



Safest People, Safest Places

Local Government Act 1972

A Meeting of the Combined Fire Authority for County Durham and Darlington Audit and Finance Committee will be held in the County Durham and Darlington Fire and Rescue Service Headquarters on Thursday 10 April 2025 at 1.30 pm to consider the following business:-

PART A

1. Apologies for absence
2. Minutes of the previous meeting - Report of the Chair (Pages 3 - 4)
3. Audit Progress Report - Mazars (Pages 5 - 18)
4. Internal Audit Progress Report - Report of the Head of Internal Audit (Pages 19 - 24)
5. Internal Audit Plan 2025/26 - Report of Head of Internal Audit (Pages 25 - 32)
6. Corporate Risk Register - Position at 31 March 2025 - Report of the Deputy Chief Executive (Pages 33 - 40)

PURSUANT to the provisions of the above named Act, **I HEREBY SUMMON YOU** to attend the said meeting

A handwritten signature in black ink that reads "Helen Bradley".

Helen Bradley
Clerk to the Combined Fire Authority
for County Durham and Darlington

**TO: The Members of the Combined Fire Authority for County Durham
and Darlington Audit and Finance Committee**

Durham County Councillors:

Councillors R Bell, A Batey, B Kellett, J Cairns and L Mavin

Darlington Borough Councillors:

Councillors A Anderson

Minutes of the **County Durham and Darlington Fire and Rescue Service Audit and Finance Committee meeting** held at Fire HQ on **25 February 2025 at 1430 hours**.

Present: Cllr R Bell (Chair)
Durham County Council: Julie Cairns, Lesley Mavin, Alison Batey, Bill Kellet, Richard Bell

Darlington Borough Council: Andrew Anderson
Independent Person:

Officers: Tony Hope
Keith Lazzari

External Audit (Mazars): Smriti Sood
James Collins

Secretariat Emma Walton

Part A

1 Apologies

Apologies were noted from Alan Foster.

2 Minutes of the Previous Meeting

Cllr A Anderson was contacted after the meeting to confirm his agreement to the 4.23% increase (£5 on a Band D property), prior to the recommendation going to the CFA meeting on 17 February 2025.

The minutes of the previous meeting held on 23 January 2025 were agreed as a true and accurate record.

3 Audit Completion Report – Year Ended 31 March 2024

J Collins presented the Audit Completion Report for the Year Ended 31 March 2024. J Collins expressed his thanks and appreciation for CDDFRS Finance Team's cooperation when going through the required processes to complete the audit and sign off the accounts during this time.

J Collins advised Mazars did not identify any evidence to indicate a significant weakness in Value for Money arrangements and there were no significant matters outstanding.

Mazars issued an unqualified audit opinion in the 2023/24 accounts and the audit certificate will follow after work is completed on Whole of Government Accounts.

The report was **agreed** and **noted**.

4 Draft Auditors Annual Report – Year Ended 31 March 2024

J Collins informed the Authority that this document is the public facing report which will go alongside the financial statements, which include further detail on value for money, sustainability, economy and governance.

J Collins assured the members that there was nothing identified that needed raising.

The report was **noted**.

5 Statement of Accounts for the Year Ended 31 March 2024 – External Audit

T Hope introduced the report which sought Members' approval of the Statement of Accounts for County Durham and Darlington Fire and Rescue Authority, for the financial year ended 31 March 2024.

Members noted their thanks to T Hope and the wider finance team.

The committee **approved** the Statement of Accounts of County Durham and Darlington Fire and Rescue Authority for the financial year ended 31 March 2024.

6 Local Government Finance Settlement – Letters to Government

THope provided members with a copy of the letters sent to government regarding the Local government Finance Settlement, as agreed at the meeting on the 23 January 2025 by the Committee, Appendix A and B.

The letters explained the difficulties facing the Authority following the reduction in grant funding of 3.3% (£410,000) and in addition a shortfall of £214,000 in the National Insurance compensation grant.

To date there had been no acknowledgement to the letters.

Appendix C was the response from CDDFRS to the provisional settlement Consultation, which mirrored the contents of the letters to the MPs.

Members were requested to **note** the letters and response.



Audit Progress Report

County Durham and Darlington Fire and Rescue Authority

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20 March 2025

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01

Audit Progress

Audit progress

Purpose of this report

To provide an update on progress of the Authority's 2023-24 audit. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO).

Update on the 2023/24 Financial Statements Audit

We presented our Audit Completion Report and Auditors Annual Report in February 2025. At the point of issuing our audit opinion we had not received final instructions from the National Audit Office (NAO) meaning we were unable to complete our work on Whole of Government Accounts (WGA). As a consequence, we have not yet issued our Audit Certificate.

