

Auditor's Annual Report

County Durham and Darlington Fire and
Rescue Authority– year ended 31 March
2022

February 2023



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Section 01: **Introduction**

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for County Durham and Darlington Fire and Rescue Authority (the Authority) for the year ended 31 March 2022. Although this report is addressed to the Authority, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 30 November 2022. Our opinion on the financial statements was unqualified.



Wider reporting responsibilities

We have not received the group audit instructions from the NAO and are therefore unable to complete our work on the Authority's Whole of Government Accounts return.

This means we are unable to issue our audit certificate formally closing the audit for the 2021/22 financial year.



Value for Money arrangements

In our audit report we reported that we had not completed our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Authority's arrangements.

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Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Authority and whether they give a true and fair view of the Authority's financial position as at 31 March 2022 and of its financial performance for the year then ended. Our audit report, issued on 30 November 2022 gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

Our Audit Completion Report, presented to the Authority's Audit and Finance Committee on the 28 September 2022 provides further details of the findings of our audit of the Authority's financial statements. This includes our conclusions on the identified audit risks and areas of management judgement, internal control recommendations and audit misstatements identified during the course of the audit.

Qualitative aspects of the Authority's accounting practices

We reviewed the Authority's accounting policies and disclosures and concluded they complied with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Authority's circumstances.

Draft accounts were received from the Authority on 21 June 2022, well in advance of the revised statutory deadlines and were of a good quality. The accounts were supported by good quality working papers and we received full co-operation from the Finance team in responding to our queries on a prompt basis.

Significant difficulties during the audit

We did not encounter any significant difficulties during the course of the audit and we have had the full co-operation of management.

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Section 03:

Commentary on VFM arrangements

3. Commentary on VFM arrangements

Overall summary



3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services



Governance - How the Authority ensures that it makes informed decisions and properly manages its risks



Improving economy, efficiency and effectiveness - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Authority has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators where applicable
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 10.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Authority. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**

We make these recommendations for improvement where we have identified a significant weakness in the Authority arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.

- **Other recommendations**

We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

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Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	No
 Governance	14	No	No	No
 Improving economy, efficiency and effectiveness	18	No	No	No

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3. Commentary on VFM arrangements

Financial Sustainability

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



3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

How the Authority identifies significant financial pressures that are relevant to its short and medium-term plans

The Authority is required to set a balanced budget on an annual basis and to agree a reserves strategy to manage longer-term risk. A Medium Term Financial Plan (MTFP) has been developed covering a 4 year timeframe from 2021/22 to 2024/25. The Combined Fire Authority (CFA) holds a Strategic Planning Day where budget pressures are considered as well as the priorities within the Authority’s Community Risk Management Plan. This is supported by consultation with the public, staff, partners and other stakeholders.

The plan recognises the risks and uncertainties facing the Authority in terms of cost pressures, future funding arrangements, volatile income levels and potential variations in the costs of the delivery of demand led services in particular. Our review of the MTFP and associated assumptions identified no evidence of significant weaknesses in arrangements. The Authority has undertaken sensitivity analysis to determine the impact of the above assumptions on the budget. However, the Authority faces a number of pressures including uncertainty over the long term funding arrangements from Government, increased pay demands and inflation.

Budgets are monitored on a monthly basis and reported to Members via the Audit and Finance Committee, and the CFA. The Authority’s outturn report for 2021/22 showed a balanced budget position with £1.8m drawn from the modernisation earmarked reserve to facilitate capital works. This is a planned use of reserves to avoid the need for additional borrowing. The Authority’s earmarked reserves have reduced in total from £7.69m to £5.75m. General fund reserves have increased slightly from £1.459m to £1.51m in line with the agreed policy of maintaining the balance at 5% of the net expenditure.

Our work did not identify any evidence to indicate a significant weakness in arrangements..

How the Authority plans to bridge funding gaps and identifies achievable savings

The Authority completed scenario planning as part of the 2021/22 MTFP, modelling the worst, mid and best case scenarios and calculating any potential shortfall in funding for 2022/23. In the best case scenario, there is a shortfall of funding of £0.626m in 2022/23 rising to £0.964m in 2024/25; in the worst, this is £1.269m rising to £2.836m.

The Authority has identified a range of savings options it can take to offset the shortfall should it materialise. The total amount of identified savings is £8.35m although some of these would be more difficult to implement than others.

