

# Auditor's Annual Report

Tyne and Wear Fire and Rescue  
Authority – year ended 31 March 2022

February 2024



# Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on VFM arrangements
- 04** Other reporting responsibilities

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# 01

## 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 Tyne and Wear 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 22 February 2024. Our opinion on the financial statements was unqualified.



### Wider reporting responsibilities

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data and to carry out certain tests on the data. As for 2020/21, we anticipate a delay before we will be able to issue our 2021/22 audit certificate, as we await NAO clearance on whether we will be required to undertake additional procedures as a sampled component.



### Value for Money arrangements

In our audit report issued we reported that we had 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. Section 3 provides our commentary on the Authority's arrangements .

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# 02

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 22 February 2024 gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

# 03

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
- 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.

### 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.

Introduction




Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# 3. VFM arrangements – Overall summary

## Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 <b>Financial sustainability</b>	11	No	No	No
 <b>Governance</b>	15	No	No	No
 <b>Improving economy, efficiency and effectiveness</b>	18	No	No	No

Introduction

Audit of the financial statements

**Commentary on VFM arrangements**

Other reporting responsibilities and our fees

### 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

### Overview of 2021/22 Financial Statement Performance

We have undertaken a high-level analysis of the audited financial statements, including the Movement in Reserves Statement and the Balance Sheet.

The Authority's Balance Sheet has remained fairly stable when compared to the prior year. However, we note that during 2021/22, a sector-wide issue was identified relating to the availability of more up to date information regarding the triennial valuation of Tyne and Wear Pension Fund which needed to be reflected in the 2021/22 financial statements. This had no impact upon usable reserves.

The Authority's useable reserves have remained fairly consistent at £40.9 million at 31 March 2022 compared to £40.7 million at 31 March 2021. The General Fund Balance has also remained consistent at £4.089 million compared to £3.943m which is in line with our expectation based on our knowledge of the Authority. These reserves provide some mitigation against future financial challenges. However, the Authority will need to ensure that any use of reserves to smooth the financial position over the next few years is properly planned. The use of reserves cannot be relied on to provide a long-term solution to funding gaps.

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

The Authority produce a revenue budget each year, as well as a longer-term Medium Term Financial Strategy (MTFS) covering a four-year period which is updated on an annual basis and is very clear and comprehensive.

The Authority has an established process for developing its MTFS, with a history of either meeting or underspending against its financial targets with savings consistently delivered over the past few years despite challenging circumstances due to public sector austerity as well as the pandemic.

The arrangements for approval and reporting of the budget and MTFS are also well established, and the Authority reports regularly on its financial performance to the Policy and Performance Committee, Governance Committee, and the full Authority. This was evidenced through our review of minutes of those meetings, as well as attendance at the Governance Committee throughout the financial period.

The outturn report for 2021/22 was presented at the Authority meeting in July 2022, with the revenue budget showing a net underspend of £0.272 million, in addition to the realised savings of £0.700m that had previously been reported.

The original capital programme for 2021/22 approved by Members showed planned capital expenditure of £13.225 million, although this was subsequently revised to £17.501 million and reported to Members in January 2022. However, the Capital Programme outturn reported in July 2022 reflected a reduction in spending with revised capital expenditure of £2.863 million. The reduction was mainly due to slippage of projects into 2022/23. The capital outturn report noted that projects that have slipped into 2022/23 were to be financed from Reserves, Section 31 Grant and external contributions. Adjustments were made as part of the final accounts' year end process and this funding was built into the 2022/23 capital budget.

### How the Authority plans to bridge funding gaps and identify achievable savings

The MTFS sets out savings required to bridge the funding gaps over the medium term. The most recent MTFS, which covers the period 2022/23 to 2025/26 was presented to the Authority alongside the 2022/23 revenue budget for approval in February 2022. The MTFS showed a funding gap of £0.516 million in 2022/23, followed by further funding gaps in 2023/24, 2024/25 and 2025/26.

The MTFS is based on the use of reserves to plug these gaps, although the future budgets are based on a series of assumptions for which there is a large degree of uncertainty, particularly with regards to the future levels of funding to be received from the Government. As part of our work, we have considered the assumptions used and are satisfied that they are based on the most up to date information available and are not unreasonable. Furthermore, our review of minutes and attendance at meetings show that the position is continuously monitored and regularly updated by the Finance Director to update for any changes as and when the funding position becomes clearer.