Update on the 2023/24 Additional Audit Fees

Now we have completed our 2023/24 audit work we have reviewed our time and are proposing some additional fees for work which was above what we have initially planned for. This is detailed below, including some detail on what the additional time was for:

ISA 315 Revised – this was omitted from the original PSAA scale fees. The 2024/25 scale fee has been rebased to include but this was omitted from the 23/24 fee. The fee is based on what PSAA have estimated the cost to be. ISA 315 revised impacted on our planning work.	7,065.00
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02

Publications and Other Updates

National publications

	Publication/update	Key points
National Audit Office (NAO)		
1	NAO report: Support for children and young people with special educational needs	The NAO has published its report Support for children and young people with special educational needs.
2	Draft Code of Audit Practice laid in Parliament	A draft of the new Code of Audit Practice was laid in Parliament on 9 September 2024 and has now been published on the NAO website. Subject to Parliament's approval, the Code will come into force in late autumn 2024.
3	Local Audit Reset and Recovery Implementation Guidance	The NAO has published the Local Audit Reset and Recovery Implementation Guidance on its Code and guidance pages Guidance and information for auditors - National Audit Office (NAO).
4	NAO report: Improving educational outcomes for disadvantaged children	The NAO has published its report Improving educational outcomes for disadvantaged children which examines whether the Department for Education (DfE) is achieving value for money through its funding to support the attainment of disadvantaged children in educational settings in England.
5	NAO report: The effectiveness of government in tackling homelessness	The NAO has published its report The effectiveness of government in tackling homelessness.
6	NAO report: DWP customer service	The NAO has published its report DWP customer service which examines whether the Department for Work & Pensions (DWP) has an effective approach to customer service.
7	NAO report: The condition and maintenance of local roads in England	The NAO has published its report The condition and maintenance of local roads in England which examines whether the Department for Transport (DfT) is ensuring value for money through its funding provision for local road maintenance.

National publications and other updates

NAO Publications

1. NAO report: Support for children and young people with special educational needs

The NAO has published its report Support for children and young people with special educational needs. This report assesses how well the current system is delivering for children and young people (from birth to 25 years) in England identified as having SEN. It also looks at DfE's progress in addressing the underlying challenges to providing a sustainable system that achieves positive outcomes for children. This report:

- describes the support available, outcomes achieved for those with SEN, DfE funding, and DfE's strategic approach;
- examines DfE's actions to restore confidence and create a sustainable system.

[Support for children and young people with special educational needs - NAO report](#)

National publications and other updates

NAO Publications

2. Draft Code of Audit Practice laid in Parliament

A draft of the new Code of Audit Practice was laid in Parliament on 9 September 2024 and has now been published on the NAO website, as required by Schedule 6 of the Local Audit and Accountability Act 2014. Subject to Parliament's approval, the Code will come into force in late autumn 2024.

<https://www.nao.org.uk/wp-content/uploads/2024/09/code-of-audit-practice-draft.pdf>

The new Code was developed following a consultation in February/March 2024. It is intended to support measures taken by the Ministry of Housing, Communities & Local Government (MHCLG) to address the current backlog of local government audits. MHCLG has also laid regulations to introduce statutory deadlines for publication of audited accounts, which is intended to work alongside the draft Code.

3. Local Audit Reset and Recovery Implementation Guidance

The NAO has published the Local Audit Reset and Recovery Implementation Guidance on its Code and guidance pages Guidance and information for auditors - National Audit Office (NAO). Local Audit Reset and Recovery Implementation Guidance notes (LARRIGs) are prepared and published by the NAO on behalf of the Comptroller and Auditor General (C&AG) who has power to issue guidance to auditors under Schedule 6 paragraph 9 of the Local Audit and Accountability Act 2014 (the Act). LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

LARRIG guidance has been issued by the C&AG and published by the NAO to enable auditors (and preparers of accounts) to begin planning its implementation. The guidance will come into effect as statutory guidance to auditors as soon as the relevant legislation underpinning the guidance comes into force, subject to Parliamentary approval. For the purposes of these LARRIGs, these are the Accounts and Audit (Amendment) Regulations 2024, and the 2024 Code of Audit Practice.

<https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

National publications and other updates

4. NAO report: Improving educational outcomes for disadvantaged children

The NAO has published its report Improving educational outcomes for disadvantaged children which examines whether the Department for Education (DfE) is achieving value for money through its funding to support the attainment of disadvantaged children in educational settings in England, from early years to the end of key stage 4 (the end of compulsory schooling). It assesses:

- whether DfE has a coherent approach to support the attainment of disadvantaged children, and its progress against its objectives;
- how DfE understands the attainment of children and how it evaluates what works to effectively allocate resources; and
- the accountability arrangements and support DfE provides schools and early years providers to ensure value for money.

The report concludes that each year, DfE spends around £60 billion to support all children across schools and early years settings. For 2023-24, this included an estimated £9.2 billion focused on supporting disadvantaged children and narrowing the attainment gap between them and their peers, with half of this comprising disadvantage elements of its core funding for schools.