The MTFP has been updated for 2022/23 and we will consider this in more detail as part of our work on our 2022/23 value for money commentary. This forecasts a small overspend of £0.386m at quarter 2. In terms of reserves, the 2022/23 MTFP figures were compiled in February 2022 and at the year-end the Authority decided to finance capital from reserves to reduce borrowing and bring reserves more in line with historic levels. This planned use of reserves to finance capital is in line with previous years and the Authority recognises that they will not be able to keep using revenue reserves.

There will be a need for additional borrowing to support the capital programme rather than draw further on the Authority’s reserves and this is set out in the 2022/23 MTFP. This will be £3.1m in 2022/23 and a total of £9.8m across the MTFP to 2025/26. The costs of the additional borrowing is in line with the prudential code and is factored into the MTFP.

The 2022/23 MTFP recognises the shortfalls in funding (as in 2021/22) and there are a similar range of savings options available to balance the budget over the MTFP. Given the increasing pressure on pay and inflation, there is likely to be a need to implement some of the options from 2023/24 to ensure that there is no further significant draw on reserves. The Authority has a good record of delivering on its savings plan in previous years including the rationalisation of fire stations, revision of shift patterns and crewing levels and reductions in the senior management team.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

As noted above, the annual business planning process provides the link between finances and the Authority’s strategic and statutory priorities. The plan drives the resourcing and financial plans for the organisation, resulting in the annual budget.

The financial plans recognise the ongoing pressure the Authority faces and the impact on its reserves strategy. In-year monitoring reports detail the pressures faced by the Authority.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

How the Authority ensures that its financial plan is consistent with other plans

The MTFP report highlights the implications on the workforce, equality, legal, human rights and risks. Saving plans are risk assessed to advise Members of the impact of implementation on the community and service delivery. The plan also considers the impact on the Community Risk Management Plan.

The Treasury Strategy is updated on an annual basis and sets out how the Authority manages risks and benefits associated with cash-flow and treasury management.

Risk management is also considered in terms of financial plans and Corporate and Operational risk-registers are regularly updated and reported to the Audit and Finance Committee and CFA throughout the year.

The Audit and Finance Committee and CFA consider the updated financial position at various stages throughout the year and allows for Member scrutiny and challenge. The financial plans for 2021/22 and 2022/23 were considered in February 2021 and February 2022 respectively.

The annual budget process includes reviewing the Authority’s reserves. We confirmed a review was completed in 2021/22 and 2022/23 to ensure funding set aside remains in line with strategic and statutory priorities. This is evidenced in the outturn reports presented to the Audit and Finance Committee and CFA during the financial year.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Authority identifies and manages risks to financial resilience

The financial plan recognises the risks and uncertainties facing the Authority in terms of cost pressures, future funding arrangements and potential variations in the costs of the delivery. Our review of the financial plan shows that there is no evidence that assumptions are unrealistic and that reserves are below the minimum required although they are at a relatively low level for an Authority of this size. The Authority has recognised that it cannot continue to draw on its reserves to manage the capital programme and has taken out additional borrowing over the MTFP.

The Authority has an established risk management framework and the Audit and Finance Committee receives regular risk management updates. These reports contain evidence of a clear summary of the Authority’s performance, detailing significant variances and providing adequate explanation of the causes.

As noted above, the Authority undertakes sensitivity analysis on its key assumptions and scenario planning across the MTFP. There are significant pressures in relation to pay and inflation and this will require additional savings to be implemented in 2023/24 to balance the MTFP. We are satisfied that there are saving plans in place and that the Authority has a good record of delivering on its plans in previous years.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. Commentary on VFM arrangements

Governance

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



3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

How the Authority monitors and assesses risk and how the Authority gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

County Durham and Darlington Fire and Rescue Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework, Delivering Good Governance in Local Government.

The Authority operates a risk management framework linked to the achievement of its strategic priorities, supports its decision-making processes and protects the Authority’s reputation and other assets. This creates a framework within which risks are identified and evaluated prior to mitigation plans being put in place. The Audit and Finance Committee has responsibility for monitoring and reviewing the risks, control and governance processes and associated assurance processes to ensure Internal Control systems are effective and that policies and practices are in compliance with statutory and other regulations and guidance. The Service Management Team and the Service Leadership Team also scrutinise risks monthly to ensure a corporate and cross cutting approach.

The role of the Audit and Finance Committee also includes considering the work of External Audit, Internal Audit and Finance Management and making recommendations concerning relevant governance aspects of the Constitution. The Authority has outsourced its internal audit and counter-fraud services to Durham County Council. The Internal Audit Plan and Head of Internal Audit Report is reviewed by the Audit and Finance Committee. As detailed in the plan, Internal Audit uses a risk-based approach to determine the priorities of the internal audit activity, consistent with objectives.

