pension Board in line with the requirements of the Public Services Pensions Act (*ACO*)
- Review Data Protection arrangements where Authority data is held by third parties (*ACFO*)
- Ensure arrangements are in place to comply with the Local Government Transparency Code 2015 (*ACFO*)
- Review SCC project governance arrangements to ensure that they remain fit for purpose (*ACFO*)

Councillor Carolyn Lambert, Chair, Scrutiny & Audit Panel

Des Prichard, Chief Fire Officer & Chief Executive
28 May 2015

Date of meeting	Title	Action	Target date for completion	Responsible officer	Completed
25/02/2015	Annual Governance Statement 2013/14	<p>1. Ensure effective arrangements are in place to deliver the Authority's transformation agenda and savings plan.</p> <p>2. Review effectiveness of the Authority's Anti-Fraud and Corruption and Whistleblowing policies.</p> <p>3. Clarify and review the Authority's key governance policies and produce a new Constitution to replace the Members' Handbook</p> <p>4. Carry out an assessment of the effectiveness of the audit functions of the Scrutiny & Audit Panel against best practice guidance issued by CIPFA</p> <p>5. Implement the new Procurement Strategy and Improvement Plan.</p>		<p>Chief Fire Officer & Chief Executive</p> <p>ACO (POD) /Treasurer/ Deputy Monitoring Officer</p> <p>Assistant Chief officer/ Deputy Monitoring Officer</p> <p>Assistant Chief Officer / Treasurer</p> <p>Head of Finance & Procurement</p>	<p>Service Transformation Team in place to deliver and implement Phase 1-3 proposals reporting to Project Board and DCFO. Planned savings reviewed as part of 2015/16 budget & 5 year MTFP. Savings monitored through monthly reports to CMT / periodic reports to P&R Panel.</p> <p>Review commissioned from Internal Audit - terms of reference agreed and review underway but some delays mean likely for completion in Q1 2015/16.</p> <p>CFA Constitution revised and approved by CFA in December 2014 for implementation wef Annual Meeting of CFA in June 2015.</p> <p>Report considered by Fire Authority in December 2014. Revised Terms of Reference for Scrutiny & Audit Panel approved for implementation wef Annual Meeting of Fire Authority in June 2015.</p> <p>Procurement Strategy agreed by Fire Authority in February 2014. Improvement Plan implemented underway and update provided to S&A Panel November 2014.</p>

<p>6. Secure improvements in the Authority's IMD arrangements through its new Strategy and determine new service delivery arrangements</p>	<p>Assistant Chief Fire Officer</p>	<p>New Head of IMD appointed and IMD Transformation Project underway reporting to Project Board and supported by external resources.</p>
<p>7. Continue to improve the Authority's business risk management arrangements.</p>	<p>Treasurer</p>	<p>New corporate risk reporting in place for 2014/15 and further improvements underway following internal audit report (substantial assurance).</p>
<p>8. Develop an action plan to address the issues identified in the recent liP assessment and the Operational Assurance Peer Review</p>	<p>ACO / DCFO</p>	<p>S&A Panel 13 Nov 2014 - Action Plan for Ops assessment and peer challenge closed - all areas completed or in progress through existing departmental business plans.</p>
<p>9. Achieve improvements in sickness absence</p>	<p>DRR /Hd of HR</p>	<p>New process in place from Jan 2014 with subsequent revisions to Manual Note has seen sickness absence reduce. Wholetime sickness absence is now below the National FRS average. Overall sickness absence is expected to be 8.3 shifts lost per fte for 14/15 above the target of 7.5 but below 13/14 actual of 8.8</p>
<p>10. Strengthen arrangements for the management of declarations of conflict of interests and gifts & hospitality</p>	<p>ACO / Dep Monitoring Officer / Treasurer</p>	<p>Declarations of interest and offers of gifts and hospitality reviewed on quarterly basis by Governance Group. Annual reminder and follow up process enhanced - 100% returns from targetted staff groups.</p>

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **28 May 2015**

Title: **Firefighters' Pension Scheme – new governance requirements**

By: **Chief Fire Officer & Chief Executive, Treasurer and the Monitoring Officer**

Purpose: **To advise Members of the process for appointing members of the local Pension Board**

RECOMMENDATION: **The Panel is recommended to approve the proposed process for the appointment of employer representatives to the local pension board**

MAIN ISSUES

1. At its meeting on 12 February 2015 the Fire Authority approved the establishment of a local pension board (the Board) to fulfil the requirements of The Public Service Pensions Act 2013 (the '2013 Act') and draft Regulations introduced by the Department for Communities and Local Government (DCLG). Subsequently the DCLG issued its final Regulations and, whilst these have no impact on the terms of reference agreed by the Authority, they do provide some additional flexibility over the appointment of Board members by relaxing the requirement for knowledge and understanding and also allowing deferred scheme members and pensioner members (as well as active scheme members) to be nominated as employee representatives. A job description for Board members has been developed and is attached at appendix A.
2. The Authority agreed that the Board should consist of four employee representatives, one from each of our uniformed representative bodies and four employer representatives, drawn from Members of the Authority. The Chief Fire Officer and Chief Executive has written to the representative bodies asking them for their nominations. Political balance requirements do not apply for the Board, so it proposed that an e-mail is circulated to all Authority Members asking those who feel that they meet the job description to express an interest in joining the Board.

3. The Fire Authority, at its meeting on 12 February 2015, agreed that the Member Allowances Scheme should be amended to extend the payment of an allowance to members of the Local Pension Board to an amount equivalent to half the special responsibility allowance for membership of a Panel which will be £422 per annum.
4. The final membership of the Board will be reported to the Authority at its meeting on 18 June 2015 where it will also be asked to appoint a Chair, in line with the Terms of Reference.

Des Prichard
CHIEF FIRE OFFICER &
CHIEF EXECUTIVE

27 April 2015

Abraham Ghebre-Ghiorghis
MONITORING OFFICER

Duncan Savage
TREASURER

Background papers:

Fire Authority 12 February 2015 Item 837 - Firefighters' Pension Scheme – new governance requirements

The Public Service Pensions Act 2013

Governance and administration of public service pension schemes – draft code of practice no. 14 – The Pension Regulator

Local Government Pension Scheme – Draft Guidance on the creation and operation of Local Pension Boards in England and Wales - consultation draft – Shadow Scheme Advisory Board for LGPS

Firefighters' Pension Scheme 2015: proposals for new governance arrangements – consultation draft – DCLG

The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015

East Sussex Fire Authority

**Employer and Member Representatives on the East Sussex Fire Authority
Firefighters Pension Board
Role Description**

Summary

The role of a representative on the East Sussex Fire Authority (ESFA) Firefighters Pension Board is to represent the interests of the employer / all members within the Firefighters Pension Scheme and channel information back to those persons effectively.

The Representative's aim is to enable the ESFA Pension Board to fulfil its responsibilities in respect of the governance of the East Sussex Firefighters Pension Scheme (the Scheme) in accordance with the Public Service Pensions Act 2013, legislation governing the Firefighters Pension Scheme and the Code(s) of Practice issued by the Pension Regulator.

As a full member of the Board, you will play an important part in the governance and administration of the Scheme. Scheme members and ESFA, as the Scheme Manager, will benefit from the work you do in helping to ensure that the Scheme is well managed.

1. Main Responsibilities of the Representatives

The Board's role is to work closely in partnership and assist the Scheme Manager in relation to the following matters:

- Securing compliance with the Scheme regulations and other legislation relating to the governance and administration of the Scheme and any statutory pension scheme that is connected with it;
- Securing compliance with requirements imposed in relation to the Scheme and any connected scheme by the Pensions Regulator;
- Ensuring any breach of duty is considered and followed under the Scheme's procedure for reporting to the Pensions Regulator and to the Scheme Manager;
- Such other matters as the scheme regulations may specify;
- Assisting the Chair to ensure the effective and efficient governance and administration of the Scheme.

2. Duties

Representatives will be required to:

- Prepare for all meetings in advance, including reading all papers and minutes;
- Contribute to setting the agenda for meetings;
- Actively participate in meetings;
- Show respect to other Board members;
- Assist the Chair in the effective running of meetings;
- Have due regard for members and employers when making decisions;
- Comply with the Nolan Principles.

3. Conflicts of Interest

ESFA Firefighters Pension Scheme Board members will be required to adhere to the Authority's Conflicts of Interest Policy. All conflicts of interest must be declared on appointment to the Board and if/when they occur.