Despite this investment, disadvantaged children performed less well than their peers across all areas and school phases in 2022/23. The gap in children's attainment had been narrowing before the COVID-19 pandemic, which then had a detrimental impact. The gap continues to widen for key stage 4, which is when children leave school, and, while the attainment gap for those finishing primary school narrowed slightly in the past year, it remains wider than it was a decade ago.

DfE has evidence to support some of its interventions and uses this to help schools and early years providers to make decisions. However, it does not yet understand the outcomes resulting from a significant proportion of its expenditure on disadvantaged children. It also does not have a fully integrated view of its interventions, or milestones to assess progress and when more may need to be done.

This, and the lack of sustained progress reducing the disadvantage attainment gap since 2010/11, means that DfE cannot demonstrate it is achieving value for money. To make progress, and secure value for money, it should build more evidence of what works, look strategically across its interventions and how it allocates its funding, and work effectively across government to address the wider factors to make progress on this complex issue.

[Improving educational outcomes for disadvantaged children](#)

National publications and other updates

5 NAO report: The effectiveness of government in tackling homelessness

The NAO has published its report The effectiveness of government in tackling homelessness. Note: On 9 July 2024, the Department for Levelling Up, Housing & Communities (DLUHC) was renamed the Ministry of Housing, Communities & Local Government (MHCLG). The report refers to DLUHC throughout, as that was the name in use at the time of fieldwork.

This report follows on the NAO's last report on homelessness in 2017 – around six months before Homelessness Reduction Act (HRA) 2017 came into force. The report assesses value for money in terms of whether DLUHC is working with government departments and local authorities in a way that maximises government's ability to tackle homelessness. Specifically, it looks to establish whether DLUHC: has a good understanding of the nature of homelessness; is delivering appropriate system leadership; and supports local authorities well.

The report concludes that homelessness is a highly complex issue affected by a wide range of social and economic factors, and by government policy in areas such as housing, welfare and asylum. Statutory homelessness has increased significantly in recent years, meaning that more people are finding themselves either with no stable place to live or in temporary accommodation provided by their local authority.

Providing temporary accommodation alone cost local authorities over £1.6 billion in 2022-23, but it varies in quality and there are gaps in regulation, while some of it – such as B&Bs being used for households with children – is unsuitable. Dealing with homelessness is creating unsustainable financial pressure for some local authorities.

The situation has worsened since the NAO last examined the issue in 2017. Despite the introduction of HRA 2017, homelessness numbers are at a record level and expected to increase. While DLUHC has developed much better homelessness data and stronger links with local authorities, the government still has no strategy or public targets for reducing statutory homelessness, and DLUHC is falling behind on key programmes to improve housing supply. Funding remains fragmented and generally short-term, inhibiting homelessness prevention work and limiting investment in good-quality temporary accommodation or other forms of housing.

Until these factors are addressed across government, DLUHC will not be able to demonstrate that it is delivering optimal value for money from its efforts to tackle homelessness.

[The effectiveness of government in tackling homelessness](#)

National publications and other updates

6. NAO report: DWP customer service

The NAO has published its report DWP customer service which examines whether the Department for Work & Pensions (DWP) has an effective approach to customer service. The evaluative criteria used to assess value for money included whether DWP:

- has a clear framework for monitoring customer service, such as clear objectives, measures and performance reporting;
- has provided good customer service over recent years in relation to four key areas – satisfaction, payment accuracy, payment timeliness and telephony; and
- has clear plans to improve customer service

The report concludes that DWP has a responsibility to provide good customer service, not least because its customers cannot switch to an alternative welfare provider if they are unhappy with the service they receive. Its customers include some of the most vulnerable in society, who rely on DWP for the accurate and timely payment of the benefits to which they are entitled.

Faced with growing demand and a challenging operational context, DWP's customer service has fallen short of the expected standards over recent years, particularly for certain benefits, such as Personal Independence Payment (PIP). It is generally not meeting its performance benchmarks or standards for customer satisfaction, payment timeliness and answering calls to its in-house telephone lines.

There are some areas of strong performance with, for example, the proportion of State Pension customers satisfied with the service they receive consistently above DWP's benchmark of 85%, and Universal Credit performing well on payment timeliness and telephony.

But there are also areas of poor performance, in particular payment timeliness for PIP with only 52% of claims processed in line with the 75-day standard in 2023-24 – although this represents a considerable improvement compared with previous years.

DWP recognises that it needs to transform its services to be a customer-focused organisation. Its modernisation plans are based on a good understanding of the issues that need to be addressed and are necessarily ambitious. However, the scale and complexity of the plans mean delivery is risky, and DWP is unlikely to achieve in the short term the improvements that are needed.

DWP must now set out how it will assess whether its actions to improve customer service are working and how it will track progress towards its goals. This will provide assurance on value for money and help DWP keep its plans on track so that it can consistently provide a good service to those people who rely on it.