At the time of carrying out our VFM work for 2021/22 (September 2023) we were able to compare the MTFS against the actual outcome for 2022/23. Revenue Budget and Capital Programme Outturn positions for 2022/23 were reported to Authority at the meeting in June 2023. The Revenue Budget Outturn for 2022/23 was positive with an underspend at the end of the financial year of £1.914 million. The main variations were as a result of net underspends in employee costs, premises costs and an increase in income, which was partially offset by overspends in transport, supplies and services and support services costs. Underspends against budget have reduced the need to draw down from reserves in year .

The Medium-Term Financial Strategy, approved in February 2023, identified a £2.9 million funding gap by 2026/27 but available reserves allow the Authority the necessary lead time to develop savings to bridge this gap. The Authority delivered efficiency savings of £4.7 million in 2021/22 and £3.7 million in 2022/23.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria - continued

We also noted that the budget and MTFS are updated on an ongoing basis for any issues arising during the year. This can be evidenced through a report which was taken to members in February 2022 to provide an update on the budget position which had previously been reported in January 2022. The report provided detail on changes to the budget caused by business rates deficits reported by the District Councils in respect of the Collection Fund.

The Authority retains an appropriate level of earmarked reserves as determined by the Authority's MTFS and Risk Analysis. The level of earmarked reserves remained stable in 2021/22 and although it reduced slightly in 2022/23 the Authority still held £33.4 million in earmarked revenue reserves at 31 March 2023, which represents 65% of the net budget. The reserves have been subject to a thorough review by senior management of the Authority, including the Finance Director, to ensure they are robust, appropriate and will meet the assessed financial risks of the Authority. Furthermore, our review of minutes has highlighted there is sufficient challenge on the use of reserves by members, although the Authority is limited in its capacity to reduce the level of use of reserves given the uncertain funding position.

Although this position demonstrates a challenge to the Authority in future periods, the Authority is not alone in facing this challenge as we understand that this is the position across a majority of public sector bodies. Previous performance has shown that TWFRAs are able to successfully balance their budgets and respond to changes effectively. As previously noted, the use of reserves cannot be relied on to provide a long-term solution to funding gaps, therefore further savings and/or sources of additional income continue to be required, which the Authority is aware of and is actively exploring options to address.

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

Resources follow priorities through the MTFS, which is sustainable over the four-year period whilst maintaining a prudent general minimum reserve which is risk assessed annually and reported to the Authority.

There are no short-term fixes other than the planned use of reserves specifically built up in recent years (including 2020/21) to phase in savings measures over the next few years, although it is important to remember that the MTFS is based on several key assumptions which are still uncertain at this stage (as noted above). However, we are satisfied that regular monitoring and reporting of the financial position means that this is not unsustainable and does not indicate a significant weakness in arrangements. The Authority is reasonably placed to support the sustainable delivery of services and recent reports indicate performance is still strong.

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

The MTFS is underpinned by workforce planning and the asset management plan and takes account of risks and planning assumptions within the Integrated Risk Management Plan (IRMP). We have not identified any inconsistency between the various plans in prior years or from our review of the new IRMP.

The Authority work closely with Sunderland City Council, who are responsible for the Treasury Management function on behalf of the Fire Authority. Treasury Management, including Borrowing Strategy and Risk management Reviews, are reported on a regular basis to the Governance and Authority Committees, with the Treasury Management Policy and Strategy for 2022/23 being approved by Full Authority at the meeting in March 2022.

### How the Authority identifies and manages risks to financial resilience

The MTFS outlines uncertainties, challenges, and risks facing the Authority over the life of the plan. Appendix C of the MTFS presented to full Authority in February 2022 details the financial risk analysis carried out by the Authority to show the potential risks and impact of those risks on the MTFS. Substantial work is undertaken to understand possible future impacts on the budget, and the Authority's medium term budget projections consider various budget pressures, such as pay and price increases, as well as the revenue implications of the capital programme and other pressures. The Authority also hold general reserves of £4.089 million which reflect the S151 Officer's financial risk assessment and represents 8% of budget. There have been no significant overspends or unplanned use of reserves in recent years.