4. Training and Knowledge

Each Board member must have sufficient understanding of the FPS, the Pension Regulators Code of Practice and other relevant legislation and local policies to enable them properly to exercise the functions of a member of the Board. Board members will be required to undertake a personal training needs analysis and to regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Board members are expected to attend training opportunities and maintain a wider interest in the subject in order to provide rigour and challenge to the Scheme Manager.

Every member of the Pension Board must be conversant with:

- the rules of the scheme; and
- any policy about the administration of the scheme.

Every member of the Pension Board must have an understanding of:

- the law relating to pensions; and
- any other matters which are prescribed in regulations.

Members of the Pension Board must meet key attendance and training requirements as detailed in the Terms of Reference of the Pension Board.

5. Qualities expected of Board Members

- commitment to the role
- integrity, vision and good/independent judgment
- a willingness to devote the necessary time and effort to their duties as Representatives
- ability to help formulate recommendations
- good communication skills
- tact and diplomacy
- willingness to speak one's mind and listen to the views of others
- understanding of the legal responsibilities of a Pension Board member.

6. Desirable experience and knowledge

- knowledge and experience of governance or management of work-based pension schemes and the regulatory bodies involved
- knowledge of the Firefighters Pension Scheme
- an awareness of the practices and policies regarding the administration of the Firefighters Pension Scheme
- experience of committee/trustee work
- the law relating to pensions
- any matters which are prescribed in regulations.

7. Time Consideration

The Board meets a minimum of twice a year. In addition to meetings, contact electronically or by telephone may be necessary. The time commitment for a representative is expected to be 6 days per year on average which will include training.

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **28 May 2015**

Title: **2014/15 4th Quarter Corporate Risk Register Review**

By: **Chief Fire Officer & Chief Executive and Treasurer**

Purpose of Report: **To report on the latest quarterly review of Corporate Risk and agree outcomes**

RECOMMENDATION: The Panel is asked to approve the latest Corporate Risk Register and note the Internal Audit opinion of substantial assurance.

MAIN ISSUES

1. Reviews of corporate risks take place on a quarterly basis. The latest series of meetings with Corporate Risk Owners was carried out during March 2015 to update risk management action plans and review the position of each risk as shown at Appendix C.
2. Following a recent Internal Audit of ESFRS Risk Management Arrangements, ESFRS scored substantial assurance, identifying that that an appropriate framework is in place, and operates sufficiently to ensure strategic, project and operational risks are effectively assessed and managed. The main findings of the report are largely to do with further embedding risk management within the organisational culture; the core findings and current status are:
 - Embedding Risk – Amend Corporate Risk Policy and introduce Key Risk Indicators for second tier risks (Heads of Service will be responsible for their management, unless corporate mitigation is required) – **Key Risk indicators are currently being established and the policy will reflect these changes.**
 - Consider running departmental risk workshops, above the governance risk workshops run annually by Zurich – **Zurich currently attend and deliver risk management to staff at all levels annually. Zurich will deliver a workshop to Heads of Service in light of the risk indicators being introduced.**
 - Pre-scoring the Risks as they are created before mitigation is applied –**This has been actioned to all current risk plans.**
 - Review policy and include legislation requirements – **Currently under review.**
 - Align Corporate Risk and Corporate Project Scoring, also to be adopted by Heads of Service for second tier risks – **The scoring has been implemented for risk plans and projects and will be implemented for second tier risks once implemented.**

3. The Authority has in place established procedures for ensuring that risks are identified and managed for all corporate projects. All high risks identified in the Project RAID logs are now collated and reported to CMT to allow any themes to be identified and risks to be escalated to the corporate risk log as necessary. At Appendix D is a summary of the Project RAID Log for all risks scored 6 or above; these are assessed against a 4x4 scoring matrix as shown in Appendix A with the score identifiers at Appendix B. No additional themes or issues for escalation to the Corporate Risk Register have been identified.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
14 April 2015

Duncan Savage
TREASURER

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **28 May 2015**

Title of Report: **2014/15 Fourth Quarter Performance Results**

By: **Chief Fire Officer & Chief Executive**

Purpose of report: **To present the fourth quarter performance indicator results for 2014/15.**

RECOMMENDATION: The Panel is asked to:

- i. note the 2014/15 performance results for Quarter 4 as set out in the report and complementary separate Appendix A; and
 - ii. consider the information included within the exceptions report set out as Appendix B.
-

MAIN ISSUES

1. This report contains the Quarter 4 performance indicator results for 2014/15, compared with the results for the same quarter in 2013/14. A further column contains the year end result if it is known at this time. An exception report has been included for the one area that didn't meet the target and is showing a declining performance against the previous year's result. There are a number of annual indicators throughout the report that are not available but will be reported to the Fire Authority in the 2015/16 Performance Outcomes report in September.
2. The Fire Authority has five priority areas:
 - Percentage of HSVs to the vulnerable members of our community
 - Number of accidental fires in dwellings
 - Percentage of accidental dwelling fires confined to room of origin
 - Percentage reduction of automatic fire alarms
 - Number of working days/shifts lost due to sickness absence for all staff
3. In terms of the overall performance for 2014/15, of the Fire Authority's priority areas, two are on target and three are within 10% of the target. The performance report is set out in Appendix A attached as a separate document, with an exceptions report set out as Appendix B.

4. The Panel is reminded that our strategic performance indicator targets continue to expect performance improvement across the entire Service. However, in many areas, it is also accepted that both the rate and scope of future improvement is slowing, and some of our targets for 2014/15 and the future trends reflect this position. In some areas, performance improvement will prove ever harder to achieve without smarter targeting of risk and community need. This is where the Service is striving to ensure all available information and tools at our disposal achieve even tighter targeting of services to the most vulnerable in our local communities in future years.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
13 May 2015



East Sussex Fire & Rescue Service


East Sussex Fire & Rescue Service Performance Results Quarter 4 2014/15

MAY 2015

Strategic Aim 1 - To deliver quality services within available resources

1.1 Prevent loss of life and injuries in our communities

How will we measure performance?	2013/14 Year end result	National Quartile Position 2013/14	2014/15 Quarter 4	2014/15 Year end result	Target	Target met	Direction of travel from 2013/14 result
% of Home Safety Visits to vulnerable people	86.8%	This is an ESFRS indicator only, no National data is available for comparison	93.8%	92.0%	90.0%	Yes	Improved
Home Safety Visits	10,511		2,447	9,314	10,000	No	Declined
% of fires in dwellings with no smoke alarm	23.2%	This is an ESFRS indicator only, no National data is available for comparison	20.7%	21.8%	32.0%	Yes	Improved
Number of deaths in primary fires	5		1	2	Aspirational Target zero fire deaths		Improved
Deaths in Accidental Dwelling Fires	4		1	1	Aspirational Target zero fire deaths		Improved
Number of injuries in primary fires	37		7	40	52	Yes	Declined
Injuries in Accidental Dwelling Fires	29		6	30	37	Yes	Declined
No of accidental dwelling fires	525		130	539	534	No	Declined

How will we measure performance?	2013/14 Year end result	National Quartile Position 2013/14	2014/15 Quarter 4	2014/15 Year end result	Target	Target met	Direction of travel from 2013/14 Quarter
Number of primary fires	1,191		266	1,152	1,244	Yes	Improved
Deliberate primary fires not in vehicles	149		23	126	188	Yes	Improved
Deliberate primary fires in vehicles	123		21	96	154	Yes	Improved
Deliberate secondary fires	473		70	425	590	Yes	Improved
A reduction of automatic fire alarms (AFA) from the base year result of 2009/10	-31.5%	This is an ESFRS indicator only, no National data is available for comparison	-33.9%	-38.0%	-32.0%	Yes	Improved
% of AFA calls challenged by ESFRS	10.3%	This is an ESFRS indicator only, no National data is available for comparison	14.6%	16.9%	Monitor only	Monitor only	Improved
% of AFA calls turned back by ESFRS	5.6%	This is an ESFRS indicator only, no National data is available for comparison	8.8%	7.6%	Monitor only	Monitor only	Improved
% of AFA mobilised calls to properties covered by the RRO that were classified as a primary fire	2.6%	This is an ESFRS indicator only, no National data is available for comparison	4.3%	3.2%	Monitor only	Monitor only	Declined