[DWP customer service](#)

National publications and other updates

7 NAO report: The condition and maintenance of local roads in England

The NAO has published its report The condition and maintenance of local roads in England which examines whether the Department for Transport (DfT) is ensuring value for money through its funding provision for local road maintenance, and whether it is effectively fulfilling its role in supporting local authorities to deliver local road maintenance. The NAO has assessed whether:

- DfT understands the condition of local roads in England;
- DfT is using its data and information to inform its funding decisions; and
- DfT is supporting local authorities effectively through providing guidance on asset maintenance.

The report concludes that local roads are a vital part of local transport infrastructure, used every day by millions of people. Despite their importance, the condition of local roads is declining and the backlog to return them to a good state of repair is increasing.

DfT has provided between £1.1 and £1.6 billion of capital funding each year to local authorities and has set out plans for additional funding through to 2034. Given the fiscal constraints, it is essential that DfT secures maximum value from the funding it has available.

However, at present DfT does not have a good enough understanding of the condition of local roads and does not use the limited data it does have to allocate its funding as effectively as possible. It does not know whether the funds it allocates are delivering improvements in road condition, and has not updated its guidance to local authorities, to share good practice and help them make the most of their limited funds, for some years.

Managing the local road network is becoming increasingly complex – for example, as climate change and autonomous vehicles demand more from it – and the additional funding that DfT has secured provides an opportunity to equip local authorities to better meet these challenges.

If DfT is able to address the issues in its current approach it will be much better placed to improve the value for money of funding in this area and secure an improved and more resilient local roads network.

<https://www.nao.org.uk/reports/the-condition-and-maintenance-of-local-roads-in-england/>

Contact

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County Durham and Darlington
Fire and Rescue Authority



Safest People, Safest Places

Audit and Finance Committee

10 April 2025

Internal Audit Progress Report

Report of the Head of Internal Audit

Purpose of the Report

1. The purpose of this report is to advise Members on work undertaken by Internal Audit between 01 April 2024 and 31 March 2025.
2. The report aims to:
 - Provide a high level of assurance, or otherwise, on internal controls operated across the Authority that have been subject to audit
 - Advise the Committee of significant issues where controls need to improve to effectively manage risks
 - Advise the Committee of any amendments to the approved Internal Audit plan
 - Advise the Committee of changes to audit processes and terminology
 - Track progress on the response to internal audit reports and the implementation of agreed internal audit recommendations
 - Provide an update on our performance indicators comparing actual performance against planned.
3. The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).

Appendix 1 Progress against the Internal Audit Plan

Appendix 2 Internal Audit Performance Indicators

Progress against planned work

4. A summary of the agreed plan (which covers the 12-month period 01 April 2024 to 31 March 2025) showing the status of each audit as at 31 March 2025 is attached at Appendix 1.

5. The Appendix shows that 17 reviews including four that were carried forward from 2023/24 are scheduled to be completed in 2024/25, of these:
 - 2 reviews are in progress;
 - 13 reviews are complete, at Draft or Final Report
 - 1 Counter Fraud review is complete: and
 - 1 NFI review is in complete
6. The assurance level, if applicable, for each piece of work where a final report has been issued is shown in Appendix 1.

Amendments to Annual Audit Plan

7. During the period, the following amendments have been made to the plan:

Performance – Data Quality (Performance Management System) deferred until 2025/26 at service request
Plant Management replaced with Retained Duty System at service request

Outstanding management response to draft reports

8. No management responses to outstanding Draft Reports are overdue.

Response to Audit Recommendations

9. To provide independent assurance that adequate progress is made in the implementation of agreed recommendations at the appropriate service operational level, all high and medium recommendations contained within actions plans within individual audit reports are followed up by internal audit. In addition, listings of all recommendations outstanding at the end of each month are produced and issued to a nominated representative to assist the Service in its own internal monitoring processes.
10. To allow progress made at the operational level to be tracked and monitored, the numbers of all recommendations made arising from each audit complete, and evidenced as implemented, are shown in Appendix 1. It should be noted that Internal Audit will not follow up Best Practice matters raised.
11. A summary of outstanding audit recommendations, i.e. those not implemented within original agreed or revised target dates, as evidenced through Internal Audit follow up, for period ended 31 March 2025 is given in the table below:

Risk Category	Actions Raised	Total Due	Actions Implemented	Overdue Original	Target Revised	Overdue Revised
2021/22						
High	8	8	8	0	0	0
Medium	17	17	17	0	0	0
Total	25	25	25	0	0	0
2022/23						
High	7	7	7	0	0	0
Medium	23	23	23	0	0	0

Total	30	30	30	0	0	0
2023/24						
High	0	0	0	0	0	0
Medium	17	17	17	0	0	0
Total	17	17	17	0	0	0
2024/25						
High	0	0	0	0	0	0
Medium	11	8	9	0	0	0
Total	11	8	9	0	0	0
Overall Total	83	80	81	0	0	0

12. No recommendations are overdue against original target implementation dates.

Reports issued with a Limited Assurance Opinion

13. No reports have been issued that resulted in a Limited Assurance Opinion.

Corporate Governance

14. The Annual Governance Statement was approved at the November 2024 meeting of the Committee.

Counter Fraud

15. The Audit and Finance Committee considered the Annual Fraud and Corruption report at its meeting of 26 September 2024. Internal Audit will continue to work with the Authority through the year in ensuring the robustness of arrangements in place.