The Audit and Finance Committee received regular updates on the Audit Plan. Internal Audit reports highlight weaknesses and recommend actions where required to strengthen processes or procedures. These are regularly reported to the Audit and Finance Committee which holds management to account where weaknesses are identified. The Committee monitors management actions in response to recommendations and this is reported on a regular basis. The Committee challenges management if recommendations are not implemented within the agreed timeframe.

The Head of Internal Audit issued a Moderate overall assurance opinion on the adequacy and effectiveness of internal control operating across the Authority in 2021/22 (Moderate in 2020/21). The moderate opinion provides assurance that there is a sound system of control in place however there are some weaknesses and evidence of ineffective controls.

The Authority has a framework of written procedures and controls. Central to these are detailed rules for decision making, and rules of procedure, including; a Constitution, Standing Orders, Contract Procedure Rules,

Financial Regulations, Member and Officer Codes of Conduct, and a Whistleblowing Policy. The Authority has a dedicated counter fraud response and strategy which includes fraud governance and arrangements to prevent, detect and pursue fraud including Anti-Fraud, Anti-Bribery & Anti-Corruption Policies.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Authority approaches and carries out its annual budget setting process

Financial regulations contain details on the overall annual budget preparation and a timetable is put in place. The financial plan recognises the risks and uncertainties facing the Authority in terms of future cost pressures, funding arrangements and potential variations in the costs of delivery. The plan is supported by consultation with other partners and stakeholders. The CFA holds a Strategic Planning Day where budget pressures are considered as well as the priorities within the Authority’s Community Risk Management Plan. The plan is supported by consultation with the public, staff, partners and other stakeholders.

The Finance Committee meets regularly throughout the budget setting process to monitor progress against timetable and consider savings options to ensure a balanced budget.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

How the Authority ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Authority produces a monthly budget monitoring reports to all budget holders and regular meetings are held with finance to discuss variances. Quarterly forecasts of outturn reports are presented to the Senior Leadership Team (SLT) and to the Audit and Finance Committee. Regular reports on performance are presented to Performance and Programme Board (PPB), SLT, Performance Committee and the CFA. A suite of performance indicators (PIs) is employed to measure both operational and corporate performance. Targets are set on an annual basis against SMART criteria and take account of longer-term trends and the potential for spikes in performance. In addition to setting a target level for relevant PIs, the Service also employs a system of tolerance limit triggers that allow under or over performance to be highlighted to the PPB when the PI goes beyond set tolerances, which vary depending on the indicator. Each PI has a total of four tolerance limit triggers, two each for both under and over performance. The performance report is by exception and highlights areas where performance was strong or required improvement.

The financial statements were submitted for audit in 2021/22 on 21 June 2022 – well ahead of the revised statutory deadline. Our audit of the financial statements did not identify any matters to indicate a significant weakness in the accuracy of the financial information reported or the process for preparing the accounts. It is our experience that management takes action to address audit matters in a timely and appropriate manner.

We have reviewed the Authority’s minutes and confirmed there was regular reporting of the financial and performance position during the 2021/22 financial year. This included detail of movements in the budget and forecast outturn between quarters. The reports detailed the in-year pressures as well as planned mitigations. The outturn position was not significantly different to that reported to Members during the year.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Authority ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.

County Durham and Darlington Fire and Rescue Authority’s governance arrangements are set out in its Constitution. The Constitution sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people.

The Authority ensures that appropriate legal, financial, and other professional advice is considered as part of the decision-making process and observes specific requirements of legislation.

The Authority is transparent about how decisions are taken and recorded by:

- Ensuring that decisions are made in public and recording those decisions and relevant information and making them available publicly; and
- Having rules and procedures which govern how decisions are made.

The Authority has adopted a confidential reporting policy, details of which have been communicated to staff and are available electronically.

The Authority ensures that transparent and accessible arrangements are in place for dealing with complaints. The website includes facilities for complaints to be made against the Authority by the public and processes are in place to progress any complaints that are made. Information on Transparency is published on the Authority’s website and includes areas such as expenditure exceeding £500, register of contracts, policies, grants to voluntary, community and social enterprise organisations for example. The Authority also publishes relevant information relating to salaries, business interests and performance data on its website.