1.2 Protect our communities against economic, property or heritage loss

Indicator No.	How will we measure performance?	2013/14 Year end result	National Quartile Position 2013/14	2014/15 Quarter 4	2014/15 Year end result	Target	Target met	Direction of travel from 2013/14 result
15	No of fires in non-domestic properties	169		49	174	176	Yes	Declined
16	Inspections of high risk premises completed	512		74	366	480	No	Declined

1.3 Respond effectively and safely to incidents with appropriate planned resources

Indicator No.	How will we measure performance?	2013/14 Year end result	National Quartile Position 2013/14	2014/15 Quarter 4	2014/15 Year end result	Target	Target met	Direction of travel from 2013/14 result
3 Priority	% of accidental dwelling fires confined to room of origin	91.2%	This is an ESFRS indicator only, no National data is available for comparison	93.0%	92.4%	94.0%	No	Improved
18	% of Life Threatening Incidents (LTIs) attended by 1st appliance within 8 minutes	72.0%	This is an ESFRS indicator only, no National data is available for comparison	68.8%	69.8%	60.0%	Yes	Declined
19	% of LTIs attended by 1st appliance within 13 minutes	94.3%	This is an ESFRS indicator only, no National data is available for comparison	91.8%	93.2%	90.0%	Yes	Declined
20	% of LTIs attended by 2nd appliance within 8 minutes	54.5%	This is an ESFRS indicator only, no National data is available for comparison	51.1%	50.9%	50.0%	Yes	Declined
21	% of LTIs attended by 2nd appliance within 13 minutes	84.3%	This is an ESFRS indicator only, no National data is available for comparison	82.5%	82.5%	80.0%	Yes	Declined
22	% of incidents attended within 20 minutes	98.8%	This is an ESFRS indicator only, no National data is available for comparison	98.6%	98.6%	95.0%	Yes	Declined
23	% of LTIs attended by a minimum of 8 crew within 8 minutes	55.0%	This is an ESFRS indicator only, no National data is available for comparison	51.1%	51.2%	50.0%	Yes	Declined
24	% of LTIs attended by a minimum of 8 crew within 13 minutes	84.7%	This is an ESFRS indicator only, no National data is available for comparison	82.5%	82.4%	80.0%	Yes	Declined

1.4 Deliver cost effective services, which focus on community risk and customer needs at a price the local community can afford and within available resources

Indicator No.	How will we measure performance?	2013/14 Year end result	National Quartile Position 2013/14	2014/15 Quarter 4	2014/15 Year end result	Target	Target met	Direction of travel from 2013/14 result
6	Expenditure per head of the population	£49.06	This is an ESFRS indicator only, no National data is available for comparison	£46.90	£46.90	£47.72	Yes	Improved
34	To achieve a 3.5% reduction in CO2 emissions against 2010/11	13.33%	This is an ESFRS indicator only, no National data is available for comparison	N/a	Annual	14.00%	Annual	Annual
35	Percentage of people satisfied with the service received during the 999 call	99%	This is an ESFRS indicator only, no National data is available for comparison	N/a	Annual	Monitor only	Annual	Annual
36	Percentage of people satisfied with the service received at the scene of the incident	99%	This is an ESFRS indicator only, no National data is available for comparison	N/a	Annual	Monitor only	Annual	Annual

Strategic Aim 2 - Ensure a competent, diverse, safe and valued workforce





2.1 Embed and embrace equality and diversity principles in all that we do

Indicator No.	How will we measure performance?	2013/14 Year end result	National Quartile Position 2013/14	2014/15 Quarter 4	2014/15 Year end result	Target	Target met	Direction of travel from 2013/14 result
24	Achievement of excellence in the Equality Standard in Local	Excellent	This is an ESFRS indicator only, no National data is available for comparison	Excellent	Annual	Monitor only	Annual	Annual
26	Retained (RDS) female firefighters as new entrants	5.6%	This is an ESFRS indicator only, no National data is available for comparison	8.7%	8.7%	15.0%	No	Improved
27	Minority ethnic staff as new entrants to the FRS	3.6%	This is an ESFRS indicator only, no National data is available for comparison	3.6%	3.6%	3.5%	Yes	The same
28	Disabled employees as new entrants to the FRS	3.6%	This is an ESFRS indicator only, no National data is available for comparison	3.6%	3.6%	5.0%	No	The same

2.2 Attract and retain high calibre and committed staff, and help them develop professional skills and competence to meet our business needs

Indicator No.	How will we measure performance?	2013/14 Year end result	National Quartile Position 2013/14	2014/15 Quarter 4	2014/15 Year end result	Target	Target met	Direction of travel from 2013/14 result
To be developed	Number of operational staff completing development programmes		This is an ESFRS indicator only, no National data is available for comparison	To be developed in 2015/16	To be developed in 2015/16	To be developed in 2015/16	To be developed in 2015/16	To be developed in 2015/16

2.3 Maintain and improve the standards of health, safety and welfare of our staff and provide a safe and secure workplace

Indicator No.	How will we measure performance?	2013/14 Year end result	National Quartile Position 2013/14	2014/15 Quarter 4	2014/15 Year end result	Target	Target met	Direction of travel from 2013/14 result
5 Priority	The number of working days/shifts lost due to sickness	8.8	This is an ESFRS indicator only, no National data is available for comparison	2.1	8.0	7.5	No	Improved
29	Number of RIDDOR incidents	8		0	7	12	Yes	Improved
30	Number of injuries sustained by Wholetime and Retained firefighters during operational activities	38		N/a	Annual	Monitor only	Annual	Annual
31	Total number of injuries sustained by Wholetime and RDS firefighters during training activities	19		N/a	Annual	Monitor only	Annual	Annual
30	Number of workplace reported accidents / injuries	127		26	137	124	No	Declined

EXCEPTIONS REPORT – QUARTER 4 2014/15

Indicator	Commentary	Actions to be taken	Responsible Officer
16. Inspections of high risk premises completed	74 inspections of high risk premises were completed in Q4. This gives a year end result of 366 against a target of 480	Vacancies in the Business Safety Department have impacted on the number of Audits undertaken this year and the target has been missed. This caused a dual difficulty as the remaining Officers undertook fewer audits due to the need to complete statutory complaints and consultations. Five Inspecting Officers were appointed and trained in January.	Director of Prevention and Protection

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **28 May 2015**

Title: **2014/15 4th Quarter Corporate Projects outturn results**

By: **Chief Fire Officer & Chief Executive**

Purpose of Report: **To present the 2014/15 4th quarter outturn results on the Corporate Projects.**

RECOMMENDATION: The Panel is asked to note the corporate progress made at the end of 4th quarter 2014/15 within the context of the other work priorities.

MAIN ISSUES

1. Since September 2011, the Corporate Management Team has reported progress on Corporate Projects through the Interplan system. Accordingly, Appendix A contains the 4th quarter results for 2014/15 at a strategic summary level.
2. Currently there are 15 Corporate Projects. Of these, 8 are on target (green), 2 are between 70% and 90% of the completion target (amber) and 2 are behind schedule (red). Three projects are on hold, two due to the dependencies with the Sussex Control Centre Project, and one will feed into the IMD transformation project at a later stage.
3. The Panel is asked to note the corporate progress made at the end of the 4th quarter 2014/15 within the context of the other organisational work priorities being undertaken.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
9 April 2015