Performance Indicators

16. A summary of agreed target performance indicators is given in Appendix 2.

Recommendation

17. Members are **asked to**

- **consider** the outturn position in delivering the internal audit plan for 2022/23 together with that made by managers in responding to the work of internal audit to gain assurance on the adequacy and effectiveness of the internal control environment.

Nicola Cooke, Audit Manager, Tel: 03000 269665

Appendix 1: Summary of the status of work undertaken and recommendations made and implemented

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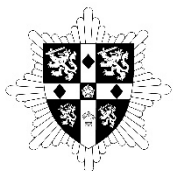
INTERNAL AUDIT SERVICES							High		Medium		Best Practice
Reviews – 2024-25	Work Schedule	Planned Days	Revised Days	Actual Days	Status	Assurance Opinion	M	I	M	I	M
Planned Work											
Assurance Management – AGS	Q1-4	1	1	1	Complete	N/A					
Risk Management	Q1	1	1	1	Complete	N/A					
Key Financial Systems – Creditors	Q3	10	12	10	Final Report	Substantial	0	0	0	0	3
Payroll	Q4	8	8	1	In Progress						
Treasury Management	Q4	4	4	4	Final Report	Substantial	0	0	0	0	1
Performance – Data Quality (Performance Management System)	Q4	8	5	0.5	Deferred to 25/26						
Recruitment and Selection	Q1	8	8	11	Final Report	Substantial	0	0	0	0	2
Ethics – Disciplinary Procedures	Q2	5	8	10	Final Report	Substantial					
Plant Management	Q3	8	0	0	Cancelled						
Back Ups	Q3	10	10	12	Final Report	Moderate	0	0	2	0	0
Retained Duty System	Q4	0	8	8	Draft Report						
IT Strategy	Q4	5	5	4	In Progress						
Counter Fraud											
Counter Fraud Awareness	Q1-4	1	1	1	Complete	N/A					
NFI	Q1-4	2	2	2	Complete	N/A					
Audit Planning and Reporting											
Service Support	Q1-4	13	13	13	Complete	N/A					
Brought Forward Reviews – 2023-24											
Payroll	Q1	2	2	4.5	Final Report	Substantial	0	0	0	0	0
Performance - Data Quality	Q1	2	2	4	Final Report	Substantial	0	0	2	0	2
Partnerships	Q1	0.5	0.5	0.5	Final Report	Substantial	0	0	1	0	0
Active Directory	Q1	1	1	1.5	Final Report	Moderate	0	0	3	0	0
TOTAL		89.5	89.5	40.7			0	0	8	0	8

Appendix 2 Performance Indicators for 2024/25

Efficiency	Objective: To provide maximum assurance to inform the annual audit opinion		
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2025	90%	88% (15 out of 17 reviews completed)
Timeliness of Draft Reports	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview Average time taken is also reported for information	90%	100% (10 out of 10 Draft Reports issued)
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also to be reported for information	95%	100% (9 out of 9 Final Reports issued)
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95%	100% (12 TOR's issued)
Quality	Objective: To ensure that the service is effective and adding value		
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95%	100% (16/16 recommendations agreed)
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service good or above (3 out of 5) where 1 is poor and 5 is very good Average score is also reported for information	100%	100% (average score 4.8 out of 5)
Customers providing feedback Response	% of Customer returning satisfaction returns	70%	88% (7 out of 8 surveys issued)

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County Durham and Darlington
Fire and Rescue Authority



Safest People, Safest Places

Audit and Finance Committee

10 April 2025

Audit Plan 2025/26

Report of the Head of Internal Audit

Purpose of the Report

1. The purpose of this report is to provide the Audit and Finance Committee with an opportunity to view the content of the Internal Audit plan for the period 01 April 2025 to 31 March 2026.
2. The plan was considered and agreed by the Senior Leadership Team at its meeting on 19 March 2025.

Statutory Background to Internal Audit

3. The Treasurer as the Authority's Chief Financial Officer has a duty under S151 of the Local Government Act 1972 to maintain an appropriate framework of control over the Authority's financial affairs. Part of the process by which the S151 Officer meets that requirement is through assurances provided by Internal Audit.
4. Internal audit's function is established by the Accounts and Audit Regulations 2015, which are supported by professional standards for internal audit in the public sector and an advisory note specifically for local government in the United Kingdom.