It has an Audit and Finance Committee that operates in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Authority publishes information to the Authority and its Committees as part of established accountability mechanisms.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

The Authority acts upon the findings/recommendations of Internal Audit and External Audit Reports and is committed to the publication of transparent performance information. This includes but is not limited to:

- Budget reports;
- Operational performance reports;
- Medium-Term Financial Plan;
- Statement of Accounts;
- Annual Governance Statement;
- Statement of Assurance; and
- Information required under the Local Government Transparency Code.

Financial monitoring is completed throughout the period including outturn against budget and forecasting for the remainder of the period.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Authority monitors and ensures appropriate standards are maintained

The Constitution sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. The Authority has in place a framework of written procedures and controls. Central to these are detailed rules for decision making, and rules of procedure, including; a Constitution, Standing Orders, Contract Procedure Rules, Financial Regulations, Member, Officer Codes of Conduct, and a Whistleblowing Policy.

The Authority ensures that appropriate legal, financial, and other professional advice is considered as part of the decision-making process and observes both specific requirements of legislation and general responsibility by Law.

Contract Procedure Rules require procurement decisions to comply with basic principles.

The Authority has written code of conducts in place for Members and Employees and a register of gifts and hospitality.

The Annual Governance Statement (AGS) is published and reviews the effectiveness of the Authority's Governance Framework.

A Treasury Management Strategy is approved each year with the current version approved in February 2022. There is no history of non-compliance with laws and regulations and treasury management activity.

We did not identify any areas of significant non-compliance with the CIPFA Code in terms of the financial statements.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. Commentary on VFM arrangements

Improving economy, efficiency and effectiveness

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



3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

How financial and performance information has been used to assess performance to identify areas for improvement

There are established processes in place for reviewing financial and performance information and using this to inform areas for improvement. Forecast of Outturn reports to the Senior Leadership team and the Audit and Finance Committee highlight variances for discussion including both revenue and capital.

The Authority’s Community Risk Management Plan (CRMP) underpins the vision ‘to deliver a professional, innovative and effective Fire and Rescue Service’ with the communities that they serve (see links in governance section).

The Performance Committee and the Authority consider reports on performance on a quarterly basis detailing performance against a suite of performance indicators and information on corrective action being taken. The indicators measure both operational and corporate performance and targets are set on an annual basis against SMART criteria and take account of longer-term trends and the potential for spikes in performance.

In addition to setting a target level for relevant indicators, the Service also employs a system of tolerance limit triggers that allow under or over performance to be highlighted to the PPB when tolerances are exceeded. Performance is presented from two perspectives, by comparison against the annual target levels, and by comparison with performance at the same point last year.

An overview across both operational and corporate key PIs at the end of quarter four for 2021/22 shows 63% of the strategic PIs met or exceeded their target level, while 56% of the strategic PIs either maintained or improved when compared to performance last year. The performance report is by exception and highlights areas where performance was strong or required improvement.

In addition, the Authority undertakes periodic budget revisions that are presented to the Authority. These identify where there are under / overspends and highlight mitigating activity where appropriate.

Areas of adverse performance feed into the Authority’s risk register where relevant.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Authority evaluates the services it provides to assess performance and identify areas for improvement

The Authority monitors detailed performance through the performance Committee and also receives regular summary reports on performance. Quarterly performance reports are provided to the Performance and Programme Board, the senior Leadership Team, the Performance Committee and the CFA.

One of the priorities is to reduce the risks to vulnerable people in communities through prevention work by operating a mutual referral pathway with partner agencies. The Authority aim to identify and target the most vulnerable members of our communities with the highest proportion of our Safe and Wellbeing Visits aimed at these individuals. Recent examples of this include the use of a number of datasets associated with elevated risk. This involves profiling geographical areas, businesses, dwellings and individuals by combining data from past incident activity and other demographic data such as age, deprivation and lone households.

The Authority is subject to review by Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The 2021/22 report was published in January 2023 and covered the following criteria:

- **Effectiveness** - *How effective is the fire and rescue service at keeping people safe and secure from fire and other risks?*
- **Efficiency** – *How efficient is the fire and rescue service at keeping people safe and secure from fire and other risks? and*
- **People** - *How well does the fire and rescue service look after its people?*

The Authority was rated as follows:

Effectiveness	Good
Efficiency	Good
People	Good

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

There was only one area out of 14 which ‘required improvement’ in relation to ‘protecting the public, through fire regulation’. The report found that the Authority does not always have the ability to investigate alleged fire safety offences with a view to prosecution; and that once prohibition notices are served, most aren’t followed up regularly to check compliance.