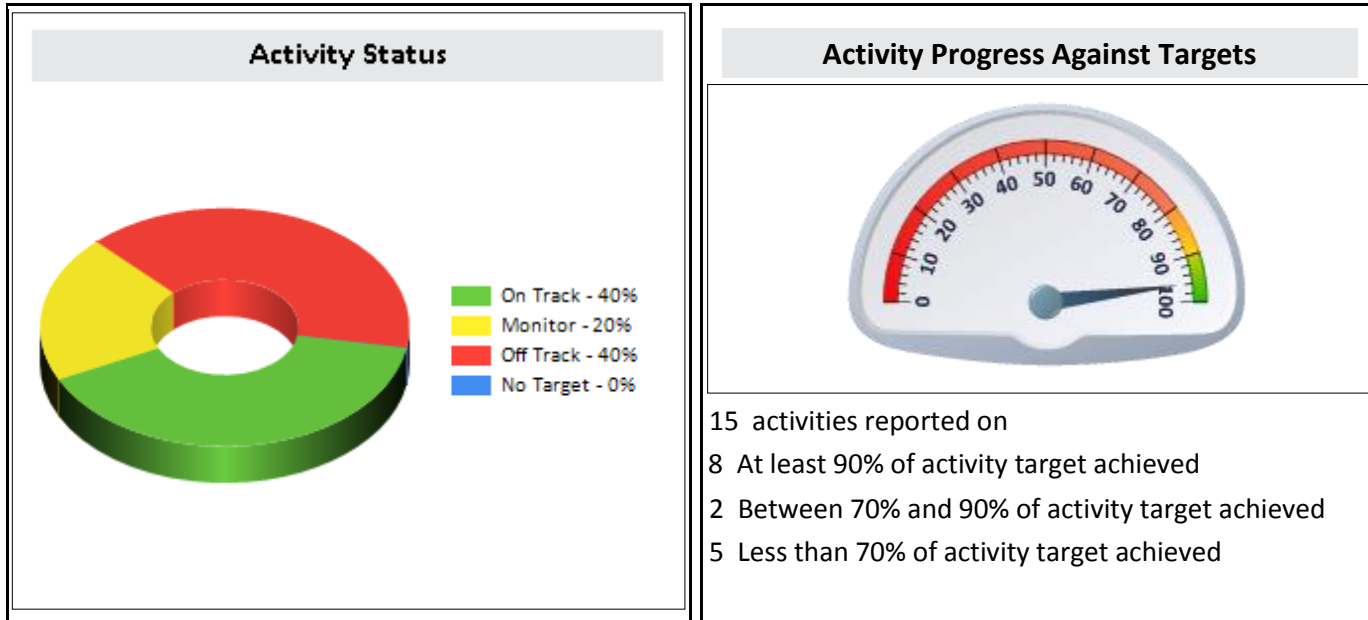


East Sussex Fire & Rescue Service

**Corporate Projects
Progress Report 2014/15 V2**

Quarter 4

OVERVIEW



ACTIVITY PLANS



At least 90% of activity target achieved



Between 70% and 90% of activity target achieved



Less than 70% of activity target achieved




No target set/ on hold

* Dates have been revised from the Original dates


Financial Services

Financial & Procurement Services


ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.4.70 Corporate Project (00317) P-Cards	Claire George - Procurement, Contracts & Insurance Manager	In Progress	19-Sep-2014	31-Mar- 2016	10.00%	10.00%	
ACTIVITY PROGRESS COMMENTS: Accepted & incorporated into the Procurement Improvement Programme. Update April 2015 by Warren Tricker: This project is now part of the LEAN Review process. Workshop to commence 29th April 2015, with implementation plan to be agreed. Last Updated: 23-Apr-2015							


People & Organisational Development

Human Resources

ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
2.1.2.8 Corporate Project (286) - FireWatch Phase 1 (RDS Availability/ Alerting)	Vicky Chart - Head of Human Resources	In Progress	01-Apr-2014	31-Mar-2015	30.00%	100.00%	 RED
<p>ACTIVITY PROGRESS COMMENTS: Testing for Firewatch Version 7.5 to conclude on 23 April 2015 following which the live upgrade will be rolled out in May 2015. Availability and texting modules have been installed by Infographics with testing to commence in May 2015. Last Updated: 01-Apr-2015</p>							


Special Projects

ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.3.2 Corporate Project (289) - Mobile Data MDTs	Stephen Allen - Incident Information Project Manager	On hold	01-Apr-2011	15-Oct-2014	80.00%	100.00%	
<p>ACTIVITY PROGRESS COMMENTS: The MDT project has been rolled back due to a commercial issue with the prime contractor. Now awaiting an SCC go live date. Last Updated: 20-Mar-2015</p>							

ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.3.1 Corporate Project - Sussex Control Centre	Ian Alexander - Head of Special Projects	In Progress	01-Apr-2011	15-Oct-2014	80.00%	100.00%	

ACTIVITY PROGRESS COMMENTS:

There are 7 workstreams which form this programme of activity. Each workstream is assessed as being complete as follows:
Accommodation 100%, HR 100%, Ways of working (operations) 80%, Ways of working (control) 55%, Technical 35%, Training 20%, Transition 75%.
Go live for the 21/5/2014 was achieved using the existing legacy mobilising systems which was an added workstream for the SCC Project.
Sept 14 - % increase for the following:
WoW Control 85%; Technical 60%; Transition 85%
Dec 14 - % increase for the following Technical 65%
Mar 15 - Delays in system supply preventing progress.
Last Updated: 25-Mar-2015


ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.3.3 Corporate Project (331) – GIS Replacement A - SCC GIS	Stephen Allen - Incident Information Project Manager	On hold	31-Jul-2014	28-Feb-2015	10.00%	100.00%	

ACTIVITY PROGRESS COMMENTS:

Prioritisation of SCC work has meant this work package is on hold until procurement agree costing etc.
Last Updated: 20-Mar-2015


Prevention & Protection

Business Safety

ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.4.8 Corporate Project (309) - Community Risk Management Database	Richard Fowler - Head of Business Safety	In Progress	01-Apr-2014	31-Mar-2016	50.00%	30.00%	
<p>ACTIVITY PROGRESS COMMENTS: Mar 2015 - The Discovery Workshop has now taken place and Optevia are preparing a technical report of their findings. This should also provide costings for various items of work and allow the project Board to make decisions regarding the scope of the work that will be commissioned under CRM2. A tender process will then be undertaken and a supplier appointed. Work is scheduled to be finished towards the end of the 2015 calendar year. A decision is yet to be taken by CMT regarding the inclusion of the risk data functions to the project.</p> <p>Last Updated: 20-Mar-2015</p>							


Response & Resilience


Operational Planning & Policy

ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.3.1 Corporate Project (307) - Joint Emergency Services Interoperability Training Principles (JESIP) – Phase 1 - Officers, Phase 2 - Control Room Supervisors, Phase 3 - Junior Officers	Mark O'Brien - Director of Response & Resilience	In Progress	02-Dec-2013	1-Mar-2015	90.00%	100.00%	
<p>ACTIVITY PROGRESS COMMENTS:</p> <p>All level 2 and 3 officers trained. All level 1's have been provided with face to face input and access to an eLearning package.</p> <p>Work is continuing on legacy activities, including annual in house JESIP refreshers (via eLearning package) and 3 yearly multi agency refreshers. The 3 yearly multi agency refreshers are planned to be incorporated into any future joint IC training.</p> <p>The manual updates are still on hold until the IC NOG is released, this has been delayed nationally by 3 months and is now likely to be released in July. Having said that, over 10% of manuals have been amended or have come in with JESIP already imbedded.</p> <p>Last Updated: 24-Mar-2015</p>							

Service Delivery


Performance Management

ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.4.45 Corporate Project (311) - Business Intelligence System (Scoping, procurement and implementation)	Liz Ridley - Head of Performance Management	Deferred	01-Apr-2014	30-Sep-2015	40.00%	40.00%	
<p>ACTIVITY PROGRESS COMMENTS: Due to the IMD transformation programme the Business Intelligence project has been formally closed. This is to enable the BI project to join with the data warehouse project and a single solution to be investigated in next year's IMD transformation programme. Last Updated: 26-March- 2015</p>							


ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.4.50 Corporate Project - Service Transformation	Liz Ridley - Head of Performance Management	In Progress	01-Apr-2014	30-Apr-2017	20.00%	20.00%	
<p>ACTIVITY PROGRESS COMMENTS: There are five reviews underway in the Phase three programme:</p> <ul style="list-style-type: none"> • RDS Duty System started October due to be reported at the project board in May 2015 • Aerial provision in the City and Hastings started October due to finish January 2015. As it is the first review to be completed the documentation has taken longer than expected to complete due to slippage in the data gathering • Smaller Appliances started October due to finish March 2015 • A review of the Home safety visit process (undertaken as part of review 14) nearly finalised • Review of RDS recruitment as part of review 14 <p>Review 14 - Over the last few months we have been developing a methodology with the help of Brighton & Hove City Council. We now have a toolkit that will assist in looking at how we can improve business processes. We have trained those identified to help undertake the reviews and we will be run awareness sessions with managers to ensure they are aware of how the reviews can help improve service delivery. The reviews are:</p> <ul style="list-style-type: none"> • RDS recruitment and Retention – (already started) • Station inspection regime • Procurement Cards • Course administration. <p>A monthly managers briefing is available to managers and then published a week later on the intranet and in service brief. A cost report on the budget for the ST team has been provided by finance.</p> <p>Last Updated: 30-Mar-2015</p>							