Role of Internal Audit

5. Internal Audit is an assurance function that provides an independent and objective opinion to the Authority on governance, control, and risk management by evaluating their effectiveness in achieving the Authority's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
6. The Head of Internal Audit is required by professional standards to provide an opinion addressing governance, risk management and control and thereby to provide assurance that the risk to the objectives of County Durham and Darlington Fire and Rescue Authority are being adequately and effectively controlled.

7. The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the Head of Internal Audit to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organisation's control processes.
8. The regulations therefore establish the requirement for an internal audit function and its provision of an opinion on governance, risk management and control processes, following public sector internal audit standards. Professional standards likewise mandate the provision of such an opinion. They also recognise that internal audit involves the provision of such an opinion. They also recognise that internal audit involves the provision of both assurance and consultancy services, but assurance is its primary function and any consultancy work must inform the assurance opinion.
9. The internal audit plan is designed to provide the evidence necessary to support an opinion on governance, risk management and control needs to encompass the following:
 - Coverage of the key components of each part of the opinion, namely, governance, risk management and control;
 - Sufficient coverage over operations as a whole so that a fair assessment may be made across the Service;
 - Coverage of the controls that serve to mitigate the most significant risks to an acceptable level;
 - Coverage of the controls that operate most broadly to mitigate the most significant risks in the greatest number of individual instances to an acceptable level; and
 - Follow up of the actions agreed by management to mitigate risks identified through previous audit activity.
10. Because the overall opinion covers a 12 month financial period, the evidence will relate to the controls in operation for that period.
11. External Audit also rely on the work of Internal Audit in terms of their own governance and assurance work, where applicable and also expect Internal Audit coverage to be adequate in terms of risk faced by the Authority.
12. The agreed aims and terms of reference for Internal Audit are included in the Internal Audit Charter, which is also being presented at this meeting. The Charter identifies the service standards our customers can expect, how areas for audit review are determined, our audit approach and how we agree and report upon recommendations.

Responsibilities of Management

13. Internal Audit is a review and assurance activity and should not be seen as a substitute for introducing and maintaining good internal procedures. Managers in the Authority are responsible for establishing and maintaining a proper and effective control environment and for managing risk in areas for which they have responsibility. Control is an integral part of managing operations and as such Internal Audit independently reviews how effectively management discharges this aspect of its responsibilities by evaluating the effectiveness of systems of internal control and providing objective analysis and

constructive recommendations. Management retain full ownership and responsibility for the implementation of any such recommendations.

Resources Available in 2025/26

14. The Internal Audit plan, set out in Appendix 1 of this report, is based on the level of Internal Audit resource incorporated in the Service Level Agreement between Durham County Council and the Fire Authority covering the period 01 April 2025 to 31 March 2026 and will deliver 86 productive audit days in 2025/26.
15. In accordance with our agreed risk-based audit approach the scope of each review will be determined in discussion with a nominated key contact as part of the preparation stage of the audit in order to identify and agree key risks and expected controls and to ensure that audit resources are used as effectively as possible.

Recommendation

16. It is recommended that in considering the content of the report, the Audit and Finance Committee:
 - Agrees the Internal Audit Plan for 2025/26 attached at Appendix 1 subject to any recommendations that they might like to make to amend / reinforce the plan.

Nicola Cooke, Audit Manager, 03000 269665

Appendix 1: Internal Audit Plan 2025/26

STRATEGIC AUDIT PLAN	
Corporate Governance Risks	
Strategic Risk Management	1
Assurance Management - AGS	1
Data Quality	8
Ethics	5
Collaboration/ Partnerships	8
Counter Fraud	
Counter Fraud Awareness	1
NFI	4
Financial Management	
Key Financial Systems e.g. Debtors, Creditors, Income, Bank Reconciliation and VAT	12
Payroll	8
Treasury Management	4
Procurement/ Contracts	6
ICT Systems Managements	15
Management	
Service Support	13
TOTAL	86

Appendix 2: Internal Audit Plan 2025/26 - Review Scopes

Review	RAG Rating	Scope	Days
Corporate Governance			
Strategic Risk Management	2024/25	<p>Internal Audit is required to place an annual assurance over the Authority's Risk Management arrangements. Attendance at the Performance and Programme Board and Service Leadership Team is considered the most effective mechanism to achieve this.</p> <p>In addition, monitoring of the content and revision of the Strategic Risk Register at Audit and Finance Committee together with reviews of specific risks / activities associated with each audit undertaken provide additional assurance over arrangements in operation.</p>	1
Corporate Governance - AGS	2024/25 N/A	This work is aimed at ensuring the Authority receives annual assurance required to be able to fulfil its statutory responsibility to publish an Annual Governance Statement (AGS) alongside its Annual Statements of Accounts, providing external accountability for how the Authority conducts its business. It includes a review of the AGS to ensure it remains current and tracking of action taken by the Service in response to significant corporate governance issues and is considered the most effective mechanism to achieve this.	1
Data Quality	Various	This review considers the extent to which the Authority's Data Quality Performance Management Framework is effective in ensuring that performance indicators are captured and reported accurately. An area for review needs to be determined	8
Ethics	Various	This review covers a number of activities under the generic heading of Ethical Governance and an area for review needs to be determined	5
Collaboration/ Partnerships	2023/24	To evaluate the control environment of Partnerships and provide an independent opinion on whether or not controls are adequate, appropriate and effective in providing reasonable assurance that risks to the achievement of service/system/process objectives are being managed effectively.	8