The other areas were all rated as ‘GOOD’. The report noted that overall, the service has improved since the last inspection, which is reflected in the gradings.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Authority ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Service is a member of County Durham Partnership and Darlington Partnership and has a seat on each board. A collaboration register is in place to record and monitor progress of collaboration initiatives with partners. Partnerships and collaboration initiatives are monitored through PPB. The Authority actively pursue collaboration opportunities with the Police, Ambulance and other Fire Services.

Collaboration with neighbouring FRS’s continues - establishing a regional collaboration group which has been broadened out to include Cleveland FRS. This includes an agreement to share specialist appliances and promote additional opportunities for collaboration.

The Authority has a strong track record of collaboration with partners including:

- The building of the first quad station in the country at Barnard Castle which, when complete, will provide a joint facility for the Fire, Police, Ambulance and Mountain Rescue services;
- A joint facility with the Police at Belmont Training Centre for incident command training; and

- The provision of Community Safety Tri Responders at Stanhope where staff work for the Fire, Police and Ambulance services according to demand.

Durham Constabulary, the Great North Air Ambulance Service (GNAAS), Hazardous Area Response Team (HART) and other partners use the Fire’s state-of-the-art training centre at Bowburn, and the Authority share several of our Service estates’ premises with Durham Constabulary and North East Ambulance Service (NEAS).

The Authority use a collaborative approach with police colleagues for Fire Investigation, implementing the International Standardisation Organisation (ISO)17020 standard.

The Authority is also among leading members of emergency services in assisting the Home Office to deliver new technological solutions for emergency service communications on a new Emergency Services Network (ESN).

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

How the Authority commissions or procures services, how the Authority ensures this is done in accordance with relevant legislation, professional standards and internal policies, and how the Authority assesses whether it is realising the expected benefits

County Durham and Darlington Fire and Rescue Authority has adopted procurement approval procedures which ensure that all procurements comply with its contract procurement rules. The Service has adopted a Whole Life Cycle Approach for managing the purchase of assets. The key aims of the procurement strategy are:

- Efficiency - Ensuring the Authority obtains maximum value from every pound that is spent through consistent and innovative procurement practice;
- Governance - Ensuring the Authority has appropriate and proportionate controls, systems and standards to manage procurement risk and to comply with legal requirements; and
- Improvement - Seeking new ways to develop and improve the Authority’s procurement activities and exploring how those activities can deliver the Authority’s ambitions.

This is supported by a Procurement Policy which helps to ensure conformity and consistency in procurement - ensuring that all goods and services entering the Service are subject to the appropriate checks, risk assessments, certification, documentation and staff training requirements. There are also procurement procedures which underpin the policy and strategy and ensure that it is adhered to on a day to day basis.

Any relevant professional standards are also asked for in the tender process and these are checked annually by the contract manager to make sure they are still in date.

All contracts are subject to legal review and the purchasing system ensures that procurement is carried out in a way which complies with all relevant legislative requirements.

All tenders have between 10% and 20% of the scoring set aside for social value and this is monitored by the contract manager and through contract meetings. In addition, the Authority addresses ethical supply chain issues through Sustainable Buying Standards, which are mandatory in all relevant Authority contracts.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

04

Section 04:

**Other reporting responsibilities and
our fees**

4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data,

We have not yet received group instructions from the National Audit Office for 2021-22 therefore we are unable to issue our audit certificate until this work is completed.

4. Other reporting responsibilities and our fees

Fees for work as County Durham and Darlington Fire and Rescue Authority's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit and Finance Committee in March 2022. Having completed our work for the 2021/22 financial year, we can confirm that our fees are as follows:

Area of work	2020/21 fees	2021/22 fees
Planned fee in respect of our work under the Code of Audit Practice	£22,235	£22,235
Additional fees in respect of group consolidation (this is a well established recurring element of the fee)	£1,477	£1,477
Recurring increases in the base audit fee arising from regulatory pressures (as reported in the 2019/20 audit)	£4,747	£4,747
Additional fees in respect of the new VFM approach (recurring)	£5,000	£5,000
Additional fees in respect of new ISA540 requirements in relation to Accounting estimates and related disclosures (recurring)	£1,900	£1,900
Total fees	£35,359	£35,359

Fees for non-PSAA work

We confirm that we have not undertaken any non-audit services for the Authority in the year.

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Gavin Barker, Director – Public and Social Sector

gavin.barker@mazars.co.uk

Mazars

Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.