Service Support


Engineering Services


ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.3.3 Corporate Project (323) Replacement Respiratory Protective Equipment and Radios	Bill Brewster - Head of Engineering Services	In Progress	01-Jul-2014	30-Apr-2016	15.00%	10.00%	
<p>ACTIVITY PROGRESS COMMENTS: Initial background work underway. Meetings with immediate stakeholders programmed, first is the development of the Project Initiation Document (PID). Main requirement at this stage is from the Senior User i.e. a Working Group which has been established to determine the needs of telemetry within the Service.</p> <p>Strategic Level Statement of Requirements has been supplied.</p> <p>The board are considering currently the technical availability of a full suite of equipment from the individual manufacturers and will monitor the situation with a delay in the procurement until 16-17 possible to ensure best value for ESFRS</p> <p>Last Updated: 17-Apr-2015</p>							


Estate Management


ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.2.1 Corporate Project - Newhaven, new fire station	Julian Salmon - Estates Manager	In Progress	01-Apr-2012	31-Oct-2015	30.00%	30.00%	
<p>ACTIVITY PROGRESS COMMENTS: Contract has been entered into. Steel frame is being erected following ground works. Lewes DC has signed Heads of Terms, awaiting signed copy from Sussex Police. Completion of works is due for Autumn 2015.</p> <p>Last Updated: 30-Mar-2015</p>							

Information Management

ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.3.1 Corporate Project (329) - GIS Replacement B - Local GIS	Steve Sims - Development Services Manager	In Progress	01-Apr-2014	31-Dec-2014	90.00%	100.00%	 GREEN
ACTIVITY PROGRESS COMMENTS: Product purchased and available. Further progress awaits Windows 7 rollout to specific users. All users trained in MapInfo professional. Stratus (web delivery product) training planned for early April. Last Updated: 19-Mar-2015							

ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.4.23 Project 00315 - Hydrant Management Software (data migration)	Steve Sims - Development Services Manager	In Progress	01-Apr-2014	31-Mar-2015	35.00%	100.00%	 RED
ACTIVITY PROGRESS COMMENTS: Contact established with Airbus DS. ESFRS now part of the product development consultation process. Updated Airbus product still not expected until 4th quarter 2015. Last Updated: 19-Mar-2015							

ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.4.5 Corporate Project (205) - Data Warehouse (Delivery of key data from Data Warehouse to SCC)	Einar Arnarson - IMD Team Manager	In Progress	25-Jun-2012	30-Nov-2014	72.00%	100.00%	 AMBER
ACTIVITY PROGRESS COMMENTS: Time has been scheduled for 3TC to install the test services. No staff currently available to continue with development due to other project pressures. Last Updated: 16-Apr-2015							

ACTIVITY	RESPONSIBLE PERSON	STATUS	START DATE	END DATE	COMPLETE %	TARGET	ON TARGET %
1.1.4.12 Corporate Project (313) - Information Management Transformation	Daniel Conti - Head of Information Management	In Progress	01-Apr-2014	31-Dec-2015	50.00%	20.00%	
ACTIVITY PROGRESS COMMENTS: This project will now transition to 2015/2016 as part of the planned 2 year investment. Last Updated: 21-Apr-2015							

East Sussex Fire Authority

Year ending 31 March 2015

Audit Plan

28 May 2015

Ernst & Young LLP



EY

Building a better
working world



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East Sussex Fire Authority
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28 May 2015

Dear Panel Members

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Scrutiny and Audit Panel with a basis to review our proposed audit approach and scope for the 2014/15 audit in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, Standing Guidance, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for East Sussex Fire Authority, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this plan with you on 28 May 2015 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Paul King
Director
For and behalf of Ernst & Young LLP
Enc

Contents

1. Overview	2
2. The Local Audit and Accountability Act 2014	4
3. Financial statement risks	5
4. Economy, efficiency and effectiveness	7
5. Our audit process and strategy.....	8
6. Independence.....	12
Appendix A Fees.....	14
Appendix B UK required communications with those charged with governance	15

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Scrutiny and Audit Panel, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview

Context for the audit

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of East Sussex Fire Authority give a true and fair view of the financial position as at 31 March 2015 and of the income and expenditure for the year then ended; and
- ▶ A statutory conclusion on East Sussex Fire Authority's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on East Sussex Fire Authority's Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to East Sussex Fire Authority.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

In parts three and four of this plan we provide more detail the areas which we believe present significant risk to our audit, and outline our plans to address them. Our proposed audit process and strategy are summarised below and set out in more detail in section five.

We will provide an update to the Scrutiny and Audit Panel on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2015.

Our process and strategy

Financial statement audit

We consider materiality in terms of the possible impact of an error or omission on the financial statements and set an overall planning materiality level. We then set a tolerable error to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds planning materiality to an appropriately low level. We also assess each disclosure and consider qualitative issues affecting materiality as well as quantitative issues.

We aim to rely on the Authority's internal controls in the key financial systems listed in section 5.2 of this report. We identify the controls we consider important and seek to place reliance on internal audit's testing of those controls. Where control failures are identified we consider the most appropriate steps to take. For all other areas of the financial statements we will undertake a fully substantive approach as we have determined audit assurance can be obtained more efficiently.

To the fullest extent permissible by auditing standards, we will seek to rely on the work of internal audit wherever possible. Internal Audit have provided us with their working papers on the key systems. Where possible we have re-performed a sample of their work to provide us with controls assurance over some key systems.

There will be no major changes to our team.

Arrangements for securing economy, efficiency and effectiveness

Our approach to the value for money (VFM) conclusion for East Sussex Fire Authority for 2014/15 is based on criteria specified by the Audit Commission relating to whether there are proper arrangements in place within East Sussex Fire Authority for:

- ▶ Securing financial resilience
- ▶ Challenging how East Sussex Fire Authority secures economy, efficiency and effectiveness.

We adopt an integrated audit approach, so our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

Further detail is included in section 4 of this Audit Plan.

2. The Local Audit and Accountability Act 2014

The Local Audit and Accountability Act 2014 (the 2014 Act) closes the Audit Commission and repeals the Audit Commission Act 1998.

The 2014 Act requires the Comptroller and Auditor General to prepare a Code of Audit Practice. This must be laid before Parliament and approved before 1 April 2015.

Although this new Code will apply from 1 April 2015, transitional provisions within the 2014 Act provide for the Audit Commission's 2010 Code to continue to apply to audit work in respect of the 2014/15 financial year. This plan is therefore prepared on the basis of the continued application of the 2010 Code of Audit Practice throughout the 2014/15 audit.

3. Financial statement risks

We outline below our assessment of the financial statement risks facing East Sussex Fire Authority, identified through our knowledge of East Sussex Fire Authority's operations and discussion with those charged with governance and officers.

We have identified one significant risk and one non significant risk as set out in the following table. At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
Risk of management override	
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements ▶ Reviewing accounting estimates for evidence of management bias, and ▶ Evaluating the business rationale for significant unusual transactions

Non significant financial statement risks

Firefighters' injury pensions	
<p>Since 2006, under the Firefighters' Compensation Scheme (England) Order 2006, firefighter compensation for defined injuries have fallen outside firefighter pension schemes and are covered by separate injury award schemes. These types of payments are not considered legitimate expenditure under the pension account arrangements, and as such should be paid from the Authority's general fund rather than the pension fund</p>	<p>We will consider the Authority's arrangements for ensuring that the financing and accounting of injury awards and injury gratuities are appropriate.</p>
<p>During 2013/14 an issue was identified across the fire service regarding the financing of compensatory payments for injury awards and injury gratuities in fire authority accounts.</p>	<p>We will sample test payments of this nature to ensure that they have been accounted for appropriately.</p>
<p>In a number of fire authorities these payments had been treated incorrectly, and were charged to the pension fund account.</p>	
<p>Management have confirmed that payments made by East Sussex Fire Authority comply with the new regulations, however, it will be an area of focus in our audits across the fire authority sector to independently confirm this.</p>	

Respective responsibilities in relation to fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud; and
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks.

We will consider the results of the National Fraud Initiative and may refer to it in our reporting to you.