In November 2021, the Governance Committee received a report on the latest quarterly review of the Authority's current Corporate Risk Register (CRR) undertaken by the Executive Leadership Team (ELT). The CRR underwent a 'cleansing exercise' following a full review of Risk Management in April 2021. Of the 10 risks currently shown on the CRR, 3 risks have been categorised as having a 'substantial' impact on the service should the risk not be treated and mitigated against appropriately, with one of the risks relating to the financial position:

*11/02 - Risk that financial pressures will impact on Service's decision making and delivery of its goals/priorities and objectives (risk rating 12, risk trend static).*

Regular monitoring of the risk register is carried out by the Governance Committee, along with overview and scrutiny by the main Fire Authority.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria - continued

There was regular reporting of the Authority's 2021/22 financial position to full Authority throughout the year. The outturn report presented to the July 2022 Authority meeting was consistent with the financial position reported during the year and did not indicate a weakness in the Authority's budget monitoring and reporting arrangements.

*Based on the above considerations we are satisfied there is not a significant weakness in the Authority's arrangements in relation to financial sustainability.*



### 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

The Authority has approved a Code of Corporate Governance, which is consistent with the seven principles of good governance as identified in the CIPFA/SOLACE 2016 Framework – “Delivering Good Governance in Local Government”. Furthermore, a Corporate Governance Action plan is also in place which is updated on a regular basis. The Corporate Governance Action Plan 2021/22 Update was presented at the Governance Committee on 7 March 2022. Our review of the Code of Governance has not identified any significant weaknesses in arrangements.

The Authority also has a Governance Committee in place to provide:

*“independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority’s financial and non-financial performance to the extent that it effects the Authority’s exposure to risk and weakens the control environment, oversees the financial reporting process and promotes and maintains high standards of conduct by Members of the Authority”.*

Our attendance at Governance Committee meetings, as well as review of minutes, has not highlighted any weaknesses in arrangements. We are satisfied there is a sufficient level of scrutiny and challenge by members.

The Authority has an active internal audit function and uses a risk-based Internal Audit plan to determine the priorities of the internal audit activity, consistent with the organisation’s goals. This was evidenced through our attendance at Governance Committee and our review of Internal Audit plans and reports.

The 2021/22 Internal Audit Plan was taken to the Governance Committee and approved on 8 March 2021. Regular reporting of progress against the internal audit plan occurred through the year, with the Internal Audit Annual Report 2021/22 taken to Governance Committee on 27 May 2022. The report provides detail on the performance of Internal Audit for 2021/22, areas of work undertaken, and the internal audit opinion regarding the adequacy of the overall system of internal control within the Service. The report concluded that:

*“This report provided assurance that sufficient audit work was completed within the year to enable an opinion on the service’s internal control environment, with no high or significant risk issues being identified. Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken within 2021/22, it is considered that overall, throughout the Service, there*

*continues to be a good internal control environment”.*

Based on consideration of the reports presented by Internal Audit, I am satisfied that nothing has been identified which indicates a significant weakness in arrangements.

As part of our audit procedures we also considered the Authority’s Annual Governance Statement which was reported to the Fire Authority in May 2022. The report noted that:

*The Statement of Assurance is intended to provide good assurance that there is an ongoing process for reviewing the Authority’s governance framework and its operation in practice. Based on the evidence examined the governance framework has continued to be in place for the year ending 31 March 2022 and up to the date of approval of the 2021/22 Statement of Accounts. The review has not identified any weaknesses that would need to be highlighted in the Annual Governance Statement 2021/22 and subject to the implementation of improvements identified for action during 2022/23, the Authority’s governance and internal control systems are considered to be effective*

A detailed review of the Annual Governance Statement was carried out by the audit team. Based on the audit work carried out, along with our cumulative audit knowledge, we identified no matters indicating a significant weakness in arrangements.

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

Part 2 of the Fire Authority’s Standing Orders is Financial Regulations, which refers to guidelines for financial planning and annual estimates. We note that the Financial Regulations were refreshed in March 2023, although our focus for this report is the arrangements in place during 2021/22 which was before the refresh took place.