Counter Fraud			
Counter Fraud Awareness	2023/24 N/A	An activity aimed to provide proactive support to the Authority in raising Corporate Fraud Awareness.	1
NFI	NFI 2023/24 N/A	The Authority takes a proactive approach in relation to the prevention and identification of potential irregularity through participation within the National Fraud Initiative. Internal Audit acting in capacity of key contact extracts payments data in relation to pensions, payroll and creditors for submission to the Cabinet Office ensuring that this is done in line with data protection requirements. Internal Audit reviews feedback received from the exercise to identify any potential irregularities for the service to investigate before ensuring that outcomes from the investigation of matches are recorded on the NFI web application promptly and accurately.	2
Financial Management			
Key Financial Systems	2023/24	Internal Audit is required to place an annual assurance over the Authority's Key Financial Systems. Review considers the management of risks associated with Income, Banking and Debtors, Ordering and Payments, Petty Cash, Company Credit Cards, Payroll, Treasury Management, Financial Planning and Budgetary Control arrangements.	12
Payroll	2022/23	Internal Audit is required to place an annual assurance over the Key Financial Systems. This review considers the management of risks associated with Payroll it includes starters and leavers processes, adjustments to payments for promotions and honoraria, statutory and other deductions, and that payment is made in accordance with agreed timescales to Officers, staff and external bodies such as HMRC.	8
Treasury Management	2023/24	An Assurance review that considers the management of risks associated with the Treasury Management function. It is an annual review that looks at evidence held in support of investments and loans processed in year, that these have been undertaken in accordance with the Treasury Management Policy and that transactions are correctly posted.	4
Operational Management			
Vehicle Plant Management	2019/20	This Assurance review will consider the effectiveness of Service arrangements in managing risk including some or all of the following: <ul style="list-style-type: none"> • Vehicle and plant failure or breakdown. • Unsafe vehicles and plant due to a lack of maintenance • DVSA and NFCC standards are not met. • Loss or unavailability of testing and maintenance records. • Costs not charged to appropriate vehicle or plant cost centre 	8

		<ul style="list-style-type: none"> • Parts are not cost effectively acquired • Purchase hire costs 	
People Management			
Recruitment and Selection	2019/20	An Assurance review that considers the extent to which Authority Recruitment & Selection arrangements ensure that future workforce needs are identified and that suitable qualified officers are recruited in a fair, efficient and cost effective manner.	8
ICT System Management	Various	Internal Audit is required to place an annual assurance over the Authority's IT Systems. Specific areas for review in 2024/25 are to be determined.	15
Planning and Reporting			
Audit Planning, Advice, Reporting and Follow Up	N/A	This activity supports the Authority through the provision of our quarterly progress and annual reporting arrangements to the Audit and Finance Committee. It includes regular progress meetings with the Head of Corporate Resources to discuss delivery of planned work and any issues of current importance and the verification of action taken by management in implementing agreed Internal Audit recommendations.	13
TOTAL			86

Note: RAG Rating References

Red - Limited

Amber - Moderate

Green - Substantial

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County Durham and Darlington
Fire and Rescue Authority



Safest People, Safest Places

AUDIT AND FINANCE COMMITTEE

10 APRIL 2025

Corporate Risk Register – Position at 31 March 2025

REPORT OF DEPUTY CHIEF EXECUTIVE

Purpose of Report

1. To provide details of the Corporate Risk Register at 31 March 2025.

Background

2. The Service actively manages risks at all levels of the organisation. The Authority's Risk Management Strategy sets out the framework for the reporting of risks and mitigating actions to members of the Fire Authority. This process also enables members to consider any risks that they have identified and their impact on the Authority.

Corporate Risk Register

3. The corporate risk register is a dynamic document that provides a summary of the high-level risks facing the Service. Officers review the risks facing the Service on an on-going basis as part of the overall control framework within individual sections. The Service Management Team and the Service Leadership Team also scrutinise risks monthly to ensure a corporate and cross cutting approach.
4. There are currently six risks on the corporate risk register. The register shows the original risk that has been identified, the gross risk score and the residual risk score after mitigating actions. A copy of the corporate risk register is attached at Appendix A.