4. Economy, efficiency and effectiveness

Our approach to the value for money (VFM) conclusion for East Sussex Fire Authority for 2014/15 is based on criteria specified by the Audit Commission relating to whether there are proper arrangements in place at East Sussex Fire Authority for securing:

1. Financial resilience, and
2. Economy, efficiency and effectiveness in the use of resources.

The Audit Commission VFM guidance for 2014/15 requires that auditors consider and assess the significant risks of giving a wrong conclusion and carry out as much work as is appropriate to enable them to give a safe conclusion on arrangements to secure VFM. Our assessment of what is a significant risk is a matter of professional judgement, and is based on consideration of both quantitative and qualitative aspects of the subject matter in question.

We have not identified any significant risks to the value for money (VFM) conclusion. However, we have identified one non significant risk as set out in the following table.

Non significant risks	Impacts arrangements for securing	Our audit approach
Medium term financial planning		
The Authority continues to face financial challenges; with a budget gap of £1.4 million in 2019/20.	Financial resilience	Our approach will focus on: <ul style="list-style-type: none"> ▶ Reviewing the achievement of the planned savings in 2014/15. ▶ Reviewing the Authority's ongoing identification of savings and medium term financial planning and assumptions.
The current Medium Term Financial plan seeks to address the budget gap over the medium term and is based on key assumptions about funding levels		

We will keep our risk assessment under review throughout our audit and communicate to the Scrutiny and Audit Panel any revisions to the specific risks identified here and any additional local risk-based work we may need to undertake as a result.

5. Our audit process and strategy

5.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice (the 'Code') our principal objectives are to review and report on East Sussex Fire Authority's:

- ▶ Financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue a two-part audit report covering both of these objectives.

i Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We will also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.

ii Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that East Sussex Fire Authority has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, we will rely as far as possible on the reported results of the work of other statutory inspectorates on corporate or service performance.

In examining East Sussex Fire Authority's corporate performance management and financial management arrangements, we consider the following criteria and areas of focus specified by the Audit Commission:

- ▶ Arrangements for securing financial resilience – whether East Sussex Fire Authority has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- ▶ Arrangements for securing economy, efficiency and effectiveness – whether East Sussex Fire Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

5.2 Audit process overview

Processes

Our initial assessment of the key processes across East Sussex Fire Authority has identified the following key processes where we will seek to test key controls, both manual and IT:

- ▶ Accounts receivable
- ▶ Accounts payable
- ▶ Cash and bank
- ▶ Financial Statements Close Process

We have also identified the following key processes that we will test substantively:

- ▶ Firefighters pension fund
- ▶ Treasury management
- ▶ Pensions
- ▶ Payroll
- ▶ Property, plant and equipment

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Scrutiny and Audit Panel.

Internal audit

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where we raise issues that could have an impact on the year-end financial statements

Use of experts

We will use specialist EY resource as necessary to help us to form a view on judgments made in the financial statements. Our plan currently includes involving specialists in pensions and property, plant and equipment valuations.

Mandatory procedures required by auditing standards

As well as the financial statement risks outlined in section three, we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ Entity-wide controls;
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- ▶ Auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Governance Statement.

- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.
- ▶ Reviewing and examining, where appropriate, evidence relevant to East Sussex Fire Authority's corporate performance management and financial management arrangements, and its reporting on these arrangements.

5.3 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined, at this planning stage, that overall materiality for the financial statements of East Sussex Fire Authority will be £1,143,660 based on 2% of gross operating expenditure. We will communicate our final materiality levels to members at a future Panel meeting. We will communicate uncorrected audit misstatements greater than £57,183 to you.

We are also required to calculate a separate materiality level for the Firefighters' Pension Fund Accounts. At this planning stage, the materiality for the Firefighters' Pension Fund Accounts will be £171,840 based on 2% of total benefits payable.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

5.4 Fees

The Audit Commission has published a scale fee for all authorities. This is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for the audit of East Sussex Fire Authority is £41,021.

5.5 Your audit team

The engagement team is led by Paul King, who has significant experience on East Sussex Fire Authority. Paul King is supported by Ian Young who is responsible for the day-to-day direction of audit work and is the key point of contact for the chief accountant.

5.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the VFM work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to East Sussex Fire Authority through the Scrutiny and Audit Panel's cycle in 2014/15. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Scrutiny and Audit Panel and we will discuss them with the Panel Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to East Sussex Fire Authority and external stakeholders, including members of the public.

Audit phase	Timetable	Scrutiny and	Deliverables
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Audit Panel timetable

High level planning	February 2014	15 May 2014	Audit Fee letter
Risk assessment and setting of scopes	February 2015	28 May 2015	Audit Plan
Testing routine processes and controls	March 2015	28 May 2015	Audit Plan
Year-end audit	August 2015		
Completion of audit	September 2015	September 2015	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; and overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October 2015	November 2015	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

6. Independence

6.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none">▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us;▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review;▶ The overall assessment of threats and safeguards;▶ Information about the general policies and process within EY to maintain objectivity and independence.	<ul style="list-style-type: none">▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;▶ Details of non-audit services provided and the fees charged in relation thereto;▶ Written confirmation that we are independent;▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission's Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

6.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with East Sussex Fire Authority.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that East Sussex Fire Authority has approved and that are in compliance with the Audit Commission's Standing Guidance.

At the time of writing, there are no non-audit fees.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Authority. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Paul King, the audit engagement Director and the audit engagement team have not been compromised.

6.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended 27 June 2014 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2014>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2014/15 £	Out-turn 2013/14 £	Published fee 2013/14 £	Explanation
Opinion Audit and VFM Conclusion	41,021	41,021	41,021	
Total Audit Fee – Code work	41,021	41,021	41,021	
Non-audit work	Nil	Nil	Nil	

All fees exclude VAT.

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ The operating effectiveness of the internal controls for the key processes outlined in section 5.2 above;
- ▶ We can rely on the work of internal audit as planned;
- ▶ The Audit Commission making no significant changes to the use of resources criteria on which our conclusion will be based;
- ▶ Our accounts opinion and use of resources conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by East Sussex Fire Authority; and
- ▶ East Sussex Fire Authority has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with East Sussex Fire Authority in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Scrutiny and Audit Panel. These are detailed here:

Required communication	Reference
<p>Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.</p>	<p>▶ Audit Plan</p>
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	<p>▶ Report to those charged with governance</p>
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	<p>▶ Report to those charged with governance</p>
<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the Scrutiny and Audit Panel to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	<p>▶ Report to those charged with governance</p>
<p>Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	<p>▶ Report to those charged with governance</p>
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	<p>▶ Report to those charged with governance</p>
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Scrutiny and Audit Panel into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Scrutiny and Audit Panel may be aware of 	<p>▶ Report to those charged with governance</p>

Required communication	Reference
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance ▶ Annual Audit Letter if considered necessary

EY | Assurance | Tax | Transactions | Advisory

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Des Prichard
Chief Fire Officer and Chief Executive
East Sussex Fire Authority
20 Upperton Road
Eastbourne
East Sussex
BN21 1EU

15 April 2015

Ref: ESFA/PK/Fee Letter

Direct line: 07974 757910

Email: PKing1@uk.ey.com

Dear Des

Annual Audit Fees 2015/16

We are writing to confirm the audit work that we propose to undertake for the 2015/16 financial year at East Sussex Fire Authority.

Our 2015/16 audit is the first that we will undertake following the closure of the Audit Commission on 31 March 2015. Our framework contract will now be overseen by Public Sector Audit Appointments Ltd (PSAA), an independent company set up by the Local Government Association, until the contract ends in 2017 (or 2020 if extended by the Department of Communities and Local Government).

The responsibility for publishing the statutory Code of Audit Practice, under which we will conduct our audit work, has transferred to the National Audit Office.

Indicative audit fee

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies, applying from 2015/16 audits.

The audit fee covers the:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government accounts.

For the 2015/16 financial year the Audit Commission has set the scale fee for each audited body prior to its closure. The scale fee is based on the fee initially set in the Audit Commission's 2012 procurement exercise, reduced by 25% following the further tendering of contracts in March 2014. It is not liable to increase during the remainder of our contract without a change in the scope of our audit responsibilities.

The 2015/16 scale fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- The financial statements will be available to us in line with the agreed timetable;
- Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

For East Sussex Fire Authority this fee is set at the scale fee level as the overall level of audit risk is not significantly different from that of the prior year.

As we have not yet completed our audit for 2014/15, our audit planning process for 2015/16 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2015/16 £	Planned fee 2014/15 £	Actual fee 2013/14 £
Total Code audit fee	30,766	41,021	41,021

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative fee will be billed in four quarterly instalments of £7,691.50, from July 2015.