A robust plan and timetable is agreed and followed, with the Finance Director ensuring annual preparation of the detailed revenue budget and Medium-Term Financial Strategy which is carried out prior to the final reporting of the both documents in February/March each year. See Financial Sustainability section above for further detail of our review of the MTFs. The Authority has a robust budgetary monitoring system and reports the results, with detailed descriptions of any variances to the Fire Authority. We have reviewed the budget setting arrangements through observation and discussions with officers. No matters have been identified indicating a significant weakness in arrangements. Overall, the Authority is aware of the financial pressure it faces.



# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria - continued

**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**

We have reviewed Authority minutes and confirmed there was regular reporting of the financial position during 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. See Financial Sustainability section above for further detail on the reporting and monitoring of financial position. The Authority has a strong record of delivering against its budgeted position and this is evidence of effective arrangements for budgetary control.

Our audit of the financial statement 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.

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

The Standing Orders set 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. Areas of potential change are identified throughout the year and the Standing Orders are reviewed on an annual basis.

Those Charged With Governance (TCWG) are fully independent of the management of day to day operations, and the Terms of Reference of the committees are clearly set out in the Standing Orders which are available on the Authority's website. TCWG have relevant experience and knowledge to be able to perform their relevant functions. All members are provided training on their responsibilities and duties. Where gaps are identified further training is provided.

The Authority ensures that decision makers receive objective and rigorous analysis of a variety of options, indicating how intended outcomes would be achieved and highlighting associated risks, to secure best value regardless of the service delivery method. We have reviewed Authority minutes in the year and have not identified any evidence of a weakness in arrangements. The reports we reviewed support informed decision-making and were clear in the decision or recommendation Members were asked to make.

Our attendance at Governance committee meetings also confirms challenge on all levels of the Authority's activities. The Chief Fire Officer is a strong leader and expects high standards. The Authority publishes sufficient information on its website to ensure transparency.

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

## How the Authority monitors and ensures appropriate standards are maintained

The Authority has a robust Corporate Governance Framework in place, and the Standing Orders which includes a specific section relating to Codes of Conduct (part 5) . This covers both members and all personnel code of conduct, as well as anti-bribery policy, and the policy relating to the register of gifts and interests. The transparency section of the Authority's website also provides detailed information on a number of areas. These documents are therefore readily available to members, officers and the public. We have no concerns in relation to communication and enforcement neither of ethics and integrity nor in relation to leadership and governance from past audits or current risk assessments.

The Authority expects the highest standards of conduct from both its members and officers. The Governance Framework is reviewed and updated regularly by management. Management are committed to integrity and ethical behaviour and this is evident from our attendance of committee's and meetings with management. The Authority has a separate Anti-Fraud and Corruption Policy which sets out detailed policies and procedures to prevent and detect fraud.

All service personnel work to our values and behaviours framework. There are appropriate arrangements to capture declarations of interest, gift and hospitality.

We have not identified any failure to comply with the relevant Codes and corporate governance guidance and when there have been allegations of misconduct these have been properly reviewed and reported by the Monitoring Officer.

***Based on the above considerations we are satisfied there is not a significant weakness in the Authority's arrangements in relation to governance.***

### 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

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

The Authority has an Integrated Risk Management Plan (IRMP) covering the period 2021-24. The IRMP drives continuous improvement and innovation, aims to ensure that savings are achieved in a safe way, balancing risk and resources.

The IRMP for 2021 to 2024 was agreed following a consultation period throughout 2021, and replaces an interim IRMP that was previously in place for 2020/21. As reported in last year's report, the previous TWFRS IRMP covered the period of 2017-2020, and although it was anticipated that a review and presentation to Fire Authority of a new IRMP for 2020-2023 would have taken place during 2020, this was delayed to March 2021 due to the pressure and requirement to focus on the response to the pandemic.

The IRMP, including proposals, public consultation questionnaire and information, has been reported to the full Authority, as evidenced through our review of Authority minutes.

Our minutes review also showed that reports on financial and operational performance are considered by the Governance Committee and the Fire Authority, with remedial action taken where appropriate. Performance information is available to members of the public via the website and can be drilled down to specific areas of the Authority.

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

The Authority evaluates services through reporting on both financial and operational performance via Executive Leadership Team (ELT) and into the relevant committees.