Recommendations

5. Members are requested to note the report.

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Corporate Risk Register – 31 March 2025

<u>Risk Reference</u>	<u>Risk Description</u>	<u>Risk Score</u>	<u>Residual Score</u>	<u>Status</u>	<u>Change to Risk Score</u>
ER218	Heightened terrorist threat in County Durham and Darlington increasing the risk to CDDFRS staff and communities. This also includes the organisation not being able to provide critical services to the community due to a major disruption.	12 L=3 I=4	9 L=3 I=3	<p>The score reflects the latest intelligence.</p> <p>The Chief Fire Officer and SLT members are embedded across the LRF. The lead National Incident Liaison Officer (NILO) provides updates to the Service on national counter terrorism issues. the Service is also involved in the counter terrorism strategy (CONTEST) and production of the counter terrorism local profile. Marauding terrorism attack (MTA) refresher training delivered each year for revalidation of competence.</p>	NO CHANGE

Appendix A

<u>Risk Reference</u>	<u>Risk Description</u>	<u>Risk Score</u>	<u>Residual Score</u>	<u>Status</u>	<u>Change to Risk Score</u>
ER224	Failure to respond effectively and provide services due to Industrial Action.	<p>15 L=3 I=5</p>	<p>8 L=2 I=4</p>	<p>No industrial action has been notified however the position regarding firefighters pay could escalate to industrial action in 2025 if an acceptable offer is not made. Future national uncertainties could also impact on this risk such as governance changes.</p> <p>The residual score reflects the fact that we have effective management of industrial relations and a communications strategy to all stakeholders together with a business continuity plan relating to industrial action.</p>	NO CHANGE

Appendix A

<u>Risk Reference</u>	<u>Risk Description</u>	<u>Risk Score</u>	<u>Residual Score</u>	<u>Status</u>	<u>Change to Risk Score</u>
FIN152	Failure to achieve the savings via the service transformation options outlined in the CRMP consultation leading to a greater budget deficit.	<p>20 L=4 I=5</p>	<p>8 L=2 I=4</p>	<p>The 2025/26 budget and MTFP was approved by the CFA in February 2025. The MTFP shows a balanced budget for 2025/26 and forecast deficits of £1.092M in 2026/27, £0.682M in 2027/28 and £0.743M in 2028/29.</p> <p>Several savings options have been developed to deal with any future shortfall in funding. These options have been discussed in detail with members at the Strategic Planning Days and further savings options are also being examined to assist in balancing the budget.</p>	NO CHANGE

<u>Risk Reference</u>	<u>Risk Description</u>	<u>Risk Score</u>	<u>Residual Score</u>	<u>Status</u>	<u>Change to Risk Score</u>
FIN153	The actual position relating to pay awards, inflation and grant cuts etc, turns out to be different to the assumptions underpinning the MTFP leading to a greater budget deficit.	20 L=4 I=5	12 L=3 I=4	<p>The MTFP assumptions are monitored on an on-going basis. The residual impact has been increased from 8 to 12 to reflect the reduction in government funding in 2025/26, the increase in employers NI which was not fully funded and the risk of increased pay awards.</p> <p>The MTFP is based upon increases in pay awards of 2% in 2025/26 and the following years. The MTFP deficit position could change dramatically if pay awards are agreed above this level.</p> <p>Whilst it is impossible to predict what might happen in the future, alternative MTFP scenarios have been modelled to illustrate the impact of changes to the assumptions.</p> <p>The situation regarding pay awards and inflation is monitored closely and any impact on the budget in the current year would normally be managed using contingencies and/or reserves. Members will be kept informed if further corrective action is required.</p>	INCREASED

Appendix A

<u>Risk Reference</u>	<u>Risk Description</u>	<u>Risk Score</u>	<u>Residual Score</u>	<u>Status</u>	<u>Change to Risk Score</u>
FIN 225	Insufficient government funding to meet capital programme requirements which could impact on the revenue budget leading to an increased MTFP deficit.	12 L=3 I=4	9 L=3 I=3	The Authority no longer receives government funding for capital expenditure which was previously £1.3M per annum. Provision is made in the revenue budget going forward to meet the impact of borrowing and/or direct funding. We continue to lobby for the reinstatement of this funding to reduce further pressure on the revenue budget from increased debt repayment costs.	NO CHANGE
FIN 08	Changes to public sector pension schemes could lead to higher employer and employee contributions; increased turnover of staff; difficulty in recruiting and retaining high calibre staff and a reduction in staff morale and productivity.	15 L=3 I=5	9 L=3 I=3	<p>We have been informed by the Home Office that the pensions grant will continue at its current level prior to being mainstreamed into settlement funding. This provides some certainty on future funding for pensions.</p> <p>The proposals to address age discrimination in the Firefighters pension schemes resulting from the McCloud Sargeant case could lead to a significant increase in the level of employer's pension contributions and a range of staff retiring and accessing their pension earlier than anticipated.</p>	NO CHANGE

				<p>Regular guidance continues to be received from the LGA. This is reported to the Pension Board and followed by the Service.</p> <p>The recruitment strategy includes options to bring in replacement staff quickly, if necessary, in order to maintain operational response.</p>	
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