Audit plan

Our plan will be issued in June, 2016. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first

instance with the Treasurer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Scrutiny and Audit Panel.

Audit team

The key members of the audit team for the 2015/16 financial year are:

Paul King
Director

PKing1@uk.ey.com

Tel: 07974 757910

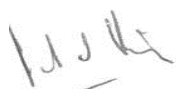
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We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Paul King
Director

For and on behalf of Ernst & Young LLP

cc. Duncan Savage, Treasurer

Cllr Lambert, Chair of the Scrutiny and Audit Panel

Item No. 971 Appendix A

Appendix A Scoring for all Corporate and Project Risks Matrix

Impact / Likelihood		Moderate (1)	Significant (2)	Serious (3)	Critical (4)
Certain/High (4)		Tolerable (4)	Moderate (8)	Substantial (12)	Intolerable (16)
Very Likely (3)		Tolerable (3)	Moderate (6)	Moderate (9)	Substantial (12)
Low (2)		Tolerable (2)	Tolerable (4)	Moderate (6)	Moderate (8)
Unlikely (1)		Tolerable (1)	Tolerable (2)	Tolerable (3)	Moderate (4)

Appendix B
Corporate Risk and Project RAID Log Scoring Matrix

Impact	Moderate	Significant	Serious	Critical
Score	1	2	3	4
Financial	≤ £10000	≤ £100,000	≤ £500,000	≤ £1 m +
Reputation	Damage limitation	Adverse Publicity	Poor Reputation	Complete loss of public confidence
Service Delivery	would not restrict or service delivery	Could restrict service delivery or restrict delivery of an ESFRS Aim	Could stop service delivery or unable to delivery an ESFRS Aim	Would affect service delivery to our communities

Likelihood	Unlikely	Low	Very Likely	Certain/High
Score	1	2	3	4
Frequency	One case reported in the past 5 years, may re-occur if only limited control measures are not applied and continued monitoring. (0-24% probability)	One or two cases in the past 2 - 5 years or may re occur if not all control measures are not applied within the next 6 months and continue to monitor. (25-49% probability)	One or two cases in past 2 years or expected to happen if controls measures are slow being applied, and failure to monitor progress. (50-74% probability)	One or more cases in past 2 years. Failure to take immediate action could impact on service delivery or safety of personnel/ community. (75-100% probability)

Appendix C Risk Mitigation Plan

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score (Previous score shown)	Corporate Risk Owner	Risk Delivery Manager
1 Financial	4	Failure to identify and deliver savings to meet the expected funding gap to 2019/20 and the uncertainty of funding both from year to year and beyond 2015/16 resulting in an unclear service delivery model for the future	4	4	16	<p>1) MTFP updated and rolled forward to 2019/20 taking into account agreed Phase 1 and 2 proposals from Changing the Service, Shaping our Future programme. Remaining and 2015/16 Budget agreed - funding gap now £1.4m by 2019/20.</p> <p>2) Delivery of savings monitored on a monthly basis - some underachievement in 14/15 due to delay in locality managers and SCC</p> <p>3) Opportunities for further collaboration with public sector partners being examined especially around support services</p> <p>4) Bids for capital funding for Newhaven and Day Crewed Plus unsuccessful - proposed to use additional revenue contributions to support capital programme over next 3 years approved in budget.</p> <p>5) Ongoing work through ESFOA seeking to maximise income from council tax and non-domestic rates.</p> <p>6) Business Rate Pool approved by CLG</p> <p>7) Improvement and Efficiency reserve established to fund transformation initiatives</p> <p>8) Service Transformation Team established to manage delivery of all Phase 1-3 proposals</p>	3	3	9 (Moderate)	CFO & CE	Treasurer

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score (Previous score shown)	Corporate Risk Owner	Risk Delivery Manager
2 Technology	4	a) Sustained Technological failure, and b) failure to deliver organisational change as a result of a lack of a robust and effective modern ICT infrastructure and a lack of supported infrastructure and systems through fewer and less skilled staff	4	4	16	<p>1) Business critical work to renew or replace risk critical equipment has been identified and costed. CMT have been appraised of these tasks and have supported the work (Jan 2014 CMT meeting), the critical works will be completed throughout the current financial year, with the intention of minimising disruption and inaccessibility of core systems whilst this work proceeds.</p> <p>2) The current ICT staffing model will be sustained but new posts will be added - Operations Engineer posts (x5) have been advertised but there has been a poor response in terms of sufficiently experienced applicants. Other options under review include 'task-sourcing' a commercial option allowing IMD to out-source specific tasks as opposed to out-sourcing a function - this has been confirmed as a compliant procurement option and work is underway to explore market providers.</p> <p>3) Advertisements for permanent staff will be reviewed following the recent poor responses - filling vacancies with permanent staff remains the preferred response and meets the need of out-of-hours availability.</p> <p>4) The IMD Transformation Programme has been presented to CMT with an emphasis on fixing before transforming in order to sustain current business critical systems and 'ready' them for fitness prior to any 3rd party transition. Importantly, the 'fixing' is dependent upon the availability of skilled staff or 3rd parties to deliver - delivering BAU req'ts whilst fixing urgent items is currently an aspiration without a fully staffed IM Dept.</p> <p>5) The task-sourcing and instatement of new skilled staff remains the highest priority to mitigate this risk.</p>	4	3	12 (Substantial)	ACFO	HoIMD

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score (Previous score shown)	Corporate Risk Owner	Risk Delivery Manager
3 Partnership	4	Sussex Control Centre does not deliver effective mobilisation service or planned savings	4	4	16	<p><u>Pre go live:</u></p> <p>1) Regular monthly recorded meetings with Remsdaq and weekly telecoms with head developer and SCC project lead.</p> <p>2) Successful Factory Acceptance, Site and User Acceptance Tests will ensure specification and functionality tested at all stages. SCC project lead is in regular discussion with Remsdaq to define FAT whilst not losing key functionality.</p> <p>3) Milestone payments are not triggered until pass of acceptance tests and are staged.</p> <p>4) Other FRS have contract with Remsdaq therefore market pressure to deliver.</p> <p>5) SCC 'go live' will be subject to sign off by both Senior Users, and 'switchover' operation will be agreed and validated by 3rd party</p> <p>6) Regular monthly financial reporting to SCC Project Board, Management Teams and Governance Boards.</p> <p>7) Savings target for 2014/15 revised to reflect delay in implementation.</p> <p>8) Additional personnel resources made available due to extension of the go live date to ensure interim service is maintained in accordance with Section 16</p> <p><u>Post go live:</u></p> <p>1) Section 16 and SCC Concept of Operations provide the strategic operational framework for the SCC, including arrangements under which call handling, mobilisation and related functions are discharged.</p> <p>2) SCC Operational Governance Board, made up of representatives of both East and West Sussex FRS, meets monthly to ensure that the Joint Control is effective, efficient and resilient and that any issues and areas of concern are reported and acted upon</p> <p>3) ESFRS specific operational and performance matters considered at the monthly Response & Resilience management team meetings</p> <p>4) A previously agreed review of shift times and proposed mid-shift begins in February to consider options for further improving SCC efficiency.</p>	4	3	12 (Substantial)	ACFO until go live / DCFO post go live	SCC Project Manager until go live / DRR post go live

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score (Previous score shown)	Corporate Risk Owner	Risk Delivery Manager
4 Leadership	4	Failure to effectively lead/manage the service through a period of significant change as a result of lack of corporate capacity, management competences and poor staff engagement	4	3	12	<p>1) Undertake a review and realignment of corporate references and engage with Heads of Service/Function to review middle and senior managers' responsibilities and accountabilities. Review undertaken and presented to PO's on 16/6/14. HoPM/ODWM to feedback PO's views and establish action plan.</p> <p>2) ACO and Head of L&OD to review leadership development to meet evolving and emerging needs. TBC once finalised</p> <p>3) ACO and Communications and Marketing Manager to review staff communication strategy to promote effective organisational communications. Work planned for 3rd & 4th qtr of 14/15 POD BP. Completed and will be considered in due course by CMT and FA in 2015.</p> <p>4) Members have considered proposals for a Talent Management Scheme to address and support mitigations on future risks and succession planning</p>	2	3	6 (moderate)	CFO & CE	ACO
5 Community	1	Longer term Industrial Action (IA) could impact on the ability to deliver services, impact on the relationships with the workforce and has the potential for reputational damage. Short to medium term impact of Action Short of Strike (ASOS)	3	3	9	<p>1) Constant Review of Business Continuity and Industrial Action Contingency Plans</p> <p>2) Maintain consultation and negotiation with trade unions</p> <p>3) Maintain effective communications</p> <p>4) Monitor impact on service delivery</p> <p>5) CFA advised of progress through regular updates and impact of changing FBU strategy on contingency plans and resilience</p> <p>6) Impact on training delivery L&OD have provided additional resource to manage training plans and expected long tail during and following IA/ASOS periods</p> <p>7) additional communications resource provided to reassure the community and inform staff</p>	2	3	6 (Moderate)	DCFO	CMT