The Authority is also subject to review by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). HMICFRS carry out inspections of fire and rescue services to assess and report on three key areas: effectiveness, efficiency, and people.

In July 2022, HMICFRS issued a report relating to TWFRS following a third inspection of fire and rescue services in England. They note in their report that they first inspected Tyne and Wear Fire and Rescue Service

in February 2019, publishing a report with our findings in June 2019 on the service's effectiveness and efficiency and how it looks after its people. The Fire Authority received an overall of '**Good**' at this inspection.

Another inspection was carried out in autumn 2020 which considered how the service was responding to the pandemic. The review of TWFRS took place between 28 September and 9 October 2020, with findings reported back to Authority via letter in January 2021. The letter concluded that:

*"In summary, the service continued to meet all its statutory duties, as well as extra demands placed on it to support partner agencies and the local community. The service prepared itself well in anticipating the challenges presented by COVID-19 and the national measures to reduce the spread of the virus. Measures taken included changes to planning, staffing, training, communication and the provision of technology. New ways of working were introduced in the service, and with the LRF and the fire and rescue authority".*

Our review of the report has not identified any significant weaknesses in arrangements.

Then, in 2021/22, HMICFRS carried out another inspection considering for a second time the Service's effectiveness, efficiency and people. The Fire Authority received an overall of '**Good**' at this inspection. The report also provides specific ratings in each of the three areas:

- **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?*
- **People** - *How well does the fire and rescue service look after its people?*

The Authority received a rating of '**Good**' in each of the three categories noted above.

Whilst there are some areas for improvement identified within the report, and the continued financial challenges remain, there was nothing in the inspection report which highlights any significant risks relevant to our VFM conclusion responsibilities.

# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

### 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

Partnerships appear to be working well as evidenced by the performance monitoring reports. Partnerships are risk-assessed before being entered into and an established framework exists. Partnerships with other emergency services are expanding following agreed memoranda but they reflect strategic priorities of TWFR and using spare capacity created by reduced incidents without reducing response times as fire call-outs always take priority.

The Authority uses various channels of communication and feedback mechanisms, including social media (Twitter, Facebook, Instagram and YouTube). During the pandemic, meetings have been streamed live and recordings of meetings are available on the Sunderland City Council website, which can be accessed directly via links on the Fire Authority website.

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

The Authority has a Procurement Policy in place (available on the Authority website) which outlines the Authority's approach to achieving value for money through effective procurement of goods and services. The Policy per the website covers the period 2021-2024 and is subject to an annual review process undertaken by the Procurement Team in the Financial Services Department which will ensure the content remains appropriate for the Authority. The Procurement Policy is informed by the Authority's Organisational Development, Community Safety and Medium Term Financial Strategies.

All procurement activities are in line with the service's standing orders and financial instructions, national legislation and European legislation as per Public Contract Regulations 2015 and procurement best practice. The Authority also note on their website that they have achieved CIPS Corporate Ethical Procurement and Supply status.

Internal Audit also include procurement and contract management as a key risk area, per Internal Audit Annual Report 2020/21 which was presented to Governance Committee in May 2022. The overall opinion from the

previous three years work in this area is noted as being substantial, therefore there is no indication of any weaknesses with regards to the Authority's processes for procurement.

*Based on the above considerations we are satisfied there is not a significant weakness in the Authority's arrangements in relation to improving economy, efficiency and effectiveness.*

# 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 are awaiting NAO confirmation that the Authority has not yet been selected as a sampled component to allow us to discharge this responsibility and issue our certificate closing the 2021/22 audit.

## 4. Other reporting responsibilities and our fees

### Fees for work as the 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 Governance Committee in May 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	£23,590	£23,590
Recurring increases in the base audit fee arising from regulatory pressures (recurring)	£7,375	£7,375
Additional fees in respect of new ISA540 requirements in relation to Accounting Estimates and related disclosures (recurring)	£1,900	£1,900
Additional fees in respect of specific matters identified in 2020/21 as part of audit (non-recurring)	£2,069	-
Additional fees in respect of pension reporting and triennial pensions issue (specific issue for 2021/22 only)	-	£3,000
Additional fees in respect of the new VFM approach (recurring)	£5,060	£5,060
<b>Total fees</b>	<b>£39,994</b>	<b>£40,925</b>

### Fees for other work

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

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

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