Number / Reference	Aligned to ESFRS Aim	Strategic Risk	Pre Impact Score	Pre Likelihood Score	Pre mitigation scoring	Key Actions	Post Impact Score	Post Likelihood Score	Current Status (by colour) and total score (Previous score shown)	Corporate Risk Owner	Risk Delivery Manager
6 Communication	3	Key stakeholders including the public, members, employees and partners are insufficiently informed about/engaged in the difficult choices the Authority faces	3	3	9	1) ACO, Head of Performance Management and Communications and Marketing Manager to work with the Chairman, Vice Chair and the Fire Authority to engage with local communities, local authority partners, agencies and other organisations. Item for consideration at Members Seminar 2) Utilise a variety of media to support communication strategy. New communications strategy prepared.	3	2	6 (Moderate)	ACO	Head of Performance /Communications Manager
7 Resource	6	Failure to maintain staff morale, motivation and attitudes will adversely impact on service deliver/ performance and the ability to successfully deliver service transformation/ ESFRS change programme	4	3	12	1) Support middle and senior managers to ensure regular meetings and engagement with staff and to review feedback from managers. Presentation to Members Seminar 2015/16 2) Ensure staff representative bodies are engaged with and informed of emerging issues. 3) Continue to develop communication opportunities including where appropriate, social media and New Comms Strategy	3	3	6 (Moderate)	CFO & CE	ACO/ Head of Performance /Communications & Marketing Manager

	Programme or Project	Identified	Reviewed	Description	Initial Likelihood Certain - 4 Very likely - 3 Low - 2 Unlikely - 1	Initial Impact Critical - 4 Serious - 3 Significant - 2 Minor - 1	Initial Score (9-16)	Mitigation	Likelihood after Mitigation	Impact after Mitigation	Residual Risk Score (9-16)	↓ ↑	Owner
R1	IMD Transformation	March 2015	New	By the time of implementation, the requirement is different from the current stated requirement. There is a risk of the cost of two transitions.	4	3	12	Define the IT strategy more clearly. Identify specific services affected by this risk. Define a procurement plan that may flex to accommodate this risk.	4	3	12		Assistant Chief Fire Officer
R2	IMD Transformation	N/A	March 2015	The programme is put under pressure to deliver to multiple, contradictory IT strategies. This may result in unclear or contradictory requirements being put to potential bidders, with resultant increases in cost due to risk.	3	3	9	Capture existing business drivers and projects. Implement a process to review, prioritise and schedule and communicate to the business. Monitor and analyse changing business requirements and strategies; develop responses to potentially contradictory demands.	3	3	9		Assistant Chief Fire Officer
R3	IMD Transformation	March 2015	April 2015	There are insufficient internal resources to support the programme due to particular key individual staff leaving the department either through natural turnover or because of uncertainty about the future of IMD and jobs. The result will be a loss of expertise both to BAU activity and to programme input. The loss of capacity may impact on availability for the Transformation programme activities which may be delayed, timescales slip or the quality of the deliverables may be compromised.	3	3	9	Ensure all staff are briefed on plans for IMD and can see a potential role in the future. Ensure that skills / knowledge potential points of failure are identified early so that input can be elicited early in the process. Engage with departments through Specification Workshops to efficiently capture business requirements, minimising resource demands	3	3	9		Assistant Chief Fire Officer
R4	IMD Transformation	March 2015	April 2015	The required service is higher than the current service provided by IMD and may therefore cost more. Bridging the gap with the new managed service may incur substantial costs, both in terms of new technologies (such as mobile working) and new support activities.	4	3	12	Conduct financial analysis to show the difference between costs for the current and expected services and technologies. Carry out a contracts review process to confirm all IT related costs in the business. Develop and implement a projects filter process to determine which projects will be done before and after transition and hence where the costs will fall. Continue to compare service level expectations with current reality.	3	3	9		Assistant Chief Fire Officer
R5	Community Risk Management Database	22/09/14	01/12/2014	Industrial action by staff delays the project and makes it difficult to meet deadlines or deliver the outcomes.	3	4	12	Flexible planning, to mitigate disruption where possible.	3 To be confirmed by Board	4 To be confirmed by Board	12 TBC by Board		Head of Protection & Prevention
R6	P-Cards	20/02/2014	13/04/2015	IMD is unable to commit sufficient resources to support the project.	3	3	9	Give IMD advance warning; obtain commitment re resourcing. The projects filter may apply, so risk remains at 9 after mitigation	3	3	9		Head of Finance and Procurement
				Risks coded "Red" on the Newhaven Risk Log which uses a 5x5 matrix:									
R7	Newhaven – New Fire Station (Risks coded "Red" on the Newhaven Risk Log)	N/A	13/04/2015	Insufficient capacity within existing foul water drainage infrastructure.	Not available	Not available	N/A	Project in discussion with Southern Water to resolve	2	3	6		Assistant Chief Fire Officer

	Programme or Project	Identified	Reviewed	Description	Initial Likelihood Certain - 4 Very likely - 3 Low - 2 Unlikely - 1	Initial Impact Critical - 4 Serious - 3 Significant - 2 Minor - 1	Initial Score (9-16)	Mitigation	Likelihood after Mitigation	Impact after Mitigation	Residual Risk Score (9-16)	↓ ↑	Owner
R8	Newhaven – New Fire Station	N/A	13/04/2015	High or unforeseen delay and cost associated with new services and required diversions.	Not available	Not available	N/A	Some quotes received, gas diversion quote awaited, therefore risk remains	2	3	6		Assistant Chief Fire Officer
R9	Newhaven – New Fire Station	N/A	13/04/2015	Late or major client changes may cause delay and increased costs.	Not available	Not available	N/A	Any client-requested changes to be dealt with through Change Control. Cost and programme impact to be advised to Client for any requested changes.	2	3	6		Assistant Chief Fire Officer
R10	Newhaven – New Fire Station	N/A	13/04/2015	Services diversion works (unknown utilities runs)	Not available	Not available	N/A	Meeting with utility providers has taken place but risk remains.	2	3	6		Assistant Chief Fire Officer

The following projects have no risks which, after mitigation, score 9/16 or higher:

- Service Transformation Phase 3 Reviews
- Firewatch Phase 1
- RPE and Radios

Other notes:

- Business Intelligence is on hold until after IMD Transformation
- Data Warehouse is on hold
- MDTs and SCC – managed via Special Projects
- GIS Local – no Board for this project, therefore no RAID log

Notes on the Corporate Risk Report Scoring Matrix:

1. Risks have been recalibrated from a scoring matrix of 3x3 to a matrix of 4x4. The Newhaven risk scores remain 5x5, as the project has been running for some time, and the project management is fully outsourced.
2. Project RAID logs now score both originally identified risk, and the residual risk score after the mitigation is applied.
3. Previous scores were somewhat higher because they did not fully reflect the mitigation being put in place to reduce the risk.

Notes on new 4x4 scoring						
Likelihood	4 - Almost certain to happen (75-100% probability) 3 - Very likely to happen (50-74% probability) 2 - Might happen (25-49% probability) 1 - Unlikely to happen (0-24% probability)	Impact	4 - Will seriously disrupt project, or cause it to be scrapped. May make project unviable because of increased costs, restricted scope, delays, quality problems, uncertainty or increased level of risk. Governance may be breached. 3 - Will cause significant problems to the project, causing significant extra cost, longer timescales, increased scope or affecting general viability. 2 - May slow progress, cause minor extra costs, somewhat reduce scope etc. 1 - Will have little or no effect on cost, scope, progress or deliverables, or impact can be worked round.	Scoring thresholds	9 or over 8 or under	Risk is reported to CMT and goes forward to Scrutiny and Audit Panel Risk remains locally managed by Project Board.